CABOT OIL & GAS CORP
Form 4
June 25, 2007

FORM 4

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

OMB APPROVAL

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STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person *
SMYTH HENRY C
(Last) (First) (Middle)
1200 ENCLAVE PARKWAY
(Street)
HOUSTON, TX 77077-1607
(City) (State) (Zip)

2. Issuer Name **and** Ticker or Trading Symbol
CABOT OIL & GAS CORP [COG]

3. Date of Earliest Transaction (Month/Day/Year)
06/21/2007

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer
(Check all applicable)
_____ Director _____ 10% Owner
__X__ Officer (give title below) _____ Other (specify below)
VP, Controller & Treasurer

6. Individual or Joint/Group Filing(Check Applicable Line)
_X_ Form filed by One Reporting Person
___ Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1.Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)		4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)			5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price			
Common Stock	06/22/2007		M		15,000	A	$ 7.66 (1)	59,915	D	
Common Stock	06/22/2007		S		15,000	D	$ 40.2557	44,915	D	
Common Stock	05/11/2007		G	V	400	D	$ 0	44,515	D	

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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SEC 1474 (9-02)

number.

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(*e.g.*, puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)		5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)		6. Date Exercisable and Expiration Date (Month/Day/Year)		7. Title and Amount of Underlying Securities (Instr. 3 and 4)	
				Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares
Stock Option (right to buy)	$ 7.66 (1)	06/20/2007		M			15,000	02/17/2004 (2)	02/17/2008	Common	15,000

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
SMYTH HENRY C 1200 ENCLAVE PARKWAY HOUSTON, TX 77077-1607			VP, Controller & Treasurer	

Signatures

Lisa A. Machesney, Attorney-in-Fact for Henry C. Smyth	06/25/2007
**Signature of Reporting Person	Date

Explanation of Responses:

* If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

(1) This option was previously reported as covering 7,500 shares at an exercise price of $15.32, but was adjusted to reflect the 2-for-1 stock split on March 30, 2007.

(2) 33 1/3% of option became exercisable on February 17, 2004 and an additional 33 1/3% becomes exercisable on each of the next two one-year anniversaries of such date.

(3) On March 30, 2007, the common stock for Cabot Oil & Gas Corporation split 2-for-1, resulting in the Reporting Person's acquisition of 25,550 additional derivative securities.

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Total

$219,417 $488,590 $430,246 $1,138,253

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The list below identifies certain key characteristics of the Corporation s loan and lease portfolio. Refer to the loan and lease portfolio tables in Note 5 in the Notes to Consolidated Financial Statements and page 41 of this MD&A under the heading Portfolio Loans and Leases for further details.

Portfolio Loans and Leases The Corporation s $1.65 billion loan and lease portfolio is predominantly based in the Corporation s traditional market areas of Chester, Delaware and Montgomery counties in Pennsylvania, New Castle county in Delaware, and in the greater Philadelphia area, none of which has experienced the real estate price appreciation and subsequent decline that many other areas of the country have experienced over the last ten years.

Concentrations The Corporation has a significant portion of its portfolio loans (excluding leases) in real estate-related loans. As of December 31, 2014, loans secured by real estate were $1.25 billion or 75.7% of the total loan portfolio of $1.65 billion. A predominant percentage of the Corporation s real estate exposure, both commercial and residential, is within Pennsylvania. The Corporation is aware of this concentration and mitigates this 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 Corporation has recourse against a substantial portion of the loans in the real estate portfolio.

In addition to loans secured by real estate, commercial and industrial loans comprise 20.3% of the total loan portfolio as of December 31, 2014.

Construction The construction portfolio of $66.3 million accounts for 4.0% of the total loan and lease portfolio at December 31, 2014, an increase of $19.9 million from December 31, 2013. The construction loan segment of the portfolio, which consists of residential site development loans, commercial construction loans and loans for construction of individual homes, had a delinquency rate on performing loans, as of both December 31, 2014 and 2013, of 0.00%. Nonperforming construction loans comprised 0.40% of the construction segment of the portfolio as of December 31, 2014, as compared to 1.79% as of December 31, 2013.

Residential Mortgages Residential mortgage loans were $313.4 million as of December 31, 2014, an increase of $13.2 million from December 31, 2013. The portfolio increased as the Corporation originated more jumbo residential mortgage loans to high-net worth individuals, which were retained in the portfolio rather than being sold into the secondary market. The residential mortgage segment accounts for 19.0% of the total loan and lease portfolio as of December 31, 2014. The residential mortgage segment of the portfolio had a delinquency rate on performing loans, as of December 31, 2014, of 0.16%, as compared 0.27% as of December 31, 2013. Nonperforming residential mortgage loans comprised 1.82% of the residential mortgage segment of the portfolio as of December 31, 2014, as compared to 1.46% as of December 31, 2013. The Corporation believes it is well protected with its collateral position on this portfolio.

Commercial Mortgages Commercial mortgages were $689.5 million as of December 31, 2014, an increase of $64.2 million from December 31, 2013. The Corporation has made a concerted effort, over several operating cycles, to attract strong commercial real estate entrepreneurs in its primary trade area. This effort has produced strong results. The commercial mortgage segment accounts for 41.7% of the total loan and lease portfolio as of December 31, 2014. The commercial mortgage segment of the portfolio had a delinquency rate on performing loans, as of December 31, 2014, of 0.18%, as compared 0.04% as of December 31, 2013. Nonperforming commercial mortgage loans comprised 0.10% of the commercial mortgage segment of the portfolio as of December 31, 2014, as compared to 0.08% as of December 31, 2013. The borrowers comprising this segment of the portfolio generally have strong, global cash flows, which have remained stable in this tough economic environment. The Corporation expects to continue to be able to attract quality borrowers in the commercial real estate space as other banks tend to retreat, presumably due to credit issues.

Commercial and Industrial Commercial and industrial loans were $335.6 million as of December 31, 2014, an increase of $7.2 million from December 31, 2013. The commercial and industrial segment accounts for 20.3% of the total loan and lease portfolio as of December 31, 2014. The commercial and industrial segment of the portfolio had a delinquency rate on performing loans, as of December 31, 2014, of 0.12%, as compared 0.10% as of December 31, 2013. Nonperforming commercial and industrial loans comprised 0.71% of the commercial and industrial segment of the portfolio as of December 31, 2014, as compared to 1.08% as of December 31, 2013. The commercial and industrial segment of the portfolio consists of loans to privately held institutions, family businesses, non-profit institutions and private banking relationships. While certain of these loans are collateralized by real estate, others are collateralized by non-real estate business assets, including accounts receivable and inventory.

Home Equity Loans and Lines of Credit Home equity loans and lines of credit were $182.1 million as of December 31, 2014, a decrease of $7.5 million from December 31, 2013. The low-rate residential mortgage loan environment was responsible for the decline in home equity products as many existing clients took the opportunity to consolidate floating rate home equity loans into first mortgages that were subsequently sold into the secondary market. The home equity loans and lines of credit segment accounts for 11.0% of the total loan and lease portfolio as of December 31, 2014. The home equity loans and lines of credit segment of the portfolio had a delinquency rate on performing loans, as of December 31, 2014, of 0.01%, as compared 0.11% as of December 31, 2013. Nonperforming home equity loans and lines of credit comprised 0.58% of the home equity loans and lines of credit segment of the portfolio as of December 31, 2014, as compared to 0.67% as of December 31, 2013. The Corporation originates the majority of its home equity loans and lines of credit through its branch network.

Consumer loans Consumer loans were $18.5 million as of December 31, 2014, an increase of $1.6 million from December 31, 2013. The consumer loan segment accounted for 1.1% of the total loan and lease portfolio as of December 31, 2014. The consumer loan segment of the portfolio had a delinquency rate on performing loans, as of December 31, 2014, of 0.12%, as compared 0.04% as of December 31, 2013. There were no nonperforming consumer loans as of December 31, 2014, as compared to 0.04% of the consumer segment of the portfolio as of December 31, 2013.

Leasing Leases totaled $46.8 million as of December 31, 2014, an increase of $6.5 million from December 31, 2013. The lease segment of the portfolio accounted for 2.8% of the total loan and lease portfolio as of December 31, 2014. The lease segment of the portfolio had a delinquency rate on performing leases, as of December 31, 2014, of 0.07%, as compared 0.30% as of December 31, 2013. Nonperforming leases comprised 0.04% of the leasing segment of the portfolio as of December 31, 2014, as compared to 0.06% as of December 31, 2013.

Goodwill and Other Intangible Assets Goodwill as of December 31, 2014 increased by $2.9 million from December 31, 2013 as a result of the acquisition of PCPB. In addition, the PCPB transaction added $5.8 million in other intangible assets. See Notes 2 and 3 in the Notes to Consolidated Financial Statements for additional details.

FHLB Stock The Corporation s investment in stock issued by the FHLB decreased by $131 thousand, from December 31, 2013 to December 31, 2014. The Corporation must purchase, or the FHLB must redeem, its stock based on the Corporation s borrowings balance with the FHLB.

Mortgage Servicing Rights (MSRs) MSRs increased $15 thousand to $4.8 million as of December 31, 2014 from the balance at December 31, 2013. This increase was the result of $547 thousand of MSRs recorded during the twelve months ended December 31, 2014, partially offset by amortization of $476 thousand and impairment of $56 thousand during the period.

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The following table details activity related to mortgage servicing rights for the periods indicated:

	For the Twelve Months Ended or as of December 31,		
(dollars in thousands)	**2014**	**2013**	**2012**
Mortgage originations	$ 117,257	$ 197,787	$ 253,725
Mortgage loans sold:			
Servicing retained	$ 54,859	$ 127,914	$ 201,352
Servicing released	783	1,067	3,461
Total mortgage loans sold	$ 55,642	$ 128,981	$ 204,813
Percentage of originated mortgage loans sold	47.5%	65.2%	80.7%
Servicing retained %	98.6%	99.2%	98.3%
Servicing released %	1.4%	0.8%	1.7%
Residential mortgage loans serviced for others	$ 590,660	$ 607,272	$ 591,989
Mortgage servicing rights	$ 4,765	$ 4,750	$ 4,491
Gain on sale of loans	$ 1,772	$ 4,117	$ 6,735
Loans servicing and other fees	$ 1,755	$ 1,845	$ 1,776
Amortization of MSRs	$ 476	$ 740	$ 966
Impairment of MSRs	$ 56	$ 3	$ 163
Gain on sale of loans as % of principal	3.18%	3.19%	3.29%

Liability Changes

Total liabilities as of December 31, 2014 increased $169.3 thousand, to $2.00 billion from December 31, 2013. The increase was related to a $96.7 million increase in deposits, a $54.5 million increase in FHLB advances, and a $12.9 million increase in short term borrowings. The cash inflows from these increases helped fund loan growth during 2014.

Deposits Deposits of $1.69 billion, as of December 31, 2014, increased $96.7 million from December 31, 2013. The 6.1% increase was the result of a $62.6 million increase in wholesale deposits and a $56.5 million increase in core deposits. These increases were partially offset by a $22.4 million decrease in retail time deposits, as the Corporation continued its planned run-off of its higher-rate certificates of deposit. Non-interest-bearing deposits comprised 26.5% of deposits as of December 31, 2014, relatively unchanged from its December 31, 2013 level of 26.8%.

The following table details deposits as of the dates indicated:

	As of December 31,				
(dollars in thousands)	**2014**	**2013**	**2012**	**2011**	**2010**
Interest-bearing checking	$ 277,228	$ 266,787	$ 270,279	$ 233,562	$ 234,107
Money market	566,354	544,310	559,470	393,729	327,824
Savings	138,992	135,240	129,091	130,613	134,163
Wholesale non-maturity	66,693	42,936	45,162	65,173	80,112
Wholesale time deposits	73,458	34,640	12,421	23,550	37,201

Time deposits	118,400	140,794	218,586	209,333	245,669
Interest-bearing deposits	$ 1,241,125	$ 1,164,707	$ 1,235,009	$ 1,055,960	$ 1,059,076
Non-interest-bearing deposits	446,903	426,640	399,673	326,409	282,356
Total deposits	$ 1,688,028	$ 1,591,347	$ 1,634,682	$ 1,382,369	$ 1,341,432

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The following table summarizes the maturities of certificates of deposit of $100,000 or greater at December 31, 2014:

(dollars in thousands)	**Retail**	**Wholesale**
Three months or less	$ 15,439	$ 3,130
Three to six months	5,918	5,223
Six to twelve months	6,753	17,831
Greater than twelve months	15,973	46,123
Total	$ 43,903	$ 72,307

For more information regarding deposits, including average amount of deposits and average rate paid, refer to page 36 of this MD&A.

Borrowings Short-term borrowings as of December 31, 2014, which include only repurchase agreements, increased $12.9 million, or 118.7%, from December 31, 2013. As of December 31, 2014, FHLB advances and other borrowings increased $54.5 million, or 26.5%, from December 31, 2013. See the Liquidity Section of this MD&A on page 56 for further details on the Corporation s FHLB available borrowing capacity.

Discussion of Segments

The Corporation has two operating segments: Wealth Management and Banking. These segments are discussed below. Detailed segment information appears in Note 28 in the Notes to Consolidated Financial Statements.

Wealth Management Segment Activity

The Wealth Management segment reported a pre-tax segment profit (PTSP) for the twelve months ended December 31, 2014 of $15.4 million, a $2.3 million, or 17.5%, increase from the same period in 2013. The increase in PTSP was due to a $1.6 million increase in fees for wealth management services and a $1.2 million increase in insurance commissions. Prior to 2014, the Corporation s insurance activity was reported under the Banking segment. With the October 2014 acquisition of PCPB, Bank s insurance subsidiary has become the responsibility of the Wealth Management Division. The Wealth Management Division s assets under management, administration, supervision and brokerage increased by $431.6 million to $7.7 billion, as of December 31, 2014.

The Wealth Management segment reported a pre-tax segment profit (PTSP) for the twelve months ended December 31, 2013 of $13.1 million, a $2.9 million, or 27.9%, increase from the same period in 2012. The increase in PTSP was primarily due to a $5.4 million, or 18.1%, increase in fees for wealth management services. The increase was partially the result of a full year s impact of the $1.0 billion of wealth assets acquired in the May 2012 acquisition of DTC, along with the success of the Wealth Management division s strategic initiatives and market appreciation, which increased wealth management assets under management, administration, supervision and brokerage by $605.1 million to $7.3 billion, as of December 31, 2013.

The following table shows the Corporation s wealth management assets under management, administration, supervision and brokerage as of the dates indicated:

(dollars in millions)	**As of December 31, 2014**	**2013**	**2012**
Total wealth assets under management, administration, supervision and brokerage	$ 7,699.9	$ 7,268.3	$ 6,663.2

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Banking Segment Activity

Banking segment data as presented in Note 28 in the Notes to Consolidated Financial Statements indicates a PTSP of $27.4 million in 2014, $23.9 million in 2013 and $21.9 million in 2012. See Components of Net Income on page 35 of this document for a discussion of the Banking Segment.

Capital and Regulatory Capital Ratios

Consolidated shareholders equity of the Corporation was $245.5 million, or 10.9% of total assets, as of December 31, 2014, as compared to $229.9 million, or 11.2% of total assets, as of December 31, 2013.

In April 2012, the Corporation filed a shelf registration statement (the Shelf Registration Statement) to replace its 2009 Shelf Registration Statement, which was set to expire in June 2012. This new Shelf Registration Statement allows the Corporation to raise additional capital through offers and sales of registered securities consisting of common stock, debt securities, warrants to purchase common stock, stock purchase contracts and units or units consisting of any combination of the foregoing securities. Using the prospectus in the Shelf Registration Statement, together with applicable prospectus supplements, the Corporation may sell, from time to time, in one or more offerings, such securities in a dollar amount up to $150,000,000, in the aggregate.

The Corporation has in place under its Shelf Registration Statement a Dividend Reinvestment and Stock Purchase Plan (the Plan), which was amended and restated on April 27, 2012 primarily to increase the number of shares which can be issued by the Corporation from 850,000 to 1,500,000 shares of registered common stock. The Plan allows for the grant of a request for waiver (RFW) above the Plan s maximum investment of $120 thousand per account per year. A RFW is granted based on a variety of factors, including the Corporation s current and projected capital needs, prevailing market prices of the Corporation s common stock and general economic and market conditions.

The Plan is intended to allow both existing shareholders and new investors to easily and conveniently increase their investment in the Corporation without incurring many of the fees and commissions normally associated with brokerage transactions. For the twelve months ended December 31, 2014 and 2013, the Corporation issued 2,517 and 7,455 shares, respectively, and raised $72 thousand and $176 thousand, respectively, through the Plan.

Accumulated other comprehensive loss, as of December 31, 2014 was $11.7 million, an increase of $6.1 million from December 31, 2013. The primary cause of this increase was related to increased unrealized losses in the Corporation s pension liability which was caused by decreases in the discount rate used to value the pension liability along with revised mortality tables. Partially offsetting this increase in unrealized loss was a $3.3 million market value improvement on the Corporation s available for sale investment portfolio between the dates.

As detailed in Note 25-D in the Notes to Consolidated Financial Statements, the Corporation s ratio of total capital to risk-weighted assets increased from 12.55% as of December 31, 2013 to 12.86% as of December 31, 2014. This increase was primarily related to the $17.6 million increase in retained earnings, along with a $5.0 million increase in common stock issuances between the dates. These increases were partially offset by increases in other comprehensive loss related to the Corporation s pension plan liability.

The Corporation s and Bank s regulatory capital ratios and the minimum capital requirements to be considered Well Capitalized by banking regulators can be found in Note 25-D in the Notes to Consolidated Financial Statements. Both the Corporation and the Bank exceeded the required capital levels to be considered Well Capitalized by their respective regulators at the end of each period presented.

Liquidity

The Corporation has significant sources and availability of liquidity at December 31, 2014. The liquidity position is managed on a daily basis as part of the daily settlement function and on a monthly basis as part of the asset

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liability management process. The Corporation s primary liquidity is maintained by managing its deposits along with the utilization of borrowings from the FHLB, purchased federal funds and utilization of other wholesale funding sources. Secondary sources of liquidity include the sale of investment securities and certain loans in the secondary market.

Other wholesale funding sources include certificates of deposit from brokers, generally available in blocks of $1.0 million or more. Funds obtained through these programs totaled $73.5 million as of December 31, 2014.

As of December 31, 2014, the maximum borrowing capacity with the FHLB was $883.0 million, with an unused borrowing availability of $608.2 million. Borrowing availability at the Federal Reserve was $71.9 million, and overnight Fed Funds lines, consisting of lines from six banks, totaled $64.0 million. On a monthly basis, the Corporation s Asset Liability Committee reviews the Corporation s liquidity needs. This information is reported to the Risk Management Committee of the Board of Directors on a quarterly basis.

As of December 31, 2014, the Corporation held $11.5 million of FHLB stock as required by the borrowing agreement between the FHLB and the Corporation.

The Corporation has an agreement with CDC to provide up to $5 million, plus interest, of money market deposits at an agreed upon rate currently at 0.45%. The Corporation had $5.2 million in balances as of December 31, 2014 under this program. The Corporation can request an increase in the agreement amount as it deems necessary. In addition, the Corporation has an agreement with IND to provide up to $40 million, plus interest, of money market and NOW funds at an agreed upon interest rate equal to the current Fed Funds rate plus 20 basis points. The Corporation had $34.8 million in balances as of December 31, 2014 under this program.

The Corporation s available for sale investment portfolio of $229.6 million as of December 31, 2014 was approximately 10.2% of total assets. Some of these investments were in short-term, high-quality, liquid investments to earn more than the 25 basis points currently earned on Fed Funds. The Corporation s policy is to maintain its investment portfolio at a minimum level of 10% of total assets. The portion of the investment portfolio that is not already pledged against borrowings from the FHLB or other funding sources, provides the Corporation with the ability to utilize the securities to borrow additional funds through the FHLB, Federal Reserve or through other repurchase agreements.

The Corporation continually evaluates its borrowing capacity and sources of liquidity. The Corporation believes that it has sufficient capacity to fund expected 2015 earning asset growth with wholesale sources, along with deposit growth from its expanded branch system.

Off Balance Sheet Risk

The Corporation becomes party to financial instruments in the normal course of business to meet the financing needs of its customers. These financial instruments include commitments to extend credit and standby letters of credit and create off-balance sheet risk.

Commitments to extend credit are agreements to lend to a customer as long as there is no violation of any condition established in the loan agreement.

Standby letters of credit are conditional commitments issued by the Bank to a customer for a third party. Such standby letters of credit are issued to support private borrowing arrangements. The credit risk involved in issuing standby letters of credit is similar to that involved in granting loan facilities to customers.

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The following chart presents the off-balance sheet commitments of the Corporation as of December 31, 2014, listed by dates of funding or payment:

(dollars in millions)	**Total**	**Within 1 Year**	**2 - 3 Years**	**4 - 5 Years**	**After 5 Years**
Unfunded loan commitments	$ 479.0	$ 269.9	$ 70.0	$ 24.3	$ 114.8
Standby letters of credit	15.3	12.4	2.8	0.1	
Total	$ 494.3	$ 282.3	$ 72.8	$ 24.4	$ 114.8

Estimated fair values of the Corporation s off-balance sheet instruments are based on fees and rates currently charged to enter into similar loan agreements, taking into account the remaining terms of the agreements and the counterparties credit standing. Collateral requirements for off-balance sheet items are generally based upon the same standards and policies as booked loans. Since fees and rates charged for off-balance sheet items are at market levels when set, there is no material difference between the stated amount and the estimated fair value of off-balance sheet instruments.

Contractual Cash Obligations of the Corporation as of December 31, 2014

(dollars in millions)	**Total**	**Within 1 Year**	**2 - 3 Years**	**4 - 5 Years**	**After 5 Years**
Deposits without a stated maturity	$ 1,496.1	$ 1,496.1	$	$	$
Wholesale and retail certificates of deposit	191.9	108.0	67.2	16.7	
Short-term borrowings	23.8	23.8			
FHLB advances and other borrowings	260.1	25.5	135.0	92.1	7.5
Operating leases	49.7	3.1	5.9	5.9	34.8
Purchase obligations	13.2	4.0	7.8	1.0	0.4
Total	$ 2,034.8	$ 1,660.5	$ 215.9	$ 115.7	$ 42.7

Other Information

Effects of Inflation

Inflation has some impact on the Corporation s operating costs. Unlike many industrial companies, however, substantially all of the Corporation s assets and liabilities are monetary in nature. As a result, interest rates have a more significant impact on the Corporation s performance than the general level of inflation. Over short periods of time, interest rates may not necessarily move in the same direction or in the same magnitude as prices of goods and services.

Effect of Government Monetary Policies

The earnings of the Corporation are and will be affected by domestic economic conditions and the monetary and fiscal policies of the United States government and its agencies. An important function of the Federal Reserve Board is to regulate the money supply and interest rates. Among the instruments used to implement those objectives are open market operations in United States government securities and changes in reserve requirements against member bank deposits. These instruments are used in varying combinations to influence overall growth and distribution of bank loans, investments, and deposits, and their use may also affect rates charged on loans or paid for deposits.

The Corporation is a member of the Federal Reserve System and, therefore, the policies and regulations of the Federal Reserve Board have a significant effect on its deposits, loans and investment growth, as well as the rate of interest earned and paid, and are expected to affect the Corporation s operations in the future. The effect of such policies and regulations upon the future business and earnings of the Corporation cannot be predicted.

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ITEM 7A. QUANTATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The information required by this Item 7A is incorporated by reference to information appearing in the MD&A Section of this Annual Report on Form 10-K, more specifically in the sections entitled Interest Rate Sensitivity, Summary of Interest Rate Simulation, and Gap Analysis.

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ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The following audited consolidated financial statements and related documents are set forth in this Annual Report on Form 10-K on the following pages:

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Report of Independent Registered Public Accounting Firm

The Board of Directors and Shareholders

Bryn Mawr Bank Corporation:

We have audited the accompanying consolidated balance sheets of Bryn Mawr Bank Corporation and subsidiaries (the Corporation) as of December 31, 2014 and 2013, and the related consolidated statements of income, comprehensive income, cash flows, and changes in shareholders equity for each of the years in the three-year period ended December 31, 2014. These consolidated financial statements are the responsibility of the Corporation s management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Corporation as of December 31, 2014 and 2013, and the results of its operations and it cash flows for each of the years in the three-year period ended December 31, 2014, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Corporation s internal control over financial reporting as of December 31, 2014, based on criteria established in *Internal Control Integrated Framework (1992)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and our report dated March 12, 2015 expressed an unqualified opinion on the effectiveness of the Company s internal control over financial reporting.

Philadelphia, Pennsylvania

March 12, 2015

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Consolidated Balance Sheets

(dollars in thousands)	December 31, 2014	December 31, 2013
Assets		
Cash and due from banks	$ 16,717	$ 13,453
Interest bearing deposits with banks	202,552	67,618
Cash and cash equivalents	219,269	81,071
Investment securities available for sale, at fair value (amortized cost of $227,553 and $287,127 as of December 31, 2014 and December 31, 2013 respectively)	229,577	285,808
Investment securities, trading	3,896	3,437
Loans held for sale	3,882	1,350
Portfolio loans and leases	1,652,257	1,547,185
Less: Allowance for loan and lease losses	(14,586)	(15,515)
Net portfolio loans and leases	1,637,671	1,531,670
Premises and equipment, net	33,748	31,796
Accrued interest receivable	5,560	5,728
Deferred income taxes	7,209	8,690
Mortgage servicing rights	4,765	4,750
Bank owned life insurance	20,535	20,220
Federal Home Loan Bank stock	11,523	11,654
Goodwill	35,781	32,843
Intangible assets	22,521	19,365
Other investments	5,226	4,437
Other assets	5,343	18,846
Total assets	$ 2,246,506	$ 2,061,665
Liabilities		
Deposits:		
Non-interest-bearing	$ 446,903	$ 426,640
Interest-bearing	1,241,125	1,164,707
Total deposits	1,688,028	1,591,347
Short-term borrowings	23,824	10,891
FHLB advances and other borrowings	260,146	205,644
Accrued interest payable	1,040	841
Other liabilities	27,994	23,044
Total liabilities	2,001,032	1,831,767

Shareholders equity

Common stock, par value $1; authorized 100,000,000 shares; issued 16,742,135 and 16,596,869 shares as of December 31, 2014 and December 31, 2013, respectively, and outstanding of 13,769,336 and 13,650,354 as of December 31, 2014 and December 31, 2013, respectively	16,742	16,597
Paid-in capital in excess of par value	100,486	95,673
Less: Common stock in treasury at cost 2,972,799 and 2,946,515 shares as of December 31, 2014 and December 31, 2013, respectively	(31,642)	(30,764)
Accumulated other comprehensive loss, net of tax benefit	(11,704)	(5,565)
Retained earnings	171,592	153,957
Total shareholders equity	245,474	229,898
Total liabilities and shareholders equity	$ 2,246,506	$ 2,061,665

The accompanying notes are an integral part of the consolidated financial statements.

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Consolidated Statements of Income

(dollars in thousands, except per share data)	Twelve Months Ended December 31, 2014	2013	2012
Interest income:			
Interest and fees on loans and leases	$ 78,541	$ 73,941	$ 68,891
Interest on cash and cash equivalents	193	158	127
Interest on investment securities:			
Taxable	3,596	3,799	3,970
Non-taxable	399	396	208
Dividends	177	123	127
Total interest income	82,906	78,417	73,323
Interest expense on:			
Deposits	2,898	2,758	4,032
Short-term borrowings	17	25	21
FHLB advances and other borrowings	3,163	2,644	3,604
Subordinated debentures			931
Total interest expense	6,078	5,427	8,588
Net interest income	76,828	72,990	64,735
Provision for loan and lease losses	884	3,575	4,003
Net interest income after provision for loan and lease losses	75,944	69,415	60,732
Non-interest income:			
Fees for wealth management services	36,774	35,184	29,798
Service charges on deposits	2,578	2,445	2,477
Loan servicing and other fees	1,755	1,845	1,776
Net gain on sale of residential mortgage loans	1,772	4,117	6,735
Net gain (loss) on sale of investment securities available for sale	471	(8)	1,415
Net gain (loss) on sale of other real estate owned (OREO)	175	(300)	(86)
Bank owned life insurance (BOLI) income	315	358	428
Insurance commissions	1,210	651	444
Other operating income	3,272	4,063	3,399
Total non-interest income	48,322	48,355	46,386
Non-interest expenses:			
Salaries and wages	37,113	36,346	33,131
Employee benefits	7,340	8,832	8,127
Net gain on curtailment of nonqualified pension plan		(690)	
Occupancy and bank premises	7,305	6,862	5,874
Furniture, fixtures, and equipment	4,508	3,977	3,727
Advertising	1,504	1,526	1,309
Amortization of mortgage servicing rights	476	740	966

Net impairment of mortgage servicing rights		56		3		163
Amortization of other intangible assets		2,659		2,633		2,411
FDIC insurance		1,046		1,063		970
Due diligence and merger-related expenses		2,373		1,885		2,629
Early extinguishment of debt costs and premiums				347		526
Professional fees		3,017		2,456		2,868
Pennsylvania bank shares tax		1,256		942		1,079
Other operating expenses		12,765		13,818		11,121
Total non-interest expenses		81,418		80,740		74,901
Income before income taxes		42,848		37,030		32,217
Income tax expense		15,005		12,586		11,070
Net income	$	27,843	$	24,444	$	21,147
Basic earnings per common share	$	2.05	$	1.84	$	1.62
Diluted earnings per common share	$	2.01	$	1.80	$	1.60
Dividends declared per share	$	0.74	$	0.69	$	0.64
Weighted-average basic shares outstanding		13,566,239		13,311,215		13,090,110
Dilutive shares		294,801		260,395		151,736
Adjusted weighted-average diluted shares		13,861,040		13,571,610		13,241,846

The accompanying notes are an integral part of the consolidated financial statements.

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Consolidated Statements of Comprehensive Income

	Twelve Months Ended December 31,		
(dollars in thousands)	**2014**	**2013**	**2012**
Net income	$ 27,843	$ 24,444	$ 21,147
Other comprehensive income (loss):			
Net change in unrealized (losses) gains on investment securities available for sale:			
Net unrealized gains (losses) arising during the period, net of tax expense (benefit) of $1,335, $(2,168) and $1,233, respectively	1,867	(4,026)	2,292
Less: reclassification adjustment for net (gains) losses on sales realized in net income, net of tax (expense) benefit of $(165), $3, and $(495), respectively	(306)	5	(920)
Unrealized investment gains (losses), net of tax expense (benefit) of $1,170, $(2,165) and $739, respectively	2,173	(4,021)	1,372
Net change in fair value of derivative used for cash flow hedge:			
Change in fair value of hedging instruments, net of tax (benefit) expense of $(413), $412 and $(13), respectively	(768)	766	(23)
Net change in unfunded pension liability:			
Change in unfunded pension liability related to unrealized loss, prior service cost and transition obligation, net of tax (benefit) expense of $(4,063), $3,442 and $(33), respectively	(7,544)	6,391	(62)
Change in unfunded pension liability related to curtailment, net of tax expense of $0, $741, and $0, respectively		1,377	
Total change in unfunded pension liability, net of tax (benefit) expense of $(4,063), $4,183 and $(33), respectively	(7,544)	7,768	(62)
Total other comprehensive (loss) income	(6,139)	4,513	1,287
Total comprehensive income	$ 21,704	$ 28,957	$ 22,434

The accompanying notes are an integral part of the consolidated financial statements.

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Consolidated Statements of Cash Flows

(dollars in thousands)	Twelve Months Ended December 31, 2014	2013	2012
Operating activities:			
Net Income	$ 27,843	$ 24,444	$ 21,147
Adjustments to reconcile net income to net cash provided by operating activities:			
Provision for loan and lease losses	884	3,575	4,003
Depreciation of fixed assets and net amortization of investment premiums and discounts	5,785	6,836	6,713
Net (gain) loss on sale of investment securities available for sale	(471)	8	(1,415)
Net gain on sale of residential mortgages	(1,772)	(4,117)	(6,735)
Stock based compensation cost	1,256	1,004	1,283
Amortization and net impairment of mortgage servicing rights	532	743	1,129
Net accretion of fair value adjustments	(2,757)	(3,490)	(1,892)
Amortization of intangible assets	2,659	2,633	2,411
Net (gain) loss on sale of OREO	(175)	300	86
Net increase in cash surrender value of bank owned life insurance (BOLI)	(315)	(358)	(428)
Other, net	2,822	1,253	297
Loans originated for resale	(58,173)	(126,920)	(206,637)
Proceeds from loans sold	56,866	132,097	209,969
Provision (benefit) for deferred income taxes	2,350	1,195	(505)
Change in income taxes payable/receivable	(23)	843	3,437
Change in accrued interest receivable	168	227	355
Change in accrued interest payable	199	(392)	(575)
Net cash provided by operating activities	37,678	39,881	32,643
Investing activities:			
Purchases of investment securities	(45,199)	(97,517)	(223,019)
Proceeds from maturity of investment securities and paydowns of mortgage-related securities	40,801	62,643	48,576
Proceeds from sale of investment securities available for sale	24,394	14,942	40,640
Proceeds from sale of other investments	342		
Net change in FHLB stock	131	(893)	827
Proceeds from calls of investment securities	37,750	40,287	89,992
Net change in other investments	(789)	(91)	(239)
Net portfolio loan and lease originations	(105,918)	(148,102)	(28,082)
Purchases of premises and equipment	(5,455)	(3,571)	(4,048)
Acquisitions, net of cash acquired	(4,125)		(15,951)
Capitalize costs to OREO		(485)	(61)
Proceeds from sale of OREO	1,646	1,089	567

Net cash used in investing activities	(56,422)	(131,698)	(90,798)
Financing activities:			
Change in deposits	96,704	(42,986)	182,368
Change in short-term borrowings	12,933	1,488	(3,460)
Dividends paid	(10,189)	(9,297)	(8,529)
Change in FHLB advances and other borrowings	54,623	44,479	13,962
Repayment of subordinated debentures			(22,500)
Payment of contingent consideration for business combinations		(2,100)	(1,050)
Excess tax benefit from stock-based compensation	831	708	112
Proceeds from sale of treasury stock from deferred compensation plans	79	764	317
Net purchase of treasury stock	(947)		
Proceeds from issuance of common stock	72	176	2,118
Proceeds from exercise of stock options	2,836	3,970	1,363
Net cash provided by (used in) financing activities	156,942	(2,798)	164,701
Change in cash and cash equivalents	138,198	(94,615)	106,546
Cash and cash equivalents at beginning of period	81,071	175,686	69,140
Cash and cash equivalents at end of period	$ 219,269	$ 81,071	$ 175,686
Supplemental cash flow information:			
Cash paid during the year for:			
Income taxes	$ 11,831	$ 9,775	$ 8,092
Interest	5,879	5,819	8,947
Available for sale securities purchased, not settled	$	$	$ 255
Change in other comprehensive loss	(9,446)	6,943	1,980
Change in deferred tax due to change in comprehensive income	(3,306)	2,430	693
Transfer of loans to other real estate owned	1,763	853	949
Acquisition of noncash assets and liabilities:			
Assets acquired	10,005		90,853
Liabilities assumed	5,880		74,902

The accompanying notes are an integral part of the consolidated financial statements.

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Consolidated Statements of Changes in Shareholders Equity

(dollars in thousands, except per share information)	**Shares of Common Stock Issued**	**Common Stock**	**Paid-in Capital**	**Treasury Stock**	**Accumulated Other Comprehensive Loss**	**Retained Earnings**	**Total Shareholders Equity**
	For the Years Ended December 31, 2012, 2013 and 2014						
Balance December 31, 2011	16,103,981	16,104	84,425	(31,027)	(11,365)	126,242	184,379
Net income						21,147	21,147
Dividends declared, $0.64 per share						(8,529)	(8,529)
Other comprehensive income, net of tax expense of $693					1,287		1,287
Stock based compensation			1,283				1,283
Tax benefit from stock-based compensation			112				112
Retirement of treasury stock	(4,249)	(4)	(40)	44			
Net sale of treasury stock from deferred compensation plans			79	238			317
Common stock issued:							
Dividend Reinvestment and Stock Purchase Plan	108,918	109	2,009				2,118
Share-based awards and options exercises	181,958	181	1,269				1,450
Balance December 31, 2012	16,390,608	16,390	89,137	(30,745)	(10,078)	138,860	203,564
Net income						24,444	24,444
Dividends declared, $0.69 per share						(9,347)	(9,347)
Other comprehensive income, net of tax expense of $2,430					4,513		4,513
Stock based compensation			1,004				1,004
Tax benefit from stock-based compensation			708				708
	(4,517)	(4)	(41)	45			

Retirement of treasury stock							
Net sale of treasury stock from stock award and deferred compensation plans			828	(64)			764
Common stock issued:							
Dividend Reinvestment and Stock Purchase Plan	7,455	7	169				176
Share-based awards and options exercises	203,323	204	3,868				4,072
Balance December 31, 2013	16,596,869	$ 16,597	$ 95,673	$ (30,764)	$ (5,565)	$ 153,957	$ 229,898
Net income						27,843	27,843
Dividends declared, $0.74 per share						(10,208)	(10,208)
Other comprehensive loss, net of tax benefit of $3,307					(6,139)		(6,139)
Stock based compensation			1,256				1,256
Tax benefit from stock-based compensation			831				831
Retirement of treasury stock	(3,512)	(3)	(32)	35			
Net purchase of treasury stock from stock award and deferred compensation plans			45	(913)			(868)
Issuance costs S-4 filing			(147)				(147)
Common stock issued:							
Dividend Reinvestment and Stock Purchase Plan	2,517	2	70				72
Share-based awards and options exercises	146,261	146	2,790				2,936
Balance December 31, 2014	16,742,135	$ 16,742	$ 100,486	$ (31,642)	$ (11,704)	$ 171,592	$ 245,474

The accompanying notes are an integral part of the consolidated financial statements.

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Notes to Consolidated Financial Statements

Note 1 Summary of Significant Accounting Policies

A. Nature of Business

The Bryn Mawr Trust Company (the Bank) received its Pennsylvania banking charter in 1889 and is a member of the Federal Reserve System. In 1986, Bryn Mawr Bank Corporation (the Corporation) was formed and on January 2, 1987, the Bank became a wholly-owned subsidiary of the Corporation. The Bank and Corporation are headquartered in Bryn Mawr, Pennsylvania, a western suburb of Philadelphia. The Corporation and its subsidiaries provide wealth management, community banking, residential mortgage lending, insurance and business banking services to its customers through 19 full service branches, seven retirement community offices, and five wealth offices located throughout Montgomery, Delaware, Chester and Dauphin counties in Pennsylvania and New Castle county in Delaware. In 2008, the Corporation opened the Bryn Mawr Trust Company of Delaware, a limited-purpose trust company in Greenville, Delaware, to further its long-term growth strategy, and diversify its asset base and client accounts. The common stock of the Corporation trades on the NASDAQ Stock Market (NASDAQ) under the symbol BMTC.

On October 1, 2014, the acquisition of Powers Craft Parker and Beard, Inc. (PCPB), an insurance brokerage headquartered in Rosemont, Pennsylvania, was completed. The addition will enable the Corporation to offer a full range of insurance products to both individual and business clients.

The Corporation operates in a highly competitive market area that includes local, national and regional banks as competitors along with savings banks, credit unions, insurance companies, trust companies, registered investment advisors and mutual fund families. The Corporation and its subsidiaries are regulated by many regulatory agencies including the Securities and Exchange Commission (SEC), Federal Deposit Insurance Corporation (FDIC), the Federal Reserve and the Pennsylvania Department of Banking.

B. Basis of Presentation

The accounting policies of the Corporation conform to U.S. generally accepted accounting principles (GAAP).

The Consolidated Financial Statements include the accounts of the Corporation and its wholly owned subsidiaries. The Corporation s consolidated financial condition and results of operations consist almost entirely of the Bank s financial condition and results of operations. All inter-company transactions and balances have been eliminated.

In preparing the Consolidated Financial Statements, the Corporation is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the dates of the balance sheets, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

Although our current estimates contemplate current conditions and how we expect them to change in the future, it is reasonably possible that in 2015, actual conditions could be worse than anticipated in those estimates, which could materially affect our results of operations and financial condition. Amounts subject to significant estimates are items such as the allowance for loan and lease losses and lending related commitments, goodwill and intangible assets, pension and post-retirement obligations, the fair value of financial instruments and other-than-temporary impairments. Among other effects, such changes could result in future impairments of investment securities, goodwill and intangible assets and establishment of allowances for loan losses and lending-related commitments as well as increased pension and post-retirement expense.

C. Cash and Cash Equivalents

Cash and cash equivalents include cash and due from banks, interest-bearing deposits, federal funds sold and money market funds with other banks with original maturities of three months or less. Cash balances required to meet regulatory reserve requirements of the Federal Reserve Board amounted to $987 thousand and $367 thousand at December 31, 2014 and December 31, 2013, respectively.

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D. Investment Securities

Investment securities which are held for indefinite periods of time, which the Corporation intends to use as part of its asset/liability strategy, or which may be sold in response to changes in interest rates, changes in prepayment risk, increases in capital requirements, or other similar factors, are classified as available for sale and are carried at fair value. Net unrealized gains and losses for such securities, net of tax, are required to be recognized as a separate component of shareholders equity and excluded from determination of net income. Gains or losses on disposition are based on the net proceeds and cost of the securities sold, adjusted for the amortization of premiums and accretion of discounts, using the specific identification method.

The Corporation follows ASC 370-10-65-1 Recognition and Presentation of Other-Than-Temporary Impairments that provides guidance related to accounting for recognition of other-than-temporary impairment for debt securities and expands disclosure requirements for other-than-temporarily impaired debt and equity securities. Companies are required to record other-than-temporary impairment charges through earnings if they have the intent to sell, or will more likely than not be required to sell, an impaired debt security before a recovery of its amortized cost basis. In addition, companies are required to record other-than-temporary impairment charges through earnings for the amount of credit losses, regardless of the intent or requirement to sell. Credit loss is measured as the difference between the present value of an impaired debt security s cash flows and its amortized cost basis. Non-credit-related write-downs to fair value must be recorded as decreases to accumulated other comprehensive income as long as the Corporation has no intent or it is more likely than not that the Corporation would not be required to sell an impaired security before a recovery of its amortized cost basis. The Corporation did not have any other-than-temporary impairments for 2014, 2013 or 2012.

Investment securities held in trading accounts consist solely of a deferred compensation trust account which is invested in listed mutual funds whose diversification is at the discretion of the deferred compensation plan participants. Investment securities held in trading accounts are reported at their fair value, with adjustments in fair value reported through income.

E. Loans Held for Sale

Mortgage loans originated and intended for sale in the secondary market are carried at the lower of cost or fair value in the aggregate. Net unrealized temporary losses, if any, are recognized through a valuation allowance by charges to income.

F. Portfolio Loans and Leases

The Corporation originates construction, commercial and industrial, commercial mortgage, residential mortgage, home equity and consumer loans to customers primarily in southeastern Pennsylvania as well as small-ticket equipment leases to customers nationwide. Although the Corporation has a diversified loan and lease portfolio, its debtors ability to honor their contracts is substantially dependent upon the real estate and general economic conditions of the region.

Loans and leases that the Corporation has the intention and ability to hold for the foreseeable future or until maturity or pay-off, generally are reported at their outstanding principal balance adjusted for charge-offs, the allowance for loan and lease losses and any deferred fees or costs on originated loans and leases. Interest income is accrued on the unpaid principal balance.

Loan and lease origination fees and loan and lease origination costs are deferred and recognized as an adjustment of the related yield using the interest method.

The accrual of interest on loans and leases is generally discontinued at the time the loan is 90 days delinquent unless the credit is well secured and in the process of collection. Loans and leases are placed on nonaccrual status

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or charged-off at an earlier date if collection of principal or interest is considered doubtful. All interest accrued, but not collected for loans that are placed on nonaccrual status or charged-off, is charged against interest income. All interest accrued, but not collected, on leases that are placed on nonaccrual status is not charged against interest until the lease is charged-off at 120 days delinquent. The interest received on these nonaccrual loans and leases is applied to reduce the carrying value of loans and leases. Loans and leases are returned to accrual status when all the principal and interest amounts contractually due are brought current, remain current for at least six months and future payments are reasonably assured. Once a loan returns to accrual status, any interest payments collected during the nonaccrual period which had been applied to the principal balance are reversed and recognized as interest income over the remaining term of the loan.

Loans acquired in mergers are recorded at their fair values. The difference between the recorded fair value and the principal value is accreted to interest income over the contractual lives of the loans in accordance with ASC 310-20. Certain acquired loans which were deemed to be credit impaired at acquisition are accounted for in accordance with ASC 310-30, as discussed below, in subsection *H* of this footnote.

G. Allowance for Loan and Lease Losses

The allowance for loan and lease losses (the Allowance) is established through a provision for loan and lease losses (the Provision) charged as an expense. The principal balances of loans and leases are charged against the Allowance when the Corporation believes that the principal is uncollectible. The Allowance is maintained at a level that the Corporation believes is sufficient to absorb estimated potential credit losses.

The Corporation s determination of the adequacy of the Allowance is based on periodic evaluations of the loan and lease portfolio and other relevant factors. However, this evaluation is inherently subjective as it requires significant estimates by the Corporation. Consideration is given to a variety of factors in establishing these estimates. Various qualitative factors are considered, including specific terms and conditions of loans and leases, underwriting standards, delinquency statistics, industry concentration, overall exposure to a single customer, adequacy of collateral, the dependence on collateral, and results of internal loan review, including a borrower s perceived financial and management strengths, the amounts and timing of the present value of future cash flows, and the access to additional funds. Also, quantitative factors in the form of historical charge-off history by portfolio segment are considered. In connection with these quantitative factors, management establishes what it deems to be an adequate look-back period for the charge-off history. In addition, management develops an estimate of a loss emergence period for each segment of the loan portfolio. The loss emergence period estimates the time between the occurrence of a loss event for a borrower and an actual charge-off of a loan.

As part of the process of calculating the Allowance to the different segments of the loan and lease portfolio, the Corporation considers certain credit quality indicators. For the commercial mortgage, construction and commercial and industrial loan segments, periodic reviews of the individual loans are performed by both in-house staff as well as external third-party loan review specialists. The result of these reviews is reflected in the risk grade assigned to each loan. In addition, the remaining segments of the loan and lease portfolio, which include residential mortgage, home equity lines and loans, consumer loans, and leases, are calculated portions of the Allowance based on their performance status.

The evaluation process also considers the impact of competition, current and expected economic conditions, national and international events, the regulatory and legislative environment and inherent risks in the loan and lease portfolio. All of these factors may be susceptible to significant change. To the extent actual outcomes differ from the Corporation s estimates, an additional Provision may be required that might adversely affect the Corporation s results of operations in future periods. In addition, various regulatory agencies, as an integral part of their examination processes, periodically review the adequacy of the Allowance. Such agencies may require the Corporation to record additions to the Allowance based on their judgment of information available to them at the time of their examination.

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H. Impaired Loans and Leases

A loan or lease is considered impaired when, based on current information, it is probable that the Corporation will be unable to collect the contractually scheduled payments of principal or interest. When assessing impairment, the Corporation considers various factors, which include payment status, realizable value of collateral and the probability of collecting scheduled principal and interest payments when due. Loans and leases that experience insignificant payment delays and payment shortfalls generally are not classified as impaired.

The Corporation determines the significance of payment delays and payment shortfalls on a case-by-case basis, taking into consideration all of the circumstances surrounding the loan and the borrower, including the length of the delay, the reasons for the delay, the borrower s prior payment record, and the amount of the shortfall in relation to the principal and interest owed.

Impairment is measured by either the present value of expected future cash flows discounted at the loan s contractual effective interest rate, the loan s obtainable market price, or the fair value of the collateral if the loan is collateral dependent.

In addition to originating loans, the Corporation occasionally acquires loans through mergers or loan purchase transactions. Some of these acquired loans may exhibit deteriorated credit quality that has occurred since origination and the Corporation may not expect to collect all contractual payments. Accounting for these purchased credit-impaired loans is done in accordance with ASC 310-30. The loans are recorded at fair value, reflecting the present value of the amounts expected to be collected. Income recognition on these loans is based on a reasonable expectation about the timing and amount of cash flows to be collected. Acquired loans deemed impaired and considered collateral dependent, with the timing of the sale of loan collateral indeterminate, remain on nonaccrual status and have no accretable yield.

I. Troubled Debt Restructurings (TDR s)

A TDR occurs when a creditor, for economic or legal reasons related to a borrower s financial difficulties, modifies the original terms of a loan or lease or grants a concession to the borrower that it would not otherwise have granted. A concession may include an extension of repayment terms, a reduction in the interest rate or the forgiveness of principal and/or accrued interest. If the debtor is experiencing financial difficulty and the creditor has granted a concession, the Corporation will make the necessary disclosures related to the TDR. In certain cases, a modification or concession may be made in an effort to retain a customer who is not experiencing financial difficulty. This type of modification is not considered a TDR.

J. Other Real Estate Owned (OREO)

OREO consists of assets that the Corporation has acquired through foreclosure, by accepting a deed in lieu of foreclosure, or by taking possession of assets that were used as loan collateral. The Corporation reports OREO on the balance sheet within other assets, at the lower of cost or fair value less cost to sell, adjusted periodically based on current appraisals. Costs relating to the development or improvement of assets, as well as the costs required to obtain legal title to the property, are capitalized, while costs related to holding the property are charged to expense as incurred.

K. Other Investments and Federal Home Loan Bank Stock

Other investments include Community Reinvestment Act (CRA) investments, and equity stocks without a readily determinable fair market value. The Corporation s investments in equity stocks include those issued by the Federal Home Loan Bank of Pittsburgh (FHLB), the Federal Reserve Bank and Atlantic Central Bankers Bank. The Corporation is required to hold FHLB stock as a condition of its borrowing funds from the FHLB. As of December 31, 2014, the carrying value of the Corporation s FHLB stock was $11.5 million. Ownership of FHLB stock is restricted and there is no market for these securities. For further information on the FHLB stock, see Note 10 Short-Term and Other Borrowings .

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L. Premises and Equipment

Premises and equipment are stated at cost, less accumulated depreciation. Depreciation and predetermined rent are recorded using the straight-line method over the estimated useful lives of the assets. Leasehold improvements are amortized over the expected lease term or the estimated useful lives, whichever is shorter.

M. Pension and Postretirement Benefit Plans

The Corporation has one qualified defined-benefit pension plan, two non-qualified defined-benefit supplemental executive retirement plans and a postretirement benefit plan as discussed in Note 15 Pension and Postretirement Benefit Plans . Net pension expense related to the defined-benefit consists of service cost, interest cost, return on plan assets, amortization of prior service cost, amortization of transition obligations and amortization of net actuarial gains and losses. The Corporation accrues pension costs as incurred.

N. Bank Owned Life Insurance (BOLI)

BOLI is recorded at its cash surrender value. Income from BOLI is tax-exempt and included as a component of non-interest income.

O. Derivative Financial Instruments

The Corporation recognizes all derivative financial instruments on its balance sheet at fair value. Derivatives that are not hedges must be adjusted to fair value through income. If a derivative has qualified as a hedge, depending on the nature of the hedge, changes in the fair value of the derivative are either offset against the change in fair value of the hedged assets, liabilities, or firm commitments through earnings, or recognized in other comprehensive income until the hedged item is recognized in earnings. The ineffective portion of a derivative s change in fair value is recognized in earnings immediately. To determine fair value, the Corporation uses valuations obtained from a third party which utilizes a pricing model that incorporates assumptions about market conditions and risks that are current as of the reporting date. Management reviews, annually, the inputs utilized by its independent third-party valuation organization.

The Corporation may use interest-rate swap agreements to modify the interest rate characteristics from variable to fixed or fixed to variable in order to reduce the impact of interest rate changes on future net interest income. The Corporation accounts for its interest-rate swap contracts in cash flow hedging relationships by establishing and documenting the effectiveness of the instrument in offsetting the change in cash flows of assets or liabilities that are being hedged. To determine effectiveness, the Corporation performs an analysis to identify if changes in fair value or cash flow of the derivative correlate to the equivalent changes in the forecasted interest receipts related to a specified hedged item. Recorded amounts related to interest-rate swaps are included in other assets or liabilities. The change in fair value of the ineffective part of the instrument would need to be charged to the Statement of Income, potentially causing material fluctuations in reported earnings in the period of the change relative to comparable periods. In a fair value hedge, the fair values of the interest rate swap agreements and changes in the fair values of the hedged items are recorded in the Corporation s consolidated balance sheets with the corresponding gain or loss being recognized in current earnings. The difference between changes in the fair values of interest rate swap agreements and the hedged items represents hedge ineffectiveness and is recorded in net interest income in the Statement of Income. The Corporation performs an assessment, both at the inception of the hedge and quarterly thereafter, to determine whether these derivatives are highly effective in offsetting changes in the value of the hedged items.

P. Accounting for Stock-Based Compensation

Stock-based compensation cost is measured at the grant date, based on the fair value of the award and is recognized as an expense over the vesting period.

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All share-based payments, including grants of stock options, restricted stock awards and performance-based stock awards, are recognized as compensation expense in the statement of income at their fair value. The fair value of stock option grants is determined using the Black-Scholes pricing model which considers the expected life of the options, the volatility of stock price, risk-free interest rate and annual dividend yield. The fair value of the restricted stock awards is based on their market value on the grant date, while the fair value of the performance-based stock awards is based on their grant-date market value in addition to the likelihood of attaining certain pre-determined performance goals utilizing the Monte Carlo Simulation model.

Q. Earnings per Common Share

Basic earnings per common share excludes dilution and is computed by dividing income available to common shareholders by the weighted-average common shares outstanding during the period. Diluted earnings per common share takes into account the potential dilution that would occur if in-the-money stock options were exercised and converted into common shares and restricted stock awards and performance-based stock awards were vested. Proceeds assumed to have been received on options exercises are assumed to be used to purchase shares of the Corporation s common stock at the average market price during the period, as required by the treasury stock method of accounting. The effects of stock options are excluded from the computation of diluted earnings per share in periods in which the effect would be antidilutive. All weighted average shares, actual shares and per share information in the financial statements have been adjusted retroactively for the effect of stock dividends and splits.

R. Income Taxes

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carry-forwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

The Corporation recognizes the benefit of a tax position only after determining that the Corporation would more-likely-than-not sustain the position following an examination. For tax positions meeting the more-likely-than-not threshold, the amount recognized in the financial statements is the largest benefit that has a greater than 50 percent likelihood of being realized upon settlement with the relevant tax authority. The Corporation applies these criteria to tax positions for which the statute of limitations remains open.

S. Revenue Recognition

With the exception of nonaccrual loans and leases, the Corporation recognizes all sources of income on the accrual method.

Additional information relating to Wealth Management fee revenue recognition follows:

The Corporation earns Wealth Management fee revenue from a variety of sources including fees from trust administration and other related fiduciary services, custody, investment management and advisory services, employee benefit account and IRA administration, estate settlement, tax service fees, shareholder service fees and brokerage. These fees are generally based on asset values and fluctuate with the market. Some revenue is not directly tied to asset value but is based on a flat fee for services provided. For many of our revenue sources, amounts are not received in the same accounting period in which they are earned. However, each source of Wealth Management fees is recorded on the accrual method of accounting.

The most significant portion of the Corporation s Wealth Management fees is derived from trust administration and other related services, custody, investment management and advisory services, and employee benefit account

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and IRA administration. These fees are generally billed in arrears, based on the market value of assets at the end of the previous billing period. A smaller number of customers are billed in a similar manner, but on a quarterly or annual basis and some revenues are not based on market values.

The balance of the Corporation s Wealth Management fees includes estate settlement fees and tax service fees, which are recorded when the related service is performed and asset management and brokerage fees on non-depository investment products, which are received one month in arrears, based on settled transactions, but are accrued in the month the settlement occurs.

Included in other assets on the balance sheet is a receivable for Wealth Management fees that have been earned but not yet collected.

Related to insurance revenue, for short-term duration contracts, premiums must be recognized as revenue on a proportional basis; that is, over the period of the contract for the insurance protection. Therefore, straight-line revenue recognition normally occurs.

While the preceding is the GAAP rule for short-term duration contracts, the SAP rule requires that premiums be subject to certain experience-type adjustments post-contract period. For instance, premium revenues in health insurance contracts would be adjusted to reflect experiential (exposure) under the actual contract. See, for example Statement of Statutory Accounting Principle (SSAP) No. 51, Life Contracts.

For long-term duration contracts, recognition of revenue occurs when premiums are due from the policyholder. It follows the Statement 60 definition of gross premium as the measure for revenue recognition, and the concept of loading (the difference between the gross and net premium) is ignored. So, for investment-type contracts, revenue is recognized even if no premium is paid by the policyholder, as in the case of universal life contracts. Revenue in such contracts represents the premiums assessed.

T. Mortgage Servicing

A portion of the residential mortgage loans originated by the Corporation is sold to a third party; however the Corporation often retains the servicing duties related to these loans. A fee, usually based on a percentage of the outstanding principal balance of the loan, is received in return for these services. Gains on the sale of these loans are based on the specific identification method.

An intangible asset, referred to as mortgage servicing rights (MSR s) is recognized when the loan servicing rights are retained upon sale of a loan. These MSRs amortize to non-interest expense in proportion to, and over the period of, the estimated future net servicing life of the underlying loans.

MSRs are evaluated quarterly for impairment based upon the fair value of the rights as compared to their amortized cost. Impairment is determined by stratifying the MSRs by predominant characteristics, such as interest rate and terms. Fair value is determined based upon discounted cash flows using market-based assumptions. Impairment is recognized on the income statement to the extent the fair value is less than the capitalized amount for the stratum. A valuation allowance is utilized to record temporary impairment in MSRs. Temporary impairment is defined as impairment that is not deemed permanent. Permanent impairment is recorded as a reduction of the MSR and is not reversed.

U. Statement of Cash Flows

The Corporation s statement of cash flows details operating, investing and financing activities during the reported periods.

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V. Goodwill and Intangible Assets

The Corporation accounts for goodwill and other intangible assets in accordance with ASC 350, Intangibles Goodwill and Other. The goodwill and intangible assets as of December 31, 2014, other than MSRs in Note 1-T above, are related to the acquisitions of Lau Associates, The Private Wealth Management Group of the Hershey Trust Company (PWMG), Davidson Trust Company (DTC) and PCPB, which are components of the Wealth Management segment, and First Keystone Financial, Inc. (FKF), and First Bank of Delaware (FBD), which are components of the Banking segment. The amount of goodwill initially recorded is based on the fair value of the acquired entity at the time of acquisition. Goodwill impairment tests are performed annually, or when events occur or circumstances change that would more likely than not reduce the fair value of the acquisition or investment. Goodwill impairment is tested on a reporting unit level. The Corporation currently has three reporting units: Banking, Wealth Management and Insurance. As of December 31, 2014, the Insurance reporting unit did not meet the quantitative thresholds for separate disclosure as a business segment and is therefore reported as a component of the Wealth Management segment, based on its internal reporting structure.

The Corporation s impairment testing methodology is consistent with the methodology prescribed in ASC 350. Other intangible assets include a core deposit intangible, which was acquired in the FKF merger and the FBD transaction, customer relationships, trade name and non-competition agreements acquired in connection with the acquisitions of DTC, PWMG, Lau Associates and PCPB. The customer relationships, non-competition agreement and core deposit intangibles are amortized over the estimated useful lives of the assets. The trade name intangible has an indefinite life and is evaluated for impairment annually.

W. Reclassifications

Certain prior year amounts have been reclassified to conform to the current year s presentation.

X. Recent Accounting Pronouncements

FASB ASU 2014-01, Investments Equity Method and Joint Ventures (Topic 323), Accounting for Investments in Qualified Affordable Housing Projects.

Issued in January 2014, ASU 2014-01 provides guidance on accounting for investments by a reporting entity in flow-through limited liability entities that manage or invest in affordable housing projects that qualify for the low-income housing tax credit. The amendments in this update permit reporting entities to make an accounting policy election to account for their investments in qualified affordable housing projects using the proportional amortization method if certain conditions are met. Under the proportional amortization method, an entity amortizes the initial cost of the investment in proportion to the tax credits and other tax benefits received and recognizes the net investment performance in the income statement as a component of income tax expense (benefit). For those investments in qualified affordable housing projects not accounted for using the proportional amortization method, the investment should be accounted for as an equity method investment or a cost method investment in accordance with Subtopic 970-323. The amendments in this update should be applied retrospectively to all periods presented. A reporting entity that uses the effective yield method to account for its investments in qualified affordable housing projects before the date of adoption may continue to apply the effective yield method for those preexisting investments. The amendments in this update are effective for public business entities for annual periods and interim reporting periods within those annual periods, beginning after December 15, 2014. The Corporation has evaluated the effect of the adoption of this guidance and it is not expected to have an impact on the presentation of the Corporation s consolidated financial statements.

FASB ASU 2014-04, Receivables Troubled Debt Restructurings by Creditors (Subtopic 310-40): Reclassification of Residential Real Estate Collateralized Consumer Mortgage Loans upon Foreclosure (a consensus of the FASB Emerging Issues Task Force).

Issued in January 2014, ASU 2014-04 clarifies when an in substance repossession or foreclosure occurs, that is, when a creditor should be considered to have received physical possession of residential real estate property

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collateralizing a consumer mortgage loans, such that all or a portion of the loan should be derecognized and the real estate property recognized. ASU 2014-04 states that a creditor is considered to have received physical possession of residential real estate property collateralizing a consumer mortgage loan, upon either the creditor obtaining legal title to the residential real estate property upon completion of a foreclosure, or the borrower conveying all interest in the residential real estate property to the creditor to satisfy that loan through completion of a deed in lieu of foreclosure or through a similar legal agreement. The amendments of ASU 2014-04 also require interim and annual disclosure of both the amount of foreclosed residential real estate property held by the creditor and the recorded investment in consumer mortgage loans collateralized by residential real estate property that are in the process of foreclosure. The amendments of ASU 2014-04 are effective for interim and annual periods beginning after December 15, 2014, and may be applied using either a modified retrospective transition method or a prospective transition method as described in ASU 2014-04. The adoption of ASU 2014-04 will be a change in presentation only, for the newly required disclosures, and is not expected to have a significant impact to the Corporation s consolidated financial statements.

FASB ASU 2014-09, Revenue from Contracts with Customers

Issued on May 28, 2014, ASU No. 2014-09 requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. ASU 2014-09 will replace most existing revenue recognition guidance in U.S. GAAP when it becomes effective. The new standard is effective for the Corporation on January 1, 2017. Early application is not permitted. The standard permits the use of either the retrospective or cumulative effect transition method. The Corporation is evaluating the effect that ASU 2014-09 will have on its consolidated financial statements and related disclosures. The Corporation has not yet selected a transition method nor has it determined the effect of the standard on its ongoing financial reporting.

FASB ASU 2014-12, Accounting for Share-Based Payments When the Terms of an Award Provide That a Performance Target Could Be Achieved after the Requisite Service Period

Issued on June 19, 2014, ASU 2014-12 requires a reporting entity to treat a performance target that affects vesting and that could be achieved after the requisite service period as a performance condition. A reporting entity should apply FASB ASC Topic 718, Compensation Stock Compensation, to awards with performance conditions that affect vesting. A performance target that affects vesting and could be achieved after completion of the service period should be treated as a performance condition under FASB ASC 718 and, as a result, should not be included in the estimation of the grant-date fair value of the award. An entity should recognize compensation cost for the award when it becomes probable that the performance target will be achieved. In the event that an entity determines that it is probable that a performance target will be achieved before the end of the service period, the compensation cost of the award should be recognized prospectively over the remaining service period. For all entities, ASU 2014-12 is effective for annual periods, and interim periods within those annual periods, beginning after December 15, 2015. Early adoption is permitted. ASU 2014-12 may be adopted either prospectively for share-based payment awards granted or modified on or after the effective date, or retrospectively, using a modified retrospective approach. The modified retrospective approach would apply to share-based payment awards outstanding as of the beginning of the earliest annual period presented in the financial statements on adoption, and to all new or modified awards thereafter. The Corporation is evaluating the impact of the adoption of this guidance. However, it is not expected to have a significant impact on its results of operations.

FASB ASU 2014-14, Classification of Certain Government-Guaranteed Mortgage Loans upon Foreclosure (a consensus of the FASB Emerging Issues Task Force)

Issued on August 14, 2014, ASU 2014-14 will require creditors to derecognize certain foreclosed government-guaranteed mortgage loans and to recognize a separate other receivable that is measured at the amount the creditor expects to recover from the guarantor, and to treat the guarantee and the receivable as a single unit of account. The new standard is effective for public business entities for annual periods, and interim periods within those annual periods, beginning after December 15, 2014. An entity can elect a prospective or a modified

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retrospective transition method, but must use the same transition method that it elected under FASB ASU No. 2014-04, Reclassification of Residential Real Estate Collateralized Consumer Mortgage Loans upon Foreclosure. Early adoption, including adoption in an interim period, is permitted if the entity already adopted ASU 2014-04. The Corporation is evaluating the impact of the adoption of this guidance. However, it is not expected to have a significant impact on its consolidated financial statements.

FASB ASU 2014-15, Disclosure of Uncertainties about an Entity s Ability to Continue as a Going Concern

Issued on August 15, 2014, ASU 2014-15 describes how an entity should assess its ability to meet obligations and sets disclosure requirements for how this information should be disclosed in the financial statements. The standard provides accounting guidance that will be used with existing auditing standards. The new standard applies to all entities for the first annual period ending after December 15, 2016, and interim periods thereafter. The Corporation is evaluating the impact of the adoption of this guidance. However, it is not expected to have a significant impact on its consolidated financial statements.

Note 2 Business Combinations

Powers Craft Parker and Beard, Inc.

The acquisition of PCPB, an insurance brokerage headquartered in Rosemont, Pennsylvania, was completed on October 1, 2014. The consideration paid by the Corporation was $7.0 million, of which $5.4 million was paid at closing and three contingent cash payments, not to exceed $542 thousand each, will be payable on each of September 30, 2015, September 30, 2016 and September 30, 2017, subject to the attainment of certain revenue targets during the related periods. The acquisition will enable the Corporation to offer a comprehensive line of insurance solutions to both individual and business clients.

In connection with the PCPB acquisition, the consideration paid and the fair value of identifiable assets acquired and liabilities assumed as of the date of acquisition are summarized in the following table:

(dollars in thousands)	
Consideration paid:	
Cash paid at closing	$ 5,399
Contingent payment liability	1,625
Value of consideration	7,024
Assets acquired:	
Cash operating accounts	1,274
Other investments	302
Premises and equipment	100
Intangible assets customer relationships	3,280
Intangible assets non-competition agreements	1,580
Intangible assets trade name	955
Other assets	850
Total assets	8,341
Liabilities assumed:	

Deferred tax liability	2,437
Other liabilities	1,818
Total liabilities	4,255
Net assets acquired	4,086
Goodwill resulting from acquisition of PCPB	$ 2,938

As of December 31, 2014, the Corporation finalized its fair value estimates related to the acquisition of PCPB.

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Note 3 Goodwill & Other Intangible Assets

The Corporation completed an annual impairment test for goodwill and other intangibles during the fourth quarter of 2014. There was no goodwill impairment and no material impairment to identifiable intangible assets recorded during 2013 or 2014. There can be no assurance that future impairment assessments or tests will not result in a charge to earnings.

The Corporation s goodwill and intangible assets related to the acquisitions of Lau Associates in July, 2008, FKF in July, 2010, PWMG in May, 2011, DTC in May, 2012, FBD in November, 2012 and PCPB in October, 2014, for the years ended December 31, 2014 and 2013 are as follows:

(dollars in thousands)	**Beginning Balance 12/31/13**	**Additions/ Adjustments**	**Amortization**	**Ending Balance 12/31/14**	**Amortization Period**
Goodwill Wealth reporting unit	$ 20,412	$	$	$ 20,412	Indefinite
Goodwill Banking reporting unit	12,431			12,431	Indefinite
Goodwill Insurance reporting unit		2,938		2,938	Indefinite
Total	$ 32,843	$ 2,938	$	$ 35,781	
Core deposit intangible	$ 1,342	$	$ (276)	$ 1,066	10 Years
Customer relationships	13,595	3,280	(1,313)	15,562	10 to 20 Years
Non-compete agreements	3,218	1,580	(1,070)	3,728	5 to 10 Years
Trade name	1,210	955		2,165	Indefinite
Total	$ 19,365	$ 5,815	$ (2,659)	$ 22,521	
Grand total	$ 52,208	$ 8,753	$ (2,659)	$ 58,302	

(dollars in thousands)	**Beginning Balance 12/31/12**	**Additions/ Adjustments**	**Amortization**	**Ending Balance 12/31/13**	**Amortization Period**
Goodwill Wealth segment	$ 20,466	$ (54)	$	$ 20,412	Indefinite
Goodwill Banking segment	12,431			12,431	Indefinite
Total	$ 32,897	$ (54)	$	$ 32,843	
Core deposit intangible	$ 1,654	$	$ (312)	$ 1,342	10 Years
Customer relationships	14,890		(1,295)	13,595	10 to 20 Years
Non-compete agreements	4,244		(1,026)	3,218	5 to 5 ½ Years
Trade name	1,210			1,210	Indefinite
Total	$ 21,998	$	$ (2,633)	$ 19,365	
Grand total	$ 54,895	$ (54)	$ (2,633)	$ 52,208	

Note 4 Investment Securities

The amortized cost and fair value of investments, which were classified as available for sale, are as follows:

As of December 31, 2014

(dollars in thousands)	**Amortized Cost**	**Gross Unrealized Gains**	**Gross Unrealized Losses**	**Fair Value**
U.S. Treasury securities	$ 102	$	$ (2)	$ 100
Obligations of the U.S. government and agencies	66,881	171	(290)	66,762
Obligations of state and political subdivisions	28,955	137	(47)	29,045
Mortgage-backed securities	79,498	1,914	(30)	81,382
Collateralized mortgage obligations	34,618	299	(120)	34,797
Other investments	17,499	173	(181)	17,491
Total	$ 227,553	$ 2,694	$ (670)	$ 229,577

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As of December 31, 2013

(dollars in thousands)	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
U.S. Treasury securities	$ 102	$	$ (3)	$ 99
Obligations of the U.S. government and agencies	71,097	149	(1,678)	69,568
Obligations of state and political subdivisions	37,140	141	(304)	36,977
Mortgage-backed securities	119,044	1,392	(1,073)	119,363
Collateralized mortgage obligations	44,463	273	(493)	44,243
Other investments	15,281	301	(24)	15,558
Total	$ 287,127	$ 2,256	$ (3,575)	$ 285,808

The following table shows the amount of securities that were in an unrealized loss position at December 31, 2014:

	Less than 12 Months		12 Months or Longer		Total	
(dollars in thousands)	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
U.S. Treasury securities	$	$	$ 100	$ (2)	$ 100	$ (2)
Obligations of the U.S. government and agencies	16,822	(28)	22,691	(262)	39,513	(290)
Obligations of state and political subdivisions	4,777	(19)	4,060	(28)	8,837	(47)
Mortgage-backed securities	2,289	(14)	3,814	(16)	6,103	(30)
Collateralized mortgage obligations	3,274	(22)	9,507	(98)	12,781	(120)
Other investments	13,717	(181)			13,717	(181)
Total	$ 40,879	$ (264)	$ 40,172	$ (406)	$ 81,051	$ (670)

The following table shows the amount of securities that were in an unrealized loss position at December 31, 2013:

	Less than 12 Months		12 Months or Longer		Total	
(dollars in thousands)	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
U.S. Treasury securities	$ 99	$ (3)	$	$	$ 99	$ (3)
Obligations of the U.S. government and agencies	41,201	(1,391)	5,774	(287)	46,975	(1,678)

Obligations of state and political subdivisions	13,020	(233)	4,543	(71)	17,563	(304)
Mortgage-backed securities	55,672	(972)	2,302	(101)	57,974	(1,073)
Collateralized mortgage obligations	26,395	(493)			26,395	(493)
Other investments	1,494	(24)			1,494	(24)
Total	$ 137,881	$ (3,116)	$ 12,619	$ (459)	$ 150,500	$ (3,575)

Management evaluates the Corporation s investment securities that are in an unrealized loss position in order to determine if the decline in market value is other than temporary. The investment portfolio includes debt securities issued by U.S. government agencies, U.S. government-sponsored agencies, state and local municipalities and other issuers. All fixed income investment securities in the Corporation s investment portfolio are rated as investment-grade or higher. Factors considered in the evaluation include the current economic climate, the length of time and the extent to which the fair value has been below cost, interest rates and the bond

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rating of each security. The unrealized losses presented in the tables above are temporary in nature and are primarily related to market interest rates rather than the underlying credit quality of the issuers. Management does not believe that these unrealized losses are other-than-temporary. The Corporation does not have the intent to sell these securities prior to their maturity or the recovery of their cost bases and believes that it is more likely, than not, that it will not have to sell these securities prior to their maturity or the recovery of their cost bases.

At December 31, 2014, securities having a fair value of $91.9 million were specifically pledged as collateral for public funds, trust deposits, the FRB discount window program, FHLB borrowings and other purposes. The FHLB has a blanket lien on non-pledged, mortgage-related loans and securities as part of the Corporation s borrowing agreement with the FHLB.

The amortized cost and fair value of investment and mortgage-related securities as of December 31, 2014 and 2013, by contractual maturity, are shown below. Expected maturities will differ from contractual maturities as borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

	December 31, 2014	
(dollars in thousands)	**Amortized Cost**	**Fair Value**
Investment securities*:		
Due in one year or less	$ 15,254	$ 15,277
Due after one year through five years	59,433	59,463
Due after five years through ten years	23,151	23,067
Due after ten years		
Subtotal	97,838	97,807
Mortgage-related securities	114,116	116,179
Total	$ 211,954	$ 213,986

* *Included in the investment portfolio, but not in the table above, are mutual funds with a fair value, as of December 31, 2014, of $15.6 million, which have no stated maturity.*

	December 31, 2013	
(dollars in thousands)	**Amortized Cost**	**Fair Value**
Investment securities*:		
Due in one year or less	$ 7,859	$ 7,869
Due after one year through five years	49,790	49,721
Due after five years through ten years	51,793	50,117
Due after ten years	797	824
Subtotal	110,239	108,531
Mortgage-related securities	163,507	163,606

Total	$ 273,746	$ 272,137

* *Included in the investment portfolio, but not in the table above, are mutual funds with a fair value, as of December 31, 2013, of $13.7 million, which have no stated maturity.*

Proceeds from the sale of available for sale investment securities totaled $24.4 million, $14.9 million and $40.6 million for the twelve months ended December 31, 2014, 2013 and 2012, respectively. Net gain on sale of available for sale investment securities for the twelve months ended December 31, 2014 and 2012 totaled $471 thousand million and $1.4 million, respectively. Net loss on sale of available for sale investment securities for the twelve months ended December 31, 2013 totaled $8 thousand.

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As of December 31, 2014 and December 31, 2013, the Corporation s investment securities held in trading accounts were comprised of a deferred compensation trust which is invested in marketable securities whose diversification is at the discretion of the deferred compensation plan participants.

Note 5 Loans and Leases

A. Loans and leases outstanding are detailed by portfolio segment as follows:

	December 31,	
(dollars in thousands)	**2014**	**2013**
Loans held for sale	$ 3,882	$ 1,350
Real estate loans:		
Commercial mortgage	$ 689,528	625,341
Home equity lines and loans	182,082	189,571
Residential mortgage	313,442	300,243
Construction	66,267	46,369
Total real estate loans	1,251,319	1,161,524
Commercial and industrial	335,645	328,459
Consumer	18,480	16,926
Leases	46,813	40,276
Total portfolio loans and leases	1,652,257	1,547,185
Total loans and leases	$ 1,656,139	$ 1,548,535
Loans with predetermined rates	$ 927,009	$ 850,168
Loans with adjustable or floating rates	729,130	698,367
Total loans and leases	$ 1,656,139	$ 1,548,535
Net deferred loan origination costs included in the loan balances	$ 324	$ 222

B. Leases outstanding at December 31 are detailed by components of the net investment as follows:

	December 31,	
(dollars in thousands)	**2014**	**2013**
Minimum lease payments receivable	$ 53,131	$ 45,866
Unearned lease income	(8,546)	(7,534)
Initial direct costs and deferred fees	2,228	1,944
Total	$ 46,813	$ 40,276

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C. Non-Performing Loans and Leases*

(dollars in thousands)	December 31, 2014	2013
Nonaccrual loans and leases:		
Commercial mortgage	$ 668	$ 478
Home equity lines and loans	1,061	1,262
Residential mortgage	5,693	4,377
Construction	263	830
Commercial and industrial	2,390	3,539
Consumer		20
Leases	21	24
Total	10,096	10,530
Loans and leases 90 days or more past due and still accruing:		
Construction		
Total non-performing loans and leases	$ 10,096	$ 10,530

* *Purchased credit-impaired loans, which have been recorded at fair value at the acquisition date and which are performing as expected are excluded from this table with the exception of $572 thousand and $238 thousand as of December 31, 2014 and 2013, respectively, of purchased credit-impaired loans, which became non-performing subsequent to their acquisition.*

D. Purchased Credit-Impaired Loans

The outstanding principal balance and related carrying amount of credit-impaired loans, for which the Corporation applies ASC 310-30 to account for the interest earned, as of the dates indicated, is as follows:

(dollars in thousands)	December 31, 2014	2013
Outstanding principal balance	$ 12,491	$ 14,293
Carrying amount[(1)]	$ 9,045	$ 9,880

(1) *Includes $105 thousand and $293 thousand of purchased credit-impaired loans as of December 31, 2014 and 2013, respectively, for which the Corporation could not estimate the timing or amount of expected cash flows to be collected at the acquisition date, and for which no accretable yield is recognized. Additionally, the table above includes $572 thousand and $238 thousand as of December 31, 2014 and 2013, respectively, of purchased credit-impaired loans that subsequently became non-performing, which are disclosed in Note 5C, above, and which also have no accretable yield.*

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The following table presents changes in the accretable discount on purchased credit-impaired loans, for which the Corporation applies ASC 310-30, for the twelve month periods ended December 31, 2013 and 2014:

(dollars in thousands)	**Accretable Discount**
Balance, December 31, 2012	$ 8,025
Accretion	(1,893)
Reclassification from nonaccretable difference	1,198
Additions/adjustments	(257)
Disposals	(939)
Balance, December 31, 2013	6,134
Accretion	(1,579)
Reclassification from nonaccretable difference	934
Additions/adjustments	(130)
Disposals	(2)
Balance, December 31, 2014	$ 5,357

E. Age Analysis of Past Due Loans and Leases

The following tables present an aging of the Corporation s loan and lease portfolio as of December 31, 2014 and 2013:

	Accruing Loans and Leases							
(dollars in thousands)	**30 59 Days Past Due**	**60 89 Days Past Due**	**Over 89 Days Past Due**	**Total Past Due**	**Current**	**Total Accruing Loans and Leases**	**Nonaccrual Loans and Leases**	**Total Loans and Leases**
As of December 31, 2014								
Commercial mortgage	$ 71	$ 1,185	$	$ 1,256	$ 687,604	$ 688,860	$ 668	$ 689,528
Home equity lines and loans	26			26	180,995	181,021	1,061	182,082
Residential mortgage	381	123		504	307,245	307,749	5,693	313,442
Construction					66,004	66,004	263	66,267
Commercial and industrial	390			390	332,865	333,255	2,390	335,645
Consumer	19	3		22	18,458	18,480		18,480
Leases	18	17		35	46,757	46,792	21	46,813
	$ 905	$ 1,328	$	$ 2,233	$ 1,639,928	$ 1,642,161	$ 10,096	$ 1,652,257

(dollars in thousands)	Accruing Loans and Leases 30 59 Days Past Due	60 89 Days Past Due	Over 89 Days Past Due	Total Past Due	Current	Total Accruing Loans and Leases	Nonaccrual Loans and Leases	Total Loans and Leases
As of December 31, 2013								
Commercial mortgage	$ 241	$	$	$ 241	$ 624,622	$ 624,863	$ 478	$ 625,341
Home equity lines and loans	209			209	188,100	188,309	1,262	189,571
Residential mortgage	773	35		808	295,058	295,866	4,377	300,243
Construction					45,539	45,539	830	46,369
Commercial and industrial	334			334	324,586	324,920	3,539	328,459
Consumer	2	4		6	16,900	16,906	20	16,926
Leases	60	60		120	40,132	40,252	24	40,276
	$ 1,619	$ 99	$	$ 1,718	$ 1,534,937	$ 1,536,655	$ 10,530	$ 1,547,185

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F. Allowance for Loan and Lease Losses (the Allowance)

The following table details the roll-forward of the Corporation s allowance for loan and lease losses, by portfolio segment, for the twelve months ended December 31, 2014:

(dollars in thousands)	**Commercial Mortgage**	**Home Equity Lines and Loans**	**Residential Mortgage**	**Construction**	**Commercial and Industrial**	**Consumer**	**Leases**	**Unallocated**	**Total**
Balance, December 31, 2013	$ 3,797	$ 2,204	$ 2,446	$ 845	$ 5,011	$ 259	$ 604	$ 349	$ 15,515
Charge-offs	(34)	(736)	(461)		(415)	(144)	(410)		(2,200)
Recoveries	6	19	22	60	98	17	165		387
Provision	179	430	(271)	462	(161)	106	109	30	884
Balance, December 31, 2014	$ 3,948	$ 1,917	$ 1,736	$ 1,367	$ 4,533	$ 238	$ 468	$ 379	$ 14,586

The following table details the roll-forward of the Corporation s allowance for loan and lease losses, by portfolio segment, for the twelve months ended December 31, 2013:

(dollars in thousands)	**Commercial Mortgage**	**Home Equity Lines and Loans**	**Residential Mortgage**	**Construction**	**Commercial and Industrial**	**Consumer**	**Leases**	**Unallocated**	**Total**
Balance, December 31, 2012	$ 3,907	$ 1,857	$ 2,024	$ 1,019	$ 4,637	$ 189	$ 493	$ 299	$ 14,425
Charge-offs	(71)	(513)	(307)	(737)	(781)	(194)	(376)		(2,979)
Recoveries	20	67	18	24	65	10	290		494
Provision	(59)	793	711	539	1,090	254	197	50	3,575
Balance, December 31, 2013	$ 3,797	$ 2,204	$ 2,446	$ 845	$ 5,011	$ 259	$ 604	$ 349	$ 15,515

The following table details the roll-forward of the Corporation s allowance for loan and lease losses, by portfolio segment, for the twelve months ended December 31, 2012:

				Construction		**Consumer**	**Leases**	**Unallocated**	**Total**

(dollars in thousands)	**Commercial Mortgage**	**Home Equity Lines and Loans**	**Residential Mortgage**		**Commercial and Industrial**				
Balance, December 31, 2011	$ 3,165	$ 1,707	$ 1,592	$ 1,384	$ 3,816	$ 119	$ 532	$ 438	$ 12,753
Charge-offs	(234)	(375)	(209)	(1,131)	(458)	(96)	(364)		(2,867)
Recoveries	4		75	15	143	7	292		536
Provision	972	525	566	751	1,136	159	33	(139)	4,003
Balance, December 31, 2012	$ 3,907	$ 1,857	$ 2,024	$ 1,019	$ 4,637	$ 189	$ 493	$ 299	$ 14,425

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The following table details the allocation of the allowance for loan and lease losses by portfolio segment based on the methodology used to evaluate the loans and leases for impairment as of December 31, 2014 and 2013:

(dollars in thousands)	Commercial Mortgage	Home Equity Lines and Loans	Residential Mortgage	Construction	Commercial and Industrial	Consumer	Leases	Unallocated	Total
As of December 31, 2014									
Allowance on loans and leases:									
Individually evaluated for impairment	$	$ 4	$ 184	$	$ 448	$ 32	$	$	$ 668
Collectively evaluated for impairment	3,948	1,913	1,552	1,366	4,085	206	468	379	13,917
Purchased credit-impaired*				1					1
Total	$ 3,948	$ 1,917	$ 1,736	$ 1,367	$ 4,533	$ 238	$ 468	$ 379	$ 14,586
As of December 31, 2013									
Allowance on loans and leases:									
Individually evaluated for impairment	$	$ 121	$ 814	$	$ 532	$ 52	$	$	$ 1,519
Collectively evaluated for impairment	3,797	2,083	1,632	845	4,479	207	604	349	13,996
Purchased credit-impaired*									
Total	$ 3,797	$ 2,204	$ 2,446	$ 845	$ 5,011	$ 259	$ 604	$ 349	$ 15,515

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The following table details the carrying value for loans and leases by portfolio segment based on the methodology used to evaluate the loans and leases for impairment as of December 31, 2014 and 2013:

(dollars in thousands)	Commercial Mortgage	Home Equity Lines and Loans	Residential Mortgage	Construction	Commercial and Industrial	Consumer	Leases	Total
As of December 31, 2014								
Balance of loans and leases:								
Individually evaluated for impairment	$ 97	$ 1,155	$ 8,642	$ 264	$ 3,460	$ 31	$	$ 13,649
Collectively evaluated for impairment	680,820	180,912	304,773	65,942	331,854	18,449	46,813	1,629,563
Purchased credit-impaired*	8,611	15	27	61	331			9,045
Total	$ 689,528	$ 182,082	$ 313,442	$ 66,267	$ 335,645	$ 18,480	$ 46,813	$ 1,652,257
As of December 31, 2013								
Balance of loans and leases:								
Individually evaluated for impairment	$ 236	$ 1,428	$ 9,860	$ 1,172	$ 4,758	$ 52	$	$ 17,506
Collectively evaluated for impairment	616,077	188,128	290,345	44,715	323,384	16,874	40,276	1,519,799
Purchased credit-impaired*	9,028	15	38	482	317			9,880
Total	$ 625,341	$ 189,571	$ 300,243	$ 46,369	$ 328,459	$ 16,926	$ 40,276	$ 1,547,185

* *Purchased credit-impaired loans are evaluated for impairment on an individual basis.*

As part of the process of calculating the allowance to the different segments of the loan and lease portfolio, Management considers certain credit quality indicators. For the commercial mortgage, construction and commercial and industrial loan segments, periodic reviews, at least quarterly, of the individual loans are performed by both in-house staff as well as external loan reviewers. The result of these reviews is reflected in the risk grade assigned to each loan. These internally assigned grades are as follows:

Pass Loans considered satisfactory with no indications of deterioration.

Special mention Loans classified as special mention have a potential weakness that deserves management s close attention. If left uncorrected, these potential weaknesses may result in deterioration of the repayment prospects for the loan or of the institution s credit position at some future date.

Substandard Loans classified as substandard are inadequately protected by the current net worth and payment capacity of the obligor or of the collateral pledged, if any. Substandard loans have a well-defined weakness or weaknesses that jeopardize the liquidation of the debt. They are characterized by the distinct possibility that the institution will sustain some loss if the deficiencies are not corrected.

Doubtful Loans classified as doubtful have all the weaknesses inherent in those classified as substandard, with the added characteristic that the weaknesses make collection or liquidation in full, on the basis of currently existing facts, conditions, and values, highly questionable and improbable.

In addition, the remaining segments of the loan and lease portfolio, which include residential mortgage, home equity lines and loans, consumer, and leases, are allocated portions of the allowance based on their performance status.

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The following tables detail the carrying value of loans and leases by portfolio segment based on the credit quality indicators used to allocate the allowance for loan and lease losses as of December 31, 2014 and 2013:

	Credit Risk Profile by Internally Assigned Grade							
	Commercial Mortgage		Construction		Commercial and Industrial		Total	
(dollars in thousands)	2014	2013	2014	2013	2014	2013	2014	2013
As of December 31,								
Pass	$ 683,549	$ 620,227	$ 66,004	$ 43,812	$ 329,299	$ 320,211	$ 1,078,852	$ 984,250
Special Mention	4,364	2,793			1,149	387	5,513	3,180
Substandard	1,615	2,321	263	2,557	5,197	7,861	7,075	12,739
Total	$ 689,528	$ 625,341	$ 66,267	$ 46,369	$ 335,645	$ 328,459	$ 1,091,440	$ 1,000,169

	Credit Risk Profile Based on Payment Activity									
	Residential Mortgage		Home Equity Lines and Loans		Consumer		Leases		Total	
(dollars in thousands)	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
As of December 31,										
Performing	$ 307,749	$ 295,866	$ 181,021	$ 188,309	$ 18,480	$ 16,906	$ 46,792	$ 40,252	$ 554,043	$ 541,333
Non-performing	5,693	4,377	1,061	1,262		20	21	24	6,774	5,683
Total	$ 313,442	$ 300,243	$ 182,082	$ 189,571	$ 18,480	$ 16,926	$ 46,813	$ 40,276	$ 560,817	$ 547,016

G. Troubled Debt Restructurings (TDRs):

The restructuring of a loan is considered a troubled debt restructuring if both of the following conditions are met: (i) the borrower is experiencing financial difficulties, and (ii) the creditor has granted a concession. The most common concessions granted include one or more modifications to the terms of the debt, such as (a) a reduction in the interest rate for the remaining life of the debt, (b) an extension of the maturity date at an interest rate lower than the current market rate for new debt with similar risk, (c) a temporary period of interest-only payments, (d) a reduction in the contractual payment amount for either a short period or remaining term of the loan, or (e) for leases, a reduced lease payment. A less common concession granted is the forgiveness of a portion of the principal.

The determination of whether a borrower is experiencing financial difficulties takes into account not only the current financial condition of the borrower, but also the potential financial condition of the borrower, if a concession were not granted. The determination of whether a concession has been granted is subjective in nature. For example, simply extending the term of a loan at its original interest rate or even at a higher interest rate could be interpreted as a concession unless the borrower could readily obtain similar credit terms from a different lender.

The following table presents the balance of TDRs as of the indicated dates:

(dollars in thousands)	**December 31, 2014**	**December 31, 2013**
TDRs included in nonperforming loans and leases	$ 4,315	$ 1,699
TDRs in compliance with modified terms	4,157	7,277
Total TDRs	$ 8,472	$ 8,976

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The following table presents information regarding loan and lease modifications granted during the twelve months ended December 31, 2014 that were categorized as TDRs:

(dollars in thousands)	Number of Contracts	Pre-Modification Outstanding Recorded Investment	Post-Modification Outstanding Recorded Investment
Residential	7	$ 3,448	$ 3,461
Commercial and industrial	1	249	249
Home equity lines and loans	1	69	69
Total	9	$ 3,766	$ 3,779

The following table presents information regarding the types of loan and lease modifications made for the twelve months ended December 31, 2014:

	Number of Contracts					
	Interest Rate Change	Loan Term Extension	Interest Rate Change and Term Extension	Interest-Only Period	Contractual Payment Reduction (Leases only)	Forgiveness of Interest
Residential		2	5			
Commercial and industrial			1			
Home equity lines and loans		1				
Total		3	6			

The following table presents information regarding loan and lease modifications granted during the twelve months ended December 31, 2013 that were categorized as TDRs:

(dollars in thousands)	Number of Contracts	Pre-Modification Outstanding Recorded Investment	Post-Modification Outstanding Recorded Investment
Residential	2	$ 674	$ 674
Commercial and industrial	2	930	930
Home equity lines and loans	2	40	40
Consumer	1	33	33
Leases	3	33	33
Total	10	$ 1,710	$ 1,710

The following table presents information regarding the types of loan and lease modifications made for the twelve months ended December 31, 2013:

	Number of Contracts					
	Interest Rate Change	Loan Term Extension	Interest Rate Change and Term Extension	Interest-Only Period	Contractual Payment Reduction (Leases only)	Forgiveness of Interest
Residential			1			1
Commercial and industrial				2		
Home equity lines and loans	1			1		
Consumer	1					
Leases					3	
Total	2		1	3	3	1

During the twelve months ended December 31, 2014, there were no defaults of loans or leases that had been previously modified to TDRs.

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H. Impaired Loans

The following tables detail the recorded investment and principal balance of impaired loans by portfolio segment, their related allowance for loan and lease losses and interest income recognized for the twelve months ended December 31, 2014, 2013 and 2012 (purchased credit-impaired loans are not included in the tables):

(dollars in thousands)	Recorded Investment**	Principal Balance	Related Allowance	Average Principal Balance	Interest Income Recognized	Cash-Basis Interest Income Recognized
As of or for the Twelve Months Ended December 31, 2014						
Impaired loans with related allowance:						
Home equity lines and loans	$ 111	$ 198	$ 4	$ 197	$	$
Residential mortgage	3,273	3,260	184	3,289	112	
Commercial and industrial	2,069	2,527	448	2,577	49	
Consumer	31	32	32	32	1	
Total	5,484	6,017	668	6,095	162	
Impaired loans* without related allowance:						
Commercial mortgage	97	97		103	4	
Home equity lines and loans	1,044	1,137		1,251	12	
Residential mortgage	5,369	5,794		6,210	152	
Construction	264	1,225		1,427		
Commercial and industrial	1,391	1,403		1,430	11	
Total	8,165	9,656		10,421	179	
Grand total	$ 13,649	$ 15,673	$ 668	$ 16,516	$ 341	$

* *The table above does not include the recorded investment of $32 thousand of impaired leases without a related allowance for loan and lease losses.*

** *Recorded investment equals principal balance less partial charge-offs and interest payments on non-performing loans that have been applied to principal.*

(dollars in thousands)	Recorded Investment**	Principal Balance	Related Allowance	Average Principal Balance	Interest Income Recognized	Cash-Basis Interest Income Recognized

As of or for the Twelve Months Ended December 31, 2013						
Impaired loans with related allowance:						
Home equity lines and loans	$ 277	$ 279	$ 121	$ 308	$ 6	$
Residential mortgage	5,297	5,312	814	5,343	95	
Commercial and industrial	2,985	3,100	532	3,210	82	
Consumer	52	54	52	49	3	
Total	8,611	8,745	1,519	8,910	186	
Impaired loans* without related allowance:						
Commercial mortgage	236	237		283		
Home equity lines and loans	1,151	1,159		1,252	6	
Residential mortgage	4,563	4,911		5,177	123	
Construction	1,172	2,134		3,452	27	
Commercial and industrial	1,773	1,954		1,979	23	
Total	8,895	10,395		12,143	179	
Grand total	$ 17,506	$ 19,140	$ 1,519	$ 21,053	$ 365	$

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* *The table above does not include the recorded investment of $63 thousand of impaired leases without a related allowance for loan and lease losses.*

** *Recorded investment equals principal balance less partial charge-offs and interest payments on non-performing loans that have been applied to principal.*

(dollars in thousands)	**Recorded Investment****	**Principal Balance**	**Related Allowance**	**Average Principal Balance**	**Interest Income Recognized**	**Cash-Basis Interest Income Recognized**
As of or for the Twelve Months Ended December 31, 2012						
Impaired loans with related allowance:						
Home equity lines and loans	$ 1,261	$ 1,321	$ 217	$ 1,327	$ 42	$
Residential mortgage	4,778	4,793	667	4,764	152	
Construction	2,564	2,564	543	3,272		
Commercial and industrial	3,357	3,383	919	3,402	49	
Consumer	7	8	8	10		
Total	11,967	12,069	2,354	12,775	243	
Impaired loans* without related allowance:						
Commercial mortgage	541	574		581	14	
Home equity lines and loans	2,142	2,223		2,478	22	
Residential mortgage	4,433	4,741		4,735	154	
Construction	2,067	2,317		3,461	58	
Commercial and industrial	640	639		645	16	
Total	9,823	10,494		11,900	264	
Grand total	$ 21,790	$ 22,563	$ 2,354	$ 24,675	$ 507	$

* *The table above does not include the recorded investment of $168 thousand of impaired leases without a related allowance for loan and lease losses.*

** *Recorded investment equals principal balance less partial charge-offs and interest payments on non-performing loans that have been applied to principal.*

Note 6 Other Real Estate Owned

Other real estate owned consists of properties acquired as a result of foreclosures or deeds in-lieu-of foreclosure. Properties or other assets are classified as OREO and are reported at the lower of carrying value or fair value, less estimated costs to sell. Costs relating to the development or improvement of assets are capitalized, and costs relating to holding the property are charged to expense. As of December 31, 2014 the balance of OREO is comprised of four single-family residential properties.

The summary of the change in other real estate owned, which is included as a component of other assets on the Corporation s Consolidated Balance Sheets, is as follows:

	December 31,	
(dollars in thousands)	**2014**	**2013**
Balance January 1	$ 855	$ 906
Additions	1,763	853
Capitalized cost		485
Sales	(1,471)	(1,389)
Balance December 31	$ 1,147	$ 855

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Note 7 Premises and Equipment

A. A summary of premises and equipment is as follows:

	December 31,	
(dollars in thousands)	**2014**	**2013**
Land	$ 5,306	$ 5,306
Buildings	23,997	23,557
Furniture and equipment	27,485	23,379
Leasehold improvements	15,217	14,979
Construction in progress	1,328	571
Less: accumulated depreciation	(39,585)	(35,996)
Total	$ 33,748	$ 31,796

Depreciation and amortization expense related to the assets detailed in the above table for the years ended December 31, 2014, 2013, and 2012 amounted to $3.6 million, $3.0 million, and $2.9 million, respectively.

B. Future minimum cash rent commitments under various operating leases as of December 31, 2014 are as follows:

(dollars in thousands)	
2015	$ 3,106
2016	2,960
2017	2,981
2018	3,030
2019	2,839
2020 and thereafter	34,794
Total	$ 49,710

Rent expense on leased premises and equipment for the years ended December 31, 2014, 2013 and 2012 amounted to $3.3 million, $3.4 million, and $2.7 million, respectively.

Note 8 Mortgage Servicing Rights (MSR s)

A. The following summarizes the Corporation s activity related to MSRs for the years ended December 31:

(dollars in thousands)	**2014**	**2013**	**2012**
Balance, January 1	$ 4,750	$ 4,491	$ 4,041
Additions	547	1,002	1,579
Amortization	(476)	(740)	(966)

Impairment	(56)	(3)	(163)
Balance, December 31	$ 4,765	$ 4,750	$ 4,491
Fair value	$ 5,456	$ 5,733	$ 4,638
Residential mortgage loans serviced for others	$ 590,660	$ 607,272	$ 591,989

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B. The following summarizes the Corporation s activity related to changes in the impairment valuation allowance of MSRs for the years ended December 31:

(dollars in thousands)	**2014**	**2013**	**2012**
Balance, January 1	$ (1,548)	$ (1,545)	$ (1,382)
Impairment	(97)	(126)	(278)
Recovery	41	123	115
Balance, December 31	$ (1,604)	$ (1,548)	$ (1,545)

C. Other MSR Information At December 31, 2014, key economic assumptions and the sensitivity of the current fair value of MSRs to immediate 10 and 20 percent adverse changes in those assumptions are as follows:

(dollars in thousands)	
Fair value amount of MSRs	$ 5,456
Weighted average life (in years)	6.3
Prepayment speeds (constant prepayment rate)*	10.5%
Impact on fair value:	
10% adverse change	$ (201)
20% adverse change	$ (390)
Discount rate	10.5%
Impact on fair value:	
10% adverse change	$ (213)
20% adverse change	$ (411)

* *Represents the weighted average prepayment rate for the life of the MSR asset.*

At December 31, 2014, 2013 and 2012, the fair value of the MSRs was $5.5 million, $5.7 million, and $4.6 million, respectively. The fair value of the MSRs for these dates was determined using values obtained from a third party which utilizes a valuation model which calculates the present value of estimated future servicing income. The model incorporates assumptions that market participants use in estimating future net servicing income, including estimates of prepayment speeds and discount rates. Mortgage loan prepayment speed is the annual rate at which borrowers are forecasted to repay their mortgage loan principal and is based on historical experience. The discount rate is used to determine the present value of future net servicing income. Another key assumption in the model is the required rate of return the market would expect for an asset with similar risk. These assumptions can, and generally will, change quarterly valuations as market conditions and interest rates change. Management reviews, annually, the process utilized by its independent third-party valuation experts.

These assumptions and sensitivities are hypothetical and should be used with caution. As the figures indicate, changes in fair value based on a 10% variation in assumptions generally cannot be extrapolated because the relationship of the change in assumptions to the change in fair value may not be linear. Also, the effect of a variation in a particular assumption on the fair value of the MSRs is calculated without changing any other assumption. In reality, changes in one factor may result in changes in another, which could magnify or counteract the sensitivities.

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Note 9 Deposits

A. The following table details the components of deposits:

	As of December 31,	
(dollars in thousands)	**2014**	**2013**
Savings	$ 138,992	$ 135,240
NOW accounts*	278,609	266,787
Market rate accounts*	631,666	587,247
Time deposits, less than $100	74,497	88,056
Time deposits, $100 or more	43,903	52,738
Wholesale time deposits	73,458	34,639
Total interest-bearing deposits	1,241,125	1,164,707
Non-interest-bearing deposits	446,903	426,640
Total deposits	$ 1,688,028	$ 1,591,347

* *Includes wholesale deposits.*

The aggregate amount of deposit overdrafts included as loans as of December 31, 2014 and 2013 were $534 thousand and $795 thousand, respectively.

B. The following tables detail the maturities of retail time deposits:

	As of December 31, 2014	
	$100	**Less than**
(dollars in thousands)	**or more**	**$100**
Maturing during:		
2015	$ 28,110	$ 52,499
2016	10,459	10,964
2017	2,014	3,664
2018	1,601	3,594
2019	1,719	3,750
2020 and thereafter		26
Total	$ 43,903	$ 74,497

C. The following tables detail the maturities of wholesale time deposits:

As of December 31, 2014

(dollars in thousands)	**$100 or more**	**Less than $100**
Maturing during:		
2015	$ 26,184	$ 1,151
2016	4,988	
2017	35,149	
2018	5,986	
Total	$ 72,307	$ 1,151

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Note 10 Short-term and Other Borrowings

A. Short-term borrowings As of December 31, 2014 and 2013, the Corporation had $23.8 million and $10.9 million of short-term (original maturity of one year or less) borrowings, respectively, which consisted solely of funds obtained from overnight repurchase agreements with commercial customers.

A summary of short-term borrowings is as follows:

	As of December 31,	
(dollars in thousands)	**2014**	**2013**
Overnight fed funds	$	$
Repurchase agreements	23,824	10,891
Total short-term borrowings	$ 23,824	10,891

The following table sets forth information concerning short-term borrowings:

	As of or Twelve Months Ended December 31,	
(dollars in thousands)	**2014**	**2013**
Balance at period-end	$ 23,824	$ 10,891
Maximum amount outstanding at any month end	28,017	75,588
Average balance outstanding during the period	15,602	16,457
Weighted-average interest rate:		
As of the period-end	0.10%	0.10%
Paid during the period	0.11%	0.15%

Average balances outstanding during the year represent daily average balances and average interest rates represent interest expense divided by the related average balance.

B. FHLB Advances and Other Borrowings:

As of December 31, 2014 and 2013, the Corporation had $260.1 million and $205.6 million, respectively, of other borrowings, consisting of advances from FHLB and a commercial term loan from a correspondent bank.

The following table presents the remaining periods until maturity of the FHLB advances and other borrowings:

	As of December 31,	
(dollars in thousands)	**2014**	**2013**
Within one year	$ 25,535	$ 3,917
Over one year through five years	227,111	196,727

Over five years through ten years	7,500	5,000
Total	$ 260,146	$ 205,644

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The following table presents rate and maturity information on FHLB advances and other borrowings:

Description	Maturity Range* From	Maturity Range* To	Weighted Average Rate	Coupon Rate From	Coupon Rate To	Balance at December 31, 2014	Balance at December 31, 2013
Fixed amortizing	04/09/15	04/09/15	3.57%	3.57%	3.57%	$ 535	$ 2,102
Adjustable amortizing**	N/A	N/A	3.25%	3.25%	3.25%		7,050
Bullet maturity fixed rate	03/23/15	12/09/20	1.49%	0.58%	2.41%	193,240	140,000
Bullet maturity variable rate	06/25/15	11/28/17	0.40%	0.25%	0.54%	45,000	35,000
Convertible-fixed	01/03/18	08/20/18	2.94%	2.58%	3.50%	21,371	21,492
Total						$ 260,146	$ 205,644

* *Maturity range refers to December 31, 2014 balances*

** *Loans from correspondent banks other than FHLB*

Included in the table above as of December 31, 2014 and 2013 are $21.4 million and $21.5 million, respectively, of FHLB advances whereby the FHLB has the option, at predetermined times, to convert the fixed interest rate to an adjustable interest rate indexed to the London Interbank Offered Rate (LIBOR). The Corporation has the option to prepay these advances, without penalty, if the FHLB elects to convert the interest rate to an adjustable rate. As of December 31, 2014, substantially all the FHLB advances with this convertible feature are subject to conversion in fiscal 2015. These advances are included in the periods in which they mature, rather than the period in which they are subject to conversion.

C. Other Information In connection with its FHLB borrowings, the Corporation is required to hold the capital stock of the FHLB. The amount of capital stock held was $11.5 million at December 31, 2014, and $11.7 million at December 31, 2013. The carrying amount of the FHLB stock approximates its redemption value.

The level of required investment in FHLB stock is based on the balance of outstanding loans the Corporation has from the FHLB. Although FHLB stock is a financial instrument that represents an equity interest in the FHLB, it does not have a readily determinable fair value. FHLB stock is generally viewed as a long-term investment. Accordingly, when evaluating FHLB stock for impairment, its value should be determined based on the ultimate recoverability of the par value rather than by recognizing temporary declines in value.

The Corporation had a maximum borrowing capacity (MBC) with the FHLB of $883.0 million as of December 31, 2014 of which the unused capacity was $608.2 million at December 31, 2014. In addition there were $64.0 million in overnight federal funds line and $71.9 million of Federal Reserve Discount Window capacity.

Note 11 Derivatives and Hedging Activities

In December, 2012, the Corporation entered into a forward-starting interest rate swap to hedge the cash flows of a $15 million floating-rate FHLB borrowing. The interest rate swap involves the exchange of the Corporation s floating rate interest payments on the underlying principal amount. This swap was designated, and qualified, for cash-flow hedge accounting. The term of the swap begins November 30, 2015 and ends November 28, 2022. For derivative instruments that are designated and qualify as hedging instruments, the effective portion of gains or losses is reported as a component of other comprehensive income, and is subsequently reclassified into earnings as an adjustment to interest expense in the periods in which the hedged forecasted transaction affects earnings.

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The following table details the Corporation s derivative positions as of the balance sheet dates indicated:

As of December 31, 2014:

(dollars in thousands) Notional Amount	Trade Date	Effective Date	Maturity Date	Receive (Variable) Index	Current Projected Receive Rate	Pay Fixed Swap Rate	Fair Value of Asset (Liability)
$15,000	12/13/2012	11/30/2015	11/28/2022	US 3-Month LIBOR	2.335%	2.376%	$ (39)

As of December 31, 2013:

(dollars in thousands) Notional Amount	Trade Date	Effective Date	Maturity Date	Receive (Variable) Index	Current Projected Receive Rate	Pay Fixed Swap Rate	Fair Value of Asset (Liability)
$15,000	12/13/2012	11/30/2015	11/28/2022	US 3-Month LIBOR	3.597%	2.376%	$ 1,142

For the twelve month periods ended December 31, 2014, 2013 and 2012, there have been no reclassifications of the interest-rate swap s fair value from other comprehensive income to earnings.

Note 12 Disclosure about Fair Value of Financial Instruments

FASB ASC 825, Disclosures about Fair Value of Financial Instruments requires disclosure of the fair value information about financial instruments, whether or not recognized in the balance sheet, for which it is practicable to estimate such value. In cases where quoted market prices are not available, fair values are based on estimates using present value or other market value techniques. Those techniques are significantly affected by the assumptions used, including the discount rate and estimates of future cash flows. In that regard, the derived fair value estimates cannot be substantiated by comparison to independent markets and, in many cases, could not be realized in immediate settlement of the instrument. The aggregate fair value amounts presented below do not represent the underlying value of the Corporation.

The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which it is practicable to estimate that value:

Cash and Cash Equivalents

The carrying amounts reported in the balance sheet for cash and cash equivalents approximate their fair values.

Investment Securities

Fair values for investment securities are generally determined by the Corporation including the use an independent third party based on market data, utilizing pricing models that vary by asset and incorporate available trade, bid and other market information. Management reviews, annually, the process utilized by its independent third-party valuation service provider. On a quarterly basis, Management tests the validity of the prices provided by the third party by selecting a representative sample of the portfolio and obtaining actual trade results, or if actual trade results are not available, competitive broker pricing.

Loans Held for Sale

The fair value of loans held for sale is based on pricing obtained from secondary markets.

Net Portfolio Loans and Leases

For variable rate loans that reprice frequently and which have no significant change in credit risk, estimated fair values are based on carrying values. Fair values of certain mortgage loans and consumer loans are estimated using discounted cash flow analyses, using interest rates currently being offered for loans with similar terms to

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borrowers of similar credit quality and is indicative of an entry price. The estimated fair value of nonperforming loans is based on discounted estimated cash flows as determined by the internal loan review of the Bank or the appraised market value of the underlying collateral, as determined by independent third party appraisers. This technique does not reflect an exit price.

Impaired Loans

The Corporation evaluates and values impaired loans at the time the loan is identified as impaired, and the fair values of such loans are estimated using Level 3 inputs in the fair value hierarchy. Each loan s collateral has a unique appraisal and management s discount of the value is based on the factors unique to each impaired loan. The significant unobservable input in determining the fair value is management s subjective discount on appraisals of the collateral securing the loan, which range from 10% 50%. Collateral may consist of real estate and/or business assets including equipment, inventory and/or accounts receivable and the value of these assets is determined based on the appraisals by qualified licensed appraisers hired by the Corporation. Appraised and reported values may be discounted based on management s historical knowledge, changes in market conditions from the time of valuation, estimated costs to sell, and/or management s expertise and knowledge of the client and the client s business.

Other Real Estate Owned

Other real estate owned consists of properties acquired as a result of foreclosures and deeds in-lieu-of foreclosure. Properties are classified as OREO and are reported at the lower of cost or fair value less cost to sell, and are classified as Level 3 in the fair value hierarchy.

Mortgage Servicing Rights

The fair value of the MSRs for these periods was determined using a proprietary third-party valuation model that calculates the present value of estimated future servicing income. The model incorporates assumptions that market participants use in estimating future net servicing income, including estimates of prepayment speeds and discount rates. Due to the proprietary nature of the valuation model used and the lack of observable inputs, the Corporation classifies the value of MSRs as using Level 3 inputs.

Other Assets

Due to their short-term nature, the carrying amounts of accrued interest receivable, income taxes receivable and other investments approximate fair value.

Deposits

The fair values disclosed for non-interest-bearing demand deposits, savings, NOW accounts, and market rate accounts are, by definition, equal to the amounts payable on demand at the reporting date (i.e., their carrying amounts). Fair values for certificates of deposit are estimated using a discounted cash flow calculation that applies interest rates currently being offered on certificates to a schedule of expected monthly maturities on the certificates of deposit. FASB Codification 825 defines the fair value of demand deposits as the amount payable on demand, as of the reporting date, and prohibits adjusting estimated fair value from any value derived from retaining those deposits for an expected future period of time.

Short-term borrowings

Due to their short-term nature, the carrying amount of short-term borrowings, which include overnight repurchase agreements approximate their fair value.

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FHLB Advances and Other Borrowings

The fair value of FHLB advances and other borrowings is established using a discounted cash flow calculation that applies interest rates currently being offered on mid-term and long term borrowings.

Other Liabilities

The carrying amounts of accrued interest payable and other accrued payables approximate fair value. The fair value of the interest-rate swap derivative is derived from quoted prices for similar instruments in active markets and is classified as using Level 2 inputs.

Off-Balance Sheet Instruments

The fair values of the Corporation s commitments to extend credit, standby letters of credit and financial guarantees are not included in the table below as their carrying values generally approximate their fair values. These instruments generate fees that approximate those currently charged to originate similar commitments.

The carrying amount and fair value of the Corporation s financial instruments are as follows:

		As of December 31,			
	Fair Value	**2014**		**2013**	
(dollars in thousands)	Hierarchy Level*	**Carrying Amount**	**Fair Value**	**Carrying Amount**	**Fair Value**
Financial assets:					
Cash and cash equivalents	Level 1	$ 219,269	$ 219,269	$ 81,071	$ 81,071
Investment securities available for sale	See Note 13	229,577	229,577	285,808	285,808
Investment securities trading	See Note 13	3,896	3,896	3,437	3,437
Loans held for sale	Level 2	3,882	3,882	1,350	1,350
Net portfolio loans and leases	Level 3	1,637,671	1,666,052	1,531,670	1,534,631
Mortgage servicing rights	Level 3	4,765	5,456	4,750	5,733
Other assets	Level 3	22,309	22,309	21,819	21,819
Total financial assets		$ 2,121,369	$ 2,150,441	$ 1,929,905	$ 1,933,849
Financial liabilities:					
Deposits	Level 2	$ 1,688,028	$ 1,687,409	$ 1,591,347	$ 1,591,215
Short-term borrowings	Level 2	23,824	23,824	10,891	10,891
FHLB advances and other borrowings	Level 2	260,146	259,826	205,644	205,149
Other liabilities	Level 2	29,034	29,034	23,885	23,885
Total financial liabilities		$ 2,001,032	$ 2,009,093	$ 1,831,767	$ 1,831,140

* *see Note 13 in the Notes to Consolidated Financial Statements for a description of hierarchy levels*

Note 13 Fair Value Measurement

FASB ASC 820, Fair Value Measurement establishes a fair value hierarchy based on the nature of data inputs for fair value determinations, under which the Corporation is required to value each asset using assumptions that market participants would utilize to value that asset. When the Corporation uses its own assumptions it is required to disclose additional information about the assumptions used and the effect of the measurement on earnings or the net change in assets for the period.

The value of the Corporation s available for sale investment securities, which include obligations of the U.S. government and its agencies, mortgage-backed securities issued by U.S. government- and U.S. government

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sponsored agencies, obligations of state and political subdivisions, corporate bonds, other debt securities, as well as bond mutual funds are determined by the Corporation, including the use of an independent third party. The Corporation performs tests to assess the validity of these third-party values. The third party s evaluations are based on market data. They utilize pricing models that vary by asset and incorporate available trade, bid and other market information. For securities that do not trade on a daily basis, their pricing models apply available information such as benchmarking and matrix pricing. The market inputs normally sought in the evaluation of securities include benchmark yields, reported trades, broker/dealer quotes (only obtained from market makers or broker/dealers recognized as market participants), issuer spreads, two-sided markets, benchmark securities, bid, offers and reference data. For certain securities, additional inputs may be used or some market inputs may not be applicable. Inputs are prioritized differently on any given day based on market conditions.

U.S. Government agencies are evaluated and priced using multi-dimensional relational models and option adjusted spreads. State and municipal securities are evaluated on a series of matrices including reported trades and material event notices. Mortgage-backed securities are evaluated using matrix correlation to treasury or floating index benchmarks, prepayment speeds, monthly payment information and other benchmarks. Other available-for-sale investments are evaluated using a broker-quote based application, including quotes from issuers.

The value of the investment portfolio is determined using three broad levels of inputs:

Level 1 Quoted prices in active markets for identical securities.

Level 2 Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active and model derived valuations whose inputs are observable or whose significant value drivers are observable.

Level 3 Instruments whose significant value drivers are unobservable.

These levels are not necessarily an indication of the risks or liquidity associated with these investments. The following tables summarize the assets at December 31, 2014 and 2013 that are recognized on the Corporation s balance sheet using fair value measurement determined based on the differing levels of input.

Fair value of assets measured on a recurring basis for the year ended December 31, 2014:

(dollars in millions)	**Total**	**Level 1**	**Level 2**	**Level 3**
Investment securities (available for sale and trading):				
Obligations of U.S. government & agencies	$ 66.9	$	$ 66.9	$
Obligations of state & political subdivisions	29.0		29.0	
Mortgage-backed securities	81.4		81.4	
Collateralized mortgage obligations	34.8		34.8	
Mutual funds	19.5	19.5		
Other debt securities	1.9		1.9	
Total assets measured on a recurring basis at fair value	$ 233.5	$ 19.5	$ 214.0	$

Fair value of assets measured on a non-recurring basis at December 31, 2014:

(dollars in millions)	**Total**	**Level 1**	**Level 2**	**Level 3**
Mortgage servicing rights	$ 5.5	$	$	$ 5.5
Impaired loans and leases	13.0			13.0
OREO	1.1			1.1
Total assets measured at fair value on a non-recurring basis	$ 19.6	$	$	$ 19.6

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Fair value of assets measured on a recurring basis for the year ended December 31, 2013:

(dollars in millions)	**Total**	**Level 1**	**Level 2**	**Level 3**
Investment securities (available for sale and trading):				
Obligations of U.S. government & agencies	$ 69.6	$	$ 69.6	$
Obligations of state & political subdivisions	37.0		37.0	
Mortgage-backed securities	119.4		119.4	
Collateralized mortgage obligations	44.2		44.2	
Mutual funds	14.9	14.9		
Other debt securities	4.1		4.1	
Total assets measured on a recurring basis at fair value	$ 289.2	$ 14.9	$ 274.3	$

Fair value of assets measured on a non-recurring basis at December 31, 2013:

(dollars in millions)	**Total**	**Level 1**	**Level 2**	**Level 3**
Mortgage servicing rights	$ 5.7	$	$	$ 5.7
Impaired loans and leases	16.1			16.1
OREO and other repossessed property	0.9			0.9
Total assets measured at fair value on a non-recurring basis	$ 22.7	$	$	$ 22.7

For the twelve months ended December 31, 2014, a net decrease of $434 thousand in the Allowance was recorded and for the twelve months ended December 31, 2013, a net increase of $975 thousand in the Allowance was recorded as a result of adjusting the carrying value and estimated fair value of the impaired loans in the above tables. As it relates to the fair values of assets measured on a recurring basis, there have been no transfers between levels during the twelve months ended December 31, 2014.

Note 14 401(K) Plan and Other Defined Contribution Plans

The Corporation has a qualified defined contribution plan (the 401(K) Plan) for all eligible employees, under which the Corporation matches employee contributions up to a maximum of 3.0% of the employee s base salary. The Corporation s expenses for the 401(K) Plan were $846 thousand, $803 thousand and $747 thousand in 2014, 2013 and 2012, respectively.

In addition to the matching contribution above, the Corporation provides a discretionary, non-matching employer contribution to the 401(K) Plan. The Corporation s expense for the non-matching discretionary contribution was $1.1 million, $1.0 million and $879 thousand, for the twelve months ended December 31, 2014, 2013 and 2012, respectively.

On June 28, 2013, the Corporation adopted the Bryn Mawr Bank Corporation Executive Deferred Compensation Plan (the EDCP), a non-qualified defined-contribution plan which was restricted to certain senior officers of the

Corporation. The intended purpose of the EDCP is to provide deferred compensation to a select group of employees. The Corporation s expense for the EDCP, for the twelve months ended December 31, 2014 and 2013 was $239 thousand and $221 thousand, respectively.

Note 15 Pension and Postretirement Benefit Plans

A. General Overview The Corporation has three defined-benefit pension plans comprised of a qualified defined benefit plan (the QDBP) which covers all employees over age 20 1/2 who meet certain service requirements, and two non-qualified defined-benefit supplemental executive retirement plans (SERP I and SERP II) which are restricted to certain senior officers of the Corporation.

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SERP I provides each participant with the equivalent pension benefit provided by the QDBP on any compensation and bonus deferrals that exceed the IRS limit applicable to the QDBP.

On February 12, 2008, the Corporation amended the QDBP and SERP I to freeze further increases in the defined benefit amounts to all participants, effective March 31, 2008.

On April 1, 2008, the Corporation added SERP II, a non-qualified defined benefit plan which was restricted to certain senior officers of the Corporation. Effective March 31, 2013, the Corporation curtailed SERP II, as further increases to the defined benefit amounts to over 20% of the participants were frozen.

The Corporation also has a postretirement benefit plan (PRBP) that covers certain retired employees and a group of current employees. The PRBP was closed to new participants in 1994. In 2007, the Corporation amended the PRBP to allow for settlement of obligations to certain current and retired employees. Certain retired participant obligations were settled in 2007 and current employee obligations were settled in 2008.

The following table provides information with respect to our QDBP, SERP, and PRBP, including benefit obligations and funded status, net periodic pension costs, plan assets, cash flows, amortization information and other accounting items.

B. Actuarial Assumptions used to determine benefit obligations as of December 31 of the years indicated:

	QDBP		**SERP I and SERP II**		**PRBP**	
	2014	**2013**	**2014**	**2013**	**2014**	**2013**
Discount rate	3.70%	4.60%	3.70%	4.60%	3.70%	4.60%
Rate of increase for future compensation	N/A	N/A	3.50%	3.50%	N/A	N/A
Expected long-term rate of return on plan assets	7.50%	7.50%	N/A	N/A	N/A	N/A

C. Changes in Benefit Obligations and Plan Assets:

	QDBP		**SERP I & SERP II**		**PRBP**	
(dollars in thousands)	**2014**	**2013**	**2014**	**2013**	**2014**	**2013**
Change in benefit obligations						
Benefit obligation at January 1	$ 36,366	$ 40,825	$ 4,008	$ 6,693	$ 688	$ 842
Service cost			61	71		
Interest cost	1,640	1,484	177	188	29	29
Plan participants contribution					41	38
Actuarial loss (gain)(1)	8,629	(4,145)	979	10	(72)	(65)
Curtailments(2)				(2,808)		
Benefits paid	(2,543)	(1,798)	(146)	(146)	(146)	(156)
Benefit obligation at December 31	$ 44,092	$ 36,366	$ 5,079	$ 4,008	$ 540	$ 688
Change in plan assets						
Fair value of plan assets at January 1	$ 45,573	$ 40,666	$	$	$	$

Actual return on plan assets	844	6,705				
Employer contribution			146	146	105	118
Plan participants contribution					41	38
Benefits paid	(2,543)	(1,798)	(146)	(146)	(146)	(156)
Fair value of plan assets at December 31	$ 43,874	$ 45,573	$	$	$	$
Funded status at year end (plan assets less benefit obligations)	$ (218)	$ 9,207	$ (5,079)	$ (4,008)	$ (540)	$ (688)

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(1) *the $12.8 million change in actuarial loss was related to discount rate decreases which resulted in increased benefit obligations, return on plan assets below the anticipated target level, and increased benefit obligations as a result of the introduction of new mortality tables used by the actuary.*

(2) *for more information on the gain on curtailment, refer to section A of this note.*

	QDBP		SERP I & SERP II		PRBP	
	For the Twelve Months Ended December 31,					
	2014	**2013**	**2014**	**2013**	**2014**	**2013**
Amounts included in the consolidated balance sheet as other assets (liabilities) and accumulated other comprehensive income including the following:						
Prepaid benefit cost/(accrued liability)	$ 17,662	$ 16,346	$ (3,274)	$ (3,201)	$ (234)	$ (250)
Net actuarial loss	(17,880)	(7,139)	(1,805)	(790)	(306)	(438)
Prior service cost				(17)		
Unrecognized net initial obligation						
Net amount recognized	$ (218)	$ 9,207	$ (5,079)	$ (4,008)	$ (540)	$ (688)

D. The following tables provide the components of net periodic pension costs for the periods indicated:

QDBP Net Periodic Pension Cost	**For the Twelve Months Ended December 31,**		
(dollars in thousands)	**2014**	**2013**	**2012**
Service cost	$	$	$
Interest cost	1,640	1,484	1,576
Expected return on plan assets	(3,348)	(2,981)	(2,804)
Amortization of prior service cost			
Recognition of net actuarial loss	391	1,724	1,786
Curtailment			
Net periodic pension (benefit) cost	$ (1,317)	$ 227	$ 558

SERP I and SERP II Periodic Pension Cost	**For the Twelve Months Ended December 31,**		
(dollars in thousands)	**2014**	**2013**	**2012**
Service cost	$ 61	$ 71	$ 243
Interest cost	177	188	243
Gain on curtailment		(690)	
Amortization of prior service cost	14	31	82
Recognition of net actuarial loss	(33)	78	86
Net periodic pension cost (benefit)	$ 219	$ (322)	$ 654

PRBP Net Periodic Pension Cost	**For the Twelve Months Ended December 31,**		
(dollars in thousands)	**2014**	**2013**	**2012**
Service cost	$	$	$
Interest cost	29	29	36
Settlement			
Amortization of transition obligation			26
Amortization of prior service cost			
Recognition of net actuarial loss	61	76	79
Net periodic pension cost	$ 90	$ 105	$ 141

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	For the Twelve Months Ended December 31, 2014	2013	2012
Discount Rate Used in the Calculation of Periodic Pension Costs	4.6%	3.70%	4.20%

E. Plan Assets:

The information in this section pertains to the assets of the QDBP. The PRBP, SERP I and SERP II are unfunded plans and, as such, have no related plan assets.

The following table details the asset allocation and the QDBP s policy asset allocation range as of the dates indicated:

	2014 Plan Policy Asset Allocation Range	2013 Plan Policy Asset Allocation Range	Percentage of QDBP Plan Assets as of December 31, 2014	2013
Asset Category				
Equity securities(1)(2)	50% to 65%	50% to 65%	70%	63%
Fixed-income investments	10% to 30%	10% to 30%	18%	14%
Alternative investments	0% to 30%	0% to 30%	4%	20%
Cash reserves(2)	1% to 5%	1% to 5%	8%	3%
Total			100%	100%

(1) *Includes Bryn Mawr Bank Corporation common stock in the amount of $986 thousand, or 2.3%, and $951 thousand, or 2.1%, at December 31, 2014 and 2013, respectively.*

(2) *Asset categories that fall outside the asset allocation range prescribed by the plan policy are outside the range on a short-term basis and are often related to the timing of plan funding and subsequent investment. Reallocation is done regularly in order to adhere to the plan s asset allocation policy*

The expected rate of return on plan assets in the QDBP was selected by the Corporation after consultation with its actuary, and is based in part on long term historical rates of return and various actuarial assumptions. The discount rate was also selected by the Corporation after consultation with its actuary, and is based in part upon the current yield of a portfolio of long term investment grade securities.

The investment strategy of the QDBP is to maintain the investment ranges listed above. The target ranges are to be periodically reviewed based on the prevailing market conditions. Any modification to the current investment strategy must be ratified by the Wealth Management Committee of the Corporation s Board of Directors. The QDBP is allowed to retain approximately 2.5% of Bryn Mawr Bank Corporation common stock.

The Corporation s overall investment strategy is to achieve a mix of approximately 60% investments for long-term growth and 40% for production of current income. The target allocations for the QDBP are 60% equity securities comprised of a number of mutual funds managed with differing objectives and styles. The plan also holds shares of the Corporation s common stock. Fixed income obligations include corporate obligations, U.S. Treasury and Agency securities, along with fixed income mutual funds.

In addition, the QDBP invests in alternative investments whose definition is quite broad. Examples of strategies that may be deployed include: long/short, global macro, managed futures, event driven, tactical absolute return, master limited partnerships, REITs, etc. The allocation to alternative investments may be achieved through liquid strategies, such as separate accounts or mutual funds or through hedge funds. Hedge funds are carried at fair value as determined by the fund manager in good faith. In establishing the fair value of hedge funds, the fund manager takes into consideration information received from the investment administrators, including their financial statements and the fair value established by the fund manager of each respective investment.

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The following tables summarize the fair value of the assets of the QDBP as of the dates indicated. The fair values were determined by using three broad levels of inputs. See Note 13 for description of these input levels.

The fair value of the QDBP assets measured on a recurring basis as of December 31, 2014:

(dollars in thousands)	**Total**	**Level 1**	**Level 2**	**Level 3**
Cash and cash equivalents	$ 3,590	$ 3,590	$	$
Alternative investments*	2,747	850	1,897	
Common stocks	986	986		
Equity mutual funds	29,546	29,546		
Bond mutual funds	7,005	7,005		
Total assets measured on a recurring basis at fair value	$ 43,874	$ 41,977	$ 1,897	$

* *Alternative investments include exchange-traded products which are considered Level 1 and hedge fund investments which are considered Level 2.*

The fair value of the QDBP assets measured on a recurring basis as of December 31, 2013:

(dollars in thousands)	**Total**	**Level 1**	**Level 2**	**Level 3**
Cash and cash equivalents	$ 1,218	$ 1,218	$	$
Alternative investments*	9,196	5,747	3,449	
Common stocks	2,698	2,698		
Equity mutual funds	26,187	26,187		
Bond mutual funds	6,274	6,274		
Total assets measured on a recurring basis at fair value	$ 45,573	$ 42,124	$ 3,449	$

F. Cash Flows

The following benefit payments, which reflect expected future services, are expected to be paid over the next ten years:

(dollars in thousands)	**QDBP**	**SERP I & SERP II**	**PRBP**
Fiscal year ending			
2015	$ 1,968	$ 261	$ 94
2016	$ 1,998	$ 260	$ 83
2017	$ 2,000	$ 258	$ 73
2018	$ 2,060	$ 256	$ 64

2019	$ 2,135	$ 254	$ 56
2020-2023	$ 11,559	$ 1,482	$ 181

G. Other Pension and Post Retirement Benefit Information

In 2005, the Corporation placed a cap on the future annual benefit payable through the PRBP. This cap is equal to 120% of the 2005 annual benefit.

H. Expected Contribution to be Paid in the Next Fiscal Year

Based on the status of the Corporation s QDBP at December 31, 2014, no minimum funding requirement is anticipated for 2015. The 2015 expected contribution for the SERP I and SERP II is $261 thousand.

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I. Actuarial Losses

As indicated in section C of this footnote, the Corporation s pension plans had cumulative actuarial losses as of December 31, 2014 that will result in an increase in the Corporation s future pension expense because such losses at each measurement date exceed 10% of the greater of the projected benefit obligation or the market-related value of the plan assets. In accordance with GAAP, net unrecognized gains or losses that exceed that threshold are required to be amortized over the expected service period of active employees, and are included as a component of net pension cost. Amortization of these net actuarial losses has the effect of increasing the Corporation s pension costs as shown on the table in section D of this footnote.

Note 16 Accumulated Other Comprehensive Loss

The following table details the components of accumulated other comprehensive (loss) income for the twelve months ended December 31, 2014, 2013 and 2012:

(dollars in thousands)	Net Change in Unrealized Gains on Available-for-Sale Investment Securities	Net Change in Fair Value of Derivative Used for Cash Flow Hedge	Net Change in Unfunded Pension Liability	Accumulated Other Comprehensive Loss
Balance, December 31, 2011	$ 1,792	$	$ (13,157)	$ (11,365)
Net change	1,372	(23)	(62)	1,287
Balance, December 31, 2012	$ 3,164	$ (23)	$ (13,219)	$ (10,078)
Balance, December 31, 2012	$ 3,164	$ (23)	$ (13,219)	$ (10,078)
Net change	(4,021)	766	7,768	4,513
Balance, December 31, 2013	$ (857)	$ 743	$ (5,451)	$ (5,565)
Balance, December 31, 2013	$ (857)	$ 743	$ (5,451)	$ (5,565)
Net change	2,173	(768)	(7,544)	(6,139)
Balance, December 31, 2014	$ 1,316	$ (25)	$ (12,995)	$ (11,704)

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The following tables detail the amounts reclassified from each component of accumulated other comprehensive loss for the twelve month periods ended December 31, 2014, 2013 and 2012:

Description of Accumulated Other Comprehensive Loss Component	Amount Reclassified from Accumulated Other Comprehensive Loss For The Twelve Months Ended December 31, 2014	2013	2012	Affected Income Statement Category
Net unrealized gain on investment securities available for sale:				
Realization of (gain) loss on sale of investment securities available for sale	$ 471	$ (8)	$ 1,415	Net gain (loss) on sale of available for sale investment securities
	(165)	3	(495)	Less: income tax benefit (expense)
	$ 306	$ (5)	$ 920	Net of income tax
Unfunded pension liability:				
Amortization of net loss included in net periodic pension costs*	$ 419	$ 1,878	$ 1,951	Employee benefits
Amortization of prior service cost included in net periodic pension costs*	14	31	82	Employee benefits
Amortization of transition obligation included in net periodic pension costs*			26	Employee benefits
Gain on curtailment of SERP II		(690)		Net gain on curtailment of nonqualified pension plan
	433	1,219	2,059	Total expense before income tax benefit
	152	427	721	Less: income tax benefit
	$ 281	$ 792	$ 1,338	Net of income tax

* Accumulated other comprehensive loss components are included in the computation of net periodic pension cost. See Note 15 Pension and Other Post-Retirement Benefit Plans.

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Note 17 Income Taxes

A. Components of Net Deferred Tax Asset:

(dollars in thousands)	**December 31, 2014**	**2013**
Deferred tax assets:		
Loan and lease loss reserve	$ 5,445	$ 6,124
Other reserves	788	1,190
Net operating loss carry-forward	1,384	1,841
Alternative minimum tax credits	567	567
Amortizing fair value adjustments		2,367
Unrealized depreciation of derivative used for cash flow hedge	14	
Unrealized depreciation of available for sale securities		462
Defined benefit plans	8,227	4,142
Total deferred tax asset	16,425	16,693
Deferred tax liabilities:		
Other reserves	363	219
QDBP	6,182	5,721
Originated MSRs	1,668	1,663
Amortizing fair value adjustments	294	
Unrealized appreciation of derivative used for cash flow hedge		400
Unrealized appreciation of available for sale securities	709	
Total deferred tax liability	9,216	8,003
Total net deferred tax asset	$ 7,209	$ 8,690

Not included in the table above is a $51 thousand deferred tax asset for state taxes related to net operating losses of our leasing subsidiary as of December 31, 2014, for which we have recorded a 100% valuation allowance. In connection with the acquisition of PCPB, the Corporation recorded a $2.4 million deferred tax liability related to amortizable intangible assets.

B. The provision (benefit) for income taxes consists of the following:

(dollars in thousands)	**2014**	**2013**	**2012**
Current	$ 12,655	$ 11,391	$ 11,575
Deferred	2,350	1,195	(505)
Total	$ 15,005	$ 12,586	$ 11,070

C. Applicable income taxes differed from the amount derived by applying the statutory federal tax rate to income as follows:

(dollars in thousands)	**2014**	**Tax Rate**	**2013**	**Tax Rate**	**2012**	**Tax Rate**
Computed tax expense at statutory federal rate	$ 14,997	35.0%	$ 12,960	35.0%	$ 11,276	35.0%
Tax-exempt income	(401)	(0.9)	(414)	(1.1)	(382)	(1.2)
State tax (net of federal tax benefit)	215	0.5	218	0.6	107	0.3
Non-deductible merger expense	105	0.2			93	0.3
Other, net	89	0.2	(178)	(0.5)	(24)	(0.1)
Total income tax expense	$ 15,005	35.0%	$ 12,586	34.0%	$ 11,070	34.3%

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D. Other Income Tax Information

In accordance with the provisions of ASC 740, Accounting for Uncertainty in Income Taxes , the Corporation recognizes the financial statement benefit of a tax position only after determining that the Corporation would more likely than not sustain the position following an examination. For tax positions meeting the more-likely-than-not threshold, the amount recognized in the financial statements is the largest benefit that has a greater than 50 percent likelihood of being realized upon settlement with the relevant tax authority. The Corporation applied these criteria to tax positions for which the statute of limitations remained open.

There were no reserves for uncertain tax positions recorded during the twelve months ended December 31, 2014, 2013 or 2012.

The Corporation is subject to income taxes in the U.S. federal jurisdiction, and in multiple state jurisdictions. The Corporation is no longer subject to U.S. federal income tax examination by tax authorities for the years before 2011.

The Corporation s policy is to record interest and penalties on uncertain tax positions as income tax expense. No interest or penalties were accrued in 2014.

As of December 31, 2014, the Corporation has net operating loss carry-forwards for federal income tax purposes of $3.9 million, related to the FKF merger, which are available to offset future federal taxable income through 2030. In addition, the Corporation has alternative minimum tax credits of $567 thousand, which are available to reduce future federal regular income taxes over an indefinite period. The Corporation has determined that it is more likely than not that the results of future operations will generate sufficient taxable income to realize the deferred tax asset related to these amounts.

As a result of the July 1, 2010 merger with FKF, the Corporation succeeded to certain tax bad debt reserves that existed at FKF as of June 30, 2010. As of December 31, 2014, the Corporation had unrecognized deferred income taxes of $58 thousand with respect to these reserves. These reserves could be recognized as taxable income and create a current and/or deferred tax liability at the income tax rates then in effect if one of the following conditions occurs: (1) the Bank s retained earnings represented by this reserve are used for distributions, in liquidation, or for any other purpose other than to absorb losses from bad debts; (2) the Bank fails to qualify as a bank, as provided by the Internal Revenue Code; or (3) there is a change in federal tax law.

Note 18 Stock Based Compensation

A. General Information

The Corporation permits the issuance of stock options, dividend equivalents, performance stock awards, stock appreciation rights and restricted stock awards to employees and directors of the Corporation under several plans. The performance awards and restricted awards may be in the form of stock awards or stock units. The only difference between a stock award and a stock unit is that for a stock award, shares of restricted stock are issued in the name of the grantee, whereas a stock unit constitutes a promise to issue shares of stock upon vesting. The accounting for awards and units is identical. The terms and conditions of awards under the plans are determined by the Corporation s Compensation Committee.

Prior to April 25, 2007, all shares authorized for grant as stock-based compensation were limited to grants of stock options. On April 25, 2007, the shareholders approved the Corporation s 2007 Long-Term Incentive Plan (the 2007 LTIP) under which a total of 428,996 shares of the Corporation s common stock were made available for award grants.

On April 28, 2010, the shareholders approved the Corporation s 2010 Long Term Incentive Plan (the 2010 LTIP) under which a total of 445,002 shares of the Corporation s common stock were made available for award grants.

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In addition to the shareholder-approved plans mentioned in the preceding paragraph, the Corporation periodically authorizes grants of stock-based compensation as inducement awards to new employees. This type of award does not require shareholder approval in accordance with Rule 5635(c)(4) of the Nasdaq listing rules.

The equity awards are authorized to be in the form of, among others, options to purchase the Corporation s common stock, restricted stock awards or units (RSAs or RSUs) and performance stock awards or units (PSAs or PSUs).

RSAs and RSUs have a restriction based on the passage of time and may also have a restriction based on a non-market-related performance criteria. The fair value of the RSAs and RSUs is based on the closing price on the day preceding the date of the grant.

The PSAs and PSUs also have a restriction based on the passage of time, but also have a restriction based on performance criteria related to the Corporation s total shareholder return relative to the performance of the community bank index for the respective period. The amount of PSAs or PSUs earned will not exceed 100% of the PSAs or PSUs awarded. The fair value of the PSAs and PSUs is calculated using the Monte Carlo Simulation method.

In connection with the July 2010 FKF merger, 21,133 fully vested options which had been granted to former FKF employees were assumed by the Corporation.

The following table summarizes the remaining shares authorized to be granted for options, RSAs and PSAs:

	Shares Authorized for Grant
Balance, December 31, 2011	377,496
Grants of RSAs	(31,948)
Grants of PSAs	(73,217)
Expiration of unexercised options	15,638
Forfeitures of PSAs	4,812
Balance, December 31, 2012	292,781
Grants of RSUs	(6,665)
Grants of PSUs	(75,367)
Expiration of unexercised options	900
Forfeitures of RSAs and RSUs	3,681
Forfeitures of PSAs and PSUs	1,575
Balance, December 31, 2013	216,905
Shares authorized for grant under non-shareholder approved plans	47,368
Grants of RSUs	(16,456)
Grants of PSUs	(71,184)
Expiration of unexercised options	1,750
Forfeitures of RSAs and RSUs	2,560
Forfeitures of PSAs and PSUs	1,900
Balance, December 31, 2014	182,843

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B. Fair Value of Options Granted

The fair value of each option granted is estimated on the date of the grant using the Black-Scholes option pricing model with the following weighted-average assumptions used for grants issued during:

	2014	2013	2012
Expected dividend yield	N/A	2.6%	N/A
Expected volatility of Corporation s stock	N/A	24.0%	N/A
Risk-free interest rate	N/A	3.7%	N/A
Expected life in years	N/A	7.0	N/A
Weighted average fair value of options granted	N/A	$ 4.83	N/A

The expected dividend yield is based on the company s annual dividend amount as a percentage of the average stock price at the time of the grant. Expected life is equal to the mid-point of the average time to vest and the contractual term. Expected volatility of the Corporation s stock is based on the historic volatility of the Corporation s stock price. The risk-free interest rate is based on the zero-coupon U.S. Treasury interest rate ranging from one month to ten years and a period commensurate with the expected life of the option.

C. Other Stock Option Information The following table provides information about options outstanding:

	For the Twelve Months Ended December 31,								
	2014			2013			2012		
	Shares	Weighted Average Exercise Price	Weighted Average Grant Date Fair Value	Shares	Weighted Average Exercise Price	Weighted Average Grant Date Fair Value	Shares	Weighted Average Exercise Price	Weighted Average Grant Date Fair Value
Options outstanding, beginning of period	591,086	$ 20.73	$ 4.70	783,476	$ 20.40	$ 4.62	876,470	$ 20.17	$ 4.49
Granted		$	$	12,225	$ 21.28	$ 4.83			
Forfeited		$	$	(650)	$ 19.65	$ 4.62	(5,755)	$ 20.56	$ 4.74
Expired	(1,750)	$ 22.31	$ 4.99	(250)	$ 22.00	$ 4.90	(9,883)	$ 21.93	$ 5.01
Exercised	(141,370)	$ 20.06	$ 4.51	(203,715)	$ 19.49	$ 4.39	(77,356)	$ 17.60	$ 3.69
Options outstanding, end of period	447,966	$ 20.94	$ 4.75	591,086	$ 20.73	$ 4.70	783,476	$ 20.40	$ 4.62

The following table provides information related to options as of December 31, 2014:

Options Outstanding	Options Exercisable

Range of Exercise Prices	Options Outstanding	Remaining Contractual Life	Shares Exercisable	Remaining Contractual Life	Weighted Average Exercise Price*
$10.36 to $18.59	128,427	4.25 yrs	128,427	4.25 yrs	$ 18.22
$18.60 to $19.69	51,000	0.36 yrs	51,000	0.36 yrs	$ 18.91
$19.70 to $21.48	78,900	0.95 yrs	78,900	0.95 yrs	$ 21.21
$21.49 to $22.03	86,375	2.39 yrs	86,375	2.39 yrs	$ 21.99
$22.04 to $23.97	2,500	1.72 yrs	2,500	1.72 yrs	$ 23.02
$23.98 to $24.27	100,764	3.34 yrs	100,764	3.34 yrs	$ 24.27
	447,966	2.65 yrs	447,966	2.65 yrs	$ 20.94

* *price of exercisable options*

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The following table provides information about unvested options:

	For the Twelve Months Ended December 31,					
	2014		2013		2012	
	Shares	Weighted Average Grant Date Fair Value	Shares	Weighted Average Grant Date Fair Value	Shares	Weighted Average Grant Date Fair Value
Unvested options, beginning of period	30,146	$ 4.42	80,756	$ 4.65	158,515	$ 4.73
Granted			12,225	$ 4.83		
Vested	(30,146)	$ 4.42	(62,185)	$ 4.80	(72,004)	$ 4.82
Forfeited			(650)	$ 4.62	(5,755)	$ 4.74
Unvested options, end of period			30,146	$ 4.42	80,756	$ 4.65

Proceeds, related tax benefits realized from options exercised and intrinsic value of options exercised were as follows:

	For the Twelve Months Ended December 31,		
(dollars in thousands)	2014	2013	2012
Proceeds from strike price of value of options exercised	$ 2,836	$ 3,970	$ 1,362
Related tax benefit recognized	378	376	100
Proceeds of options exercised	$ 3,214	$ 4,346	$ 1,462
Intrinsic value of options exercised	$ 1,288	$ 1,215	$ 269

The following table provides information about options outstanding and exercisable options:

	As of December 31,					
	2014		2013		2012	
	Options Outstanding	Exercisable Options	Options Outstanding	Exercisable Options	Options Outstanding	Exercisable Options
Number	447,966	447,966	591,086	560,940	783,476	702,720
Weighted average exercise price	$ 20.94	$ 20.94	$ 20.73	$ 20.87	$ 20.40	$ 20.46
Aggregate intrinsic value	$ 4,640,917	$ 4,640,917	$ 5,583,266	$ 5,224,227	$ 1,691,778	$ 1,455,766
Weighted average contractual term	2.7 yrs	2.7 yrs	3.2 yrs	3.1 yrs	3.6 yrs	3.3 yrs

For the twelve months ended December 31, 2014, the Corporation recognized $64 thousand of expense related to stock options. As of December 31, 2014, all compensation expense related to stock options has been recognized.

D. Restricted Stock and Performance Stock Awards and Units

The Corporation has granted RSAs, RSUs, PSAs and PSUs under the 2007 LTIP and 2010 LTIP and in accordance with Rule 5635(c)(4) of the Nasdaq listing standards.

RSAs and RSUs

The compensation expense for the RSAs is measured based on the market price of the stock on the day prior to the grant date and is recognized on a straight line basis over the vesting period.

For the twelve months ended December 31, 2014, the Corporation recognized $335 thousand of expense related to the Corporation s RSAs. As of December 31, 2014, there was $561 thousand of unrecognized compensation cost related to RSAs. This cost will be recognized over a weighted average period of 2.1 years.

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The following table details the RSAs for the twelve month periods ended December 31, 2014, 2013 and 2012:

	Twelve Months Ended December 31, 2014		Twelve Months Ended December 31, 2013		Twelve Months Ended December 31, 2012	
	Number of Shares	Weighted Average Grant Date Fair Value	Number of Shares	Weighted Average Grant Date Fair Value	Number of Shares	Weighted Average Grant Date Fair Value
Beginning balance	54,156	$ 19.36	60,287	$ 19.05	38,681	$ 18.06
Granted	16,456	$ 28.88	6,665	$ 22.50	31,948	$ 20.41
Vested	(21,771)	$ 18.21	(9,115)	$ 19.20	(10,342)	$ 19.34
Forfeited	(2,560)	$ 21.48	(3,681)	$ 20.38		
Ending balance	46,281	$ 23.17	54,156	$ 19.36	60,287	$ 19.05

PSAs and PSUs

The compensation expense for PSAs and PSUs is measured based on their grant date fair value as calculated using the Monte Carlo Simulation and is recognized on a straight-line basis over the vesting period. Related to the 71,184 PSAs granted during the twelve months ended December 31, 2014, the Monte Carlo Simulation used various assumptions that include expected volatility of 26.65% a risk free rate of return of 0.86% and a correlation co-efficient of 0.7539.

The Corporation recognized $858 thousand of expense related to the PSAs for the twelve months ended December 31, 2014. As of December 31, 2014, there was $1.7 million of unrecognized compensation cost related to PSAs. This cost will be recognized over a weighted average period of 2.1 years.

The following table details the PSAs for the twelve month periods ending December 31, 2014, 2013 and 2012:

	Twelve Months Ended December 31, 2014		Twelve Months Ended December 31, 2013		Twelve Months Ended December 31, 2012	
	Number of Shares	Weighted Average Grant Date Fair Value	Number of Shares	Weighted Average Grant Date Fair Value	Number of Shares	Weighted Average Grant Date Fair Value
Beginning balance	204,980	$ 11.90	186,113	$ 10.62	117,708	$ 9.86
Granted	71,184	$ 15.05	75,367	$ 13.38	73,217	$ 11.80
Vested	(56,946)	$ 10.07	(54,925)	9.64		
Forfeited	(1,900)	$ 12.32	(1,575)	$ 10.77	(4,812)	$ 9.88
Ending balance	217,318	$ 13.41	204,980	$ 11.90	186,113	$ 10.62

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Note 19 Earnings per Share

The calculation of basic earnings per share and diluted earnings per share is presented below:

	Year Ended December 31,		
(dollars in thousands, except per share data)	**2014**	**2013**	**2012**
Numerator Net income available to common shareholders	$ 27,843	$ 24,444	$ 21,147
Denominator for basic earnings per share Weighted average shares outstanding*	13,566,239	13,311,215	13,090,110
Effect of dilutive potential common shares	294,801	260,395	151,736
Denominator for diluted earnings per share Adjusted weighted average shares outstanding	13,861,040	13,571,610	13,241,846
Basic earnings per share	$ 2.05	$ 1.84	$ 1.62
Diluted earnings per share	$ 2.01	$ 1.80	$ 1.60
Antidilutive shares excluded from computation of average dilutive earnings per share			848,477

* *excludes restricted stock*

All weighted average shares, actual shares and per share information in the financial statements have been adjusted retroactively for the effect of stock dividends and splits. See Note 1-Q Summary of Significant Accounting Policies: Earnings per Common Share for a discussion on the calculation of earnings per share.

Note 20 Other Operating Income

Components of other operating income for the indicated years ended December 31 include:

(dollars in thousands)	**2014**	**2013**	**2012**
Merchant interchange fees	$ 934	$ 814	$ 665
Commissions and fees	637	578	510
Safe deposit box rentals	390	387	398
Other investment income	756	348	349
Title insurance income		192	272
Rent income	164	202	162
Miscellaneous other income	391	1,542	1,043
Other operating income	$ 3,272	$ 4,063	$ 3,399

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Note 21 Other Operating Expense

Components of other operating expense for the indicated years ended December 31 include:

(dollars in thousands)	**2014**	**2013**	**2012**
Information technology	$ 2,771	$ 2,876	$ 2,060
Loan processing	724	966	1,485
Other taxes	51	65	85
Temporary help and recruiting	1,171	1,624	1,031
Telephone and data lines	1,331	1,378	652
Travel and entertainment	725	630	567
Stationary and supplies	445	508	516
Postage	471	515	433
Director fees	443	452	409
Outsourced services	432	457	355
Portfolio maintenance	389	366	266
Dues and subscriptions	368	394	326
Contributions	403	355	301
Insurance	759	689	402
Deferred compensation expense	266	906	271
Miscellaneous other expense	2,016	1,637	1,962
Other operating expense	$ 12,765	$ 13,818	$ 11,121

Note 22 Related Party Transactions

In the ordinary course of business, the Bank granted loans to principal officers, directors and their affiliates. Loan activity during 2014 and 2013 was as follows:

Following is a summary of these transactions:

(dollars in thousands)	**2014**	**2013**
Balance, January 1	$ 3,032	$ 2,884
Additions		200
Amounts collected	(158)	(52)
Balance, December 31	$ 2,874	$ 3,032

Related party deposits amounted to $2.8 million and $2.0 million at December 31, 2014 and 2013, respectively.

Note 23 Financial Instruments with Off-Balance Sheet Risk, Contingencies and Concentration of Credit Risk

Off-Balance Sheet Risk

The Corporation is a party to financial instruments with off-balance sheet risk in the normal course of business to meet the financing needs of its customers. These financial instruments include commitments to extend credit and standby letters of credit. Those instruments involve, to varying degrees, elements of credit risk in excess of the amount recognized in the consolidated statements of financial condition. The contractual amounts of those instruments reflect the extent of involvement the Corporation has in particular classes of financial instruments.

The Corporation s exposure to credit loss in the event of nonperformance by the counterparty to the financial instrument of commitments to extend credit and standby letters of credit is represented by the contractual amount of those instruments. The Corporation uses the same credit policies in making commitments and conditional obligations as it does for on-balance sheet financial instruments.

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Commitments to extend credit, which include unused lines of credit and unfunded commitments to originate loans, are agreements to lend to a customer as long as there is no violation of any condition established in the agreement. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. Some of the commitments are expected to expire without being drawn upon, and the total commitment amounts do not necessarily represent future cash requirements. Total commitments to extend credit at December 31, 2014 were $463.7 million. The Corporation evaluates each customer s creditworthiness on a case-by-case basis. The amount of collateral obtained, if deemed necessary by the Corporation upon extension of credit, is based on a credit evaluation of the counterparty. Collateral varies but may include accounts receivable, marketable securities, inventory, property, plant and equipment, residential real estate, and income-producing commercial properties.

Standby letters of credit are conditional commitments issued by the Bank to a customer for a third party. Such standby letters of credits are issued to support private borrowing arrangements. The credit risk involved in issuing standby letters of credit is similar to that involved in extending loan facilities to customers. The collateral varies, but may include accounts receivable, marketable securities, inventory, property, plant and equipment, and residential real estate for those commitments for which collateral is deemed necessary. The Corporation s obligation under standby letters of credit as of December 31, 2014 was $15.3 million. There were no outstanding bankers acceptances as of December 31, 2014.

Contingencies

Legal Matters

In the ordinary course of business, the Corporation is subject to litigation, claims, and assessments that involve claims for monetary relief. Some of these are covered by insurance. Based upon information presently available to the Corporation and its counsel, it is the Corporation s opinion that any legal and financial responsibility arising from such claims will not have a material, adverse effect on its results of operations, financial condition or capital.

Indemnifications

In general, the Corporation does not sell loans with recourse, except to the extent that it arises from standard loan-sale contract provisions. These provisions cover violations of representations and warranties and, under certain circumstances, first payment default by borrowers. These indemnifications may include the repurchase of loans by the Corporation, and are considered customary provisions in the secondary market for conforming mortgage loan sales. For the twelve months ended December 31, 2014, there were no make-whole requests presented to or settled by the Corporation. For the twelve months ended December 31, 2013, the Corporation settled two make-whole requests from the secondary market totaling $278 thousand. For the twelve months ended December 31, 2012, there were no make-whole requests presented to or settled by the Corporation. As of December 31, 2014, there are no pending make-whole requests.

Concentrations of Credit Risk

The Corporation has a material portion of its loans in real estate-related loans. A predominant percentage of the Corporation s real estate exposure, both commercial and residential, is in the Corporation s primary trade area which includes portions of Delaware, Chester, Montgomery and Philadelphia counties in Southeastern Pennsylvania. The Corporation is aware of this concentration and attempts to mitigate this risk to the extent possible in many ways, including the underwriting and assessment of borrower s capacity to repay. See Note 5 Loans and Leases for additional information.

As of December 31, 2014, the Corporation had no loans sold with recourse outstanding.

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Note 24 Dividend Restrictions

The Bank is subject to the Pennsylvania Banking Code of 1965 (the Code), as amended, and is restricted in the amount of dividends that can be paid to its sole shareholder, the Corporation. The Code restricts the payment of dividends by the Bank to the amount of its net income during the current calendar year and the retained net income of the prior two calendar years, unless the dividend has been approved by the Board of Governors of the Federal Reserve System. The total retained net income for the years ended December 31, 2013 and 2014 was $32.4 million. Accordingly, the dividend payable by the Bank to the Corporation is limited to $32.4 million plus net income not yet earned in 2015. However, the amount of dividends paid by the Bank may not reduce capital levels below levels that would cause the Bank to be considered less than adequately capitalized as detailed in Note 25 Regulatory Capital Requirements .

Note 25 Regulatory Capital Requirements

A. General Regulatory Capital Information

Both the Corporation and the Bank are subject to various regulatory capital requirements, administered by the federal banking agencies. Failure to meet minimum capital requirements can initiate certain mandatory and possibly additional discretionary actions by regulators that, if taken, could have a direct material effect on the Corporation s and the Bank s financial statements. Under capital adequacy guidelines and the regulatory framework for prompt corrective action, the Corporation and the Bank must meet specific capital guidelines that involve quantitative measures of their assets, liabilities and certain off-balance-sheet items as calculated under regulatory accounting practices. The capital amounts and classifications are also subject to qualitative judgments by the regulators about components, risk weightings and other factors. Prompt corrective action provisions are not applicable to bank holding companies. Beginning in 2015, new regulatory capital reforms, known as Basel III, issued as part of the Dodd-Frank Act will begin to be phased in. For more information, refer to the Other Information section of Management s Discussion and Analysis of Financial Condition and Results of Operations in this Annual Report on Form 10-K.

B. S-3 Shelf Registration Statement and Offerings Thereunder

In April 2012, the Corporation filed a shelf registration statement (the Shelf Registration Statement) to replace its 2009 Shelf Registration Statement, which was set to expire in June 2012. This new Shelf Registration Statement allows the Corporation to raise additional capital through offers and sales of registered securities consisting of common stock, debt securities, warrants to purchase common stock, stock purchase contracts and units or units consisting of any combination of the foregoing securities. Using the prospectus in the Shelf Registration Statement, together with applicable prospectus supplements, the Corporation may sell, from time to time, in one or more offerings, such securities in a dollar amount up to $150,000,000, in the aggregate.

The Corporation has in place under its Shelf Registration Statement a Dividend Reinvestment and Stock Purchase Plan (the Plan), which was amended and restated on April 27, 2012, primarily to increase the number of shares which can be issued by the Corporation from 850,000 to 1,500,000 shares of registered common stock. The Plan allows for the grant of a request for waiver (RFW) above the Plan s maximum investment of $120 thousand per account per year. An RFW is granted based on a variety of factors, including the Corporation s current and projected capital needs, prevailing market prices of the Corporation s common stock and general economic and market conditions.

The Plan is intended to allow both existing shareholders and new investors to easily and conveniently increase their investment in the Corporation without incurring many of the fees and commissions normally associated with brokerage transactions. For the twelve months ended December 31, 2014, the Corporation issued 2,517 shares and raised $72 thousand through the Plan.

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C. Shares Issued in Mergers and Acquisitions

In connection with the acquisition of PWMG, the Corporation issued 322,101 common shares, valued at $6.7 million, to former shareholders of PWMG. These shares were registered on an S-3 registration statement filed by the Corporation in September 2011.

In connection with the merger with FKF, the Corporation issued 1,630,053 common shares, valued at $26.5 million, to former shareholders of FKF. These shares were registered on an S-4 registration statement filed by the Corporation in January 2010.

D. Regulatory Capital Ratios

As set forth in the following table, quantitative measures have been established to ensure capital adequacy ratios required of both the Corporation and the Bank. Both the Corporation s and the Bank s Tier II capital ratios are calculated by adding back a portion of the loan loss reserve to the Tier I capital. The Corporation believes that as of December 31, 2014 and 2013, the Corporation and the Bank had met all capital adequacy requirements to which they were subject. Federal banking regulators have defined specific capital categories, and categories range from a best of well capitalized to a worst of critically under-capitalized. Both the Corporation and the Bank were classified as well capitalized as of December 31, 2014 and 2013.

The Corporation s and the Bank s actual capital amounts and ratios as of December 31, 2014 and 2013 are presented in the following table:

	Actual		**Minimum to be Well Capitalized**	
(dollars in thousands)	**Amount**	**Ratio**	**Amount**	**Ratio**
December 31, 2014				
Total (Tier II) capital to risk weighted assets:				
Corporation	$ 217,371	12.86%	$ 169,071	10%
Bank	$ 207,680	12.32%	$ 168,557	10%
Tier I capital to risk weighted assets:				
Corporation	$ 202,734	11.99%	$ 101,442	6%
Bank	$ 193,043	11.45%	$ 101,134	6%
Tier I capital to average assets:				
Corporation	$ 202,734	9.54%	$ 106,306	5%
Bank	$ 193,043	9.09%	$ 106,173	5%
December 31, 2013				
Total (Tier II) capital to risk weighted assets:				
Corporation	$ 200,667	12.55%	$ 159,924	10%
Bank	$ 197,463	12.38%	$ 159,493	10%
Tier I capital to risk weighted assets:				
Corporation	$ 185,022	11.57%	$ 95,954	6%
Bank	$ 181,818	11.40%	$ 95,696	6%
Tier I capital to average assets:				
Corporation	$ 185,022	9.29%	$ 99,543	5%

Bank	$ 181,818	9.14%	$ 99,424	5%

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Note 26 Selected Quarterly Financial Data (Unaudited)

(dollars in thousands, except per share data)	2014 1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
Interest income	$ 20,161	$ 20,941	$ 20,749	$ 21,055
Interest expense	1,438	1,499	1,573	1,568
Net interest income	18,723	19,442	19,176	19,487
Provision for loan and lease losses	750	(100)	550	(316)
Other income	11,139	12,757	11,543	12,883
Other expense	18,899	20,626	19,961	21,932
Income before income taxes	10,213	11,673	10,208	10,754
Tax expense	3,524	4,069	3,702	3,710
Net income	$ 6,689	$ 7,604	$ 6,506	$ 7,044
Basic earnings per common share*	$ 0.50	$ 0.56	$ 0.48	$ 0.52
Diluted earnings per common share*	$ 0.49	$ 0.55	$ 0.47	$ 0.51
Dividend declared	$ 0.18	$ 0.18	$ 0.19	$ 0.19

(dollars in thousands, except per share data)	2013 1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
Interest income	$ 18,855	$ 19,217	$ 19,820	$ 20,525
Interest expense	1,446	1,294	1,287	1,400
Net interest income	17,409	17,923	18,533	19,125
Provision for loan and lease losses	804	1,000	959	812
Other income	11,790	12,943	11,387	12,235
Other expense	20,235	20,524	19,323	20,658
Income before income taxes	8,160	9,342	9,638	9,890
Tax expense	2,840	3,090	3,237	3,419
Net income	$ 5,320	$ 6,252	$ 6,401	$ 6,471
Basic earnings per common share*	$ 0.40	$ 0.47	$ 0.48	$ 0.48
Diluted earnings per common share*	$ 0.40	$ 0.46	$ 0.47	$ 0.47
Dividend declared	$ 0.17	$ 0.17	$ 0.17	$ 0.18

* *Earnings per share is computed independently for each period shown. As a result, the sum of the quarters may not equal the total earnings per share for the year.*

Note 27 Parent Company-Only Financial Statements

The condensed financial statements of the Corporation (parent company only) are presented below. These statements should be read in conjunction with the Notes to the Consolidated Financial Statements.

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A. Condensed Balance Sheets

(dollars in thousands)	December 31, 2014	December 31, 2013
Assets:		
Cash	$ 5,269	$ 5,435
Investment securities	420	401
Investments in subsidiaries, as equity in net assets	236,586	227,245
Premises and equipment, net	2,484	2,582
Goodwill	245	245
Other assets	1,791	2,164
Total assets	$ 246,795	$ 238,072
Liabilities and shareholders equity:		
Borrowings	$	$ 7,050
Other liabilities	1,321	1,124
Total liabilities	$ 1,321	$ 8,174
Common stock, par value $1, authorized 100,000,000 shares issued 16,742,135 shares and 16,596,869 shares as of December 31, 2014 and 2013, respectively, and outstanding 13,769,336 shares and 13,650,354 shares as of December 31, 2014 and 2013, respectively	$ 16,742	$ 16,597
Paid-in capital in excess of par value	100,486	95,673
Less common stock in treasury, at cost 2,972,799 shares and 2,946,515 shares as of December 31, 2014 and 2013, respectively	(31,642)	(30,764)
Accumulated other comprehensive loss, net of deferred income taxes benefit	(11,704)	(5,565)
Retained earnings	171,592	153,957
Total shareholders equity	$ 245,474	$ 229,898
Total liabilities and shareholders equity	$ 246,795	$ 238,072

B. Condensed Statements of Income

(dollars in thousands)	Twelve Months Ended December 31, 2014	2013	2012
Dividends from subsidiaries	$ 12,160	$ 8,165	$ 13,075
Interest and other income	2,156	2,062	2,672
Total operating income	14,316	10,227	15,747
Expenses	1,849	1,996	2,410
Income before equity in undistributed income of subsidiaries	12,467	8,231	13,337

Equity in undistributed income of subsidiaries	15,480	16,236	7,761
Income before income taxes	27,947	24,467	21,098
Income tax expense (benefit)	104	23	(49)
Net income	$ 27,843	$ 24,444	$ 21,147

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C. Condensed Statements of Cash Flows

	Twelve Months Ended December 31,		
(dollars in thousands)	**2014**	**2013**	**2012**
Operating activities:			
Net Income	$ 27,843	$ 24,444	$ 21,147
Adjustments to reconcile net income to net cash provided by operating activities:			
Equity in undistributed income of subsidiaries	(15,480)	(16,236)	(7,761)
Depreciation and amortization	98	98	98
Net gain on sale of available for sale securities			
Stock-based compensation cost	1,256	1,004	1,283
Net accretion of fair value adjustments			
Other, net	485	(1,138)	(239)
Net cash provided by operating activities	14,202	8,172	14,528
Investing Activities:			
Proceeds from sale of available for sale securities			
Acquisitions, net of cash acquired			(9,278)
Sale of subsidiary			10,500
Investment in subsidiaries			(4,800)
Net cash used by investing activities			(3,578)
Financing activities:			
Dividends paid	(10,189)	(9,297)	(8,529)
Change in other borrowings	(7,050)	(2,350)	(4,291)
Proceeds from sale of treasury stock	79	1,317	317
Repurchase of treasury stock	(947)	(553)	
Proceeds from issuance of common stock	72	176	2,118
Payment of contingent consideration for business combinations		(2,100)	(1,050)
Excess tax benefit from stock-based compensation	831	708	112
Proceeds from exercise of stock options	2,836	3,970	1,363
Net cash used by financing activities	(14,368)	(8,129)	(9,960)
Change in cash and cash equivalents	(166)	43	990
Cash and cash equivalents at beginning of year	5,435	5,392	4,402
Cash and cash equivalents at end of year	$ 5,269	$ 5,435	$ 5,392

Note 28 Segment Information

FASB Codification 280 Segment Reporting identifies operating segments as components of an enterprise which are evaluated regularly by the Corporation s Chief Operating Decision Maker, our Chief Executive Officer, in deciding how to allocate resources and assess performance. The Corporation has applied the aggregation criterion set forth in this codification to the results of its operations.

The Corporation s Banking segment consists of commercial and retail banking. The Banking segment is evaluated as a single strategic unit which generates revenues from a variety of products and services. The Banking segment generates interest income from its lending (including leases) and investing activities and is dependent on the gathering of lower cost deposits from its branch network or borrowed funds from other sources for funding its loans, resulting in the generation of net interest income. The Banking segment also derives revenues from other sources including gains on the sale in available for sale investment securities, gains on the sale of residential mortgage loans, service charges on deposit accounts, cash sweep fees, overdraft fees, BOLI income and interchange revenue associated with its Visa Check Card offering.

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The Wealth Management segment has responsibility for a number of activities within the Corporation, 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 Corporation since they have similar economic characteristics, products and services to those of the Wealth Management Division of the Corporation. In addition, with the October 1, 2014 acquisition of PCPB, which was merged with the Corporation s existing insurance subsidiary, Insurance Counsellors of Bryn Mawr (ICBM), and now operates under the Powers Craft Parker and Beard, Inc. name, the Wealth Management Division has assumed responsibility for all insurance services of the Corporation. Prior to the PCPB acquisition, ICBM was reported through the Banking segment. Any adjustments to prior year figures are immaterial and are not reflected in the table below.

The accounting policies of the Corporation are applied by segment in the following tables. The segments are presented on a pre-tax basis.

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The following table details the Corporation s segments:

	As of or for the Twelve Months Ended December 31,								
	2014			2013			2012		
dollars in thousands)	**Banking**	**Wealth Managemen**	**Consolidated**	**Banking**	**Wealth Managemen**	**Consolidated**	**Banking**	**Wealth Managemen**	**Consolidatec**
Jet interest income	$ 76,825	$ 3	$ 76,828	$ 72,987	$ 3	$ 72,990	$ 64,731	$ 4	$ 64,735
ess: loan loss rovision	884		884	3,575		3,575	4,003		4,003
Jet interest income fter loan loss rovision	75,941	3	75,944	69,412	3	69,415	60,728	4	60,732
)ther income:									
ees for wealth nanagement services		36,774	36,774		35,184	35,184		29,798	29,798
ervice charges on eposit accounts	2,578		2,578	2,445		2,445	2,477		2,477
oan servicing and ther fees	1,755		1,755	1,845		1,845	1,776		1,776
Jet gain on sale of oans	1,772		1,772	4,117		4,117	6,735		6,735
Jet gain (loss) on sale f available for sale ecurities	471		471	(8)		(8)	1,415		1,415
Jet gain (loss) on sale f other real estate wned	175		175	(300)		(300)	(86)		(86)
3OLI income	315		315	358		358	428		428
nsurance ommissions		1,210	1,210	651		651	444		444
)ther operating ncome	3,104	168	3,272	3,895	168	4,063	3,293	106	3,399
'otal other income	10,170	38,152	48,322	13,003	35,352	48,355	16,482	29,904	46,386
)ther expenses:									
alaries & wages	24,612	12,501	37,113	24,210	12,136	36,346	22,248	10,883	33,131
imployee benefits	4,306	3,034	7,340	5,942	2,890	8,832	5,660	2,467	8,127
)ccupancy and bank remises	5,753	1,552	7,305	5,357	1,505	6,862	4,619	1,255	5,874
Amortization of other ntangible assets	276	2,383	2,659	312	2,321	2,633	294	2,117	2,411
rofessional fees	2,923	94	3,017	2,246	210	2,456	2,665	203	2,868
	20,457	3,527	23,984	20,080	3,531	23,611	19,290	3,200	22,490

ther operating xpenses									
otal other expenses	58,327	23,091	81,418	58,147	22,593	80,740	54,776	20,125	74,901
egment profit	27,784	15,064	42,848	24,268	12,762	37,030	22,434	9,783	32,217
ntersegment revenues) expenses*	(372)	372		(372)	372		(484)	484	
re-tax segment profit fter eliminations	$ 27,412	$ 15,436	$ 42,848	$ 23,896	$ 13,134	$ 37,030	$ 21,950	$ 10,267	$ 32,217
of segment pre-tax rofit after liminations	64.0%	36.0%	100.0%	64.5%	35.5%	100.0%	68.1%	31.9%	100.0%
egment assets *dollars in millions)*	$ 2,197.8	$ 48.7	$ 2,246.5	$ 2,020.7	$ 41.0	$ 2,061.7	$ 1,990.9	$ 45.0	$ 2,035.9

* *Intersegment revenues consist of rental payments, deposit interest and management fees.*

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Other segment information:

Wealth Management Segment Information

	(dollars in millions)	
	December 31, 2014	**December 31, 2013**
Assets under management, administration, supervision and brokerage	$ 7,699.9	$ 7,268.3

Note 29 Subsequent Events

On January 1, 2015, the previously announced merger (the Merger) of Continental Bank Holdings, Inc. (CBH) with and into the Corporation, and the merger of Continental Bank with and into the Bank, as contemplated by the Agreement and Plan of Merger, by and between CBH and the Corporation, dated as of May 5, 2014 (as amended by the Amendment to Agreement and Plan of Merger, dated as of October 23, 2014, the Agreement), were completed. In accordance with the Agreement, the aggregate share consideration paid to CBH shareholders consisted of 3,878,383 shares of the Corporation s common stock. Shareholders of CBH received 0.45 shares of Corporation common stock for each share of CBH common stock they owned as of the effective date of the Merger. In addition, $1,323,000 was paid to certain warrant holders to cash-out certain warrants.

In connection with the Merger, the consideration paid and the estimated fair value of identifiable assets acquired and liabilities assumed as of the date of the Merger are summarized in the following table:

(dollars in thousands)	
Consideration paid:	
Common shares issued (3,878,304)	$ 121,391
Cash in lieu of fractional shares	2
Cash-out of certain warrants	1,323
Fair value of options assumed	2,343
Value of consideration	125,059
Assets acquired:	
Cash and due from banks	17,985
Investment securities available for sale	181,838
Loans	427,332
Premises and equipment	10,877
Deferred income taxes	5,750
Bank-owned life insurance	12,054
Core deposit intangible	4,191
Other assets	18,042
Total assets	678,069
Liabilities assumed:	
Deposits	481,674
FHLB and other long-term borrowings	19,726

Short-term borrowings	108,609
Other liabilities	4,556
Total liabilities	614,565
Net assets acquired	63,504
Goodwill resulting from acquisition of CBH	$ 61,555

The fair values of the assets acquired and liabilities assumed are preliminary estimates.

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Management s Report on Internal Control Over Financial Reporting

The Corporation is responsible for the preparation, integrity, and fair presentation of the consolidated financial statements included in this Annual Report on Form 10-K. The consolidated financial statements and notes included in this Annual Report on Form 10-K have been prepared in conformity with United States generally accepted accounting principles and necessarily include some amounts that are based on Management s best estimates and judgments.

The Corporation s Management is responsible for establishing and maintaining effective internal control over financial reporting that is designed to produce reliable financial statements in conformity with United States generally accepted accounting principles. Internal control over financial reporting includes those policies and procedures that pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of the Corporation; provide reasonable assurance that the transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles; provide a reasonable assurance that receipts and expenditures of the Corporation are only being made in accordance with authorizations of Management and directors of the Corporation; and provide a reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Corporation s assets that could have a material effect on the financial statements. The system of internal control over financial reporting as it relates to the financial statements is evaluated for effectiveness by Management and tested for reliability through a program of internal audits. Actions are taken to correct potential deficiencies as they are noted.

Any system of internal control, no matter how well designed, has inherent limitations, including the possibility that a control can be circumvented or overridden and misstatements due to error or fraud may occur and not be detected. Also, because of changes in conditions, internal control effectiveness may vary over time. Accordingly, even an effective system of internal control will provide only reasonable assurance with respect to financial statement preparation.

The Corporation s management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rule 13a-15(f). Management, including the Corporation s Chief Executive Officer and Chief Financial Officer, assessed the Corporation s system of internal control over financial reporting as of December 31, 2014, in relation to the criteria for effective control over financial reporting as described in Internal Control Integrated Framework, issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this assessment, Management concludes that, as of December 31, 2014, the Corporation s system of internal control over financial reporting is effective.

KPMG, LLP, which is the independent registered public accounting firm that audited the financial statements in this Annual Report on Form 10-K, has issued an attestation report on the Corporation s internal control over financial reporting which can be found below.

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ITEM 9. CHANGE IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

The Corporation carried out an evaluation, under the supervision and with the participation of the Corporation s management, including the Corporation s Chief Executive Officer, Francis J. Leto, and Chief Financial Officer, J. Duncan Smith, CPA, of the effectiveness of the Corporation s disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of December 31, 2014 pursuant to Exchange Act Rule 13a-15. Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the Corporation s disclosure controls and procedures as of December 31, 2014 are effective.

Changes in Internal Control over Financial Reporting

There were no changes in the Corporation s internal control over financial reporting during the fourth quarter of 2014 that have materially affected, or are reasonably likely to materially affect, the Corporation s internal control over financial reporting.

Design and Evaluation of Internal Control Over Financial Reporting

Pursuant to Section 404 of Sarbanes-Oxley, the following is a report of management s assessment of the design and effectiveness of our internal controls for the fiscal year ended December 31, 2014, and a report from our independent registered public accounting firm attesting to the effectiveness of our internal controls:

Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders

Bryn Mawr Bank Corporation:

We have audited Bryn Mawr Bank Corporation and subsidiaries (the Corporation) internal control over financial reporting as of December 31, 2014, based on criteria established in Internal Control Integrated Framework (1992) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Corporation s management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management s Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company s internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

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A company s internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company s internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company s assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the Corporation maintained, in all material respects, effective internal control over financial reporting as of December 31, 2014, based on criteria established in Internal Control Integrated Framework (1992) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of the Corporation as of December 31, 2014 and 2013, and the related consolidated statements of income, comprehensive income, cash flows, and changes in shareholders equity for each of the years in the three-year period ended December 31, 2014, and our report dated March 12, 2015 expressed an unqualified opinion on those consolidated financial statements.

Philadelphia, Pennsylvania

March 12, 2015

ITEM 9B. OTHER INFORMATION

None.

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PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The information required for Item 10 is incorporated by reference to the sections titled Our Board of Directors, Information About our Directors, Information About our Executive Officers, Corporate Governance, Audit Committ Report and Section 16(a) Beneficial Ownership Reporting Compliance in the 2015 Proxy Statement.

ITEM 11. EXECUTIVE COMPENSATION

The information required for Item 11 is incorporated by reference to section titled Director Compensation, Compensation Discussion and Analysis, Executive Compensation, Compensation Committee Report and Compensation Committee Interlocks and Insider Participation in the 2015 Proxy Statement.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The information required for Item 12 is incorporated by reference to the section titled Security Ownership of Certain Beneficial Owners and Management and Equity Compensation Plan Information in the 2015 Proxy Statement.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The information required for Item 13 is incorporated by reference to sections titled Transactions with Related Persons and Corporate Governance Director Independence in the 2015 Proxy Statement.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

The information required for Item 14 is incorporated by reference to the sections Independent Registered Public Accounting Firm and Audit and Non-Audit Fees in the 2015 Proxy Statement.

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PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

Item 15(a) (1 & 2) Financial Statements and Schedules

The financial statements listed in the accompanying index to financial statements are filed as part of this Annual Report.

Item 15(a) (3) and **(b)** Exhibits

Exhibit No.	Description and References
2.1	Stock Purchase Agreement, dated as of February 18, 2011, by and between Bryn Mawr Bank Corporation and Hershey Trust Company, incorporated by reference to Exhibit 2.1 of the Corporation s 8-K filed with SEC on February 18, 2011
2.2	Amendment to Stock Purchase Agreement, dated as of May 27, 2011, by and between Hershey Trust Company and Bryn Mawr Bank Corporation, incorporated by reference to Exhibit 2.2 of the Corporation s 8-K filed with the SEC on May 27, 2011
2.3	Assignment and Assumption Agreement, dated as of May 27, 2011, by and between Hershey Trust Company and PWMG Bank Holding Company Trust, incorporated by reference to Exhibit 2.3 of the Corporation s 8-K filed with the SEC on May 27, 2011
2.4	Stock Purchase Agreement, dated as of February 3, 2012, by and among Bryn Mawr Bank Corporation, Davidson Trust Company, Boston Private (PA) Corporation, Bruce K. Bauder, Ernest E. Cecilia, Joseph J. Costigan, William S. Covert, James M. Davidson, Steven R. Klammer, N. Ray Sague, Malcolm C. Wilson, Boston Private Financial Holdings, Inc., and Alvin A. Clay III, incorporated by reference to Exhibit 2.1 of the Corporation s 8-K filed with the SEC on February 7, 2012
2.5	Purchase and Assumption Agreement, dated as of April 27, 2012, by and between The Bryn Mawr Trust Company and First Bank of Delaware, incorporated by reference to Exhibit 2.1 of the Corporation s 8-K filed with the SEC on May 2, 2012
2.6	Amendment to Stock Purchase Agreement, dates as of May 15, 2012, by and among Bryn Mawr Bank Corporation, Davidson Trust Company, Boston Private (PA) Corporation, Bruce K. Bauder,

	Ernest E. Cecilia, Joseph J. Costigan, William S. Covert, James M. Davidson, Steven R. Klammer, N. Ray Sague, Malcolm C. Wilson, Boston Private Financial Holdings, Inc., and Alvin A. Clay III, incorporated by reference to Exhibit 2.1 of the Corporation s 8-K filed with the SEC on May 18, 2012
2.7	Amendment to Purchase and Assumption Agreement, dated as of October 12, 2012, by and between The Bryn Mawr Trust Company and First Bank of Delaware, incorporated by reference to Exhibit 2.1 of the Corporation s 8-K filed with the SEC on October 18, 2012
2.8	Amendment to Purchase and Assumption Agreement, dated as of November 14, 2012, by and between The Bryn Mawr Trust Company and First Bank of Delaware, incorporated by reference to Exhibit 2.1 of the Corporation s 8-K filed with the SEC on November 19, 2012

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Exhibit No.	Description and References
2.9	Agreement and Plan of Merger, dated as of March 27, 2013, by and between Bryn Mawr Bank Corporation and MidCoast Community Bancorp, Inc., incorporated by reference to Exhibit 2.1 of the Corporation s Form 8-K filed with the SEC on March 29, 2013
2.10	Agreement and Plan of Merger, dated as of May 5, 2014, by and between Bryn Mawr Bank Corporation and Continental Bank Holdings, Inc., incorporated by reference to Exhibit 2.1 to the Corporation s Form 8-K filed with the SEC on May 5, 2014
2.11	Amendment to Agreement and Plan of Merger, dated as of October 23, 2014, between Bryn Mawr Bank Corporation and Continental Bank Holdings, Inc., incorporated by reference to Exhibit 2.1 to the Corporation s Form 8-K filed with the SEC on October 23, 2014
2.12	Stock Purchase Agreement, dated as of August 21, 2014, by and among The Bryn Mawr Trust Company, Donald W. Parker, Edward F. Lee, and Powers Craft Parker & Beard, Inc., incorporated by reference to Exhibit 2.1 to the Corporation s Form 10-Q filed with the SEC on November 7, 2014
2.13	Amendment to Stock Purchase Agreement, dated as of October 1, 2014, by and among The Bryn Mawr Trust Company, Donald W. Parker, Edward F. Lee, and Powers Craft Parker and Beard, Inc., incorporated by reference to Exhibit 2.1 to the Corporation s Form 8-K filed with the SEC on October 3, 2014
3.1	Amended and Restated By-Laws, effective November 20, 2007, incorporated by reference to Exhibit 3.2 of the Corporation s Form 8-K filed with the SEC on November 21, 2007
3.2	Amended and Restated Articles of Incorporation, effective November 21, 2007, incorporated by reference to Exhibit 3.1 of the Corporation s Form 8-K filed with the SEC on November 21, 2007
4.1	Amended and Restated By-Laws, effective November 20, 2007, incorporated by reference to Exhibit 3.2 of the Corporation s Form 8-K filed with the SEC on November 21, 2007
4.2	Amended and Restated Articles of Incorporation, effective November 21, 2007, incorporated by reference to Exhibit 3.1 of the Corporation s Form 8-K filed with the SEC on November 21, 2007
4.3	Subordinated Note Purchase Agreement dated July 30, 2008, incorporated by reference to Exhibit 4.4 of the Corporation s 10-Q filed with SEC on November 10, 2008
4.4	Subordinated Note Purchase Agreement dated August 28, 2008, incorporated by reference to Exhibit 4.5 of the Corporation s 10-Q filed with the SEC on November 10, 2008
4.5	Subordinated Note Purchase Agreement dated April 20, 2009, incorporated by reference to Exhibit 4.6 of the Corporation s 10-Q filed with the SEC on August 7, 2009
4.6	Shareholder Rights Agreement, dated as of November 16, 2012, between Bryn Mawr Bank Corporation and Computershare Shareowner Services LLC, as Rights Agent, incorporated by reference to Exhibit 4.1 of the Corporation s 8-K filed with the SEC on November 16, 2012
10.1*	Amended and Restated Supplemental Employee Retirement Plan of the Bryn Mawr Bank Corporation, effective January 1, 1999, incorporated by reference to Exhibit 10.1 of the Corporation s Form 10-K filed with the SEC on March 13, 2008
10.2**	Form of Restricted Stock Agreement for Employees (Service/Performance Based) Subject to the 2010 Long Term Incentive Plan, incorporated by reference to Exhibit 10.3 of the Corporation s Form 10-K filed with the SEC on March 16, 2011

10.3*	Amended and Restated Deferred Bonus Plan for Executives of Bryn Mawr Bank Corporation, effective January 1, 2008 incorporated by reference to Exhibit 10.4 of the Corporation s Form 10-K filed with the SEC on March 16, 2009

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Exhibit No.	Description and References
10.4*	Amended and Restated Deferred Payment Plan for Directors of Bryn Mawr Bank Corporation, effective January 1, 2008 incorporated by reference to Exhibit 10.5 of the Corporation s Form 10-K filed with the SEC on March 16, 2009
10.5*	Amended and Restated Deferred Payment Plan for Directors of Bryn Mawr Trust Company, effective January 1, 2008 incorporated by reference to Exhibit 10.6 of the Corporation s Form 10-K filed with the SEC on March 16, 2009
10.6*	Employment Letter Agreement, dated as of April 25, 2014, between the Corporation and Francis J. Leto, incorporated by reference to Exhibit 10.1 to the Corporation s Form 8-K filed with the SEC on April 25, 2014
10.7*	Amendment to 2012 Restricted Stock Agreement, dated August 20, 2014, between Bryn Mawr Bank Corporation and Fredrick C. Peters, II, incorporated by reference to Exhibit 10.1 to the Corporation s Form 8-K filed with the SEC on August 21, 2014
10.8*	Amendment to 2013 Restricted Stock Unit Agreement, dated August 20, 2014, between Bryn Mawr Bank Corporation and Fredrick C. Peters, II, incorporated by reference to Exhibit 10.2 to the Corporation s Form 8-K filed with the SEC on August 21, 2014
10.9**	Bryn Mawr Bank Corporation 2004 Stock Option Plan, incorporated by reference to Appendix A of the Corporation s Proxy Statement dated March 10, 2004 filed with the SEC on March 8, 2004
10.10*	Executive Change-of-Control Amended and Restated Severance Agreement, dated May 21, 2004, between the Bryn Mawr Trust Company and Alison E. Gers, incorporated by reference to Exhibit 10.M of the Corporation s Form 10-K filed with the SEC on March 15, 2007
10.11*	Executive Change-of-Control Amended and Restated Severance Agreement, dated May 21, 2004, between the Bryn Mawr Trust Company and Joseph G. Keefer, incorporated by reference to Exhibit 10.N of the Corporation s Form 10-K filed with the SEC on March 15, 2007
10.12*	Executive Severance and Change of Control Agreement, dated April 4, 2005, between the Bryn Mawr Trust Company and J. Duncan Smith, incorporated by reference to Exhibit 10.1 of the Corporation s Form 8-K filed with the SEC on April 6, 2005
10.13**	Form of Key Employee Non-Qualified Stock Option Agreement, incorporated by reference to Exhibit 10.3 of the Corporation s Form 10-Q filed with the SEC on May 10, 2005
10.14**	Form of Non-Qualified Stock Option Agreement for Non-Employee Directors, incorporated by reference to Exhibit 10.2 of the Corporation s Form 10-Q filed with the SEC on May 10, 2005
10.15**	Form of Restricted Stock Unit Agreement for Employees (Service/Performance Based) Multi-Year Vesting, incorporated by reference to Exhibit 10.1 to the Corporation s Form 8-K filed with the SEC on September 17, 2014
10.16**	2007 Long Term Incentive Plan, effective April 25, 2007, incorporated by reference to Exhibit 10.1 of the Corporation s Form 10-Q filed with the SEC May 10, 2007
10.17**	Bryn Mawr Bank Corporation Supplemental Employee Retirement Plan for Select Executives, executed December 8, 2008, incorporated by reference to Exhibit 10.20 of the Corporation s Form 10-K filed with the SEC on March 16, 2009
10.18	Form of Director Letter Agreement, incorporated by reference to Exhibit 10.2 to the Corporation s Form 10-Q filed with the SEC on August 8, 2014

10.19*	Executive Change-of-Control Amended and Restated Severance Agreement, dated November 2, 2009, between the Bryn Mawr Trust Company and Francis J. Leto, incorporated by reference to Exhibit 10.1 of the Corporation s 8-K filed with the SEC on November 6, 2009

Exhibit No.	Description and References
10.20**	Bryn Mawr Bank Corporation Amended and Restated Dividend Reinvestment and Stock Purchase Plan with Request for Waiver Program, effective April 27, 2012, incorporated by reference to the prospectus supplement filed with the SEC on April 27, 2012 pursuant to Rule 424(b)(2) of the Securities Act
10.21**	Bryn Mawr Bank Corporation 2010 Long-Term Incentive Plan, effective April 28, 2010, incorporated by reference to Exhibit 10.24 of the Corporation s Form 10-Q filed with the SEC on May 10, 2010
10.22*	Amended and Restated Transition, Consulting, Noncompetition and Retirement Agreement, dated November 25, 2008, by and among First Keystone Financial, Inc., First Keystone Bank and Donald S. Guthrie, as assumed by Bryn Mawr Bank Corporation and The Bryn Mawr Trust Company as of July 1, 2010, incorporated by reference to Exhibit 10.1 of the Corporation s Form 8-K filed with the SEC on July 1, 2010
10.23**	First Keystone Financial, Inc. Amended and Restated 1998 Stock Option Plan, as assumed by Bryn Mawr Bank Corporation, incorporated by reference to Exhibit 10.1 of the Corporation s Post-Effective Amendment No. 1 to Form S-4 on Form S-3, filed with the SEC on July 9, 2010
10.24*	Executive Change-of-Control Amended and Restated Severance Agreement, dated September 27, 2010, between the Bryn Mawr Trust Company and Geoffrey L. Halberstadt, incorporated by reference to Exhibit 10.29 of the Corporation s Form 10-K filed with the SEC on March 16, 2011
10.25**	Restricted Stock Agreement for Employees (Service/Performance Based) Subject to the 2010 Long Term Incentive Plan, dated as of January 10, 2011, for Francis J. Leto, incorporated by reference to Exhibit 10.30 of the Corporation s Form 10-K filed with the SEC on March 16, 2011
10.26	Amendment No. 2 to Stock Purchase Agreement by and between PWMG Bank Holding Company Trust and Bryn Mawr Bank Corporation dated September 29, 2011, filed with the SEC on Form 8-K on October 4, 2011
10.27**	Form of Restricted Stock Agreement for Employees (Service/Performance Based) Subject to the 2010 Long Term Incentive Plan, incorporated by reference to Exhibit 10.32 of the Corporation s Form 10-Q filed with the SEC on November 9, 2011
10.28**	Form of Restricted Stock Agreement for Directors (Service/Performance Based) Subject to the 2010 Long Term Incentive Plan, incorporated by reference to Exhibit 10.33 of the Corporation s Form 10-Q filed with the SEC on November 9, 2011
10.29*	Amendment No. 1 to Amended and Restated Deferred Bonus Plan for Executives of Bryn Mawr Bank Corporation, effective as of January 1, 2013, incorporated by reference to Exhibit 10.29 of the Corporation s Form 10-K filed with the SEC on March 15, 2013
10.30*	Amendment No. 2 to Amended and Restated Deferred Bonus Plan for Executives of Bryn Mawr Bank Corporation, effective as of January 1, 2013, incorporated by reference to Exhibit 10.30 of the Corporation s Form 10-K filed with the SEC on March 15, 2013
10.31*	Form of Letter Agreement entered into with certain executive officers of the Corporation in connection with the curtailment of benefits under the Bryn Mawr Bank Corporation Supplemental Employee Retirement Plan for Select Executives, executed December 8, 2008 (SERP II), incorporated by reference to Exhibit 10.1 of the Corporation s Form 8-K filed with the SEC on April 4, 2013

10.32*	Bryn Mawr Bank Corporation Executive Deferred Compensation Plan, effective January 1, 2013, incorporated by reference to Exhibit 10.32 of the Corporation s Form 10-K filed with the SEC on March 14, 2014

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Exhibit No.	Description and References
10.33*	Retention Bonus Agreement, dated as of June 10, 2013, by and between The Bryn Mawr Trust Company and Francis J. Leto, incorporated by reference to Exhibit 10.1 of the Corporation s Form 8-K filed with the SEC on June 14, 2013
10.34	Mutual Termination Agreement, dated as of August 8, 2013, by and between Bryn Mawr Bank Corporation and MidCoast Community Bancorp, Inc., incorporated by reference to Exhibit 10.1 of the Corporation s Form 8-K filed with the SEC on August 9, 2013
10.35**	Form of Restricted Stock Unit Agreement for Employees (Service/Performance Based), incorporated by reference to Exhibit 10.4 to the Corporation s Form 10-Q filed with the SEC on November 7, 2014
10.36**	Form of Restricted Stock Unit Agreement for Directors (Service/Performance Based), incorporated by reference to Exhibit 10.5 to the Corporation s Form 10-Q filed with the SEC on November 7, 2014
10.37**	Form of Restricted Stock Unit Agreement Inducement Grant, incorporated by reference to Exhibit 10.6 to the Corporation s Form 10-Q filed with the SEC on November 7, 2014
21.1	List of Subsidiaries, filed herewith
23.1	Consent of KPMG LLP, filed herewith
31.1	Certification of the Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, filed herewith
31.2	Certification of the Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, filed herewith
32.1	Certification of Chief Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, filed herewith
32.2	Certification of Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, filed herewith
99.1	Corporation s Proxy Statement for 2015 Annual Meeting to be held on April 30, 2015, expected to be filed with the SEC on or about March 19, 2015, and incorporated herein by reference
101.INS XBRL	Instance Document, filed herewith
101.SCH XBRL	Taxonomy Extension Schema Document, filed herewith
101.CAL XBRL	Taxonomy Extension Calculation Linkbase Document, filed herewith
101.DEF XBRL	Taxonomy Extension Definition Linkbase Document, filed herewith
101.LAB XBRL	Taxonomy Extension Label Linkbase Document, filed herewith
101.PRE XBRL	Taxonomy Extension Presentation Linkbase Document, filed herewith

* Management contract or compensatory plan arrangement.

** Shareholder approved compensatory plan pursuant to which the Registrant s Common Stock may be issued to employees of the Corporation.

Item 15(c) Not Applicable

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SIGNATURES

Pursuant to the requirements of section 13 or 15d of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, there unto duly authorized.

Bryn Mawr Bank Corporation

By /s/ J. Duncan Smith,
J. Duncan Smith
Treasurer and Chief Financial Officer
Date March 12, 2015

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed by the following persons on behalf of the Corporation and in the capacities and on the date indicated.

NAME	TITLE	DATE
/s/ Britton H. Murdoch **Britton H. Murdoch**	Chairman and Director	March 12, 2015
/s/ Francis J. Leto **Francis J. Leto**	President and Chief Executive Officer (Principal Executive Officer) and Director	March 12, 2015
/s/ J. Duncan Smith **J. Duncan Smith**	Treasurer and Chief Financial Officer (Principal Financial and Accounting Officer)	March 12, 2015
/s/ Michael J. Clement **Michael J. Clement**	Director	March 12, 2015
/s/ Andrea F. Gilbert **Andrea F. Gilbert**	Director	March 12, 2015
/s/ Donald S. Guthrie **Donald S. Guthrie**	Director	March 12, 2015
Wendell F. Holland	Director	

/s/ Scott M. Jenkins	Director	March 12, 2015
Scott M. Jenkins		
/s/ Jerry L. Johnson	Director	March 12, 2015
Jerry L. Johnson		
/s/ A. John May, III	Director	March 12, 2015
A. John May, III		
/s/ Lynn B. McKee	Director	March 12, 2015
Lynn B. McKee		
/s/ Frederick C. Peters II	Director	March 12, 2015
Frederick C. Peters		

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