

BRYN MAWR BANK CORP  
Form DEF 14A  
March 18, 2016

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**UNITED STATES**

**SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

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**SCHEDULE 14A**

**Proxy Statement Pursuant to Section 14(a) of the  
Securities Exchange Act of 1934**

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Filed by the Registrant    Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

**Confidential, for Use of the Commission Only(as permitted by Rule 14a-6(e)(2))**

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material under §240.14a-12

**Bryn Mawr Bank Corporation**

**(Name of Registrant as Specified In Its Charter)**

**(Name of Person(s) Filing Proxy Statement, if other than the Registrant)**

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

1. Title of each class of securities to which transaction applies:

2. Aggregate number of securities to which transaction applies:

3. Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

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1. Amount previously paid:

2. Form, Schedule or Registration Statement No.:

3. Filing Party:

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Dear Fellow Shareholders:

You are cordially invited to attend the 2016 Annual Meeting of shareholders of Bryn Mawr Bank Corporation (the “Corporation”), which will be held at Merion Cricket Club, 325 Montgomery Avenue, Haverford, PA on Thursday, April 28, 2016, at 11:00 A.M. At the Annual Meeting, shareholders will be asked to elect directors, approve our 2015 executive officer compensation in an advisory capacity, ratify the appointment of KPMG LLP as our independent registered public accounting firm for 2016, and act upon such other business as may properly come before the meeting. This year, we will again be using the “Notice and Access” method of providing proxy materials to you via the Internet. We believe that this process provides you with a convenient and quick way to access the proxy materials while allowing us to conserve natural resources and reduce the costs of printing and distributing.

On or about March 18, 2016, we mailed to our shareholders an Important Notice Regarding the Availability of Proxy Materials, which we refer to as the Notice and Access card, containing instructions on how to access our proxy statement and annual report on Form 10-K, and how to authorize a proxy to vote your shares. The Notice and Access card also contains instructions as to how you can receive a paper or email copy of our proxy materials. It is important that your shares be represented at the annual meeting and voted in accordance with your wishes. Whether or not you plan to attend the meeting, we urge you to complete a proxy as promptly as possible—by Internet, telephone or mail—so that your shares will be voted at the annual meeting. This will not limit your right to vote in person or to attend the meeting.

2015 was a year of transition and investment for future growth of the Bryn Mawr Bank Corporation and The Bryn Mawr Trust Company (the “Bank”). We finalized the mergers and acquisitions of Continental Bank Holdings, Inc. and Robert J. McAllister Agency, Inc. In January, the Board of Directors adopted a Strategic Plan for the Corporation that included the implementation of many initiatives intended to enhance overall shareholder value in the coming years. We restructured a number of groups within the Bank and took advantage of the dislocation of other Bank mergers and acquisitions within the area by adding to our lending team.

The Corporation incurred a significant portion of the expenses related to the plan and other initiatives in 2015 including the cost associated with significant upgrades to the Bank’s core systems, operating infrastructure, information technology, internet banking platforms and the expansion in both region and product offering of the

Bank's and its subsidiaries lending initiatives. Additionally, the Corporation issued \$30 million in fixed-to-floating rate subordinated notes, settled the Corporation's frozen Pension Plan and implemented a new stock repurchase plan.

While these investments and initiatives were designed to improve overall shareholder value in the coming years, the expenses incurred created a challenging year financially. However, we feel that the investments set the stage for our continued growth in the face of the ever increasing challenges in the economy and regulatory arenas.

We started to see the success of some of these initiatives by year-end with significant growth in our Residential Mortgage Division and the growth of outstanding loans in our Hershey loan production office.

The core business of the Bank also performed well in 2015. Organic loan growth was 9.3%. In the face of difficult equity markets, our Wealth Division saw solid growth in assets of \$664.9 million, primarily led by The Bryn Mawr Trust Company of Delaware's asset growth.

Our diversified revenue streams continue to improve, and we feel that this diversification allows us to grow in varied market environments.

2016 will be a year of continuing to focus on our organic growth strategies and the Strategic Plan, and continuing to explore strategic opportunities that are in the best long-term interest of the Corporation, the Bank, and our clients and shareholders.

We thank you for your continued interest in the Corporation and the Bank.

Very truly yours,

Britton H. Murdoch  
Chairman

Francis J. Leto  
President & CEO



**PROXY STATEMENT**

**BRYN MAWR BANK CORPORATION**

**801 Lancaster Avenue**

**Bryn Mawr, PA 19010-3396**

**First Furnished to Shareholders on March 18, 2016**

**INFORMATION REGARDING THE ANNUAL MEETING OF SHAREHOLDERS**

**Matters to be considered at the Annual Meeting of Shareholders**

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This Proxy Statement is being furnished to shareholders of Bryn Mawr Bank Corporation (“we,” “us,” “our” or the “Corporation”) in connection with the solicitation of proxies by the Board of Directors of the Corporation for use at the Corporation’s Annual Meeting of Shareholders to be held on Thursday, April 28, 2016, at 11:00 A.M. at Merion Cricket Club, 325 Montgomery Ave, Haverford, PA 19041, or any adjournment or postponement of the meeting (the “Annual Meeting”). At the Annual Meeting, the shareholders will consider and vote upon the election of two Class II directors, a non-binding advisory vote on executive officer compensation, and the ratification of the appointment of KPMG LLP as the independent registered public accounting firm for the fiscal year ending December 31, 2016, and such other business as may properly come before the meeting or any adjournment thereof. The proxies are authorized to transact such other business as may properly come before the Annual Meeting.

**Important Notice Regarding the Availability of Proxy Materials  
for the Annual Meeting of Shareholders to be Held on April 28, 2016**

**This proxy statement and the Corporation’s annual report to shareholders are available at [www.bmtc.com](http://www.bmtc.com) by clicking on “About Us” followed by “Investor Relations,” “SEC Filings” and “Documents,” or by going directly to [www.snl.com/irweblinkx/docs.aspx?iid=100154](http://www.snl.com/irweblinkx/docs.aspx?iid=100154).**

## Notice and Access

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This year, we are using the “Notice and Access” method of providing proxy materials to you via the Internet instead of mailing printed copies. We believe that this process will provide you with a convenient and quick way to access the proxy materials, including our proxy statement and 2015 annual report to shareholders, and authorize a proxy to vote your shares, while allowing us to conserve natural resources and reduce the costs of printing and distributing the proxy materials.

Most shareholders will not receive paper copies of the proxy materials unless they request them. Instead, the Important Notice Regarding Availability of Proxy Materials, which we refer to as the Notice and Access card, which was mailed to our shareholders on March 18, 2016, provides instructions regarding how you may access and review all of the proxy materials on the Internet. The Notice and Access card also instructs you how to submit your proxy via the Internet or telephone. If you would like to receive a paper or email copy of our proxy materials, you should follow the instructions for requesting such materials printed on the Notice and Access card.

If your shares are held by a brokerage house or other custodian, nominee or fiduciary in “street name,” you will receive a Notice and Access card intended for their beneficial holders with instructions for providing to such intermediary voting instructions for your shares. You may also request paper copies of the proxy materials and provide voting instructions by completing and returning the enclosed voting instruction form in the addressed, postage paid envelope provided. Alternatively, if you receive paper copies, many intermediaries provide instructions for their beneficial holders to provide voting instructions via the Internet or by telephone. If your shares are held in “street name” and you would like to vote your shares in person at the Annual Meeting, you must contact your broker, custodian, nominee or fiduciary to obtain a legal proxy form from the record holder of your shares and present it to the inspector of election with your ballot.



## Record Date, Voting and Voting Procedures

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Our Board has fixed the close of business on March 11, 2016, as the record date for determining holders of record of our common stock, entitled to notice of, and to vote at, the Annual Meeting. Each shareholder is entitled to one vote per share on the matters to be considered at the Annual Meeting.

A quorum is the minimum number of shares required to be present at the Annual Meeting for the meeting to be properly held under our bylaws. The holders of a majority of the outstanding shares of our common stock, present either in person or by proxy, will constitute a quorum for the transaction of business at the Annual Meeting. As of March 11, 2016, there were 16,832,317 shares of our common stock outstanding. The shares for which shareholders abstain on one or more matters will be counted as present at the meeting for purposes of determining a quorum if the shareholder is physically present or if the shareholder has submitted a valid proxy for the shares, whether by Internet, telephone or executed paper proxy card. Broker non-votes will be counted as present at the meeting for purposes of determining a quorum so long as the shares are voted by the broker on at least one matter.

Shares represented by properly submitted proxies will be voted in accordance with the directions indicated in the proxies, unless those proxies have previously been revoked. If a properly submitted proxy does not give any voting directions, then that proxy will be voted in favor of the adoption of the proposals recommended by the Board, and in the discretion of the proxy agents on any other matters which may properly come before the Annual Meeting.

For purposes of the Annual Meeting, if a quorum is present, the Corporation's articles provide that each director shall be elected by a majority of the votes cast in person or by proxy for that position. Cumulative voting is not permitted. "Withhold" votes and broker non-votes will not count in determining the number of votes required to elect a director, and they will not count in favor of or against a director's election.

For the other proposals to be presented at the Annual Meeting, if a quorum is present, the Corporation's bylaws require the affirmative vote of a majority of the shares having voting powers and present in person or represented by proxy to approve the proposals. Abstentions and broker non-votes are not deemed to constitute "votes cast" and, therefore, do not count either for or against approval of a given proposal.

A shareholder may revoke a proxy at any time prior to its use for any purpose by giving written notice of revocation to our Corporate Secretary, Geoffrey L. Halberstadt, at our principal executive offices at 801 Lancaster Avenue, Bryn Mawr, PA 19010-3396. A shareholder may also appear in person at the Annual Meeting and ask to withdraw the proxy prior to its use for any purpose and can vote in person. A later dated proxy revokes an earlier dated proxy.

We do not know at this time of any business, other than that stated in this Proxy Statement, which will be presented for consideration at the Annual Meeting. If you grant a proxy, the persons named as proxy holders will have the discretion to vote your shares on any additional matters properly presented for a vote at the Annual Meeting or with respect to any amendments or variations to the proposals described in this proxy statement.

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## Other Matters

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We will bear the entire cost of soliciting proxies for the Annual Meeting. In addition to the use of the mails, proxies may be solicited by personal interview, telephone, telefax and e-mail, by our directors, officers and employees and those of our wholly-owned subsidiary, The Bryn Mawr Trust Company (which we refer to as the “Bank”). Arrangements have been made with brokerage houses and other custodians, nominees and fiduciaries for forwarding paper copies of our proxy materials to beneficial holders of our common stock held of record by such persons, and we will reimburse such persons for their expenses in doing so.

### PROPOSAL 1—ELECTION OF DIRECTORS

One of the purposes of the Annual Meeting is the election of directors to our Board. The following directors have been nominated by our Board for election as a director to serve as follows:

Class II—Term to Expire in 2020:

Andrea F. Gilbert

Lynn B. McKee

The persons named as proxies in the accompanying form of proxy have advised us that, unless otherwise instructed, they intend at the Annual Meeting to vote the shares covered by proxies for the election of the nominees named in this Proxy Statement. The proxies cannot be voted for a greater number of persons than the number of nominees named above. If a nominee should, at the time of the Annual Meeting, be unavailable or unable to serve as a director, the shares represented by the proxies shall be voted for such substitute as the Board may recommend. The Board knows of no reason why any nominee will be unavailable or unable to serve as director. We expect the nominees to be willing and able to serve as directors.

**For director elections, a majority of the votes cast in person or by proxy for each such position is required to elect the applicable nominee. Proxies solicited by the Board will be voted FOR the nominees listed above, unless the shareholders specify a contrary choice in their proxies.**

***THE BOARD RECOMMENDS A VOTE FOR THE NOMINEES LISTED ABOVE.***

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## INFORMATION ABOUT OUR DIRECTORS

### Our Directors

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The following table sets forth certain information for each of our directors. Except as indicated below, each of the persons named below has been employed in their present principal occupation for the past five years.

### NOMINEES FOR DIRECTOR – CLASS II

*If elected, the terms of the following directors expire in 2020:*

#### Andrea F. Gilbert – Age 62

**Board Committee Membership: Executive, Management Development and Compensation (Chair), Nominating and Corporate Governance**

President, Bryn Mawr Hospital since 2002.

As President of Bryn Mawr Hospital, Ms. Gilbert has responsibility for the day-to-day operations, strategic planning, fundraising, recruitment of leadership personnel and physicians, and hospital clinical outcomes of a \$300 million organization which employs approximately 2,000 people. With 35 years of experience in health care management, Ms. Gilbert brings to the Board an extensive background and experience level in governance, risk management, compensation and benefits, marketing, organizational management and financial planning.

#### Lynn B. McKee – Age 60

**Board Committee Membership: Management Development and Compensation, Nominating and Corporate Governance, Risk Management**

Lynn McKee is Executive Vice President, Human Resources for ARAMARK (a global leader in food, facilities and uniform services), a position she has held since 2004, currently has Board level responsibilities for all human resources issues at ARAMARK, including compensation, benefits, talent management and labor and employee relations, and is the point person for all matters related to ARAMARK's Executive Leadership Team. Since joining ARAMARK in 1980, Ms. McKee has served in a number of key positions at the corporate level including Director of Employee Relations, Vice President Executive Development and Compensation and Senior Vice President Human Resources, ARAMARK Global Food, Hospitality and Facility Services. Ms. McKee is a member of the HR 50. Ms. McKee also serves on the Board of Trustees for Saint Joseph's University. Ms. McKee was previously a member of the Board of Philadelphia Works.

Ms. McKee brings to the Board extensive corporate level and day-to-day experience in employment, compensation and benefits matters at the regional, national and international levels.

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**CONTINUING DIRECTORS – CLASS III**

*The terms of the following directors expire in 2017:*

**Wendell F. Holland—Age 64**

**Board Committee Membership: Audit, Executive, Management Development and Compensation, Nominating and Corporate Governance (Chair)**

Partner at CFDS Group, LLC a financial advisory firm to the public utility industry, since September 2013. From September 2008 to September 2013, a Partner with Saul Ewing LLP; Chairman & Commissioner, Pennsylvania Public Utility Commission September 2003 to June 2008; and Director of Aqua America, Inc. since August 2012.

Mr. Holland has more than 30 years of national and international experience as a business and energy lawyer and is currently a partner at CFSD Group, LLC. He has previously served as both the Chairman and the Commissioner of the Pennsylvania Public Utility Commission. Mr. Holland has been on our Board since 1997, and provides a unique perspective on legal and regulatory matters, as well as issues in the public arena at the local, state and regional levels.

**Frederick C. Peters II—Age 66**

**Board Committee Membership: Executive, Wealth Management**

Chairman and Chief Executive Officer of Bluestone Financial Institutions Fund since January 2015; Chairman, President and Chief Executive Officer of the Corporation and the Bank from 2001 through December 2014; Director of Paycom Software, Inc., a New York Stock Exchange listed human resources technology provider, since February 2014; Principal Partner Lowry's Lane Capital LLC; Director of Bryn Mawr Film Institute.

Mr. Peters has over 38 years of experience in the banking industry. His role as former Chief Executive Officer of Bryn Mawr Bank Corporation and The Bryn Mawr Trust Company brings to the Board comprehensive insight and knowledge of our history and operations.

**David E. Lees—Age 55**

**Board Committee Membership: Executive, Management Development and Compensation, Wealth Management (Chair)**

Senior Partner, my CIO Wealth Partners, LLC, a wealth advisory firm, since July 2005; Partner and National Director of Ernst & Young's Wealth Advisory Service Practice from December 1996 to June 2005; Partner, Renaissance Equity Fund since August 2005; Adjunct Professor of Finance & Portfolio Management in Villanova University's Commerce & Finance Department from January 2000 to May 2005.

Mr. Lees has significant experience in the financial services and wealth management arena as a Senior Partner of my CIO Wealth Partners, and a former partner and National Director of Ernst & Young's Wealth Advisory Service Practice. Mr. Lees' experience as a nationally recognized wealth and investment advisor provides valuable insight for the wealth management and financial sectors for our Board and our Wealth Management Division.

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**CONTINUING DIRECTORS—CLASS IV**

*The terms of the following directors will expire in 2018:*

**Francis J. Leto—A 56**

**Board Committee Membership: Executive, IT Steering, Risk Management, Wealth Management**

President of the Corporation and the Bank since May 1, 2014, and Chief Executive Officer since January 1, 2015. Chief Operating Officer from May 1, 2014 through December 31, 2014. Executive Vice President and head of the Bank's Wealth Management Division from January 2009 through April 2014; General Counsel of the Bank from April 2012 to April 2014.

As the Corporation's and the Bank's President and Chief Executive Officer, Mr. Leto brings to the Board comprehensive knowledge of our operations. Mr. Leto's background as a lawyer, his many years of experience in real estate matters, title insurance, and business development, along with his service to several local foundations and non-profits, has allowed him to develop many relationships in the greater Philadelphia area which foster good relations between the Bank and the community in general.

**Britton H. Murdoch—A 58**

**Board Committee Membership: Audit (financial expert), Executive (Chair), IT Steering, Wealth Management**

Chairman of the Boards of Directors of the Corporation and the Bank since January 1, 2015. Lead director of the Boards of Directors of the Corporation and the Bank from 2009 through 2014. Managing Director of Strattech Partners, LLC, a business consulting and venture capital firm since January 2000; Principal and Senior Adviser of Rittenhouse Ventures II, LP; Chief Executive Officer, BMW of the Main Line from July 2006 to December 2012; member of the Board of Trustees since 2008 and vice chairman of the Finance Committee for Thomas Jefferson University; principal of Bala Properties West LLC, a car dealership real estate holding company, since July 2010.

Mr. Murdoch's years of experience as chief financial officer of Airgas, Inc., a New York Stock Exchange publicly traded company, from 1990 to 1996, provide the Board with the perspective of someone with direct responsibility for financial and accounting issues. Mr. Murdoch has been a Trustee of Thomas Jefferson University since 2006, and is vice chairman of their Finance Committee. Mr. Murdoch also served as a director of Susquehanna Patriot Bank for eight years, and as a bank commercial lender and Vice President at the former Corestates Bank. He also manages his own companies and is the founder and managing director of a business consulting and venture capital firm. Mr. Murdoch has extensive experience in the field of mergers and acquisitions, and his finance experience and leadership skills make him a valuable resource to our Board.

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**CONTINUING DIRECTORS—CLASS I**

*The terms of the following directors will expire in 2019:*

**Michael J. Clement—Age 66**

**Board Committee Membership: Audit, Management Development and Compensation, Risk Management**

Mr. Clement has been a partner with the law firm of Wisler, Pearlstine, Talone, Garrity, & Potash, LLP, where he has been practicing law for over 30 years. He has represented financial institutions in connection with complex commercial and real estate lending transactions, real estate acquisitions, land planning and approval for branch banks, joint ventures and participations, as well as in commercial litigation. Mr. Clement also represents land developers and business entities in connection with land development, lending transactions and provides general legal services to these business entities and their officers, directors and managers. In addition to practicing law, Mr. Clement is a principal in a real estate development company and has participated in the development and management of housing projects, office buildings and general land development.

Mr. Clement was a director of Continental Bank Holdings, Inc. and Continental Bank until the Corporation acquired those institutions in early 2015. In addition to Mr. Clement's legal skills in the real estate, business and finance realm, he brings to the Board significant insight and relationships with the Bank's former Continental Bank customers and commercial real estate prospects in the new and existing communities served by the Bank.

**Scott M. Jenkins—Age 61**

**Board Committee Membership: Audit (Chair and financial expert), Nominating and Corporate Governance, Risk Management**

President, S. M. Jenkins & Co., a financial and management consulting firm since 1991; Director and Chairman of the Board of The Philadelphia Contributionship since 2002; Director of The Reinvestment Fund since 2000.

Mr. Jenkins has over 20 years of experience as President of his own financial management and consulting firm which provides services to publicly and privately held corporations, family groups and high net worth individuals. Mr. Jenkins' extensive accounting and finance experience, coupled with his investment advisory experience, are valuable resources for our Board and Wealth Management Division.

**Jerry L. Johnson—Age 68**

**Board Committee Membership: Audit, Risk Management (Chair), Wealth Management, IT Steering (Chair)**

Since January 2015, Mr. Johnson has served as the President and CEO of Axum Advisors, LLC, a business consulting firm, and leads the consulting and business development initiatives of the company. From October 2010 to February 2013, Mr. Johnson was a Principal Partner at the accounting firm of Heffler, Radetich & Saitta, LLP, and a member of their Executive Committee from January 2012 to February 2013. From 2008 to August 2010, Mr. Johnson was the Vice Chairman, responsible for mergers and acquisitions, activities and growth initiatives for PRWT Services, Inc., a business services company. Prior to that, he was the Chairman of Radnor Trust from 2002 to 2006, and Chairman of RTC Holding from 2006 to 2009.

Mr. Johnson is executive partner and chairman of Axum Partners, LLC a business advisory firm, serves on the board of NewDay USA, a foundation board serving the Nation's Veterans. Mr. Johnson was a member of the board of directors of the Union League of Philadelphia from 2011 to 2013.

Mr. Johnson brings to the Board significant public company, corporate and business related experience. His background in the financial services and telecommunications industries, as well as his activities and business contacts, provide valuable insight and networks within the local and regional business communities.

**A. John May—Age 60**

**Board Committee Membership: IT Steering, Nominating and Corporate Governance, Risk Management, Wealth Management**

Mr. May has been a partner in the commercial lending department of the law firm of Pepper Hamilton, LLP, since 1981. The practice is concentrated primarily in mergers and acquisitions, corporate finance, and corporate/partnership governance issues. The corporate finance practice includes representing issuers in public and private equity and debt offerings, including venture capital, mezzanine, traditional secured and unsecured financings, and municipal financings.

Mr. May was a director of Continental Bank Holdings, Inc. and Continental Bank until the Corporation acquired those institutions in early 2015. In addition to Mr. May's legal skills in the business and finance realm, he brings to the Board significant insight and relationships with the Bank's former Continental Bank customers and lending prospects in the new and existing communities served by the Bank.

## INFORMATION ABOUT OUR EXECUTIVE OFFICERS

Below is certain information with respect to the non-director executive officers of the Corporation and Bank as of March 18, 2016:

*Marie D. Connolly, 62, Interim Chief Accounting Officer and Assistant Treasurer of the Corporation, Senior Vice President of the Bank.* Ms. Connolly was appointed the interim Chief Accounting Office of the Corporation and the Bank in July 2015. Ms. Connolly joined the Bank in 2000 as a Vice President in the finance department. She was promoted to Group Vice President in January 2002, and Senior Vice President in December 2002.

*Alison Eichert, 58, Executive Vice President and Chief Operating Officer of the Bank.* Ms. Eichert was employed by the Bank in 1998 as Senior Vice President of Marketing. Ms. Eichert was appointed Executive Vice President of the Bank in 2001. Since joining the Bank, Ms. Eichert has held various positions. As of September 2005, Ms. Eichert became responsible for the Community Banking Division, marketing, technology and information services and operations, in 2013, assumed responsibilities for Human Resources, and in 2014 assumed responsibilities for Facilities. On February 25, 2015, Ms. Eichert was appointed to the position of Chief Operating Officer of the Bank.

*Geoffrey L. Halberstadt, 59, Secretary of Corporation and Executive Vice President, Secretary and Chief Risk Officer of the Bank.* Mr. Halberstadt was employed by the Bank in 1991 as Vice President in the Construction Loan department and has held many positions over the years including Senior Vice President and Risk Management Officer of the Bank, Vice President of the Corporation and Chief Credit Policy Officer of the Bank. In April 2010, Mr. Halberstadt was appointed to his current position of Executive Vice President and Chief Risk Officer of the Bank and Secretary of the Corporation and the Bank.

*Michael W. Harrington, 52, Chief Financial Officer of the Corporation and the Bank, and Executive Vice President of the Bank.* Mr. Harrington became an Executive Vice President of the Bank and the Chief Financial Officer and Treasurer of the Corporation and Bank on September 9, 2015. Mr. Harrington joined the Bank from Susquehanna Bancshares, Inc., a mid-Atlantic regional bank, where he served as Chief Financial Officer of the holding company from January 2014 through September 2015, Chief Financial Officer and Treasurer of the bank from January 2013 through September 2015, and Executive Vice President and Treasurer of the holding company from June 2012 through September 2015. Prior to Susquehanna, Mr. Harrington was at First Niagara Financial Group, a multi-state community-oriented bank, where he served as Treasurer and Chief Investment Officer from April 2011 through June 2012, and Chief Financial Officer from December 2006 through April 2011.

*Joseph G. Keefer, 57, Executive Vice President of the Bank—Chief Lending Officer.* Mr. Keefer was employed by the Bank in 1991 as Vice President and Commercial Lending manager. Mr. Keefer was named the Bank's Chief Lending Officer in December 1997. In February 2001, Mr. Keefer was appointed Executive Vice President and Chief Lending

Officer of the Bank.

*Harry R. (“Gary”) Madeira, 61, Executive Vice President of the Bank—Wealth Management.* Mr. Madeira became an Executive Vice President of the Bank and head of the Bank’s Wealth Management Division on September 2, 2014. Prior to joining the Bank, since 1984, Mr. Madeira was with Brown Brothers Harriman & Co., most recently serving as a Senior Vice President with responsibility for managing client relationships and new business development.

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**SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT**

The following table lists the beneficial ownership of shares of our common stock as of February 29, 2016 (except as otherwise indicated), for each of our directors, director nominees, certain executive officers and the persons known to us who may be beneficial owners of more than 5% of our common stock. The table also shows the total number of shares owned by the directors, director nominees and executive officers as a group.

| Name  | Common<br>Stock <sup>(1)</sup> | Exercisable<br>Stock<br>Options <sup>(2)</sup> | Percent of           |   |
|---|--------------------------------|--|----------------------|---|
|   |                                |  | Outstanding<br>Stock |   |
| <b>Current Directors and Nominees<sup>(3)</sup></b>                 |                                |  |                      |   |
| Michael J. Clement  | 25,770                         | —  |                      | * |
| Andrea F. Gilbert   | 19,015                         | 11,475   |                      | * |
| Donald S. Guthrie <sup>(4)</sup>                                    | 71,484                         | —  |                      | * |
| Wendell F. Holland  | 11,298                         | 11,475   |                      | * |
| Scott M. Jenkins  | 7,509                          | 14,100   |                      | * |
| Jerry L. Johnson  | 6,078                          | —  |                      | * |
| David E. Lees   | 21,689                         | 11,475   |                      | * |
| A. John May   | 12,048                         | —  |                      | * |
| Lynn B. McKee   | 1,649                          | —  |                      | * |
| Britton H. Murdoch  | 28,673                         | 10,832   |                      | * |
| Frederick C. Peters II  | 43,716                         | 59,000   |                      | * |
| <b>Named Executive Officers (“NEOs”<sup>(9)</sup>)</b>              |                                |  |                      |   |
| Alison Eichert  | 18,712                         | (7) 18,000                                     |                      | * |
| Michael W. Harrington   | 10,000                         | —  |                      |   |
| Joseph G. Keefer  | 17,525                         | (8) 29,500                                     |                      | * |
| Francis J. Leto   | 30,490                         | (9) 20,264                                     |                      | * |
| Harry R. Madeira  | 6,000                          | —  |                      |   |
| J. Duncan Smith <sup>(5)(6)</sup>                                   | —                              | —  |                      | * |
| David M. Takats <sup>(6)</sup>                                      | 4,303                          | (10) —   |                      |   |
| <b>All Directors and Executive Officers as a Group (18 persons)</b> | 355,176                        | (11) 203,696                                   | 3.33                 | % |
| <b>5% Owners</b>  |                                |  |                      |   |
| Blackrock, Inc.   |                                |  |                      |   |
| 40 East 52 <sup>nd</sup> Street                                     | 1,087,348 <sup>(12)</sup>      | —  | 6.47                 | % |
| New York, NY 10022  |                                |  |                      |   |
| Champlain Investment Partners, LLC                                  | 1,099,020 <sup>(12)</sup>      | —  | 6.54                 | % |
| 180 Battery Street  |                                |  |                      |   |



Burlington, VT 05401

\*Less than one percent.

Certain of our directors have elected to defer their fees and stock awards through our Deferred Payment Plans for Directors. Among other options, under these plans, a director may elect to earn a yield on the deferred (1) compensation based on changes in the price of our common stock (including dividends). Making this election creates phantom stock. Deferred fees which would otherwise be paid in the form of shares of our common stock are automatically converted to phantom stock units under the plans for at least one year.

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A share of phantom stock is economically equivalent to one share of common stock, but the directors do not have the present right to receive an actual share of stock or to vote the phantom stock unit. At such time as a director is entitled to receive a distribution of his account balance under the plan, he can elect to receive a distribution either in cash or shares of stock, as he directs. The below chart shows the number of shares of phantom stock outstanding for our directors as of March 11, 2016. Taking the number of shares of phantom stock held by directors into account together with the total security ownership of such persons as represented in the beneficial ownership table above, the applicable directors hold the economic equivalent of 3.60% of the Corporation's stock (including exercisable stock options).

| Name               | <b>Phantom<br/>Stock<br/><br/>Held</b> |
|--------------------|--|
| Michael J. Clement | 521                                    |
| Wendell F. Holland | 1,408                                  |
| Scott M. Jenkins   | 23,802                                 |
| David E. Lees      | 6,813                                  |
| A. John May        | 796                                    |

(2) Stock ownership information includes shares that the individual has the right to acquire within sixty days of February 29, 2016. Each executive officer holds sole investment power over shares held for such executive officer in our 401(k) Plan. Unless otherwise indicated, each person has sole voting and investment power over the shares listed. There are no pledged shares.

(3) The address for our directors and NEOs is c/o Bryn Mawr Bank Corporation, 801 Lancaster Avenue, Bryn Mawr, PA 19010-3396.

(4) Mr. Guthrie retired as a director of the Corporation and the Bank upon the expiration of his term on April 30, 2015. His ownership information was determined based on an SEC Form 4 filing dated March 13, 2015.

(5) Mr. Smith resigned as Chief Financial Officer of the Corporation and the Bank on July 17, 2015.

(6) Excludes shares held by Mr. Smith and Mr. Takats as they were not executive officers at February 29, 2016, and includes shares held by Ms. Connolly and Mr. Halberstadt.

(7) Includes 8,793 shares held for Ms. Eichert in the 401(k) Plan, determined as of February 29, 2016.

(8) Includes 13,332 shares held for Mr. Keefer in the 401(k) Plan, determined as of February 29, 2016.

(9) Includes 7 shares held for Mr. Leto in the 401(k) Plan, determined as of February 29, 2016.

(10) Includes 2,117 shares held for Mr. Takats in an IRA, determined as of February 29, 2016.

(11) Includes 32,365 shares held in the 401(k) Plan and an IRA, determined as of February 29, 2016.

(12) Share total as of December 31, 2015, as reported on Schedule 13G by such shareholder.



## **CORPORATE GOVERNANCE**

### **Introduction**

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All of our directors serve as directors of our subsidiary, The Bryn Mawr Trust Company, and serve on the same committees of each organization. Six of our directors also serve on the Bank's Wealth Management Committee.

### **Code of Business Conduct and Ethics**

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We have a Code of Business Conduct and Ethics ("Code of Ethics"). The Code of Ethics is available on our website at [www.bmtc.com](http://www.bmtc.com) on the Investor Relations—Governance Documents page under the Code of Business Conduct and Ethics heading. The direct web address is:

<http://www.snl.com/Cache/1500072679.PDF?Y=&O=PDF&D=&FID=1500072679&T=&IID=100154>.

Amendments to and waivers of the Code of Ethics will also be disclosed on our website. Printed copies are available to any shareholder upon request. The Code of Ethics meets the requirements for a code of ethics for our principal executive officer, principal financial officer, principal accounting officer, or persons performing similar functions under Item 406 of Regulation S-K promulgated under the Securities Exchange Act of 1934, as amended ("Exchange Act").

Under our Code of Ethics, the Board is responsible for resolving any conflict of interest involving the directors, executive officers and senior financial officers. The President and the Corporate Secretary are responsible for resolving any conflict of interest involving any other officer or employee.

### **Director Independence**

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The Board has determined that all of its members during 2015 were independent and met the independence requirements of the Nasdaq Stock Market, including the independence requirements for any committee on which such director served, except for Frederick C. Peters II, Francis J. Leto and Donald S. Guthrie. In determining the independence of its directors other than Messrs. Peters, Leto and Guthrie during 2015, the Board of Directors considered routine banking transactions between the Bank or its affiliates and each of the directors, their family members and businesses with whom they are associated, such as loans, deposit accounts, wealth management and

fiduciary accounts, routine purchases of insurance or securities brokerage products, any overdrafts that may have occurred on deposit accounts, any payments made to companies with which they are associated, any contributions the Corporation made to non-profit organizations with whom the directors are associated, and any transactions described below in the section of this Proxy Statement under the heading “TRANSACTIONS WITH RELATED PERSONS” at page 49. In each case, the Board of Directors determined that none of the transactions, relationships or arrangements impaired the independence of the director.

## **Board Leadership Structure**

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As of January 1, 2015, the positions of Chairman of the Board and Chief Executive Officer (“CEO”) were separated, and as such, the position of Lead Director was eliminated. Britton H. Murdoch, the former Lead Director, is the Chairman of the Board of Directors, and Francis J. Leto is the President and CEO. The CEO is responsible for setting the strategic direction, day-to-day leadership and performance for the Corporation and the Bank while the Chairman maintains frequent contact with and provides guidance to the CEO, sets the agenda for Board meetings and presides over meetings, acts as a liaison between management and non-management directors, and facilitates teamwork and communication between non-management directors and management. By maintaining the separate positions of Chairman and CEO, the Board believes it enhances its ability to provide strong, independent oversight of the Corporation’s and the Bank’s management and affairs. In addition, the separation of the Chairman of the Board and CEO positions allows the CEO to better focus his efforts on strengthening our franchise and increasing shareholder value.

## **Risk Oversight**

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The Board believes that establishing the right “tone at the top” and full and open communication between management and the Board of Directors are essential for effective risk management and oversight. Our President and CEO meets regularly with other executive officers to discuss strategy and risks facing the Corporation. Executive management attends the quarterly Board meetings, and the monthly Executive and Risk Management Committee meetings in between Board meetings, and is available to address any questions or concerns raised by the Board on risk management-related and other matters. Each member of the Board of Directors receives monthly presentations from executive management on strategic matters, key challenges, and risks and opportunities for the Corporation and the Bank, either as part of the full Board at the quarterly Board meetings, or as a member of the Executive or Risk Management Committee, each of which meets monthly in between Board meetings.

The Board plays an active role, as a whole and also at the committee level, in overseeing management of the Corporation’s risks. The Audit Committee assists the Board in fulfilling its oversight responsibilities with respect to areas of financial reporting, internal controls and compliance with accounting regulatory requirements. In accordance with Nasdaq Stock Market requirements, the Audit Committee discusses policies with respect to risk assessment and risk management with the Board. Reports addressing these responsibilities are regularly provided by management to the Audit Committee. The Management Development and Compensation Committee assists the Board in fulfilling its oversight responsibilities with respect to our compensation policies and incentive programs. The Nominating and Corporate Governance Committee assists the Board in fulfilling its oversight responsibilities with respect to the management of risks associated with Board organization and membership, succession planning for our directors, and corporate governance. The Risk Management Committee assists the Board in fulfilling its oversight responsibilities with respect to the management of risks related to the Bank’s credit portfolio, asset and liability management, investment portfolio, information technology, various consumer regulatory matters, insurance coverage, and associated risks. The IT Steering Committee in fulfilling its oversight responsibilities by focusing particularly on the cyber-security risks that the Bank faces on a regular basis, and working to ensure that the Bank maintains an IT infrastructure sufficient to appropriately address such risks. The Wealth Management Committee assists the Board in fulfilling its risk oversight responsibilities with respect to the management of the risk associated with the Wealth Management Division’s fiduciary, investment, custodial and brokerage activities.

## **Communications with Directors**

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Our Board of Directors provides a process for shareholders to send communications to the Board. Shareholders may communicate directly with any member or committee of our Board in writing by mailing the communication, first class mail, postage prepaid, to Bryn Mawr Bank Corporation, Board of Directors, P.O. Box 351, Bryn Mawr, PA, 19010-3396. A member of the audit department routinely checks and distributes mail sent to this post office box directly to the intended recipient(s).

**Policy for Attendance at Annual Meeting**

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We have adopted a policy requiring all of our directors to attend our annual meeting. All of our directors attended our 2015 annual meeting.

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## **Executive Sessions of Independent Directors**

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The independent members of our Board have in the past held, and will continue their practice in 2016 of holding, scheduled executive sessions on a regular basis but, in any event, not less than twice a year. Executive sessions were held at the conclusion of each meeting of the Board of Directors in 2015.

## **Director Retirement Guideline**

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The Board has adopted, at the recommendation of the Nominating and Corporate Governance Committee, a governance guideline that requires a director to retire from the Board on the eve of the annual meeting in the calendar year following the year in which the director turns seventy (70) years of age.

## **Nominations for Directors**

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The Nominating and Corporate Governance Committee considers candidates for director nominations from various sources including other directors, our clients and other relevant constituencies, and may also engage, if it deems appropriate, a professional search firm. For incumbent directors whose terms of office are set to expire, it reviews the directors' overall service to the Corporation during their terms, including the number of meetings attended, level of participation, quality of performance and their respective contributions towards advancing our interests and enhancing shareholder value. For a new director candidate, the committee reviews the candidate's biographical information and qualifications and may check the candidate's references, if applicable. The committee may obtain any additional information which it deems necessary. A qualified nominee will be interviewed by all members of the committee, if practicable. Serious candidates may meet with all members of the Board. Using the input from the interviews and information obtained, the committee evaluates whether a prospective candidate is qualified to serve as a director and whether it should recommend to the Board that the Board nominates (or select to fill a vacancy) the prospective candidate.

The Nominating and Corporate Governance Committee will consider written proposals and use a similar process to evaluate nominees recommended by shareholders, provided that the shareholder complies with the procedures set forth below. Any nomination should be addressed to the Chairman, Nominating and Corporate Governance Committee, Board of Directors, Bryn Mawr Bank Corporation, P.O. Box 351, Bryn Mawr, PA 19010-3396 and must include the following information: (a) the name and address, as they appear on our books, of the shareholder nominating a candidate; (b) the number of our shares which are beneficially owned by the shareholder (and if the shares are held in street name, the name of the brokerage firm holding the shares); (c) the name, age, business address and residence address of each proposed nominee; (d) the principal occupation or employment of the proposed



nominee; (e) the number of shares of our stock beneficially owned by the proposed nominee, if any; (f) a description of all arrangements or understandings between the shareholder and each proposed nominee and any other persons pursuant to which the shareholder is making the nomination, and (g) any other information required to be disclosed in solicitation of proxies for election of directors or other information required pursuant to Regulation 14A under the Exchange Act, relating to any person that the shareholder proposes to nominate for election or re-election as a director, including the proposed nominee's written consent to being named in the proxy statement as a nominee and to serving as a director, if elected.

All shareholder nominations must be received not less than 120 days before the anniversary of the date our proxy statement was released to shareholders in connection with the previous year's annual meeting.

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In evaluating candidates for nominees for director, the committee considers:

our need for particular talents and experience;

the candidate's ability to meet the independence standards under the Nasdaq Stock Market listing rules; and

the requirement that our Audit Committee meet the financial literacy requirements under the Nasdaq Stock Market rules and that at least one of them qualifies as an Audit Committee financial expert under the rules of the Securities and Exchange Commission (the "SEC").

In addition, the Committee believes members of the Board should also:

be of the highest ethical character;

share our values;

have reputations, both personal and professional, consistent with our image and our reputation;

be active in or former leaders of organizations;

possess knowledge in the fields of financial services and wealth management;

have an understanding of the Bank's marketplace;

have relevant expertise and experience which will be useful in offering advice and guidance to the CEO; and

be independent of any particular constituency.

Nominees for director must also be willing to commit the necessary time to devote to Board activities and to enhance their knowledge of the financial services industry and be willing to assume broad fiduciary responsibility. They should have a commitment to enhancing shareholder value, including assisting in business development activities where appropriate. A nominee for director must be or become a shareholder upon joining the Board. Application of the above criteria may vary according to the particular areas of expertise desired to complement the existing composition of the Board.

In considering nominees for director, the committee also considers the Board's desire to be a diverse body with diversity reflecting gender, ethnic background and professional experience. The Bank's equality and diversity policy is designed to create and foster a supportive and understanding environment in which all individuals realize their maximum potential, regardless of their differences. Our goal is to ensure that in carrying out our activities, we promote equality of opportunity across all activities, promote good relations between people of diverse backgrounds,

and avoid unlawful discrimination.

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## **OUR BOARD OF DIRECTORS**

Our business is managed by a Board of Directors that may consist of no fewer than eight nor more than twelve directors, as fixed from time to time by the Board. Our Board, as provided in the bylaws, is divided into four classes of directors, with each class being as nearly equal in number as possible. Assuming the nominees for director are elected at the Annual Meeting, immediately following the Annual Meeting there will be eleven (11) directors with four (4) members in Class I, two (2) members in Class II, three (3) members in Class III, and two (2) members in Class IV. The Corporation and the Bank have the same Board members.

Under our bylaws, persons selected by the Board to fill a vacancy serve as directors for a term expiring with the next annual meeting of shareholders. If a director is selected by the Board on or after the record date for an annual meeting, then the new director serves as a director until the subsequent annual meeting of shareholders. Each class of directors serves a four year term. Directors remain in their positions until their successors are elected and take office.

In 2015, our Board of Directors met nine (9) times. Each director attended at least 75% of the Board meetings held during 2015 and the committee meetings that were held by the committees on which he or she served during 2015.

### **Information about Committees of our Board of Directors**

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The Corporation's Board had six standing committees during 2015. They are the Executive, Nominating and Corporate Governance, Risk Management, Audit, Management Development and Compensation, and IT Steering Committees. The Corporation and the Bank have the same committees with the same members for each committee. In addition, the Bank also has a Wealth Management Committee.

#### ***Executive Committee***

The Executive Committee meets to discuss and act upon matters which require action during periods between meetings of our Board, and to approve certain of the Bank's loans to customers. The Executive Committee exercises the authority and powers of the Board at monthly intervals between meetings of the full Board. During 2015, the Executive Committee held nine (9) meetings.

#### ***Nominating and Corporate Governance Committee***

The Nominating and Corporate Governance Committee has responsibility for identifying and evaluating candidates for director and recommending the nomination of directors to the full Board. The committee also assists the Board in interpreting and applying corporate governance guidelines, reviews and assesses the adequacy of our corporate governance guidelines, our code of business conduct and ethics, our personal code of conduct and related internal policies and guidelines, and recommends any proposed changes to the Board for approval. The committee has a charter which is available on our website at [www.bmtc.com](http://www.bmtc.com) on the Investor Relations—Governance Documents page under the heading *Nominating and Corporate Governance Committee Charter*. Each member of the committee is independent as defined by Nasdaq Stock Market rules. During 2015, the Nominating and Corporate Governance Committee held four (4) meetings.

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### ***Risk Management Committee***

The Risk Management Committee meets to review and manage the material business risks which confront us. The committee establishes and monitors policies and procedures designed to lead to an understanding of, and to identify, control, monitor and measure, our material business risks. Those risks include loan quality and concentration, interest rate and market risk, information technology risk, compliance risk, and liquidity risk. The Risk Management Committee meets at monthly intervals between meetings of the full Board. During 2015, the Risk Management Committee held eight (8) meetings.

### ***IT Steering Committee***

The IT Steering Committee oversees major IT related strategies, projects and technology decisions, monitors whether the Bank's IT programs effectively support the Corporation's business objectives and strategies, works with senior IT management, and informs the Board on major IT related issues. During 2015, the committee held five (5) meetings.

### ***Audit Committee***

The Audit Committee meets at least quarterly. It has general oversight responsibilities regarding our financial reporting process and internal controls. The committee selects and evaluates the qualifications and performance of the independent registered public accounting firm. The committee meets with the internal auditor to review audit programs and the results of audits of specific areas, as well as other accounting regulatory compliance issues. In addition, the committee meets with the independent registered public accountant to review the results of the annual audit and other related matters. Further, the committee meets with the Chief Financial Officer to review accounting regulatory compliance issues. Each member of the committee is independent and financially literate as those terms are defined by the Nasdaq Stock Market for Audit Committee members and the Securities and Exchange Commission. The Audit Committee held five (5) meetings in 2015. Our Board has determined that Scott M. Jenkins and Britton H. Murdoch, each independent directors, are financial experts as defined by the regulations of the SEC. The Audit Committee has a charter which is available on our website at [www.bmtc.com](http://www.bmtc.com) on the Investor Relations—Governance Documents page under the heading Audit Committee Charter.

### ***Management Development & Compensation Committee***

The Management Development & Compensation Committee (which we refer to as the "Compensation Committee") is responsible for administering our executive compensation practices, and for providing direction as to the development

and succession for the organization's leaders. Each member of the committee is independent as defined by the Nasdaq Stock Market for Compensation Committee members. During 2015, the Compensation Committee held seven (7) meetings. The committee has a charter which is available on our website at [www.bmtc.com](http://www.bmtc.com) on the Investor Relations—Governance Documents page under the heading Management Development & Compensation Committee Charter.

The Compensation Committee determines the salary and bonuses for our executive officers, and is responsible for setting and administering the policies for our equity incentive programs and other executive compensation. The committee has the responsibility, among other things, to:

annually review and approve corporate goals and objectives for the compensation of the CEO; evaluate the CEO's performance; and determine and approve the compensation and benefits to be paid to the CEO;

annually review and discuss with the CEO the performance of all other executive officers; evaluate their performance; and determine and approve the compensation and benefits to be paid to them;

review and recommend to the full Board the compensation for non-employee directors;

administer equity incentive award programs and determine the awards to be granted under those programs; and

review and provide, if appropriate, recommendations to the full Board regarding compensation and benefit policies, plans and programs.

Unless subject to an established schedule in accordance with past practice, the Compensation Committee will not generally grant equity incentive awards except during a period when trading is open (not blacked-out) in the Corporation's common stock by our executive officers and directors under our Securities Trading Policy. Under our current policies, that period generally begins following the second trading day after quarterly earnings are released and ends fifteen days prior to the close of the next fiscal quarter. Only the committee, not management, determines the timing of equity incentive awards.

The Compensation Committee has the authority to hire third party consultants for compensation matters and the authority to review and approve any third party consultants recommended or hired by management. For more information regarding the Compensation Committee's use of consultants, see "COMPENSATION DISCUSSION AND ANALYSIS—Benchmarking Data and Use of Compensation Consultants" on page 30 of this Proxy Statement.

***Compensation Committee Interlocks and Insider Participation***

None of the members of the Compensation Committee was an officer or employee of the Corporation or any of its subsidiaries during the year 2015 or during prior years. None of the members of the Compensation Committee had any relationship requiring disclosure pursuant to Item 404 of Regulation S-K under the Exchange Act nor any other interlocking relationships as defined by the SEC.



**DIRECTOR COMPENSATION**

The table below summarizes the compensation paid to non-employee directors for the fiscal year ended December 31, 2015.

| Name <sup>(1)</sup>                   | Fees<br>Earned<br>or<br>Paid in<br>Cash | Stock<br>Awards<br>(\$) <sup>(2)</sup> | All Other<br>Compensation<br>(\$) <sup>(3)</sup> | Total<br>(\$)          |
|---------------------------------------|---|--|--|------------------------|
|                                       | (\$) <sup>(6)</sup>                     |  |  |                        |
| Michael J. Clement <sup>(4)</sup>     | 34,000                                  | 39,654                                 | 331  | 73,985                 |
| Andrea F. Gilbert                     | 32,250                                  | 36,555                                 | 3,193  | 71,998                 |
| Donald S. Guthrie <sup>(7)</sup>      | 8,750                                   | —                                      | 1,435  | 10,185                 |
| Wendell F. Holland <sup>(4)</sup>     | 40,000                                  | 36,555                                 | 3,193  | 79,748                 |
| Scott M. Jenkins <sup>(4)(5)</sup>    | 43,250                                  | 36,555                                 | 3,193  | 82,998                 |
| Jerry L. Johnson                      | 43,750                                  | 36,555                                 | 3,193  | 83,498                 |
| David E. Lees <sup>(4)</sup>          | 37,750                                  | 36,555                                 | 3,193  | 77,498                 |
| A. John May <sup>(4)</sup>            | 33,000                                  | 39,654                                 | 331  | 72,985                 |
| Lynn B. McKee                         | 30,500                                  | 36,555                                 | 2,645  | 69,700                 |
| Britton H. Murdoch                    | 58,750                                  | 46,564                                 | 4,729  | 110,043                |
| Frederick C. Peters II <sup>(5)</sup> | 31,750                                  | 36,555                                 | 55,556   | <sup>(8)</sup> 123,861 |

(1) Francis J. Leto is not included in this table as he was an employee of the Corporation and the Bank in 2015 and thus received no compensation for his service as a director. Compensation information for Mr. Leto can be found in “COMPENSATION DISCUSSION AND ANALYSIS” and “EXECUTIVE COMPENSATION” beginning at pages 24 and 35, respectively.

(2) The dollar amount represents the grant date fair value computed in accordance with FASB ASC Topic 718 of 422 shares of common stock granted to each of the directors (except as noted in Footnote (7) below) as part of their annual retainer issued at the market price of \$29.61, as of the closing price on May 1, 2015, 99 additional shares granted to each of Messrs. Clement and May as part of their prorated annual retainer related to their joining the Bank’s and the Corporation’s Boards as of January 1, 2015 issued at the market price of \$31.30, as of the closing price on December 31, 2014 and the fair value of the 1,500 Performance Awards granted to each director as part of their Board compensation and, with respect to Mr. Murdoch, 624 additional Performance Awards granted for his services as Lead Director during 2015. We do not issue fractional shares, but instead issue cash in lieu of fractional shares. See “Compensation Discussion and Analysis—Other Compensation Elements— Deferred Compensation and Defined Benefit Plans” at page 31 for more information regarding Performance Awards.

(3) Includes the dividends that are accrued on the Performance Stock Awards and Units granted in August 2012, August 2013, August 2014 and August 2015. Also includes the cash paid in lieu of fractional shares for the

Directors' retainers described in Note (2) above.

- (4) Each of these directors elected to defer his fees and stock awards through our Deferred Payment Plans for Directors.
- (5) Messrs. Jenkins and Peters serve as independent directors for the Corporation's subsidiary, The Bryn Mawr Trust Company of Delaware, and were each paid a fee of \$1,000 for attending each of that entity's four meetings in 2015.
- (6) Includes cash paid to Committee Chairs in 2015 as compensation for their additional services.
- (7) Mr. Guthrie retired as a director of the Corporation and the Bank upon the expiration of his term on April 30, 2015. As such, he did not receive any of the stock awards described in Footnote (2), above.
- Includes \$39,231 of employee compensation for services performed as an employee in 2014 but paid in 2015,
- (8) \$2,354 of employer contribution to a 401k plan, and \$1,188 of reimbursed travel and entertainment expense related to Mr. Peters's spouse.

The below chart indicates the aggregate number of shares underlying outstanding stock and option awards for each of our directors as of December 31, 2015:

| <b>Director</b>        | <b>Number of<br/>Unvested<br/>Shares and<br/>Units<br/>Underlying<br/>Stock<br/>Awards</b> | <b>Number of<br/>Shares<br/>Underlying<br/>Option<br/>Awards</b> | <b>Options<br/>Vested</b> |
|------------------------|--|--|---------------------------|
| Michael J. Clement     | 1,500  | —  | —                         |
| Andrea F. Gilbert      | 4,500  | 11,475   | 11,475                    |
| Donald S. Guthrie      | 1,205  | —  | —                         |
| Wendell F. Holland     | 4,500  | 11,475   | 11,475                    |
| Scott M. Jenkins       | 4,500  | 14,100   | 14,100                    |
| Jerry L. Johnson       | 4,500  | —  | —                         |
| David E. Lees          | 4,500  | 11,475   | 11,475                    |
| A. John May            | 1,500  | —  | —                         |
| Lynne B. McKee         | 3,000  | —  | —                         |
| Britton H. Murdoch     | 6,535  | 10,832   | 10,832                    |
| Frederick C. Peters II | 12,870   | 59,000   | 59,000                    |

## **Directors' Fees**

The Compensation Committee annually reviews the components of director compensation and makes recommendations to the full Board of Directors regarding any changes that the Compensation Committee believes should be made to director compensation.

We have agreed to pay, and our non-employee directors have agreed to accept payment of, their annual \$12,500 retainer compensation in the form of our common stock, payable at the Board's organizational meeting, generally held in April of each year, at the market value of the stock on the day prior to the day of payment. This stock is issued under the Bryn Mawr Bank Corporation Retainer Stock Plan for Outside Directors (the "Retainer Plan"), which was approved by the Corporation's shareholders with an effective date of January 1, 2012. The purpose of the Retainer Plan is to provide competitive compensation for board service and strengthen the commonality of interests between directors and shareholders by allowing the Corporation to pay all or a portion of each outside director's compensation

for services as a director in the form of BMBC common stock.

In addition to the annual retainer, each non-employee director was paid a fee of \$1,500 for each Board meeting attended, \$1,000 for attending the organization meeting held after the annual meeting each year, and \$1,250 for each committee meeting attended. A separate fee is not paid to directors for attending a Corporation Board meeting held on a Bank Board meeting day. A \$7,500 fee was paid to the Audit Committee Chair in 2015 and a \$2,500 fee was paid to the chair of each of the other committees. We paid the Chairman of the Board additional fees of \$20,000 in cash and 664 Performance Awards (as defined in the Section titled “COMPENSATION DISCUSSION AND ANALYSIS— Other Compensation Elements — Deferred Compensation and Defined Benefit Plans” at page 31) in 2015. Additionally, from time to time, directors may be reimbursed for travel expenses associated with attendance at Board or committee meetings.

All of the directors’ fees are paid by the Bank except for those associated with attending the Board and Committee meetings solely of the Corporation (as opposed to joint meetings of the Corporation and Bank) which are paid by the Corporation.

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## Equity Awards

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Directors are eligible to participate in our 2010 Amended and Restated Long-Term Incentive Plan (“2010 LTIP”). In a given year, each non-employee director serving after our Annual Meeting is eligible to be granted equity awards under our 2010 LTIP, at such number and on such terms as the Board of Directors, in its discretion, decides to grant. In 2015, each of our non-employee directors was granted Performance Awards under our 2010 LTIP. See “COMPENSATION DISCUSSION AND ANALYSIS— Other Compensation Elements— Deferred Compensation and Defined Benefit Plans” on page 31 of this Proxy Statement for additional information regarding Performance Awards.

## Directors’ Deferred Payment Plans

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Under our Deferred Payment Plan for the Corporation’s Directors and an identical plan for the Bank’s directors (the “Director Plans”) a director may defer receipt of a portion or all of the fees paid for service as a director. The Director Plans are non-qualified plans and the Director Plans’ funds are held in a trust administered by the Bank’s Wealth Management Division. Under the Director Plans, a participating director may earn a yield on the deferred director’s fees based on the yield on one or more different investment funds. The investment options include a number of outside independent mutual funds, a Bryn Mawr Trust brokerage account through which the director may freely select his or her own investments, and an investment in our common stock. A director may change his or her investment options quarterly, except that any fees deferred which would otherwise have been paid in the form of shares of our common stock must remain invested under the Director Plans in units of phantom stock for one year following the deferral date. All distributions from the deferred account must be in cash or shares of our common stock (or equivalent phantom stock), as selected by the director. The director may choose to have the deferred account distributed to him or her on: (a) the date he or she ceases to serve as a director; (b) his or her 65th birthday; or (c) any date in the three year period after the director ceases to serve as a member of the Board. Payments to the director may be made in annual installments payable for up to ten years or in a single lump sum payment. Upon a director’s death prior to the distribution date, his or her beneficiary will be paid the balance in the director’s account in a single lump sum payment. The Board may amend or terminate the Director Plans, in whole or in part, without the consent of any director who has deferred compensation into the Director Plans, but an amendment may not adversely affect the amounts credited to a director’s account before the amendment. The right to receive future payments under the Director Plans is an unsecured claim against our general assets.

## Equity Compensation Plan Information

Below is information regarding shares authorized under our equity compensation plans as of December 31, 2015.

| Plan Category  | A. Number of securities to be issued upon exercise of outstanding options, warrants and rights | B. Weighted-average price of outstanding options | C. Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (A)) |         |     |
|--|--|--|--|---------|-----|
|  |  |  | (1)  | (2)     | (3) |
| Equity compensation plans approved by shareholders     | 511,668  | \$ 21.26   | (3)  | 704,142 | (4) |
| Equity compensation plans not approved by shareholders | 38,987   | \$ 18.19   | (3)  | 0       |     |
| Total  | 550,655  | \$ 20.91   | (3)  | 704,142 | (4) |

Includes shares of our common stock that may be issued upon the exercise of awards granted or rights accrued (including stock options, restricted stock units and performance stock units) under the 2004 Plan, 2007 LTIP and (1) 2010 LTIP. See “COMPENSATION DISCUSSION AND ANALYSIS—Other Compensation Elements - Deferred Compensation and Defined Benefit Plans” and “EXECUTIVE COMPENSATION—Equity Based Compensation” beginning at pages 31 and 36, respectively.

(2) Includes 6,000 shares of common stock underlying Restricted Stock Units granted as an inducement award to Harry R. Madeira in accordance with Nasdaq Listing Rule 5635(c)(4), and 32,987 shares of common stock underlying options outstanding under the Continental Bank Holdings, Inc. Amended and Restated 2005 Stock

Incentive Plan (the “Continental Plan”) which were assumed by the Corporation in connection with the merger.

- (3) Calculation does not include restricted stock units, performance stock and stock awards for which, by definition, there exists no exercise price.

- (4) 617,765 shares remained available for issuance under the 2010 LTIP, and 86,377 shares remained available for issuance under the Retainer Plan. See “DIRECTOR COMPENSATION—Directors’ Fees” and “EXECUTIVE COMPENSATION—Equity Based Compensation” at pages 20 and 36, respectively, for additional information regarding these plans.

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**PROPOSAL 2 – A NON-BINDING ADVISORY VOTE ON  
EXECUTIVE OFFICER COMPENSATION**

Section 14A of the Exchange Act requires that we include in this Proxy Statement the opportunity for our shareholders to vote on an advisory (non-binding) resolution to approve the compensation of our NEOs (sometimes referred to as “Say-on-Pay”). Accordingly, the following resolution will be submitted for shareholder approval at the Annual Meeting:

**“RESOLVED, that the compensation paid to the NEOs, as disclosed pursuant to Item 402 of Regulation S-K, including the Compensation Discussion and Analysis, compensation tables, and narrative discussion in this Proxy Statement, is hereby approved.”**

While this vote is non-binding, the Board and the Compensation Committee expect to take into account the outcome of this vote in considering future executive compensation arrangements. It is our practice, based on Board recommendation and shareholder approval in 2011 of a yearly frequency, to submit a Say-on Pay resolution to shareholders on a yearly basis. We will submit another non-binding vote to shareholders with respect to the frequency of the Say-on-Pay vote no later than our annual meeting in 2017.

As described in detail under “Compensation Discussion and Analysis,” the Board believes that the talents of our employees have a significant influence on our long-term success. Our compensation system plays a significant role in our ability to attract, retain and motivate a quality workforce. The Board believes that our current compensation program links executive compensation to performance, aligning the interests of our executive officers with those of our shareholders, and encourages you to review carefully the Compensation Discussion and Analysis beginning on page 24 and the tabular and other disclosures on Executive Compensation beginning on page 34 of this Proxy Statement.

**Proxies solicited by the Board will be voted FOR the above resolution, unless the shareholders specify a contrary choice in their proxies.**

***THE BOARD RECOMMENDS A VOTE FOR THE SAY-ON-PAY RESOLUTION.***





## COMPENSATION DISCUSSION AND ANALYSIS

### Compensation Program and Philosophy

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The Management Development & Compensation Committee (referred to as the “Compensation Committee” or the “Committee” in this Compensation Discussion and Analysis) believes that competitive compensation is critical for attracting, retaining and motivating qualified and effective executives. The goal of our executive compensation methodology is to retain and reward leaders who create long-term value for our shareholders. This goal affects the compensation elements we use and our compensation decisions. Our compensation methods reward sustained financial and operating performance and leadership excellence, align the executives’ long-term interests with those of our shareholders and motivate executives to build on their expertise and remain with the Corporation for long and productive careers. Currently, our executive compensation program includes the following primary elements:

base salary;

short term incentive compensation primarily in the form of annual bonuses;

long-term incentive compensation, principally in the form of performance based restricted stock units under our Long Term Incentive Plan (LTIP); and

retirement and other benefits.

Our approach to allocating between short-term and long-term compensation historically has been to ensure adequate base compensation to attract and retain executives, while providing incentives to enhance the long-term financial standing of the Corporation and to enhance the value of our shares for our shareholders. We pay base salary to provide financial security. We pay annual bonuses to motivate performance of short-term goals. Long-term compensation in the form of performance stock units is offered to balance short and long term motivations through rewards linked to the performance of multi-year goals. Finally, we pay retirement and other benefits to encourage loyalty and productivity, and to be competitive with peer institutions.

Each year, the Compensation Committee focuses largely on CEO compensation to ensure that it reflects operating and stock performance and demonstrates awareness of investor sentiment. Together with Mr. Leto, the Compensation Committee also considers compensation of the other executive officers to achieve the right balance of incentives to appropriately reward and retain executives and maximize their performance over the long-term. The Compensation Committee recognizes that value-creating performance by an executive or group does not necessarily translate immediately into appreciation of the Corporation’s stock price, however, the Compensation Committee intends to continue to reward management performance based on its belief that, over time, strong operating performance and earnings growth will be reflected through level or increased stock prices.

While the Compensation Committee operates within the framework of the compensation philosophy, the Committee retains full discretion and the right to determine compensation for executives based on the data and information available to it. The Compensation Committee did not use set formulas in determining the amount and mix of compensation granted to named executive officers (referred to as “NEOs” or “named executives”) in 2015.

As compensation practices within our industry evolve, the Compensation Committee recognizes the importance of keeping current and continues to evaluate and enhance our compensation practices on a regular basis.

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## Consideration of Risk

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The Compensation Committee strives to provide strong incentives to manage the Corporation for the long-term, while avoiding excessive risk taking in the short-term. Goals and objectives reflect a fair mix of quantitative and qualitative performance measures to avoid excessive weight on a single performance measure. While bonuses are granted to reward executives in the shorter term, equity awards such as performance based restricted stock units are granted to incentivize executives towards long-term goals and sustained shareholder value. Likewise, the elements of compensation are balanced among current cash payments, equity awards and optional deferred bonus plans. With limited exceptions, the Compensation Committee currently retains a large amount of discretion to adjust compensation for quality of performance, contribution to the organization and adherence to company values.

The Compensation Committee annually reviews the relationship between our risk management practices and the incentive compensation we provide to our named executives to confirm that our incentive compensation does not encourage unnecessary and excessive risks. The Compensation Committee also reviews the relationship between risk management practices, corporate strategy and senior executive compensation.

The Compensation Committee does not believe that any of the current incentive plans pose an excessive risk to the Corporation's short- or long-term financial stability. Controls are in place at the management level, and overseen by the Compensation Committee, to annually evaluate and revise incentive plans as necessary. The Compensation Committee believes that these controls effectively mitigate risks that may arise under incentive plans.

## Compensation Actions for 2015

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The Compensation Committee, with input from Mr. Leto, evaluated and approved 2015 executive salary, bonus and equity compensation in the context of the Corporation's performance, market competition, acquisition activities, the achievement of certain of the Corporation's strategic initiatives, the results of the McLagan peer group survey, and the economic issues facing the financial services industry.

### *2015 Salaries*

2015 was a transitional year for the Corporation and included a number of changes within the executive management team. While our compensation philosophy and overall goals largely remained consistent, the reasons for the various changes in NEO salaries in 2015 differed somewhat from previous years. While merit increases based on individual

and divisional performance during 2014 played a part in the 2015 salary decisions for certain NEOs, salary determinations for most NEOs included other significant factors such as the results of McLagan's peer group analysis (see "COMPENSATION DISCUSSION AND ANALYSIS – Benchmarking Data and Use of Compensation Consultants" beginning at page 30) and the competitive hiring market. Below is chart depicting the salary changes year-over-year for each NEO other than J. Duncan Smith (see "COMPENSATION DISCUSSION AND ANALYSIS – Other Compensation Elements - Change of Control and Severance Arrangements" beginning at page 32), including a summary of the factors that primarily contributed to such changes.

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| NEO                   | 2014<br>Base<br>Salary* | 2015<br>Base<br>Salary** | Primary Factors Contributing to Salary Change  |
|-----------------------|-------------------------|--------------------------|--|
| Francis J. Leto       | \$385,000               | \$425,000                | Mr. Leto's base salary increase was contractually agreed upon pursuant to Mr. Leto's employment agreement dated April 25, 2014, and related to his promotion from President and Chief Operating Officer to President and Chief Executive Officer at January 1, 2015.   |
| Michael W. Harrington | N/A                     | \$325,000                | Mr. Harrington's base salary was contractually agreed upon pursuant to his employment agreement dated September 8, 2015, and related largely to Mr. Harrington's qualifications and larger-bank experience, market competitiveness at the time of his hire, and the results of the peer group analysis.  |
| David M. Takats       | \$123,000               | \$150,000                | Mr. Takats's base salary was increased largely based on merit for his performance within the finance division, including his stint as interim Chief Financial Officer from July 2015 to October 2015, and also based on the results of the peer group analysis.  |
| Alison J. Eichert     | \$254,999               | \$300,090                | Ms. Eichert's base salary increase related in large part to her promotion to the position of Chief Operating Officer in February 2015, as well as to her individual performance and that of her division in 2014. Of particular note in Ms. Eichert's performance was the role she played in the development of the Corporation's strategic plan, its IT strategy, and the Bank's plan for systems and core infrastructure upgrades, management of the Bank's human resources and facilities functions, increases in new transaction accounts and maintenance of a low organic funding rate compared to regional peers.  |
| Joseph G. Keefer      | \$243,508               | \$270,000                | Mr. Keefer's base salary was increased largely based on the results of the peer group analysis, and also on merit for his performance and that of his division in 2014. Of particular note in Mr. Keefer's performance were his leadership role in maintaining high credit quality standards, providing support and guidance for problem credits, increases in loan balances and residential mortgages originations, maintenance of low net charge-offs, the strong performance of the Bank's equipment leasing subsidiary, integration and growth of the First Bank of Delaware's loan portfolio, and continued support of the Bank's fair lending initiatives. |
| Harry R. Madeira      | \$250,000               | \$257,500                | Mr. Madeira's base salary increase was based on merit for his performance including his immersion in the wealth division, and his strategic review and planning for the division.  |

\* Base salary at December 31, 2014.

\*\* Base salary at December 31, 2015.

**2015 Annual Bonuses**

At the beginning of 2015, the Board of Directors adopted a strategic plan for the Corporation that included the implementation of many initiatives intended to enhance overall corporate performance in the coming years. The Corporation incurred a significant portion of the expenses related to the strategic plan and other initiatives in 2015 including the costs associated with significant upgrades in the Bank's core systems, operating infrastructure, information technology, and internet banking platforms, the expansion in both region and product-offering of the Bank's and its subsidiaries' lending initiatives, the implementation of capital planning strategies that included the issuance of \$30 million in aggregate principal amount of 4.75% fixed-to-floating subordinated notes, the settlement of the Corporation's frozen pension plan and the implementation of a new stock repurchase plan, and the merger integration costs related to the Continental Bank acquisition. While the Corporation expects to reap the benefits of the various initiatives in coming years, the short-term effect of the expenses coupled with a challenging operating environment led to a decrease in overall earnings. Further, the downturn of the capital markets generally coupled with the Corporation's 2015 financial results led to a diminished market price of the Corporation's common stock during the first quarter of 2016. The Compensation Committee made 2015 bonus determinations in February of 2016, and while the Committee felt it was important to reward the NEOs for their hard work in implementing the various initiatives undertaken and achieved, it decided to temper the dollar amount of the bonus pool given the backdrop of the realities discussed above. In determining each NEO's specific bonus amount, the Compensation Committee considered the Corporation's performance against specific corporate goals set in early 2015, as well as each individual executive's performance and contributions for the year.

In that regard, below are charts depicting (i) a comparative view of 2015 annual bonuses against 2014 annual bonuses paid to each NEO other than J. Duncan Smith (see "COMPENSATION DISCUSSION AND ANALYSIS – Other Compensation Elements - Change of Control and Severance Arrangements" beginning at page 32), (ii) the 2015 corporate goals against the results of the Corporation, and (iii) a summary of individual executive performance and contributions considered by the Committee.

**Annual Bonuses Paid in 2014 v. 2015:**

| <b>NEO</b>            | <b>2014 Annual Cash Bonus</b> | <b>2015 Annual Cash Bonus</b> |
|-----------------------|-------------------------------|-------------------------------|
| Francis J. Leto       | \$210,000                     | \$106,250                     |
| Michael W. Harrington | N/A                           | \$25,000                      |
| David M. Takats       | \$26,500                      | \$27,000                      |
| Alison J. Eichert     | \$180,000                     | \$95,000                      |
| Joseph G. Keefer      | \$135,000                     | \$85,000                      |
| Harry R. Madeira      | \$37,500                      | \$40,000                      |

**2015 Corporate Goals v. Results:**

| <b>Corporate Performance Factor</b>   | <b>2015 Goal</b>   | <b>2015 Results</b> |
|---|--|---------------------|
| Non-Performing Assets   | Top quartile of selected peer group*   | Achieved            |
| New wealth management business – Assets under management, administration, supervision and brokerage | \$400,000,000  | \$664,897,000       |
| Diversity   | Develop two strategic diversity networking partnerships and conduct diversity training | Achieved            |
| Net Interest Income   | \$104,000  | \$101,127           |
| Fee Income  | \$59,000   | \$55,960            |
| Strategic Plan  | Implement certain strategic operational initiatives                                    | Achieved            |

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\* See “COMPENSATION DISCUSSION AND ANALYSIS – Benchmarking Data and Use of Compensation Consultants” beginning at page 30.



*Individual NEO Performance and Contributions:*

**NEO**

**Individual Factors Considered in 2015 Annual Bonus**

|                       |  |
|-----------------------|--|
| Francis J. Leto       | The Committee considered Mr. Leto's successful assumption of the role of Chief Executive Officer, and his contributions to the Corporation's overall strategic advances and enhancements during the year including recruitment of our new Chief Financial Officer, the addition of other strategic personnel, the reorganization and restructuring of the senior management team including adjustments to the Chief Operating Officer role, the formulation of a new strategic plan with Board involvement, the first year implementation of the strategic plan, and the successful acquisition of the RJ McAllister Agency insurance company. |
| Michael W. Harrington | The Committee considered Mr. Harrington's successful assumption of the role of Chief Financial Officer, and his insights and contributions to the Corporation's strategies going forward.  |
| David M. Takats       | The Committee delegated the responsibility of determining Mr. Takats's annual bonus to Mr. Harrington given Mr. Takats's ongoing role as a Senior Vice President in the Bank's finance division. Mr. Takats's bonus is a function of his leadership role as interim Chief Financial Officer and his assistance in transitioning this role to the Mr. Harrington.   |
| Alison J. Eichert     | The Committee considered Ms. Eichert's leadership in the Bank's initiatives related to account growth, funding rates, core system upgrades, the process improvements over her areas of responsibility, and the reduction of branch redundancy costs.   |
| Joseph G. Keefer      | The Committee considered Mr. Keefer's leadership in the implementation of key system upgrades for the lending division, the development of process improvements and reorganization within the credit administration and commercial banking divisions, and the strong performance of the lending division during a three-quarter long integration process following the acquisition of Continental Bank.  |
| Harry R. Madeira      | The Committee considered Mr. Madeira's leadership in the cross selling initiatives of the private banking group, the reorganization of the retirement services group, and the Bank's growth in assets under management, administration, supervision and brokerage, however looks for strategic development and improvement in the wealth management division's revenue growth.   |

***2015 One-Time Bonuses***

From time to time, the Compensation Committee decides that it is appropriate and in the best interest of the Corporation to pay a one-time bonus to an executive in order to incentivize the individual towards a very particular goal. Payment of this type of bonus occurred three times in 2015, largely due to the previously discussed changes within the executive management team. Mr. Harrington received \$25,000 as a signing bonus pursuant to terms negotiated in his employment agreement. Mr. Takats received \$25,000 as an incentive bonus in connection with his work as interim Chief Financial Officer during the period of July 2015 to October 2015. Mr. Leto received a retention bonus under the terms of his Retention Bonus Agreement with the Bank that was negotiated and entered into in June of 2013, pursuant to which the Bank agreed to pay Mr. Leto a cash bonus in two installments of \$150,000 each on June 30, 2015 and December 31, 2015 so long as he remained actively employed as the head of the Bank's wealth

management division or as successor Chief Executive Officer and in compliance with the Corporation's and the Bank's policies and directives concerning job performance and conduct as of each payment date.

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### *2015 Performance Award Grants and Vesting*

The Compensation Committee believes that a portion of the NEOs' compensation should be tied to the Corporation's operating and stock price performance over the long-term period. The Compensation Committee reviews long-term incentive compensation strategy and vehicles annually. The Corporation's current long-term incentive plan under which NEOs are eligible to receive awards is the Amended and Restated 2010 Long-Term Incentive Plan ("2010 LTIP"). Certain of the NEOs also have awards outstanding under the 2004 Stock Option Plan ("2004 Plan"), and the 2007 Long-Term Incentive Plan ("2007 LTIP"). The 2010 LTIP allows the Compensation Committee flexibility to issue equity incentive awards such as stock options, stock grants, performance units, performance shares, restricted stock and restricted stock units.

When determining the amount of equity granted to executive officers, the Compensation Committee takes into consideration share usage, dilution and shares available under the equity plan. In 2015, the Committee considered compensation survey data and peer data comparisons when assigning shares as well as the relative contribution of each role and leader.

In 2015, long-term performance-based compensation of executive officers was paid using performance-based restricted stock units (the "Performance Awards") as reflected in "EXECUTIVE COMPENSATION—Equity Based Compensation—Grants of Plan-Based Awards Table" on page 38 of this Proxy Statement.

The Performance Awards issued in 2015 are subject to 3-year cliff vesting where the final payout is based on the Corporation's total shareholder return ("TSR") compared to the TSR of the Nasdaq Community Bank Index (the "Index"). TSR is calculated using the average stock price for the 20 trading days preceding the beginning and end of the 3-year performance period and assuming dividends are reinvested on the ex-dividend date over the performance period. Upon the expiration of the performance period, the TSR of the Corporation will be compared against the TSR of the Index. If the Corporation's TSR is greater than zero and also greater than that of the Index, 100% of the Performance Awards will vest and shares of the Corporation's common stock will be delivered to participants accordingly. For every 100 basis points that the Corporation's TSR is behind the Index's TSR, the vesting amount will decrease by 3.33%. If the Corporation's TSR is negative at the end of the performance period, there will be no payout. Dividends will accrue over the vesting period and participants will receive those dividends (in shares or cash) based upon the final amount of the shares that vest according to the TSR performance.

In August 2015, the Performance Awards granted in August 2012 vested. The Corporation's TSR for the three year period yielded 50.80% and the Index's TSR yielded 61.58% which resulted in a 64.12% vesting and payout of awards.

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## **Benchmarking Data and Use of Compensation Consultants**

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In 2015, the Compensation Committee used peer data analysis to evaluate compensation practices and considered the results of comparative surveys with respect to executive compensation as one of the many factors it used to determine overall executive compensation.

The Compensation Committee engaged two consultants, Radford Consulting, an Aon Hewitt company (referred to as “Radford”) and McLagan, an AON Hewitt company (referred to as “McLagan”), to support Compensation related activities. Neither consultant nor their affiliates were engaged to provide additional services to the Corporation or the Bank. A Compensation Committee Adviser Independence Assessment, including evaluation of conflicts of interest, was completed as required under the SEC and NASDAQ rules for compensation advisors. Both compensation consultants were deemed independent, without conflicts of interest.

The Compensation Committee engaged Radford to provide consulting services relative to the design of the stock award programs for 2015. In 2015, the Compensation Committee determined to grant restricted stock units as part of the performance awards under the 2010 LTIP.

The Committee engaged McLagan to develop a peer group for use with compensation related decisions. McLagan developed peer groups with a Regional, National and Combined focus. After review, the Committee agreed to adopt a combined peer group for executive compensation related decisions which consisted of Boston Private Financial, First Financial Bankshares, First Merchants Corp., First Commonwealth Financial, 1st Source Corp., Tompkins Financial Corp., WSFS Financial Corp., S&T Bancorp Inc., Sandy Spring Bancorp Inc., First Busey Corp., Washington Trust Bancorp, CoBiz Financial Inc., Univest Corp. of PA, Stock Yards Bancorp, Inc., Camden National Corp., Peapack-Gladstone Financial, QCR Holdings Inc., Hills Bancorp, Arrow Financial Corp., Old Second Bancorp Inc., Chemung Financial Corp., Lake Sunapee Bank Group. Following the adoption of the peer group, the Committee further engaged McLagan to evaluate compensation for the executive leaders as well as the Board. Finally, McLagan helped in the development of an Annual Incentive Plan design for the NEOs to be implemented in 2016. The compensation study evaluated the mix of base salary, equity compensation, and incentive compensation for peer executives, and was considered in 2015 compensation actions for certain NEOs as discussed earlier in this Compensation Discussion and Analysis.



## Other Compensation Elements

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The following summarizes the compensation elements we use as tools to reward, align and retain our named executives in addition to the base salaries, annual bonuses and performance stock unit awards described above.

### *Deferred Compensation and Defined Benefit Plans*

To attract and retain qualified executive officers, in 2015 we also offered our executive officers and other employees, who earned in excess of the Internal Revenue Code Section 401(a)(17) compensation limit, participation in the Deferred Bonus Plan for Executives which allows payment of any bonus received to be deferred. The right to receive future payments under the plan is an unsecured claim against our general assets.

The Corporation also provides retirement benefits to the NEOs under the same 401(k) Plan (“401(k) Plan”) and supplemental employee retirement plan (the “First Supplemental Plan”) in which the other executives and employees participate. Messrs. Keefer and Smith and Ms. Eichert also participated in our defined benefit pension plan (the “Pension Plan”). Both our Pension Plan and our First Supplemental Plan were frozen effective March 31, 2008. The pension plan was settled on December 31, 2015. As of December 31, 2013, only Messrs. Keefer and Smith and Ms. Eichert, participated in the Second Supplemental Plan and together with the First Supplemental Plan, the (“Supplemental Plans”). The Second Supplemental Plan was frozen effective March 31, 2013.

Following the freezing of the Second Supplemental Plan in 2013, the Compensation Committee adopted the 2013 Executive Deferred Compensation Plan (the “2013 Executive Plan”), which is a non-qualified defined-contribution plan. The 2013 Executive Plan’s primary purpose is to provide performance-based deferred compensation to a select group of employees, including each of the NEOs. Under the 2013 Executive Plan, the Corporation will allocate amounts to the deferred compensation account of each participant. The amounts to be allocated to participants’ accounts consist of three distinct parts:

A fixed 1.5% of the participant’s then-current base annual salary, contributed quarterly;

Interest credited at the rate of 120% of the long-term applicable federal rate prescribed by the Internal Revenue Service on the previous quarters balance;

A variable allocation based on achievement of certain performance goals, contributed annually.

Goals under the performance-based portion of the plan are established by the Compensation Committee at the beginning of each year.

Because of the robust performance goals associated with a significant portion of the award potential, we view the 2013 Executive Plan as part of our long-term incentive strategy, rather than a traditional retirement plan.

Each participant is eligible to receive a performance-based allocation ranging from 6% of base salary at target performance if all targets are met to 9% of base salary at maximum performance. Performance-based allocations are prorated on a straight line basis for performance between target and maximum levels, and no performance-based allocations are made for performance below target. The Maximum goal must be attained in each ROA, ROE and EPS growth target to receive the additional performance allocation.

Based on actual performance in 2015, the Compensation Committee determined that the ROA goal was achieved, while the ROE and EPS goals were not. As a result, each participant was allocated the fixed award of 6% of his or her base salary (1.5% quarterly), plus an additional 2% of base salary for the achievement of the ROA goal.

See the sections entitled “401(k) Plan” and “Pension Plan” at page 42, and “Nonqualified Deferred Compensation” at page 43 of this Proxy Statement for more information.



### *Change of Control and Severance Arrangements*

In order to recruit qualified employees, the Bank may provide, at its discretion or in some instances pursuant to contractual obligations, severance benefits to our executive officers and other employees if their positions are eliminated or if they are terminated involuntarily without cause. In those cases where severance benefits are provided, the Bank enters into a severance agreement with the departing employee which includes a full release of all claims against the Bank and its affiliates.

We also have change of control agreements with Messrs. Leto, Harrington and Keefer and Ms. Eichert which are designed to be competitive with the market and the Compensation Committee believes that the amount of the benefits is appropriate. The agreements contain a double trigger for payments. A change of control must occur and the executive officer must be terminated either (a) without cause by us, or (b) by the executive officer for good reason at any time during the two years following the change of control. “Change of control” is defined under the agreements as (a) the acquisition by any person or group of twenty-five percent or more of our outstanding common stock, or (b) incumbent members of our Board cease to be at least a majority of the Board. The agreements provide for a cash payment of three times the executive’s base salary at the time they are triggered. The agreements also provide for an additional cash payment equal to the difference between the price of our common stock on the date of the change of control and the exercise price of all options held by the executive officer. Upon a trigger event, an executive officer is entitled to his or her discretionary bonus, and other benefits. See “EXECUTIVE COMPENSATION—Potential Payments upon Termination or Change of Control” beginning on page 44 of this Proxy Statement for more information.

### *Mr. Smith’s Resignation*

On July 17, 2015, J. Duncan Smith resigned from his position as Chief Financial Officer and Treasurer of the Corporation and the Bank. Pursuant to the terms of a Letter Agreement and General Release, dated July 17, 2015, by and among the Corporation, the Bank, and Mr. Smith (the “Separation Agreement”), Mr. Smith received \$183,297.47 in equal installments over a 9 month period in accordance with the Corporation’s normal payroll practices. The Separation Agreement also provided a waiver of the forfeiture provision in Mr. Smith’s Performance Stock Award, pursuant to which an award of 5,000 shares of common stock partially vested on August 17, 2015 (See “COMPENSATION DISCUSSION AND ANALYSIS – Compensation Actions for 2015 – 2015 Performance Award Grants and Vesting” at page 29). The Compensation Committee recognized and approved Mr. Smith’s departure as an early retirement in connection with this waiver. Additionally, the Bank paid Mr. Smith’s COBRA premiums through September 30, 2015, and his accrued but unused PTO (paid time off) through July 17, 2015. Mr. Smith also received earnings on his vested stock options, which he exercised within 90 days following his departure in accordance with the requirements of his stock option award agreements. The total dollar value of the payments and benefits Mr. Smith received in connection with his resignation was \$358,818.45. Under the Separation Agreement, Mr. Smith provided us with a waiver and release of all claims.

***Perquisites and Other Benefit Compensation***

Other than reimbursement for expenses where spouses accompany executives in connection with business entertainment and travel, it is our general policy not to provide perquisites to executive officers. In isolated cases, and where appropriate to achieve our corporate goals, we may also agree to give limited perquisites to specific executive officers.

In order to attract and retain executive talent, we provide term life, health, disability and dental insurance to our NEOs on terms similar to those we provide other employees generally, except with respect to payments upon change of control, death or disability. See “Potential Payments upon Termination or Change of Control” beginning on page 44 of this Proxy Statement.

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### ***Tax Deductibility of Compensation***

Internal Revenue Code of 1986, as amended (the “Code”) Section 162(m) of the Code imposes a \$1 million limit on the amount that a public company may deduct for compensation paid to its chief executive officer or any of its three other most highly compensated executive officers who were employed as of the end of the year. This limitation does not apply to compensation that meets the requirements under Section 162(m) for “qualifying performance-based” compensation (i.e., compensation paid only if the individual’s performance meets pre-established objective goals based on performance criteria approved by shareholders). For 2014, the Corporation’s grants of Performance Awards, and the payments of discretionary annual cash bonuses were designed to satisfy the requirements for deductible compensation. Generally, the Compensation Committee intends to structure our compensation methods, where feasible, to minimize or eliminate the impact of limitations or penalties such as those in Section 162(m). The Compensation Committee did not otherwise consider accounting or tax treatments of particular forms of compensation in making compensation decisions in 2015.

### **COMPENSATION COMMITTEE REPORT**

The Compensation Committee has reviewed and discussed the Compensation Discussion and Analysis required by Item 402(b) of Regulation S-K with management and, based on such review and discussions, the Compensation Committee recommended to the Board of Directors that the Compensation Discussion and Analysis be included in this Proxy Statement and our Annual Report on Form 10-K for the year ended December 31, 2015.

*Respectfully submitted:*

Andrea F. Gilbert, Chair  
Michael J. Clement  
Wendell F. Holland  
David E. Lees  
Lynn B. McKee

## EXECUTIVE COMPENSATION

## Summary Compensation Table

The table below summarizes the total compensation paid to or earned by each of the NEOs for each of the years ended December 31, 2015, 2014 and 2013:

| Name and Principal Position   | Year | Salary (\$) | Bonus (\$) <sup>(1)</sup> | Stock Awards (\$) <sup>(2)</sup> | Non-equity Incentive Plan Earnings (\$) <sup>(3)</sup> | Change in Pension Value and Nonqualified Deferred Compensation Earnings (\$) <sup>(4)</sup> |  | All Other Compensation (\$) <sup>(5)</sup> | Total (\$) |
|---|------|-------------|---------------------------|----------------------------------|--|---|--|--|------------|
|   |      |             |                           |                                  |  |   |  |  |            |
| Francis J. Leto, President and Chief Executive Officer                      | 2015 | 439,808     | 406,250 <sup>(6)</sup>    | 186,010                          | 37,413   | —   |  | 62,668                                     | 1,132,146  |
|   | 2014 | 358,300     | 210,000                   | 368,593                          | 56,318   | —   |  | 60,181                                     | 1,053,392  |
|   | 2013 | 310,000     | 173,500                   | 177,238                          | 46,768   | —   |  | 47,066                                     | 754,572    |
| Michael W. Harrington, Chief Financial Officer and Executive Vice President | 2015 | 71,250      | 50,000 <sup>(7)</sup>     | 182,640                          | —  | —   |  | 13,174                                     | 317,064    |
|   | 2014 | —           | —                         | —                                | —  | —   |  | —  | —          |
|   | 2013 | —           | —                         | —                                | —  | —   |  | —  | —          |
| David M. Takats, SVP and Former Interim Chief Financial Officer             | 2015 | 145,188     | 52,000 <sup>(8)</sup>     | 89,680                           | —  | —   |  | 29,470                                     | 316,338    |
|   | 2014 | 123,000     | 26,500                    | 7,525                            | —  | —   |  | 23,700                                     | 180,725    |
|   | 2013 | 114,449     | 25,473                    | 3,345                            | —  | —   |  | 22,837                                     | 166,104    |
|   | 2015 | 274,966     | —                         | —                                | 9,697  | (17,046)  |  | 20,153                                     | 287,770    |

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|  |      |         |         |         |        |         |          |         |
|--|------|---------|---------|---------|--------|---------|----------|---------|
| J. Duncan<br>Smith,<br>Former Chief<br>Financial<br>Officer  | 2014 | 241,977 | 60,000  | 72,250  | 37,816 | 72,311  | 38,959   | 523,313 |
|  | 2013 | 237,000 | 118,000 | 66,900  | 37,755 | (25,134 | ) 42,821 | 475,342 |
| Alison Eichert,<br>Chief<br>Operating<br>Officer<br>and Executive<br>Vice President<br>of the Bank | 2015 | 311,097 | 95,000  | 118,370 | 26,561 | 7,077   | 46,977   | 604,082 |
|  | 2014 | 255,000 | 180,000 | 90,300  | 39,853 | 192,674 | 44,140   | 801,967 |
|  | 2013 | 250,000 | 164,000 | 66,900  | 37,716 | (64,233 | ) 44,518 | 498,901 |
| Joseph G.<br>Keefer,<br>Executive Vice<br>President -<br>Lending                                   | 2015 | 267,499 | 85,000  | 101,460 | 23,260 | 41,984  | 50,153   | 569,356 |
|  | 2014 | 243,508 | 135,000 | 72,250  | 38,055 | 252,325 | 44,217   | 785,355 |
|  | 2013 | 238,500 | 122,000 | 66,900  | 35,981 | (84,421 | ) 44,874 | 423,834 |
| Harry R.<br>Madeira,<br>Executive Vice<br>President -<br>Wealth                                    | 2015 | 267,404 | 40,000  | 191,580 | 20,783 | —       | 31,052   | 550,819 |
|  | 2014 | 68,269  | 37,500  | 90,270  | —      | —       | 767      | 196,806 |
|  | 2013 | —       | —       | —       | —      | —       | —        | —       |

(1) Bonuses were awarded to the NEOs during the first quarter of the following year.

(2) Reflects the dollar amount recognized for financial statement reporting purposes for each fiscal year indicated in accordance with FASB ASC Topic 718.

(3) Reflects the dollar amount awarded as part of the 2013 Executive Plan as described on page 31.

(4) The amounts shown in this column are the changes in the pension value for each of the NEOs.

The amount shown in this column for each NEO includes our matching and discretionary contributions under our 401(k) Plan, our contributions to life, health, and disability insurance benefits and flex benefits, and accrued dividends relating to unvested Restricted and Performance Stock Awards. For 2015, dividends accrued were as follows: \$25,268 for Mr. Leto; \$1,829 for Mr. Smith; \$1,200 for Mr. Harrington; \$2,581 for Mr. Takats; and \$7,650 for Mr. Madeira; \$14,539 for Ms. Eichert and \$13,169 for Mr. Keefer. Additionally, the disclosure for Mr. Leto includes certain reimbursements for spousal expenses in connection with business travel and entertainment and the disclosure for Mr. Harrington includes the reimbursement of legal fees in connection with the negotiation of Mr. Harrington's employment contract.

(5) Includes a \$300,000 bonus paid in 2015 in connection with Mr. Leto's June 2013 Retention Bonus Agreement with the Bank. See "COMPENSATION DISCUSSION AND ANALYSIS - Compensation Actions for 2015 - 2015 One-Time Bonuses" at page 28.

(6) Includes a \$25,000 signing bonus paid in 2015 in connection with Mr. Harrington's employment as Chief Financial Officer.

(7) Includes a \$25,000 bonus paid in 2015 in connection with Mr. Takats's appointment as Interim Chief Financial Officer.

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## **Executive Employment Agreements**

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### ***Leto Agreement***

In 2014, the Bank entered into an employment agreement with Mr. Leto. The employment agreement provided that Mr. Leto's annual salary would be \$425,000 upon his appointment as CEO at January 1, 2015. The agreement also provided for equity awards to be granted in connection with Mr. Leto's promotion, and entitles Mr. Leto to participate in all Bank employee benefit plans and arrangements made generally available to our executives and key management employees.

The Bank may terminate the employment agreement upon Mr. Leto's death, Disability (as defined in the employment agreement) or for Cause (as defined in the employment agreement.) If the Bank terminates Mr. Leto's employment due to Disability, the Bank must continue to pay his full salary for a period equal to the applicable "elimination period" under any group long-term disability insurance provided by us (currently 180 days), or, if the Bank ceases to provide group long-term disability insurance, we must pay his full salary through the last day of the 180 day period following the date of termination. If we terminate Mr. Leto's employment for reasons other than his Disability and other than for Cause, Mr. Leto is entitled to receive payment of an amount equal to the sum of two times his annual salary at the rate in effect on the date of the Notice of Termination in substantially equal biweekly installments over a two year period provided he signs and does not revoke a waiver and release. In addition, the Bank will be responsible to pay 100% of the applicable premiums for COBRA continuation for Mr. Leto and his eligible dependents for a period of 18 months following the Date of Termination (or until such time that Mr. Leto or his dependents are no longer eligible.) Lastly, Mr. Leto's unvested equity awards will automatically vest in such a case of termination.

The employment agreement also contains non-disclosure, non-solicitation and non-competition provisions under which Mr. Leto agrees not to disclose any confidential information, not to solicit our employees or our clients, and not to compete with us within a 100 mile radius of Bryn Mawr, PA, subject to certain conditions, for a period of two years following his termination of employment.

### ***Harrington Agreement***

In 2015, the bank entered into an employment agreement with Mr. Harrington upon his employment as the Chief Financial Officer. Per the employment agreement, Mr. Harrington is paid an annual salary of \$325,000, the normal benefits afforded to full time employees and is eligible for all other executive compensation programs detailed in this CD&A. Mr. Harrington was also provided a \$25,000 sign on bonus.

The Bank may terminate the employment agreement upon Mr. Harrington's death, Disability (as defined in the employment agreement) or for Cause (as defined in the employment agreement.) If the Bank terminates Mr. Harrington's employment due to Disability, the Bank must continue to pay his full salary for a period equal to the applicable "elimination period" under any group long-term disability insurance provided by us (currently 180 days), or, if the Bank ceases to provide group long-term disability insurance, we must pay his full salary through the last day of the 180 day period following the date of termination. If we terminate Mr. Harrington's employment for reasons other than his Disability and other than for Cause, Mr. Harrington is entitled to receive payment of an amount equal to the sum of one times his annual salary at the rate in effect on the date of the Notice of Termination in substantially equal biweekly installments provided he signs and does not revoke a waiver and release. In addition, the Bank will be responsible to pay 100% of the applicable premiums for COBRA continuation for Mr. Harrington and his eligible dependents for a period of 12 months following the Date of Termination (or until such time that Mr. Harrington or his dependents are no longer eligible.)

The employment agreement also contains a non-disclosure, non-solicitation and non-competition provisions under which Mr. Harrington agrees not to disclose any confidential information, not to solicit our employees or our clients, and not to compete with us within a 100 mile radius of any branch or other place of business of the Corporation, the Bank, and their subsidiaries, subject to certain conditions, for the Restricted Period, (as defined in the employee agreement).



## Equity Based Compensation

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Some or all of the named executives have equity awards outstanding under each of the 2004 Plan, the 2007 LTIP and the 2010 LTIP.

### *2004 Plan*

Under the 2004 Plan, the Compensation Committee is authorized to grant either incentive stock options or non-qualified stock options to our key employees, including our executive officers and our non-employee directors. The Compensation Committee determines when an option is exercisable in whole or in part. The maximum term of an option is ten years from the date of grant. The exercise price is the last sales price as reported by the Nasdaq Stock Market on the day preceding the date of the grant. Payment for an option may be made in cash or by the delivery of shares of our common stock with a fair market value as of the exercise date equal to the exercise price of the option being exercised. In the event of a Change of Control, as defined therein, all options granted under the 2004 Plan will immediately vest and become exercisable.

### *2007 Plan*

The 2007 LTIP broadened the types of awards available to stock options, stock grants, performance units, performance shares, restricted stock and restricted stock units. Under the 2007 LTIP, options become immediately exercisable in full if any of the following happen within two (2) years after a Change of Control:

the participant's employment is terminated without cause;

the participant terminates employment with good reason; or

the participant's employment terminates under circumstances that entitle the participant to benefit under the participant's Change of Control agreement (more fully described in the section entitled "EXECUTIVE COMPENSATION—Potential Payments Upon Termination Or Change of Control—Change of Control" on page 44 of this Proxy Statement).

Under the 2007 LTIP, outstanding stock options or stock appreciation rights also become immediately exercisable in full:

if we are the surviving entity in a merger and do not make any adjustments necessary to preserve the value of participants' outstanding stock options or stock appreciation rights; or

if we are not the survivor and the surviving entity does not assume the obligations under the 2007 LTIP.

The Compensation Committee may, in its sole discretion, determine that, upon a Change of Control, a cash payment may be made for any outstanding stock options or stock appreciation rights granted under the 2007 LTIP. The amount payable would be equal to the excess of the fair market value of a share of common stock prior to the Change of Control over the exercise price of the stock option or stock appreciation right. If a cash payment is made, each related stock option or stock appreciation right would terminate and the participant would have no further rights except the right to receive the cash payment.

**2010 Plan**

The 2010 LTIP provides for the grant of certain awards to employees, including our officers, officers of our subsidiaries and our directors. The 2010 LTIP further broadened the types of awards available to participants to: incentive stock options, non-qualified stock options (incentive stock options and non-qualified stock options are collectively called “options”), stock appreciation rights (“SAR”), dividend equivalents, performance awards which may be either a number of shares of common stock (“performance shares”) or a cash amount (“performance units”), restricted stock, and restricted stock units.

In 2015, we amended and restated the 2010 plan. The awards granted under the 2010 LTIP were restricted stock units and performance units. The Compensation Committee has broad discretion with respect to the terms of performance awards that it grants, including setting objective performance goals that must be met for performance awards. For more information regarding the Performance Awards that were granted in 2015, see “COMPENSATION DISCUSSION AND ANALYSIS— Other Compensation Elements — Deferred Compensation and Defined Benefit Plans” at page 31.

As of December 31, 2015, the number of shares of Common Stock authorized for issuance under the 2010 Plan was 945,002 shares in total. An aggregate maximum of 617,765 shares of common stock remained available for grant at that date under the 2010 LTIP. No shares remain available for grant under the 2004 Plan or 2007 LTIP.

**Grants of Plan-Based Awards**


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The Compensation Committee awarded Performance Awards and Restricted Awards in 2015 as set forth in the table below:

| <b>Estimated<br/>future<br/>payouts<br/>under<br/>equity<br/>incentive<br/>plan<br/>awards</b> | <b>All<br/>other<br/>stock<br/>awards:<br/>Number<br/>of</b> | <b>Grant<br/>date<br/>fair<br/>value of<br/>stock</b> |
|--|--|---|
|--|--|---|

| Name                  | Grant Date | Target   | Maximum | shares of stock or |           | and option awards (\$) |
|-----------------------|------------|----------|---------|--------------------|-----------|------------------------|
|                       |            |          |         | units (#)          | units (#) |                        |
| Francis J. Leto       | 02/06/15   | — 11,000 | —       | —                  | —         | 186,010                |
| Michael W. Harrington | 10/05/15   | —        | —       | 6,000              | (2)       | 182,640                |
| David M. Takats       | 07/27/15   | —        | —       | 2,000              | (3)       | 57,600                 |
|                       | 08/16/15   | — 2,000  | —       | —                  | —         | 32,080                 |
| J. Duncan Smith       | N/A        | —        | —       | —                  | —         | —                      |
| Alison Eichert        | 02/06/15   | — 7,000  | —       | —                  | —         | 118,370                |
| Joseph G. Keefer      | 02/06/15   | — 6,000  | —       | —                  | —         | 101,460                |
| Harry R. Madeira      | 02/06/15   | — 6,000  | —       | —                  | —         | 101,460                |
|                       | 03/02/15   | —        | —       | 3,000              | (4)       | 90,120                 |

With respect to Performance Awards, for every 100 basis points that the TSR is behind the Index's TSR upon the expiration of the 3 year performance period, the amount that will vest will be decreased by 3.33%. As a result, no (1) units will vest if the Corporation's TSR is 70% or less than the Index's TSR. See "COMPENSATION DISCUSSION AND ANALYSIS— Other Compensation Elements — Deferred Compensation and Defined Benefit Plans" on page 31 of this Proxy Statement.

(2) Represents 6,000 restricted stock units granted on October 5, 2015 in connection with Mr. Harrington's employment as Chief Financial Officer. (see page 26)

(3) Represents 2,000 restricted stock units granted on July 27, 2015 in connection with Mr. Takats's appointment as Interim Chief Financial Officer. (see page 26)

(4) Represents 3,000 restricted stock units granted on March 2, 2015 in connection with Mr. Madeira's employment as Head of the Wealth Management Division of the Bank. (see page 26)

## Outstanding Equity Awards at Fiscal Year-End

The following table summarizes the outstanding equity compensation awards of the NEOs at December 31, 2015:

| Name                   | Option awards   |   | Stock awards               |                        | Equity incentive plan awards: market or payout value of unearned shares, units or other rights that have not vested (#) |  |   |
|------------------------|---|---|----------------------------|------------------------|---|--|---|
|                        | Number of securities underlying unexercised options exercisable (#) | Number of securities underlying unexercised options unexercisable (#) | Option exercise price (\$) | Option expiration date | Number of shares or units of stock that have not vested (#)   | Market value of shares or units of stock that have not vested (\$) | Equity incentive plan awards: market or payout value of unearned shares, units or other rights that have not vested (#) |
| <b>Francis J. Leto</b> | 3,500   | —   | 22.00                      | 8/29/2017              | 5,000   | 143,600  | 25,870  |
|                        | 5,264   | —   | 24.27                      | 8/18/2018              |   |  |   |
|                        | 11,500  | —   | 18.27                      | 8/21/2019              |   |  |   |
|                        | 23,764  | —   |                            |                        |   |  |   |
|                        |   |   |                            |                        |   |  | 742,986   |

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|                              |        |   |       |           |       |         |        |         |
|------------------------------|--------|---|-------|-----------|-------|---------|--------|---------|
| <b>Michael W. Harrington</b> | —      | — | —     | —         | 6,000 | 172,320 | —      | —       |
| <b>David M. Takats</b>       | —      | — | —     | —         | 2,000 | 57,440  | 2,750  | 78,980  |
| <b>J. Duncan Smith</b>       | —      | — | —     | —         | —     | —       | —      | —       |
| <b>Alison Eichert</b>        |        |   |       |           | —     | —       | 18,000 | 516,960 |
|                              | 9,000  | — | 22.00 | 8/29/2017 |       |         |        |         |
|                              | 9,000  | — | 24.27 | 8/18/2018 |       |         |        |         |
|                              | 18,000 |   |       |           |       |         |        |         |
| <b>Joseph G. Keefer</b>      |        |   |       |           | —     | —       | 16,000 | 459,520 |
|                              | 9,000  | — | 22.00 | 8/29/2017 |       |         |        |         |
|                              | 9,000  | — | 24.27 | 8/18/2018 |       |         |        |         |
|                              | 11,500 | — | 18.27 | 8/21/2019 |       |         |        |         |
|                              | 29,500 | — |       |           |       |         |        |         |
| <b>Harry R. Madeira</b>      | —      | — | —     | —         | 6,000 | 172,320 | 6,000  | 172,320 |

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## Option Exercises and Stock Vested

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The following table summarizes the option awards that have been exercised and Performance Awards that have vested during the fiscal year ended December 31, 2015.

| Name                         | Option Awards   |   | Stock Awards   |  |
|------------------------------|---|---|--|--|
|                              | Number<br>of<br>shares<br>acquired<br>on<br>exercise<br>(#) | Value<br>realized<br>on<br>exercise<br>(\$) | Number<br>of<br>shares<br>acquired<br>on<br>vesting<br>(#) | Value<br>realized<br>on<br>vesting<br>(\$) |
| <b>Francis J. Leto</b>       | 3,500   | 27,720                                      | 5,654  | 169,794                                    |
| <b>Michael W. Harrington</b> | —   | —   | —  | —  |
| <b>David M. Takats</b>       | —   | —   | 158  | 4,704                                      |
| <b>J. Duncan Smith</b>       | 9,000   | 51,620                                      | 3,154  | 94,069                                     |
| <b>Alison Eichert</b>        | 23,500  | 231,154                                     | 3,154  | 94,069                                     |
| <b>Joseph G. Keefer</b>      | 12,000  | 99,832                                      | 3,154  | 94,069                                     |
| <b>Harry R. Madeira</b>      | —   | —   | —  | —  |

**RETIREMENT BENEFITS****Pension Benefits Table**

The following table shows the present value of accumulated benefits payable to each of the NEOs as of December 31, 2015, including the number of years of credited service to each NEO under our Pension Plan and Supplemental Plans determined using interest and mortality rate assumptions consistent with those used in our financial statements.

| Name                         | Plan Name               | Number<br>of                        | Present Value                        | Payments <sup>(1)</sup>            |
|------------------------------|-------------------------|-------------------------------------|--------------------------------------|------------------------------------|
|                              |                         | Years<br>Credited<br>Service<br>(#) | of<br>Accumulated<br>Benefit<br>(\$) | During Last<br>Fiscal Year<br>(\$) |
| <b>Francis J. Leto</b>       | Pension Plan            | —                                   | —                                    | —                                  |
|                              | Supplemental<br>Plan I  | —                                   | —                                    | —                                  |
|                              | Supplemental<br>Plan II | —                                   | —                                    | —                                  |
| <b>Michael W. Harrington</b> | Pension Plan            | —                                   | —                                    | —                                  |
|                              | Supplemental<br>Plan I  | —                                   | —                                    | —                                  |
|                              | Supplemental<br>Plan II | —                                   | —                                    | —                                  |
| <b>David M. Takats</b>       | Pension Plan            | —                                   | —                                    | —                                  |
|                              | Supplemental<br>Plan I  | —                                   | —                                    | —                                  |
|                              | Supplemental<br>Plan II | —                                   | —                                    | —                                  |
| <b>J. Duncan Smith</b>       | Pension Plan            | N/A                                 | —                                    | 101,344                            |
|                              | Supplemental<br>Plan I  | 3.25                                | 7,002                                | —                                  |
|                              | Supplemental<br>Plan II | 8                                   | 134,856                              | —                                  |



|                         |                      |       |         |         |
|-------------------------|----------------------|-------|---------|---------|
| <b>Alison Eichert</b>   | Pension Plan         | N/A   | —       | 370,391 |
|                         | Supplemental Plan I  | 10.25 | 15,171  | —       |
|                         | Supplemental Plan II | 15    | 304,028 | —       |
| <b>Joseph G. Keefer</b> | Pension Plan         | N/A   | —       | 606,487 |
|                         | Supplemental Plan I  | 17.25 | 31,186  | —       |
|                         | Supplemental Plan II | 22    | 339,793 | —       |
| <b>Harry R. Madeira</b> | Pension Plan         | —     | —       | —       |
|                         | Supplemental Plan I  | —     | —       | —       |
|                         | Supplemental Plan II | —     | —       | —       |

(1) Payments during the fiscal year were the result of the termination of the Pension Plan. Payments were in the form of an annuity or a lump sum, at the discretion of the participant.

## 401(k) Plan

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We maintain a 401(k) Plan for all eligible employees. An employee becomes eligible to participate in our 401(k) Plan at the date of hire. A participant may elect to have his/her compensation reduced and contribute the amount of the reduction on his/her behalf to the 401(k) Plan in an amount not to exceed the applicable yearly dollar limitations (catch up contributions are also permitted).

Quarterly, we make a dollar-for-dollar matching contribution of up to 3% of each eligible participant's base compensation. In any 401(k) Plan year, we may make a discretionary contribution to eligible participants' accounts from our net profits. A discretionary profit sharing contribution of 3% of gross compensation was allocated to eligible officers and employees on a quarterly basis throughout 2015.

Participants become eligible for employer contributions on the first day of the quarter following 6 months of employment with a minimum of 83.3 hours of service for each month.

For employees hired after January 1, 2015, the following vesting schedule applies to employer contribution accounts:

| <b>Years of Vesting Service</b> | <b>Vesting %</b> |
|---------------------------------|------------------|
| Less than 1 Year                | 0.00%            |
| 1 but less than 2               | 33.33%           |
| 2 but less than 3               | 66.66%           |
| 3 but less than 4               | 100.00%          |

Participants may invest their account balance in up to thirty outside independent mutual funds, and in our common stock.

As of December 31, 2015, the 401(k) Plan's related trust held 179,805 shares of our common stock for the benefit of 237 participants (including both active and retired employees). Each participant may elect to receive payment in cash or our common stock.

## Pension Plan

Certain of our employees have participated in our Pension Plan, which was a defined benefit, qualified, non-contributory pension plan. The Pension Plan was frozen effective March 31, 2008. Messrs. Keefer and Smith, and Ms. Eichert were the only NEOs who participated in the Pension Plan. The Pension Plan was terminated effective August 2, 2015, and all assets were distributed to plan participants on December 31, 2015 either in an immediate single lump sum payment or an immediate annuity, per the participants' election.

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## Nonqualified Deferred Compensation

The following table shows information regarding deferred compensation for the NEOs under our Deferred Bonus Plan for Executives and our 2013 Executive Plan for the year ended December 31, 2015.

| Name                  | Executive Contributions in last FY (\$) | Registrant Contributions in last FY (\$) <sup>(1)</sup> | Aggregate  | Aggregate                      | Aggregate   |
|-----------------------|---|---|--|--------------------------------|---|
|                       |   |   | Earnings of Deferred Bonus Plan in last FY (\$) <sup>(2)</sup> | Withdrawals/Distributions (\$) | Balance of Deferred Bonus Plan and 2013 Executive Plan at last FYE (\$) |
| Francis J. Leto       | —                                       | 37,413  | —  | —                              | 140,499   |
| Michael W. Harrington | —                                       | —   | —  | —                              | —   |
| David M. Takats       | —                                       | —   | —  | —                              | —   |
| J. Duncan Smith       | —                                       | 9,697   | (104 )   | —                              | 99,233  |
| Alison Eichert        | —                                       | 26,561  | 889  | —                              | 259,880   |
| Joseph G. Keefer      | —                                       | 23,260  | —  | —                              | 97,297  |
| Harry R. Madeira      | —                                       | 20,783  | —  | —                              | 20,783  |

(1) Reflects the dollar amount awarded as part of the 2013 Executive Plan as described on page 31.

(2) No portion of these earnings were reported on the Summary Compensation Table as they did not result from above-market interest rates.



## **Potential Payments Upon Termination or Change of Control**

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The information below summarizes the compensation and benefits for our NEOs in the event of a termination of the NEO's employment. Amounts shown are estimates and the actual amounts to be paid can only be determined at the time of the NEO's termination of employment. This section does not include information related to Mr. Smith's payments upon termination or change of control as Mr. Smith was not employed at December 31, 2015. For a description of the payments made upon Mr. Smith's July 17, 2015 resignation, see "COMPENSATION DISCUSSION AND ANALYSIS - Other Compensation Elements - Change of Control and Severance Arrangements" at page 32.

### ***Termination for Cause***

Upon termination for cause, a NEO is entitled to receive the following amounts:

salary through the date of termination;

salary in lieu of unused paid time off; and

amounts contributed and accrued under our Deferred Bonus Plan for Executives.

If we terminate a NEO for cause as defined in the applicable incentive compensation plans (the 2004 Plan, the 2007 LTIP and the 2010 LTIP), then the NEO forfeits all vested and unvested stock option awards, and all unvested Restricted Stock Units and Performance Awards.

### ***Termination Other Than for Cause***

If we terminate a NEO for reasons other than cause, or the NEO voluntarily terminates employment, then, except in the cases of retirement, death or disability, the NEO is entitled to:

salary through the date of termination;

salary in lieu of unused paid time off;

the amounts contributed to and accrued under our Deferred Bonus Plan for Executives;

the vested portion of the 2013 Executive Plan (except for Mr. Takats who does not participate in the 2013 Executive Plan); and

retention of all vested stock options (but unvested options become null and void).

Additionally, at the Bank's discretion, in exchange for an executed release, NEOs other than Messrs. Leto and Harrington may be paid severance benefits if their position has been eliminated or they are terminated without cause. In the event severance benefits are paid, the Bank's practice is to pay two weeks of base salary for each year of employment, up to a maximum of twenty six (26) weeks. The severance pay policy is not based on merit and does not apply if an executive is terminated for lack of performance.

With respect to Mr. Leto, in addition to the bullet point items listed above, upon the Corporation's and Bank's termination of him without cause, or upon his voluntary termination for good reason (as defined in his employment agreement), Mr. Leto will be entitled to two (2) years of base salary and eighteen (18) months of COBRA payments in exchange for an executed release.

With respect to Mr. Harrington, in addition to the bullet point items listed above, upon the Bank's termination of him without cause, or upon his voluntary termination for good reason (as defined in his employment agreement), Mr. Harrington will be entitled to one (1) year of base salary and twelve (12) months of COBRA payments in exchange for an executed release.

***Retirement***

If a NEO retires, he or she is entitled to:

salary through the date of retirement;

salary in lieu of unused paid time off;

the amounts contributed to and accrued under our Deferred Bonus Plan for Executives;

the vested portion of the 2013 Executive Plan (except for Mr. Takats who does not participate in the 2013 Executive Plan);

retention of all vested stock options (but unvested options become null and void);

with respect to Restricted Stock Units and Performance Awards, a pro-rated portion of the underlying stock based on the lapse of time since the date of grant; provided, that the Compensation Committee retains the right to extend the vesting period at their full discretion; and

for Mr. Keefer and Ms. Eichert, the amounts accrued and vested under the Pension Plan and the Supplemental Plans.

***Death***

If a NEO dies during employment, his or her estate is entitled to:

salary through the date of death;

salary in lieu of unused paid time off;

the amounts contributed to and accrued under our Deferred Bonus Plan for Executives;

the vested portion of the 2013 Executive Plan (except for Mr. Takats who does not participate in the 2013 Executive Plan);

retention of all vested stock options (but unvested options become null and void);

with respect to Restricted Stock Units and Performance Awards, a pro-rated portion of the underlying stock based on the lapse of time since the date of grant; provided, that the Compensation Committee retains the right to extend the vesting period at their full discretion; and



for Mr. Keefer and Ms. Eichert, the amounts accrued and vested under the Pension Plan and the Supplemental Plans.

Additionally, the beneficiary of each NEO will be entitled to a death benefit payment under our life insurance plan equal to \$200,000.

*Disability*

If a NEO becomes disabled during employment, he or she is entitled to:

salary through the date of disability;

salary in lieu of unused paid time off;

the amounts contributed to and accrued under our Deferred Bonus Plan for Executives;

the vested portion of the 2013 Executive Plan (except for Mr. Takats who does not participate in the 2013 Executive Plan);

retention of all vested stock options (but unvested options become null and void);

with respect to Restricted Stock Units and Performance Awards, a pro-rated portion of the underlying stock based on the lapse of time since the date of grant; provided, that the Compensation Committee retains the right to extend the vesting period at their full discretion; and

for Mr. Keefer and Ms. Eichert, the amounts accrued and vested under the Pension Plan and the Supplemental Plans.

Additionally, upon disability, each NEO will be entitled to short-term disability payments for six months equal to either 60% or 100% of base salary, depending on years of service (or in Messrs. Leto and Harrington's case, 100% pursuant to their employment agreements), and thereafter, each NEO other than Mr. Takats will be entitled to long-term disability payments for an indeterminate period equal to 70% of base salary.

**Termination Table**

The following table shows the aggregate dollar amounts that would have been paid to each of the NEOs if his or her employment were terminated as of December 31, 2015, for each of the following reasons (absent a Change of Control of the Corporation). The table assumes that each officer was also paid all salary and other benefits through the date of termination of employment.

| Name                             | Termination<br>for Cause<br>(\$) | Termination                                   |   | Retirement <sup>(3)</sup><br>(\$) | Death <sup>(3)(4)</sup><br>(\$) | Disability <sup>(3)(5)</sup><br>(\$) |
|----------------------------------|----------------------------------|---|---|-----------------------------------|---------------------------------|--------------------------------------|
|                                  |                                  | Other than<br>Cause <sup>(1)(2)</sup><br>(\$) | Voluntary<br>Termination <sup>(2)</sup><br>(\$) |                                   |                                 |                                      |
| <b>Francis J. Leto</b>           | —                                | 1,036,749 <sup>(6)</sup>                      | 1,036,749 <sup>(9)</sup>                        | 578,450                           | 578,450                         | 790,950 <sup>(11)</sup>              |
| <b>Michael W.<br/>Harrington</b> | —                                | 348,880 <sup>(7)</sup>                        | 348,880 <sup>(10)</sup>                         | 28,676                            | 28,676                          | 191,176 <sup>(12)</sup>              |
| <b>David M. Takats</b>           | —                                | 75,000 <sup>(8)</sup>                         | —   | 47,718                            | 47,718                          | 47,718                               |
| <b>Alison Eichert</b>            | 155,750 <sup>(13)</sup>          | 455,516 <sup>(8)</sup>                        | 305,471   | 889,726                           | 889,726                         | 889,726                              |
| <b>Harry R. Madeira</b>          | —                                | 161,433 <sup>(8)</sup>                        | 53,465  | 170,800                           | 170,800                         | 170,800                              |
| <b>Joseph G. Keefer</b>          | —                                | 248,912 <sup>(8)</sup>                        | 113,912   | 727,374                           | 727,374                         | 727,374                              |

(1) For cases other than termination due to death or disability.

(2) Salaries used in calculating the amounts in the table are based on the NEO's base salary at December 31, 2015.

(3) With respect to the performance and/or restricted stock unit awards held by each NEO, assuming 100% achievement of any applicable performance criteria, a pro rata portion of such units will vest upon death.

In addition to the amount disclosed in this column, each executive is also entitled to a one-time \$200,000 death benefit payable by the insurance provider under term life insurance policies we have purchased for each executive, if he or she dies while employed by us.

(4) This column shows only the cash payments we are obligated to make to an executive on termination for disability. In addition, each executive is also covered by a disability insurance, the benefits of which are described under (5) "EXECUTIVE COMPENSATION—Potential Payments Upon Termination Or Change of Control—Disability" on page 44 of this Proxy Statement.

(6) Includes severance payments pursuant to Mr. Leto's restrictive covenant agreement with the Bank equal to two years' salary based on the rate in effect at the time of termination, as well as eighteen months of medical and dental coverage expense.

(7) Includes severance payments pursuant to Mr. Harrington's restrictive covenant agreement with the Bank equal to one years' salary based on the rate in effect at the time of termination, as well as twelve months of medical and dental coverage expense.

(8) Includes severance payments equal to 2 weeks of salary for every year of service up to a maximum of 26 weeks.

(9) Represents the cash payment we are obligated to make pursuant to Mr. Leto's employment agreement with the Bank, upon his voluntary termination for good reason. The payment equals two years' salary, based on the rate in

effect at the time of termination, as well as eighteen months of medical and dental coverage expense.

Represents the cash payment we are obligated to make pursuant to Mr. Harrington's employment agreement with  
(10) the Bank, upon his voluntary termination for good reason. The payment equals one year's salary, based on the rate in effect at the time of termination, as well as twelve months of medical and dental coverage expense.

Represents the maximum cash payment we are obligated to make equal to Mr. Leto's full salary for the 180-day  
(11) elimination period under the disability insurance policy. If we cease to provide long-term group disability insurance, we are obligated to pay his full salary through the last day of the 180 day period following the date of his termination.

Represents the maximum cash payment we are obligated to make equal to Mr. Harrington's full salary for the  
(12) 180-day elimination period under the disability insurance policy. If we cease to provide long-term group disability insurance, we are obligated to pay his full salary through the last day of the 180 day period following the date of his termination.

(13) Represents amounts contributed to and accrued under our Deferred Bonus Plan for Executives.

***Change of Control***

We have entered into Change of Control Agreements with Messrs. Leto, Harrington and Keefer and Ms. Eichert which provide for a payment of three (3) times the NEO’s base salary and certain other benefits upon termination in connection with a Change of Control. The agreements contain a double trigger for such payments, that is, a Change of Control must occur and the executive officer must be terminated either (a) without cause by us or our successor, or (b) by the executive officer for good reason (as defined in the agreement) at any time during the two years following the Change of Control. “Change of Control” is defined under the agreements as (a) the acquisition by any person or group of twenty-five percent or more of our outstanding common stock, or (b) incumbent members of our Board cease to be at least a majority of the Board.

Additionally, equity awards would have the following treatment upon a Change of Control:

with respect to Restricted Stock Units and Performance Awards issued prior to April 30, 2015, a pro-rated portion of the underlying stock would vest based on the lapse of time since the date of grant;

with respect to Performance Stock Units and Restricted Awards issued after April 30, 2015, each such award would vest in full upon the Change of Control, and would be payable ten days thereafter.

The below table sets forth the payments to which each NEO (other than Mr. Smith) would be entitled in the event of a termination upon Change of Control at December 31, 2015.

*Change of Control Benefits Table<sup>(1)</sup>*

| Name | Salary <sup>(7)</sup><br>(\$) | Cash<br>Payment<br>for<br>Options <sup>(3)</sup><br>(\$) | Discretionary<br>Bonus <sup>(7)</sup><br>(\$) | Payment of<br>accelerated<br>vesting of<br>Restricted<br>Stock<br>Units/<br>Performance | Present<br>Value of<br>Increased<br>Pension<br>Benefit <sup>(5)</sup><br>(\$) | Welfare<br>Benefits <sup>(6)</sup><br>for<br>Three<br>Years <sup>(7)</sup><br>(\$) | Unused<br>Paid<br>Time<br>Off <sup>(7)</sup><br>(\$) | Career<br>Counseling<br>Services<br>(\$) |
|------|-------------------------------|--|---|---|---|--|--|--|
|------|-------------------------------|--|---|---|---|--|--|--|

|                              | Awards <sup>(4)</sup>    |         |         |         |         |        |        |        |
|------------------------------|--------------------------|---------|---------|---------|---------|--------|--------|--------|
|                              | (\$)                     |         |         |         |         |        |        |        |
| <b>Francis J. Leto</b>       | 1,275,000 <sup>(2)</sup> | 167,120 | 106,250 | 434,077 | —       | 58,129 | 18,798 | 15,000 |
| <b>Michael W. Harrington</b> | 975,000 <sup>(2)</sup>   | —       | 25,000  | 174,720 | —       | 60,442 | —      | 15,000 |
| <b>David M. Takats</b>       | —                        | —       | —       | 128,787 | —       | —      | —      | —      |
| <b>Alison Eichert</b>        | 900,271 <sup>(2)</sup>   | 100,530 | 95,000  | 265,056 | 473,319 | 28,580 | 45,591 | 15,000 |
| <b>Harry R. Madeira</b>      | —                        | —       | —       | 117,335 | —       | —      | 32,683 | —      |
| <b>Joseph G. Keefer</b>      | 810,000 <sup>(2)</sup>   | 220,705 | 85,000  | 242,483 | 509,759 | 60,660 | 16,615 | 15,000 |

The table assumes that a Change of Control occurred and the named executive officer's employment with the Corporation terminated as of December 31, 2015. The table further assumes that the Compensation Committee awarded the named executive officer the bonus for the named executive officer's performance in 2015 listed in the "Summary Compensation Table" set forth on page 34 of this Proxy Statement. The table further assumes that the named executive officer does not obtain full-time employment within three years after his or her termination of employment and therefore welfare benefits and outplacement services are not reduced. Because the assumed termination date is December 31, 2015, the named executive officer is assumed to have received all salary through the date of termination and any 401(k) contribution.

(2) Calculated based on 3 times the named executive officer's base salary at December 31, 2015.

Based on the difference between the price of our common stock on December 31, 2015, of \$28.72, the last business day prior to the assumed termination of employment, and the exercise price of the options listed in "Outstanding Equity Awards At Fiscal Year-End" beginning on page 39 of this Proxy Statement.

(4) Based on the price of our common stock on December 31, 2015, of \$28.72, the last business day prior to the assumed termination of employment

Represents the present value of a non-qualified pension benefit under our Supplemental Plans for three years of credited service. 2015 standard actuarial assumptions were used to calculate the present value of each individual's increased pension benefit, including a discount rate of 3.90%, assumed retirement age of 65 and the RP-2014 mortality tables projected generationally using Mortality Improvement Scale MP-2015.

Welfare benefits include the cost of continuation of medical, dental, life and disability insurance benefits for 36 whole months after the termination date, on the cost-sharing basis in effect immediately prior to the change of control.

Actual payments to Executives under the Change of Control Agreements that would constitute an excess parachute payment within the meaning of section 280G of the Internal Revenue Code of 1986, as amended (the "Code"), can, at the election of the employee, be reduced to avoid or to lower the taxation of excess parachute payments under Section 4999 of the Code. These Change of Control Agreements do not provide gross up language that would provide for a higher payment to the employee to reduce the effect of the tax under 4999 of the Code.

## **SECTION 16(A) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE**

Section 16(a) of the Securities Exchange Act of 1934, as amended, requires our directors and executive officers to file reports of their holdings of our common stock with the SEC and with the Nasdaq Stock Market on which our common stock is traded. Based on our records and other information available to us, we believe that no person who was a director, officer or beneficial owner of more than ten percent of any class of equity securities of the Corporation registered pursuant to Section 12 of the Exchange Act at any time during the fiscal year ended December 31, 2015, or prior fiscal years, failed to file on a timely basis any Forms 3, 4 or 5, or any amendments thereto, required to be filed pursuant to Section 16(a) of the Exchange Act.

## **TRANSACTIONS WITH RELATED PERSONS**

Some of our directors and executive officers, members of their immediate families and the companies with which they are associated were our customers and had banking transactions with us in the ordinary course of our business during 2015. All loans and commitments to lend were made on substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable transactions with other non-affiliated customers. In our opinion, the loans and commitments did not involve more than a normal risk of collectability or present other unfavorable features.

Bruce G. Leto, a brother of our director, President and CEO Francis J. Leto, is a partner of and on the board of directors of Stradley Ronon Stevens & Young, LLP, a law firm headquartered in Philadelphia, Pennsylvania. The firm provides legal services to the Corporation and Bank for which the firm received approximately \$449,436 in fees during 2015. Bruce Leto's indirect interest in these fees was approximately \$21,806, computed without regard to the amount of profit or loss.

Our Audit Committee Charter requires our Audit Committee to approve certain related party transactions. Our procedures for related party transactions require the Audit Committee's review and approval of related party transactions other than excepted transactions and preapproved transactions. Transactions available to all employees generally and transactions involving less than \$120,000 when aggregated with all similar transactions in any calendar year are excepted transactions. The following types of transactions are preapproved transactions:

compensation payable to directors or officers if reportable under Item 402 of the SEC's Regulation S-K;

compensation payable to an immediate family member of another director or executive officer, if approved by the Compensation Committee;

transactions with another company (including charitable contributions, grants or endowments to a charitable organization) at which a related person's only relationship is as an employee (other than executive officer), director or less than 10% owner, if the aggregate amount involved does not exceed \$200,000 or 5% of that company's total revenues; and

routine banking relationships that otherwise comply with banking laws and regulations.

The Audit Committee is to apply the following standards when it reviews related party transactions for approval:

whether the transaction is on terms no less favorable to the Corporation than terms generally available with an unaffiliated third party under similar circumstances;

the extent of the related person's interest in the transaction; and

other factors the Committee deems appropriate.

For loan transactions, our written Regulation O Policy requires the Executive Committee (with additional directors to the extent the voting members of the Executive Committee does not constitute a majority of our Board) to review and approve loan transactions with directors, executive officers and their related interests in accordance with the standards established by Federal Reserve Board Regulation O.

## AUDIT COMMITTEE REPORT

Management is responsible for the financial reporting process, including the system of internal controls, and for the preparation of our consolidated financial statements in accordance with generally accepted accounting principles. Our independent registered public accounting firm is responsible for auditing those financial statements. The Audit Committee's responsibility is to monitor and review these processes, acting in an oversight capacity relying on the information provided to it and on the representations made by management and the independent registered accounting firm.

In connection with the preparation and filing of our Annual Report on Form 10-K for the year ended December 31, 2015, the Audit Committee (a) reviewed and discussed the audited financial statements with our management, (b) discussed with KPMG LLP ("KPMG"), our independent registered public accounting firm, the matters required to be discussed by Statement on Auditing Standards No. 16 (as modified or supplemented), and (c) has received and reviewed the written disclosures and the letter from KPMG required by Independence Standards Board Standard No. 1 (as modified or supplemented) regarding KPMG's communications with the Audit Committee concerning independence and has discussed with KPMG its independence. Based on the review and discussions referred to above, the Audit Committee recommended to the Board that the audited financial statements be included in our Annual Report on Form 10-K for the year ended December 31, 2015 to be filed with the SEC.

*Respectfully submitted:*

Scott M. Jenkins, Chair

Britton H. Murdoch

Jerry L. Johnson

Wendell F. Holland

Michael J. Clement



**PROPOSAL 3—TO RATIFY THE APPOINTMENT OF KPMG AS THE INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM OF THE CORPORATION**

A proposal will be presented at the Annual Meeting to ratify the appointment of KPMG as the Corporation's independent registered public accounting firm for 2016.

**INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

Our Audit Committee has appointed KPMG as the independent registered public accounting firm to audit our financial statements for the fiscal year ending December 31, 2016. KPMG audited our financial statements for the fiscal year ended December 31, 2015. A representative of KPMG is expected to be present at the Annual Meeting to answer questions and will have the opportunity to make a statement, if he or she so desires.

**Audit and Non-Audit Fees**

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The aggregate fees billed for professional services by KPMG in 2015 and 2014:

|                           | <b>2015</b> | <b>2014</b> |
|---------------------------|-------------|-------------|
| <b>Audit Fees</b>         | \$807,000   | \$527,500   |
| <b>Audit Related Fees</b> | \$190,500   | \$170,000   |
| <b>Tax Fees</b>           | \$0         | \$6,950     |
| <b>Total Fees</b>         | \$997,500   | \$704,450   |

**Services Provided by KPMG**

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Audit Fees. These are fees for professional services performed by KPMG in 2015 and 2014 for the integrated audit, including an audit of our financial statements and internal controls over financial reporting, and review of financial statements included in our Form 10-Q and Form 10-K filings.

Audit Related Fees. These are fees for services performed by KPMG in 2015 and 2014 that are reasonably related to the performance of the audit or review of our financial statements. This includes attestations by the independent registered public accounting firm, and consulting on financial accounting/reporting standards.

Tax Fees. These are fees for professional services performed by the independent registered public accounting firm with respect to tax compliance, tax advice and tax planning. Our Audit Committee has considered whether the provision of the non-audit services is compatible with maintaining the independence of KPMG and determined that to be the case.

### **Preapproval of Audit and Non-Audit Services**

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Under our Audit Committee charter, the Audit Committee is required to preapprove all auditing services and permitted non-audit services (including the fees and terms thereof) to be performed for us by the independent registered public accounting firm, subject to the de minimus exception for non-audit services under SEC regulations which are approved by the Audit Committee prior to completion. The Audit Committee may also delegate the ability to preapprove audit and permitted non-audited services to a subcommittee consisting of one or more members, provided that any pre-approvals are reported to the full committee at its next scheduled meeting. All services performed by KPMG for us during 2015 were preapproved by the Audit Committee.

In the event the selection of KPMG as our auditor for 2016 is not ratified by the affirmative vote of a majority of the shares of common stock represented at the Annual Meeting, the appointment of the Corporation's independent registered public accounting firm will be reconsidered by the Audit Committee and the Board.

**Proxies solicited by the Board will be voted FOR the ratification of KPMG as the independent registered public accounting firm of the Corporation, unless the shareholders specify a contrary choice in their proxies.**

***THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR THE RATIFICATION OF THE APPOINTMENT OF KPMG AS THE INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM OF THE CORPORATION.***

#### **SHAREHOLDER PROPOSALS FOR 2016**

Shareholder proposals submitted pursuant to Rule 14a-8 under the Exchange Act for inclusion in the Corporation's proxy statement for its 2017 annual meeting of Shareholders must be received by the Corporation no later than November 18, 2016, which is 120 days prior to the anniversary of the date this Proxy Statement was released to shareholders. However, if the date of the 2017 annual meeting shall be changed by more than 30 days from the date of the previous year's meeting, then the deadline is a reasonable time before the Corporation begins to print and send its proxy materials. Any such proposal and our obligation, if applicable, to include it in our proxy statement will be subject to Rule 14a-8 of the rules and regulations of the SEC. Shareholder proposals for nominees for directors must be submitted to the Chair, Nominating and Corporate Governance Committee, Board of Directors, Bryn Mawr Bank Corporation, P.O. Box 351, Bryn Mawr, PA 19010-3396. Any other proposals should be submitted by certified mail-return receipt requested to the attention of our Corporate Secretary, at our executive office at 801 Lancaster Avenue, Bryn Mawr, PA 19010-3396.

If a shareholder wishes to present a proposal at the 2017 annual meeting but does not intend to have such proposal included in the Corporation's proxy statement, and such proposal is properly brought before the 2017 annual meeting, then in accordance with Rule 14a-4 under the Exchange Act, if the shareholder has not provided notice of the proposal by February 1, 2017 (or if the date of the meeting has changed more than 30 days from the prior year, a reasonable time before the Corporation sends its proxy materials), we will have the right to exercise discretionary voting authority on that proposal. If you grant a proxy, the persons named as proxy holders will have the discretion to vote your shares with respect to any such shareholder proposal for which the Corporation does not receive timely notice.

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## **OTHER BUSINESS**

Management does not know at this time of any other matter which will be presented for action at the Annual Meeting. If any unanticipated business is properly brought before the Annual Meeting, the proxies will vote at their discretion in accordance with their best judgment.

## **ADDITIONAL INFORMATION**

A copy of our Annual Report on Form 10-K for the fiscal year ended December 31, 2015, containing, among other things, financial statements examined by our independent registered public accounting firm, is being concurrently made available for distribution to our shareholders. The Notice and Access card contains instructions on how to access our proxy statement and our 2015 Annual Report on Form 10-K. The Notice and Access card also contains instructions as to how you can receive a paper or email copy of our proxy materials.

Upon written request of any shareholder, a copy of our Annual Report on Form 10-K for the fiscal year ended December 31, 2015, including the financial statements and schedules, required to be filed with the SEC may be obtained, without charge, from our Corporate Secretary, Geoffrey L. Halberstadt, 801 Lancaster Avenue, Bryn Mawr, PA 19010-3396. The Annual Report on Form 10-K can also be obtained by going to the Corporation's website at [www.bmtc.com](http://www.bmtc.com) on the Investor Relations—SEC Filings page and clicking on Latest 10-K.

By Order of the Board of Directors of  
Bryn Mawr Bank Corporation

GEOFFREY L. HALBERSTADT  
*Corporate Secretary*



