Bryn Mawr Bank Corporation

Ratings

Bryn Mawr Bank Corporation	
Action: **Affirmed**	7/6/18
Senior Unsecured Debt	A-
Subordinated Debt	BBB+
Short-Term Debt	K2

The Bryn Mawr Trust Company	
Action: **Affirmed**	7/6/18
Deposit	A
Senior Unsecured Debt	A
Subordinated Debt	A-
Short-Term Deposit	K1
Short-Term Debt	K1

KBRA Global Bank & Bank Holding Company Methodology dated February 19, 2016.

Outlook/Watch

Bryn Mawr Bank Corporation	
Long-Term Ratings	Stable

The Bryn Mawr Trust Company	
Long-Term Ratings	Stable

Financial Snapshot*

BMTC (%)	1Q18	2017
Total Assets ($B)	4.3	4.4
ROAA	1.44	0.67
NIM	3.95	3.63
NCO Ratio	0.13	0.10
NPA Ratio	0.24	0.27
TCE Ratio	7.9	7.6
CET 1 Ratio	10.5	10.4
Loans/Core Dep	110.2	109.7

***annualized**

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Company Profile

- Bryn Mawr Bank Corporation (NASDAQ: BMTC) ("Bryn Mawr" or "the Company") was established as a bank holding company in 1987 and conducts its operations primarily through its subsidiary bank, The Bryn Mawr Trust Company ("the Bank"), which is the largest community bank in Philadelphia's western suburbs. Founded in 1889, The Bryn Mawr Trust Company offers banking and wealth management services and reported approximately $4.3 billion in assets and $13 billion in trust and investment assets under management and administration at the end of the first quarter of 2018.
- The Company primarily operates in the greater Philadelphia area as well as Princeton, NJ serving small business and middle market clients with a high-touch private banking delivery model.
- BMTC has been a moderately active acquirer, having completed its most recent bank acquisition of Royal Bancshares of Pennsylvania, Inc. (RBPI) in December 2017. The Company is also an active acquirer in the nonbank space with several insurance acquisitions in the past eighteen months.
- Bryn Mawr has a comparatively favorable revenue mix, deriving a significant portion of revenues from stable noninterest fee income from its wealth management and insurance business lines.

Ratings Rationale

- **Seasoned Management Team:** BMTC's experienced management team has intimate knowledge of the market conditions within the communities it serves. The team also benefits from a number of executives with experience at larger regional banks, particularly within risk management.
- **Stable, Above-Peer Core Earnings:** Historically strong earnings driven by diverse revenue streams and prudent expense management.
- **Well Diversified Revenue Sources:** Meaningfully impactful noninterest revenues sourced from stable AUM/AUA and insurance fee income.
- **Sound Credit Quality:** Historically favorable credit quality and low credit costs driven by conservative credit risk management regime.
- **Asset Correlation to Real Estate:** High correlation of loan assets to real estate within BMTC's operating footprint, particularly investor CRE, which is moderately above the regulatory capital concentration guidance limit.
- **Limited Geographic Footprint:** Concentrated area of operation and limited scale relative to larger regional competitors.
- **Continued Integration Risk:** Continued integration risk with the recently completed acquisition of RBPI in December 2017, though BMTC has a history of successfully integrating acquisitions.
- The Stable Outlook for the long-term ratings reflects KBRA's expectation that Bryn Mawr Bank Corporation's favorable revenue mix, above-peer earnings performance, and favorable asset quality performance relative to peers will continue through the medium term.

Drivers of Rating Change

The long-term ratings of the Bank and its parent share a Stable Outlook for the mid-term. An upgrade is unlikely unless there is material growth in the size and diversity of its traditional banking business and a considerable increase in the scale of its wealth management business. Additionally, favorable capital, liquidity, and asset quality measures would have to be maintained.	+
Downgrades of the ratings of Bryn Mawr Bank Corporation and The Bryn Mawr Trust Company are unlikely in the near term. However, failure to successfully integrate the acquisition of RBPI or falling short of projected cost saves associated with the transaction could result in downward pressure on ratings. Additionally, any indication of significant outflow of AUM, deterioration of capital levels, or deterioration in the credit portfolio could trigger downward pressure on the ratings.	–

Financial Metrics

Bryn Mawr Bank Corporation	1Q18*	2017	2016	2015	2014	2013
Total Assets (000s)	$4,300,376	$4,449,720	$3,421,530	$3,030,997	$2,246,506	$2,061,665
Total Equity (000s)	$533,745	$528,801	$381,128	$365,711	$245,474	$229,899
Performance Measures						
Return on Average Assets	1.44%	0.67%	1.16%	0.57%	1.32%	1.23%
Return on Equity	11.46%	4.35%	9.46%	4.58%	11.34%	10.63%
Net Interest Margin	3.95%	3.63%	3.72%	3.73%	3.91%	3.93%
Efficiency Ratio	63.11%	65.50%	63.21%	81.04%	65.26%	66.48%
Noninterest Income / Total Revenue	33.1%	32.8%	32.5%	34.3%	37.6%	39.3%
Asset Quality						
Nonperforming Assets / Loans + OREO	0.24%	0.27%	0.37%	0.56%	0.66%	0.73%
Nonperforming Assets / Tangible Equity + Reserves	2.28%	2.61%	3.45%	5.09%	5.38%	5.89%
Reserves/Nonperforming Assets	225.48%	197.29%	185.55%	123.22%	134.36%	136.30%
Net Charge-Offs / Average Loans	0.13%	0.10%	0.11%	0.14%	0.11%	0.17%
Provisions/Net Charge-Offs	115.34%	101.51%	160.40%	140.67%	48.76%	143.86%
Capital						
Tangible Common Equity / Tangible Assets	7.98%	7.61%	7.76%	8.17%	8.55%	8.84%
CET1	9.85%	9.80%	10.51%	10.72%	N/A	N/A
Tier 1 / RWA	10.46%	10.36%	10.51%	10.72%	11.99%	11.57%
Funding & Leverage						
Total Loans / Total Deposits	99.8%	97.5%	98.7%	101.1%	98.1%	97.3%
Total Loans / Core Deposits	110.2%	107.5%	109.7%	109.0%	105.8%	103.5%
Total Loans / Total Assets	77.0%	73.9%	74.4%	75.2%	73.7%	75.1%
Double Leverage	110.6%	109.7%	101.0%	96.8%	96.4%	98.8%

Data sources: FR Y-9C and FR Y-9LP *Annualized

Comparative Statistics

Rated BHC Peer Comparison as of March 31, 2018*	Bryn Mawr Bank Corporation	Univest Corporation of Pennsylvania	WSFS Financial Corporation	Tristate Capital Holdings, Inc.	Peapack-Gladstone Financial Corporation	Sandy Spring Bancorp, Inc.	Average A- Rated BHC
Total Assets (000s)	$4,300,376	$4,613,959	$6,987,931	$4,906,753	$4,336,494	$7,894,918	$30,354,185
Total Equity (000s)	$533,745	$606,719	$746,281	$440,229	$422,406	$1,014,608	$3,456,518
Performance Measures							
Return on Average Assets	1.44%	1.13%	2.16%	0.87%	1.01%	1.11%	1.38%
Return on Equity	11.46%	8.47%	20.01%	9.45%	10.23%	8.54%	11.85%
Net Interest Margin	3.95%	3.62%	3.93%	2.32%	2.74%	3.49%	3.99%
Efficiency Ratio	63.11%	66.46%	60.18%	63.86%	60.32%	62.09%	62.48%
Noninterest Income / Total Revenue	33.1%	29.5%	36.9%	29.7%	26.6%	21.3%	31.4%
Asset Quality							
Nonperforming Assets / Loans + OREO	0.24%	0.90%	0.77%	0.14%	0.41%	0.80%	0.66%
Nonperforming Assets / Tangible Equity + Reserves	2.32%	7.44%	6.29%	1.55%	3.53%	6.92%	4.93%
Reserves/Nonperforming Assets	225.48%	70.83%	108.19%	244.80%	244.72%	96.00%	165.91%
Net Charge-Offs / Average Loans	0.11%	0.02%	0.28%	-0.02%	0.00%	0.03%	0.35%
Provisions/Net Charge-Offs	115.34%	1036.87%	106.14%	-94.66%	-20833.33%	618.27%	160.02%
Capital							
Tier 1 Leverage	8.71%	10.47%	9.64%	7.96%	9.46%	8.35%	10.04%
CET1	9.85%	11.16%	10.05%	11.09%	11.77%	10.91%	11.44%
Tier 1 / RWA	10.46%	11.16%	11.17%	12.25%	11.77%	11.08%	12.05%
Funding & Leverage							
Total Loans / Total Deposits	99.8%	105.5%	93.5%	105.0%	104.5%	108.2%	94.8%
Total Loans / Core Deposits	110.2%	116.5%	100.7%	142.5%	134.0%	117.3%	107.9%
Total Loans / Total Assets	77.0%	80.0%	69.6%	87.7%	85.6%	77.1%	70.6%
Double Leverage	110.6%	101.2%	113.2%	103.7%	115.5%	99.7%	104.6%
Ratings and Outlook							
KBRA Long-Term Rating (BHC)	A-	BBB+	A-	BBB	BBB	BBB+	
Outlook	Stable	Stable	Stable	Positive	Stable	Stable	

Data sources: FR Y-9C and FR Y-9LP *Annualized

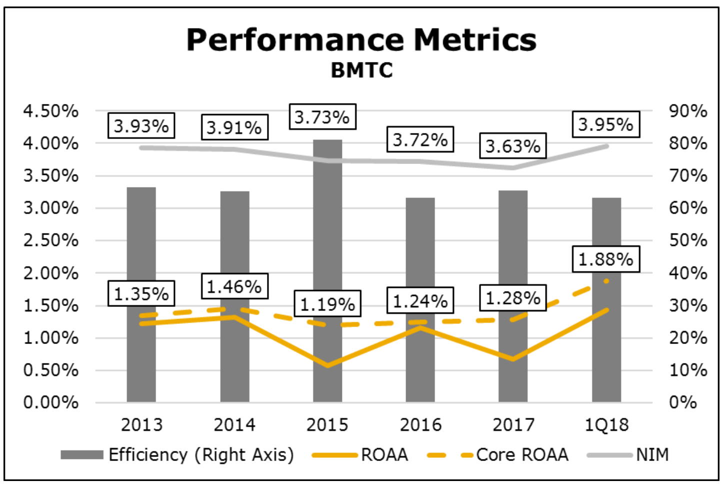
Key Quantitative Rating Determinants

The quantitative financial fundamentals of the Bank are reflected in the Primary Credit Rating of A, which is derived from the analysis of the Bank's intrinsic financial strength and potential adjustments due to KBRA's stress testing as well as an analysis of current and historical financial metrics.

Profitability

Earnings performance for Bryn Mawr has grown comparatively stronger over time with a core ROAA[1] of 1.88%, reflective of the favorable tax environment as well as increased earnings power on the realization of a full operating quarter with the addition of Royal Bank of America (RBA); as-reported ROAA was a respectable 1.44%. The Company's efficiency ratio trended down slightly in the first quarter of 2017, driven primarily by the realization of acquisition-related cost savings.

One of the strongest attributes of Bryn Mawr Bank Corporation is the significant diversity in its revenue streams. The Bank derives approximately one-third of its revenues from noninterest income sources such as fee income from wealth management services, insurance commissions, loan servicing fees, and sales of residential mortgage loans. Wealth management revenue composition has remained relatively stable with market value fee (AUM) revenue comprising approximately 76% of total wealth management fees. KBRA expects noninterest revenue sources to continue to be a source of credit strength for Bryn Mawr.



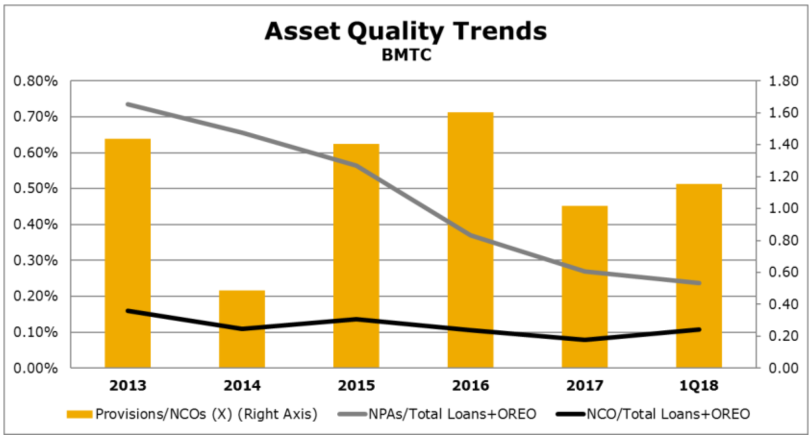
Bryn Mawr experienced a bump in its net interest margin (NIM), reflective of a full operating quarter's influence of RBA's higher yielding loan portfolio as well as purchase accounting accretion, which defined the bulk majority of the increase. Partially offsetting this was a modest rise in funding cost, attributable to the Company's issuance of $70 million in subordinated debt in December 2017 (5/5 yr fixed-float at 4.25%) as well as a modest increase in deposit funding cost, though the latter remains favorable at just 42 bps.

Adjusting for one-time expenses, the Company's core efficiency ratio was 56% for the first quarter of 2018, with further improvements expected in the coming quarters as cost savings are fully realized from the RBA transaction. Consistent with many community banks, the largest driver of expense was salaries, which increased slightly on a year-over-year basis. However, operational efficiency, as measured by assets per employee, increased to $6.4 million per employee, indicating that Bryn Mawr continues to demonstrate prudence in efficiently managing its human capital expenses. It should also be noted that the Company has been engaged in a multiyear technology investment initiative to enhance capacity, productivity, and customer experience on a scalable basis; the majority of these core investment builds have been completed.

[1] Adjusted ROAA represents net income adjusted for one-time items such as merger expenses.

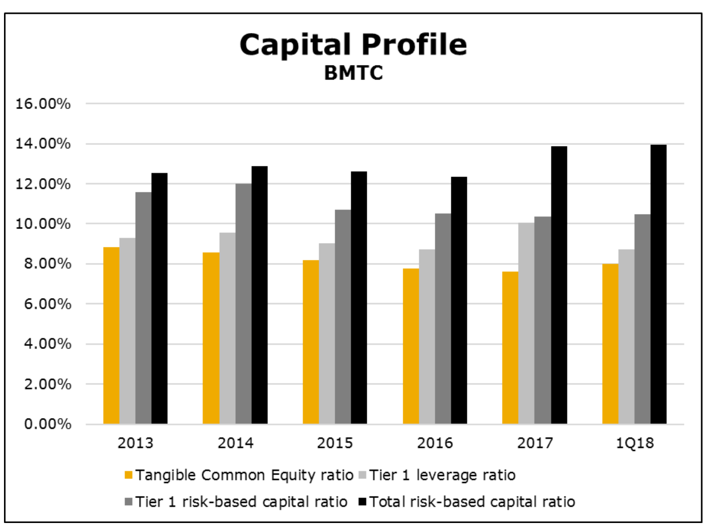
Asset Quality
Asset Quality

Asset quality has continually improved, indicative of BMTC's strong credit management and underwriting, as demonstrated by the Company's NPAs trending below 25 bps in Q1 2018, while charge-off activity has remained stable at ~10 bps. Credit losses are primarily concentrated in the Company's leasing and C&I lending segments, which accounted for ~90% of Q1 2018 charges. Provisioning continued to be tied primarily to growth within the loan portfolio and has led to comfortable reserve coverage equivalent to ~225% of NPAs, not including TDRs in compliance with modified terms.



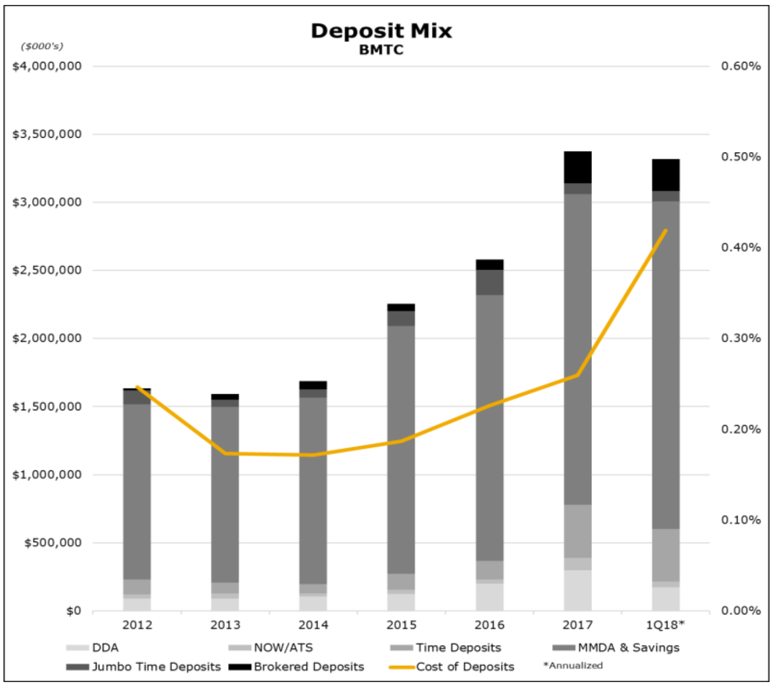
Capital Adequacy

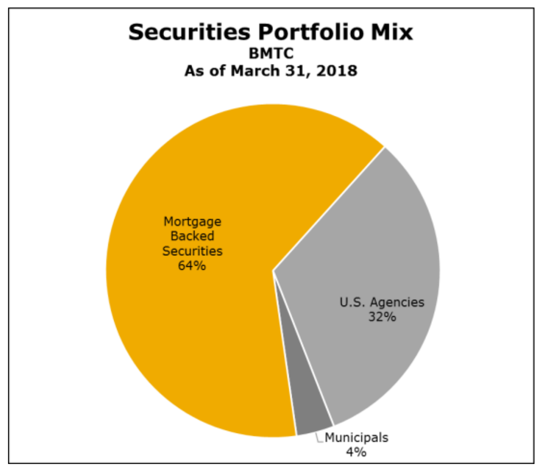
Capital has historically been managed well above internal guideline thresholds to levels viewed as appropriate for the rating category. KBRA has noted a shift in the approach to capital management from "just in time/as needed" to a concerted effort to create a source of strength at the holding company for the Bank. To that end, a $70 million subordinated debt offering was issued in December 2017 (on comparatively favorable terms), with the proceeds retained at the holding company to be downstreamed to the Bank as needed, primarily to support organic growth. As subodinated debt is counted as tier 2 capital for regulatory purposes, this is borne out in the widening between tier 1 and total risk-based capital ratios. This forward-looking approach also retains capacity at the holding company to support the Bank in the event of need or should the Bank's internal capital stress testing indicate potential weakness. With that said, the Company has also successfully tapped equity markets in the past and carries a comparatively strong tangible book value of +2.5x, indicative of its ability to readily access common equity if needed.



Funding

As with the vast majority of community banks, BMTC is primarily core deposit funded, with a significant portion of those core deposits in transaction and money market accounts. As indicated previously, Q1 2018 saw a proportionally large increase in the cost of deposits as a full quarter's worth of interest expense hit the income statement after the close of the RBA transaction in December 2017. This corresponds to an increase in time account balances coming over from RBA, which carry higher interest rates. As both banks were similar in loan to deposit composition, there was relatively little change in in the composition mix. Given the comparatively high loan-to-deposit ratio, BMTC has noted that deposit gathering will be a primary focus in 2018. KBRA notes that BMTC operates in highly competitive markets, which may provide headwinds to deposit gathering efforts. With that said, KBRA expects the Company to remain successful in its deposit efforts given that it has a clearly defined value proposition as well as capacity to moderately expand its deposit funding costs relative to some competitors in the market.





Wholesale funding consists primarily of FHLB borrowings with lesser amounts of jumbo and brokered time deposits. The Company retains ample reserve capacity in wholesale borrowings equivalent to approximately 37% of total assets. It should be noted that the tenor of current FHLB advances is relatively short, with 50% of advances overnight. Whole deposit funding is partially driven by CDARS/ICS programs.

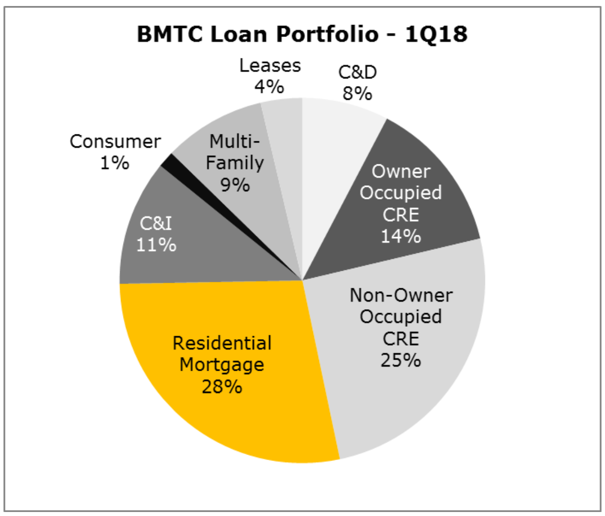
BMTC also maintains a relatively plain-vanilla securities portfolio that is primarily used to further support liquidity. The portfolio is substantially all investment grade with a weighted average duration of approximately three years. Extension risk within the portfolio appears to be well contained.

Key Qualitative Rating Determinants

The qualitative aspects of Bryn Mawr were assessed using a scoring model that focuses on four key factors: market strategy, risk management, liquidity management, and the economic and regulatory framework. For the most part, BMTC scored above average for qualitative factors using publicly available data obtained from annual reports, earnings statements, management presentations, and regulatory reports. The following describes KBRA's qualitative assessment for Bryn Mawr Bank Corporation:

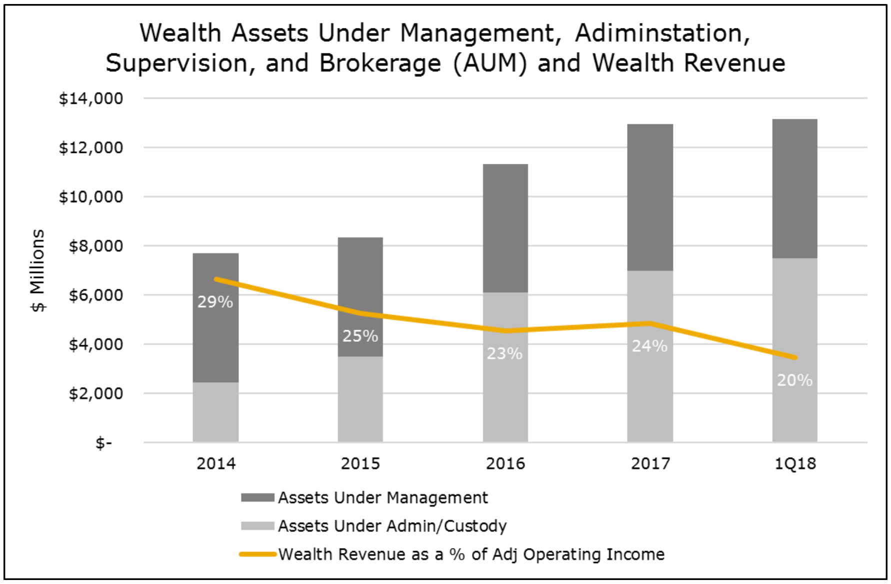
Market Strategy

Bryn Mawr Banking Corporation is comprised of three subsidiaries in two separate business line segments. The first, The Bryn Mawr Trust Company, is the commercial bank, representing the Banking segment. The Banking segment generates the majority of its revenue from interest income derived from lending (including leases) activities. The majority of its lending portfolio is commercially-based lending activity, specifically commercial real estate (CRE), commercial and industrial (C&I), and non-owner occupied residential real estate, including multifamily units. Additionally, the Bank maintains a healthy mix of residential mortgage and home equity loans within the loan portfolio, which are displayed as combined per the regulatory filings of the Bank.



Additional sources of revenue for the banking segment are those derived from noninterest streams and include gains on the sale in available for sale investment securities, gains on the sale of residential mortgage loans, mortgage servicing rights, service charges on deposit accounts, cash sweep fees, overdraft fees, bank-own life insurance income, and interchange revenue.

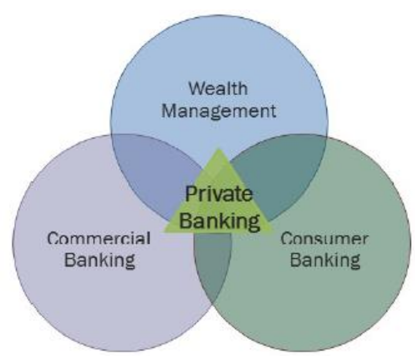
The Wealth Management business line provides wealth management and insurance advisory services through its network of Wealth Management and insurance offices located in Bryn Mawr, Devon and Hershey, Pennsylvania as well as Wilmington, Delaware and soon to be Princeton, New Jersey. The Wealth Management segment has responsibility for a number of activities within the Company, including trust administration, other related fiduciary services, custody, investment management and advisory services, employee benefits and IRA administration, estate settlement, tax services and brokerage. Bryn Mawr Trust of Delaware and Lau Associates are included in the Wealth Management segment of the Company since they have similar economic characteristics, products and services to those of the Wealth Management division. In addition, with the October 1, 2014 acquisition of PCPB, which was merged with the Company's existing insurance subsidiary, Insurance Counsellors of Bryn Mawr (ICBM), and now operates under the BMT Insurance Advisors (BMTIA) name, the Wealth Management Division has assumed responsibility for all insurance services of the Company. Prior to the PCPB acquisition, ICBM was reported through the Banking segment. The recent acquisition of Domenick & Company, Inc. was integrated into BMTIA as well.



Management Profile and Strategy

The executive management team for Bryn Mawr is comprised of a number of veteran bankers with extensive industry experience both inside and outside of the Bank. Francis Leto serves as President and Chief Executive Officer for the Company, a position that he has held since January 2015. Prior, he has served as COO, general counsel, and as the head for the Wealth Management division. Michael Harrington joined Bryn Mawr Trust in October 2015 as Chief Financial Officer, a position he previously held with Susquehanna Bancshares for three years, as well as with First Niagara Financial Group where he served in various capacities, including CFO, during his ten-year tenure. Alison Eichert serves as Chief Operating Officer, a position that she has held since March 2015; she has been with Bryn Mawr since 1998 serving as SVP of Marketing and EVP of Banking. George Teplica has been with the Bank since 2002 and serves as the Chief Credit Officer. Additionally, the Company added Patrick Killeen as Chief Risk Officer in June 2017; Mr. Killeen has over 20 years of experience in compliance and risk management with a variety of financial companies, including senior risk management roles with Bank of the Ozarks, First Niagara Bank, and Susquehanna Bancshares, and holds numerous risk management and ERM professional designations. The Company also recently added Michael LaPlante as Chief Accounting Officer, a position he has previously held with several area community banks prior to his most recent role as a consultant with Deloitte's National Financial Services Advisory Practice serving the firm's largest financial institutional clients. All told, KBRA views the Company's management team favorably and considers it well suited to provide proper oversight and leadership over the medium term and beyond.

As with the majority of community banks, BMTC derives its strategic objective though its value proposition of high touch, personalized service to middle market clients within its operating footprint. The Company uses a relationship-based approach banking model and targets small and middle market businesses, entrepreneurs, professionals, non-profit organizations, and affluent and wealthy individuals with a focus on expanding "share of wallet". The private banking business is used as the gateway to cross selling and servicing and the typical client is matched with a team of banking specialists that provide a customized set of solutions and services. KBRA views this approach favorably in the community banking space as it often results in "sticker", stable, and longer-term client relationships compared to a transactional-based approach.



Bryn Mawr Bank Corporation operates in a highly competitive market that includes local, regional, and national banks as competitors along with savings banks, credit unions, insurance companies, trust companies, registered investment advisors and mutual fund families. As such, the Company has developed specific strategies to drive performance within the competitive landscape. These include capitalizing upon recent disruptions caused by merger and acquisition activity with in the market, as well as leveraging recent technological and infrastructure investments made by the Company to both improve operational efficiencies as well as enhance the client experience as a key growth strategy. BMTC has shown that it will supplement organic growth with strategic acquisitions to enhance key revenue segments and/or expand market presence, provided it fits into the long-term strategy of the institution. The recent acquisitions of Hirshorn Boothby and Royal Bancshares of Pennsylvania, Inc. both meet these criteria, enhancing the current market presence and/or expanding presence into desirable markets. Given the ongoing integration of RBA, coupled with the relatively thin M&A market in the greater Philadelphia area, acquisition activity for BMTC is expected to be minimal in the Bank space with the focus on organic growth through the medium term.

Bryn Mawr Bank Corporation Acquisitions		
Domenick & Company, Inc.	5/1/2018	Insurance
Royal Bancshares of Pennsylvania, Inc.	12/15/2017	Bank
Hirshorn Boothby	5/24/2017	Insurance
Robert J. McAllister Agency, Inc.	4/6/2015	Insurance
Continental Bank	1/1/2015	Bank
Powers Craft Parker and Beard, Inc.	10/1/2014	Insurance
First Bank of Delaware	11/17/2012	Bank
Davidson Trust Company	5/15/2012	Wealth
Private Wealth Management Group	5/27/2011	Wealth
First Keystone Bank	7/1/2010	Bank

Institutional ownership represents the majority of shares are outstanding with the top ten institutional owners holding approximately 39% of shares as of March 31, 2018. Inside ownership has also decreased over the preceding 12 months, with inside ownership disclosed of 2.6% as of March 31, 2018. However, despite this decrease, noncash compensation structures appear to adequately align management's interests with long term value creation for shareholders and prudent risk management of the Bank.

Revenue and Customer Profile
BMTC has demonstrated consistent and stable earnings since 2008, owing partially to the stable nature of the Company's wealth management revenue as well as prudent credit underwriting and favorable loss history during the financial crisis, which yielded minimal legacy credit issues. Furthermore, steady improvement in the efficiency of the balance sheet over time has led to a favorable earning assets mix, with a higher proportion of earning assets in loans and leases, thereby yielding higher revenues. This, coupled with a relatively low cost of funding, has been one of the primary drivers of the performance for the Company.

Bryn Mawr Bank Corporation scores above average for the management profile and strategy component for its well-diversified business lines and revenue streams and the balance between the Company's business focus and the significant expertise of the management team.

Risk Management

In KBRA's view, Bryn Mawr Bank Corporation's risk management function appears to be sound and commensurate with the institution's risk profile, while also providing scalability to grow with the organization with little additional investment. The Company's Board of Directors consists of ten members – nine independent directors and the CEO, Francis J. Leto. The Board of Directors of the Bank has established loan approval committees and written guidelines for lending activities.

Bryn Mawr Bank Corporation's risk infrastructure and the quality of management information systems (MIS) meets the needs of the Bank given its current size and complexity and continues to be enhanced as the Bank grows. The Bank's executive management has established frameworks for risk management and reporting in a number of key areas of the Bank and continue to take an enterprise-wide approach, focusing on the elimination of business line "risk silos".

BMTC's management uses a centralized credit process system with a multi-tiered committee based approval process for different type and loan size and performs an annual independent third-party loan review. The Bank's Executive Committee monitors and manages all type of risks at the Bank. Bryn Mawr Bank Corporation maintains a diversified loan and lease portfolio intended to spread risk and reduce exposure to economic downturns, which may occur in different segments of the economy or in particular industries. To that end, the portfolio is actively monitored for concentration risks by industry, with high risk industry sectors minimized. As of March 31, 2018, there was no significant exposure to the high-risk sectors such as energy or subprime indirect auto lending. Other industries with potentially elevated risk exposure, such as real estate development and hotel and hospitality, are limited in both overall exposure and to in-market lending activity. The Company mitigates its real estate concentration risk to the extent possible in many ways, including the underwriting and assessment of the borrower's capacity to repay, equity in the underlying real estate collateral and a review of a borrower's global cash flows. The Company has personal recourse via guarantees against a substantial portion of the loans in the real estate portfolio and periodically performs stress testing on its commercial real estate and construction loan portfolios. CRE stress test results for 2017 yielded favorable results, which is performed on 100% of the portfolio every quarter. The Company also engages a third party outsource for loan review, the most recent results of which did not produce any significant findings or recommendations of risk rating changes. Although not required by banking regulation for institutions with less than $10 billion in assets, BMTC's management and the Board of Directors periodically performs a capital stress test.

As of March 31, 2018, Bryn Mawr's top 25 relationships comprised 15.6%[2] of total loans. A large percentage of the Company's real estate exposure, both commercial and residential, is in the Company's primary operating footprint which includes portions of Delaware, Chester, Montgomery and Philadelphia counties in Southeastern Pennsylvania and in the Princeton, NJ market. While the risk of loss in the Bank's portfolio is primarily tied to the credit quality of the various borrowers, risk of loss may increase due to factors beyond Bryn Mawr Bank Corporation's control, such as local, regional and/or national economic downturns. General conditions in the real estate market may also impact the relative risk in the real estate portfolio. To counter this, BMTC has introduced trend analysis on key underwriting metrics to ensure that its underwriting criteria have not deteriorated. For the most recent analysis completed in 2017, the 15-quarter look back has not indicated any slippage in key metrics including LTV, term, risk rating, or recourse. In summary, the institution's appetite for risk appears to be well thought out and implemented with a well-organized risk management infrastructure. The Board of Directors has established BMTC's risk appetite, and regularly communicates, monitors and updates the Company's risk appetite.

Overall, Bryn Mawr Bank Corporation scores above average in terms of risk management for its strong risk oversight, scalable risk management infrastructure, and clearly defined risk appetite.

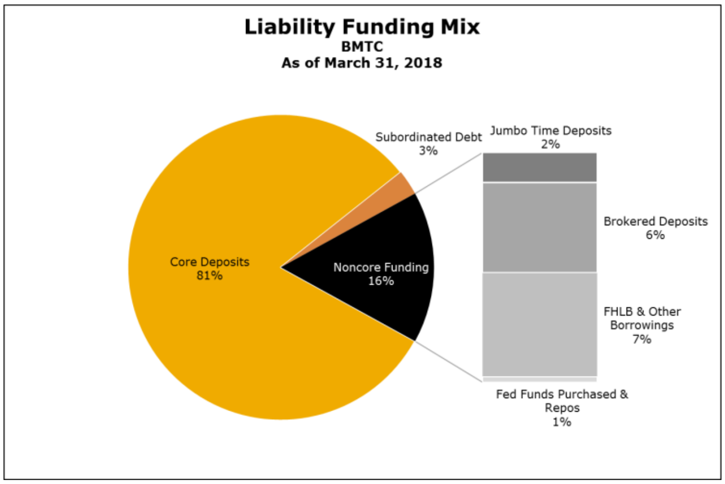
Liquidity Management

The Bank's liquidity is maintained by managing its core deposits as the primary source of funding needs. Secondary sources of liquidity are varied and include purchasing federal funds, selling loans in the secondary market, sources originating from the investment portfolio, borrowing from the FHLB and the Federal Reserve Bank, and purchasing and issuing wholesale certificates of deposit as its secondary sources. The Company's Board of Directors have established clear liquidity risk tolerances for the Company. The Asset Liability Management Committee (ALM), which is comprised of various senior executives, reviews the Company's

[2] Note that this includes both outstanding loan balances as well as unfunded loan commitments such as lines of credit.

liquidity needs quarterly and reports its findings to the Risk Management Committee of the Company's Board of Directors. Management also reviews 12 month-rolling forward looking cash flow projections on a regular basis. To effectively manage liquidity on an ongoing basis, the Company utilizes a comprehensive liquidity dashboard report. The Company continually evaluates the cost and mix of its retail and wholesale funding sources relative to earning assets and expected future earning-asset growth.

KBRA believes that while Bryn Mawr's loan-to-deposit ratio is above its KBRA rated peer average, the overall level of deposits, along with the significant borrowing capacity at FHLB, among others, provide the Company with sufficient available liquidity to fund expected earning-asset growth in both the near- and medium-terms.



Overall, the Bank scores average for this category for its strong core deposit base and liquidity management infrastructure counterbalanced by its elevated loan-to-deposit ratio.

Economic and Regulatory Framework

Overall, the U.S. banking system has a strong regulatory framework. Banking institutions continue to adjust and comply with several additional rules and regulations resulting from the Dodd-Frank Wall Street Reform and Consumer Protection Act and the new Basel III standards. That said, the recent dynamic shift in tone surrounding the regulatory environment, enforcement, and the potential easing of regulatory burden, have all led to an increase in uncertainty, which KBRA will be monitoring on an ongoing basis. The latest research on this and other topics can be found **here**. Despite this, BMTC scores strong for this category.

External Support

Pursuant to the 2010 Dodd-Frank Act, U.S. regulators have been in the process of creating a working resolution regime for large systemically important banks so that their potential failure does not lead to a systemic crisis. There is the possibility that the new U.S. administration may change this resolution regime as part of its review of the Dodd-Frank Act. KBRA believes that for the foreseeable future, non-systemically important depositories such as the Bank and uninsured depositors will benefit from some degree of extraordinary systemic support. However, KBRA does not foresee any regulatory support being extended to creditors or investors.

Ratings

Entity	Type	Rating	Outlook	Action
Bryn Mawr Bank Corporation	Senior Unsecured Debt	A-	Stable	Affirmed
	Subordinated Debt	BBB+	Stable	Affirmed
	Short-Term Debt	K2	N/A	Affirmed
The Bryn Mawr Trust Company	Deposit	A	Stable	Affirmed
	Senior Unsecured Debt	A	Stable	Affirmed
	Subordinated Debt	A-	Stable	Affirmed
	Short-Term Deposit	K1	N/A	Affirmed
	Short-Term Debt	K1	N/A	Affirmed

KBRA's ratings of A and K1 for The Bryn Mawr Trust Company are supported by the following factors: i) a quantitative view of the Bank's financial fundamentals, including stress testing, ii) a qualitative assessment of the Bank's management and market strategy, and iii) the incorporation of potential external systemic support. KBRA's ratings of A- and K2 for Bryn Mawr Bank Corporation reflect the overall credit profile of the organization and the potential structural subordination of its liabilities to the liabilities of its subsidiary in an event of default or regulatory intervention.

In sequence, A and A- generally map to a short-term rating of K1 and K2, respectively, on KBRA's short-term rating scale. Consistent with KBRA's notching practices, subordinated debt is rated one notch below senior unsecured debt, resulting in A- and BBB+ ratings for The Bryn Mawr Trust Company's and Bryn Mawr Bank Corporation's subordinated debt, respectively.