Bryn Mawr Bank Corporation

Ratings

Bryn Mawr Bank Corporation	
Action: **Affirmed**	7/2/20
Senior Unsecured Debt	A-
Subordinated Debt	BBB+
Short-Term Debt	K2

The Bryn Mawr Trust Company	
Action: **Affirmed**	7/2/20
Deposit	A
Senior Unsecured Debt	A
Subordinated Debt	A-
Short-Term Deposit	K1
Short-Term Debt	K1

KBRA Bank & Bank Holding Company Global Rating Methodology dated October 16, 2019.

Outlook/Watch

Bryn Mawr Bank Corporation	
Long-Term Ratings	Stable

The Bryn Mawr Trust Company	
Long-Term Ratings	Stable

Financial Snapshot

BMTC (%)	1Q20	YE19
Total Assets ($B)	4.9	5.3
ROAA	(0.92)	1.26
NIM	3.38	3.55
NCO Ratio	0.44	0.15
NPA Ratio	0.20	0.04
TCE Ratio	8.5	8.1
CET1 Ratio	10.2	10.8
Loans/Core Dep	111	105

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Company Profile

- Bryn Mawr Bank Corporation (NASDAQ: BMTC) ("Bryn Mawr" or "the company") was established in 1987 and conducts its operations primarily through its lead subsidiary bank, The Bryn Mawr Trust Company ("the bank"). Founded in 1889, the bank is one of the largest remaining Philadelphia-based community banks. Bryn Mawr offers traditional banking, capital markets, insurance, and wealth management services within its primary operating footprint in the greater Delaware Valley. The company reported approximately $4.9 billion in assets, $3.8 billion in deposits, and $3.8 billion in loans, with $15.6 billion in trust and investment AUM/AUA/AUS as of 1Q20.
- BMTC primarily serves small and middle market businesses and high net worth clients with a high-touch private banking delivery model, supported by 52 offices throughout its operating footprint.
- Bryn Mawr has a comparatively favorable revenue mix, deriving a significant portion of revenues from stable noninterest fee income from its wealth management and insurance business lines.

Key Credit Considerations

The ratings were affirmed due to the following key credit considerations:

- BMTC has continued to produce strong core profitability including noninterest income (30%+ of revenue since 2015) and asset quality metrics during the initial economic grips of the pandemic. BMTC adopted CECL in 1Q20, which increased the provision expense to ~$32 million in 1Q20 compared to the previous quarter of $2.2 million. As a result, reported ROA was negative 0.92% in 1Q20 (~1.70% on a pre-provision basis), but historically runs well above 1.00% annually.
- BMTC reflected nearly $15.6 billion in AUM at 1Q20 and has a robust wealth management platform, which has experienced significant organic growth. Moreover, KBRA favorably views the risk management profile of BMTC, highlighted by declining NPA levels (0.20% in 1Q20), reaching a 5-year low. Additionally, BMTC has a well-diversified loan portfolio with less than peer exposure to COVID related industries.
- BMTC has a high correlation to real estate in the loan portfolio and a comparatively concentrated operating footprint, although BMTC has a favorable loss history in real estate loans.
- BMTC reflects a sound capital profile given the context of the previously mentioned risk appetite and loss history. The capital position is highlighted by a CET1 of 10.2% and a TCE ratio of 8.5%. In turn, the company reflects strong liquidity and funding profile, underlined by available FHLB advances totaling nearly $1.8 billion, or 37% of total assets.
- The Stable Outlook reflects KBRA's expectation of continued consistency in core earnings performance supported by BMTC's favorable revenue mix, along with stabilized asset quality metrics going forward.

Please see our **U.S. Bank 1Q 2020 Ratings Compendium** for thoughts on the COVID-19 impact on the banking sector.

Rating Sensitivities

Given BMTC's current positioning in an above-average rating category, no upgrade is anticipated in the short to medium term. KBRA would like to observe an increase in the size and scope of the organization, more in line with higher rated regional peers.	+
The rating for BMTC incorporates a certain degree of resilience based on KBRA stress testing. However, a reduction in noninterest income to below peer levels and degradation in asset quality trends would put downward pressure on ratings.	–

KBRA KROLL BOND RATING AGENCY

ESG Considerations

KBRA's ratings incorporate all material credit factors including those that relate to Environmental, Social and Governance (ESG) factors. While ESG factors may influence ratings, it is important to underscore that KBRA's ratings do not incorporate value-based judgments. Throughout our analysis, KBRA captures the impact of ESG factors in the same manner as all other credit-relevant factors. More information on ESG Considerations for the Financial Institutions sector can be found **here**. Among the ESG factors that have impact on this rating analysis are the bank's appropriate risk management and governance.

Financial Metrics

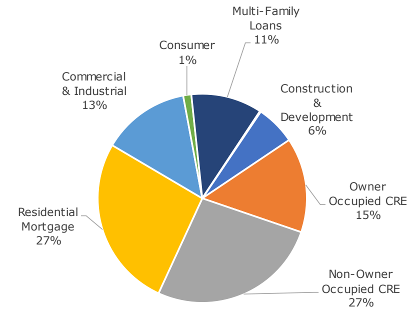
SUMMARY FINANCIAL HIGHLIGHTS
BRYN MAWR BANK CORPORATION

	1Q20	4Q19	3Q19	2Q19	1Q19	2019	2018	2017	2016	2015
Balance Sheet ($ millions)										
Loans (HFI)	3,767	3,689	3,541	3,535	3,524	3,689	3,427	3,286	2,535	2,269
Average Earning Assets	4,369	4,295	4,243	4,194	4,130	4,216	3,993	3,209	2,889	2,727
Total Assets	4,923	5,263	4,829	4,737	4,632	5,263	4,652	4,450	3,422	3,031
RWA	3,815	3,727	3,643	3,611	3,640	3,727	3,499	3,331	2,581	2,397
RWA Density	77%	71%	75%	76%	79%	71%	74%	75%	75%	79%
Core Deposits	3,392	3,506	3,304	3,336	3,218	3,506	3,131	3,060	2,319	2,090
Total Deposits	3,779	3,842	3,699	3,633	3,638	3,842	3,600	3,374	2,580	2,253
Total Equity	594	613	602	591	576	613	565	529	381	366
Tangible Common (TCE)	401	409	397	385	369	409	358	323	256	237
Income Statement ($ millions)										
Net Interest Income	36.9	36.5	37.8	37.0	38.2	149.6	151.5	116.4	107.6	101.8
Noninterest Income	17.4	22.6	18.9	19.6	18.6	79.7	71.6	56.8	51.7	53.2
Noninterest Expense	36.1	36.3	35.0	35.0	39.6	145.9	138.0	113.5	100.7	125.6
Provision for Loan Losses	32.3	2.2	0.9	1.6	3.7	8.5	7.2	2.6	4.3	4.4
Net Income	-11.2	16.4	16.4	15.8	10.7	59.2	63.8	23.0	36.0	16.8
Performance Measures (%)										
Return on Average Assets	(0.92%)	1.37%	1.38%	1.36%	0.94%	1.26%	1.46%	0.67%	1.16%	0.57%
Return on Average Equity	(7.25%)	10.79%	10.99%	10.85%	7.47%	10.05%	11.78%	5.77%	9.87%	4.49%
Net Interest Margin (TE)	3.38%	3.36%	3.58%	3.55%	3.71%	3.55%	3.81%	3.65%	3.75%	3.75%
Efficiency Ratio	66.5%	61.4%	61.8%	61.8%	69.7%	63.7%	61.8%	65.5%	63.2%	81.0%
Noninterest Income / Op. Revenue	32.1%	38.3%	33.3%	34.6%	32.8%	34.8%	32.1%	32.8%	32.5%	34.3%
Loans / Earning Assets	86%	84%	83%	84%	84%	84%	84%	84%	84%	79%
Cost of Interest-Bearing Deposits	0.84%	0.97%	1.08%	1.09%	0.95%	1.02%	0.64%	0.35%	0.26%	0.21%
Average Loan Yield	4.59%	4.81%	5.17%	5.10%	5.17%	5.06%	5.04%	4.50%	4.56%	4.75%
Asset Quality (%)										
NPA / Loans + OREO	0.20%	0.29%	0.40%	0.35%	0.55%	0.29%	0.39%	0.27%	0.37%	0.56%
LLR / Loans (HFI)	1.44%	0.61%	0.59%	0.60%	0.59%	0.61%	0.57%	0.53%	0.69%	0.70%
LLR / NPL	715%	212%	147%	174%	107%	212%	152%	204%	208%	155%
NCO / Average Loans	0.44%	0.04%	0.15%	0.12%	0.29%	0.15%	0.16%	0.10%	0.11%	0.14%
Provision / NCO (x)	7.9	5.6	0.7	1.5	1.5	1.6	1.4	1.0	1.6	1.4
NPA Change Rate	(29%)	(25%)	15%	(36%)	46%	(20%)	49%	(6%)	(27%)	19%
Capital (%)										
TCE Ratio	8.5%	8.1%	8.6%	8.5%	8.3%	8.1%	8.1%	7.6%	7.8%	8.2%
Leverage Ratio	8.9%	9.3%	9.1%	9.0%	9.0%	9.3%	9.1%	10.1%	8.7%	9.0%
CET 1 ratio	10.2%	10.9%	10.8%	10.5%	10.1%	10.9%	10.3%	9.9%	10.5%	10.7%
Tier 1 Ratio	10.8%	11.4%	11.3%	11.1%	10.7%	11.4%	10.9%	10.4%	10.5%	10.7%
Total Capital Ratio	14.6%	14.7%	14.6%	14.4%	14.0%	14.7%	14.3%	13.9%	12.3%	12.6%
Leverage & Funding (%)										
Loans / Deposits	100%	96%	96%	97%	97%	96%	95%	98%	99%	101%
Loans / Core Deposits	111%	105%	107%	106%	110%	105%	110%	108%	110%	109%
Core Deposits / Total Funding	83%	78%	82%	83%	81%	78%	78%	80%	78%	80%
Double Leverage (Incl TRuPS)	102%	101%	105%	105%	104%	101%	103%	105%	101%	97%

Data sources; FR Y-9C and FR Y-9LP

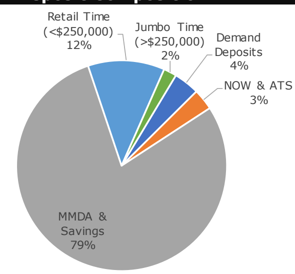
Loan Composition					
($ millions)	1Q20	2019	2018	2017	2016
Construction & Development	221	202	230	227	153
Owner Occupied CRE	528	525	488	458	357
Non-Owner Occupied CRE	959	957	861	870	614
Residential Mortgage	958	972	976	959	831
Commercial & Industrial	489	428	370	352	286
Consumer	45	57	47	38	27
Multi-Family Loans	395	380	295	255	190
Leases	168	165	145	115	55
Agriculture	3	2	2	2	1
Other	3	5	14	14	30
Total Loans	3,770	3,694	3,429	3,290	2,545
Loans Held for Sale (HFS)	3	4	2	4	10
Loans Held for Investment (HFI)	3,767	3,689	3,427	3,286	2,535
Annual Loan Growth	7%	8%	4%	29%	12%
Investor CRE / Total Loans	43%	42%	41%	42%	38%
C&D / Risk-Based Capital (RBC)	40%	37%	46%	49%	48%
Non-Owner Occupied CRE / RBC	288%	286%	281%	296%	301%

Loan Composition



Deposit Composition					
($millions)	1Q20	2019	2018	2017	2016
Domestic Deposits					
Demand Deposits	149	127	164	300	201
NOW & ATS	122	368	43	89	31
MMDA & Savings	2,987	2,853	2,524	2,281	1,952
Time Deposits					
Retail Time (<$250,000)	445	424	780	625	211
Jumbo Time (>$250,000)	75	70	88	79	185
Foreign Deposits	0	0	0	0	0
Total Deposits	3,779	3,842	3,600	3,374	2,580
Total Core Deposits	3,392	3,506	3,131	3,060	2,319
Total Non-interest Bearing	149	127	164	300	201
Annual Core Deposit Growth Rate	5%	12%	2%	32%	11%

Deposit Composition



Data sources; FR Y-9C and FR Y-9LP

Comparative Statistics

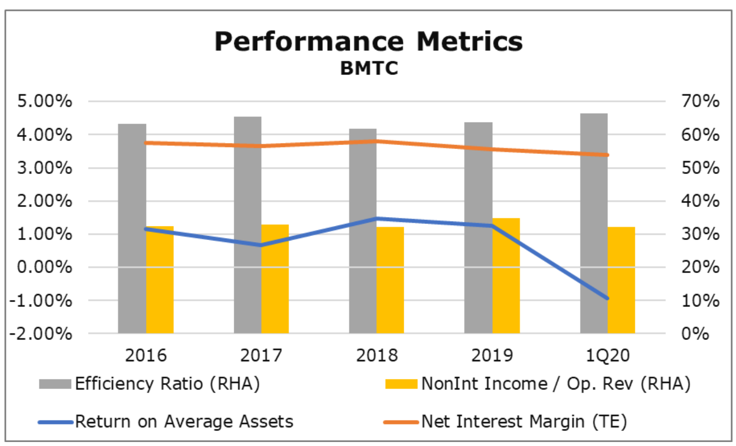
Peer Comparison as of March 31, 2020							
							KBRA Peers
Company Name	BRYN MAWR BANK CORPORATION	PEAPACK-GLADSTONE FINANCIAL CORPORATION	SANDY SPRING BANCORP, INC.	GERMAN AMERICAN BANCORP, INC.	AXOS FINANCIAL, INC.	WSFS FINANCIAL CORPORATION	A-
State	PA	NJ	MD	IN	CA	DE	
Balance Sheet ($000's)							
Total Assets	4,923,033	5,831,458	8,929,602	4,327,324	12,159,919	12,278,890	40,450,585
Total Risk Weighted Assets	3,814,743	4,282,417	7,139,451	3,454,189	9,297,981	10,249,948	34,057,511
Risk Weighted Density	77%	73%	80%	80%	76%	83%	81%
Loans (HFI)	3,767,166	4,408,005	6,722,992	3,013,733	10,460,018	8,550,762	27,715,694
Total Deposits	3,778,982	4,441,233	6,593,885	3,478,708	9,567,338	9,709,354	30,298,988
Loans / Deposits	100%	99%	103%	87%	110%	89%	94%
Loans / Core Deposits	111%	110%	116%	90%	139%	94%	106%
Performance Measures							
ROAA	-0.92%	0.11%	0.46%	1.16%	1.84%	0.36%	0.61%
ROAE	-7.25%	1.08%	3.54%	8.66%	18.60%	2.38%	4.95%
Return on Risk Weighted Assets	-1.19%	0.14%	0.57%	1.45%	0.00%	0.00%	0.79%
Cost of Interest Bearing Dep.	0.84%	1.09%	1.17%	0.86%	1.76%	0.82%	0.89%
Noninterest Bearing / Total Dep.	4%	13%	29%	25%	24%	24%	24%
Average Loan Yield	4.59%	3.88%	4.51%	4.95%	6.73%	5.59%	5.25%
NIM	3.37%	2.53%	3.19%	3.67%	5.02%	4.35%	3.83%
Noninterest Inc./ Total Rev.	32%	31%	22%	27%	15%	25%	28%
Efficiency	66.5%	61.3%	58.0%	61.0%	39.7%	56.9%	61.5%
Asset Quality							
NCO / Average Loans	0.44%	-0.01%	0.03%	0.06%	0.03%	0.03%	0.35%
NPA / Loans + OREO	0.20%	0.67%	0.72%	0.61%	0.62%	0.32%	0.67%
LLR / NPL	715%	218%	167%	199%	150%	414%	278%
Capital							
TCE	8.3%	7.9%	8.5%	10.7%	8.7%	10.8%	9.4%
CET1	10.2%	10.7%	10.2%	12.5%	11.3%	12.1%	11.8%
Tier 1 Leverage	8.9%	8.9%	8.8%	10.7%	8.5%	11.3%	10.3%

Data sources; FR Y-9C and FR Y-9LP

Key Quantitative Rating Determinants

The quantitative financial fundamentals of the bank are derived from the analysis of the bank's intrinsic financial strength and potential adjustments due to KBRA's stress testing as well as an analysis of current and historical financial metrics.

Performance



Historically, earnings metrics have been growing steadily, with ROAA reaching above 1.25% in 2019, well above similarly rated peers and largely reflective of the contributions of BMTC's stable fee revenue base. Although the company has historically reported strong performance figures, BMTC adopted CECL in 1Q20, and combined with the economic impact of COVID-19, resulted in a loss of $11 million or an ROAA of negative 0.92% (pre-provision ROAA: ~1.70%). The loss was driven by a large provision (~$32 million). BMTC is likely to continue to invest in the business, notably in credit, as well as ongoing investments to improve delivery channels, though the latter is expected to be more than offset by savings gained over time. In this regard, 2019 was an investment year for BMTC with the fruits of those investments bearing out in 2020 and beyond through cost saves and improved efficiency/effectiveness. Combined with investments in credit, efficiency measures are likely to be marginally elevated through the remainder of 2020. One of the strongest attributes of Bryn Mawr Bank Corporation is the significant diversity in its revenue streams. The bank derives approximately one-third of its revenues from noninterest income sources such as fee income from wealth management services, insurance commissions, capital markets revenues, and fee income from the servicing and sales of residential mortgage loans. Wealth management revenue composition has remained relatively stable with market value fee (AUM) revenue comprising approximately 78% of total wealth management fees. The insurance and growing capital markets businesses are expected to remain stable to positive, as improvements in both areas (product diversification/services expansion) take hold. Overall, KBRA expects noninterest revenue sources to continue to be a differentiating source of credit strength for Bryn Mawr.

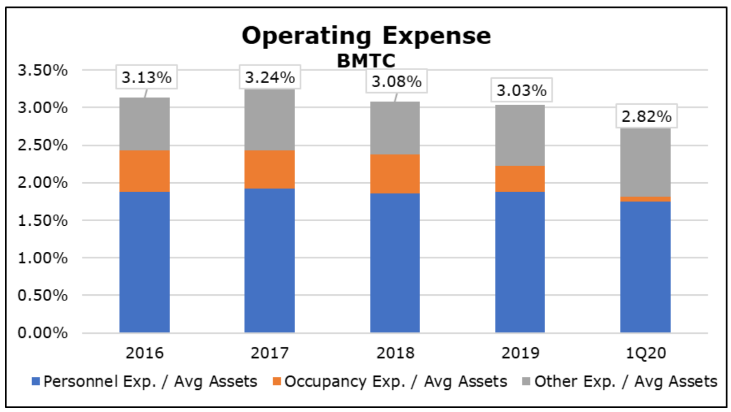
BMTC Performance Measures (Noninterest Income)						
	2015	**2016**	**2017**	**2018**	**2019**	**1Q20 (2)**
AUM ($ Millions)	$8,365	$11,329	$12,969	$13,430	$16,548	$15,590
AUM Growth Rate		35%	14%	4%	23%	-6%
Wealth management Fees ($ Millions)	$37	$37	$39	$42	$44	$11
Fees / AUM	0.44%	0.32%	0.30%	0.32%	0.27%	0.29%
Wealth Management / Noninterest income	69.17%	70.97%	68.20%	59.11%	55.71%	61.03%
Capital Markets Revenue ($ Millions) (1)	$2.8	$3.1	$2.4	$4.8	$11.3	$2.2
Capital Market / Noninterest income	5.34%	5.90%	4.22%	6.76%	14.18%	12.19%

(1) The increase in capital markets revenue was primarily due to increased volume and size of interest rate swap transactions with commercial loan customers

(2) Annualized

Source: 10-K and 10-Q

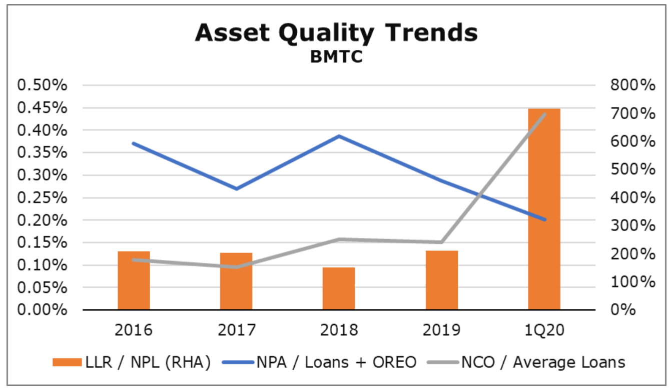
Noninterest income & Expense



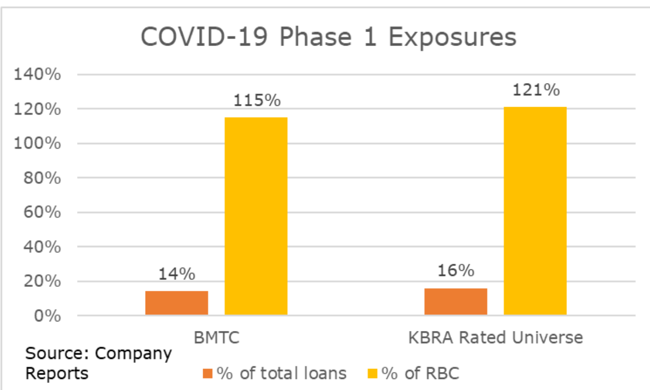
BMTC has generated a strong fee generation source in their wealth management services which has historically been around 30 bps relative to AUM and accounting for 56% of total noninterest revenue in 2019. However, BMTC has diversified their noninterest income base, mostly from capital markets (e.g. interest rate swaps on loans), which accounted for ~14% in total noninterest income in 2019. Personnel and occupancy expense continue to remain the largest expenses categorically but has been in declining as a percentage of total assets as the company continues to grow. Additionally, average personnel costs were roughly $124,000 per FTE and average assets per FTE was $8.1 million, which is considered to be at peer levels. BMTC has demonstrated their ability to rationalize efficiencies whether in their branch locations or in their back office.

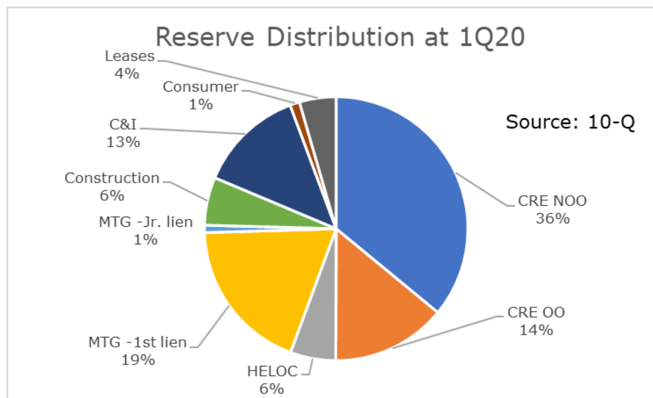
Asset Quality

BMTC has benefited from a stable credit metrics throughout the past 5 years. BMTC's historical trend in asset quality has been better than similarly situated peers, as demonstrated by the company's peak net loss rates of 85 bps post crisis. Over the preceding five years, loss rates hovering in the low to mid-teens (bps) and have been largely remained in line with peer averages, reflective of the benign credit environment as well as the company's commitment to conservative lending practices. NPA levels at 1Q20 (0.20%) reached 5-year lows as the company realized higher charged-offs (0.29%) relative to the historical trend level (5-year avg: 0.38%). Consistent with the broader banking universe, BMTC is preparing for additional credit quality uncertainty with respect to COVID, in the near to medium term as reflected by substantial provisioning in 1Q20, which drove ACL to 1.44% from 0.61% at 4Q19. KBRA notes that BMTC has an elevated, though not outsized, exposure to non-owner occupied CRE, reaching levels of 288% of total risk-based capital. We also note that a portion of the investor CRE exposure is in multifamily in the Philadelphia MSA. The construction portfolio is moderately sized, representing 40% of total risk-based capital. Additionally, the construction segment reflects minimal speculative exposure.



COVID / Paycheck Protection Program (PPP)



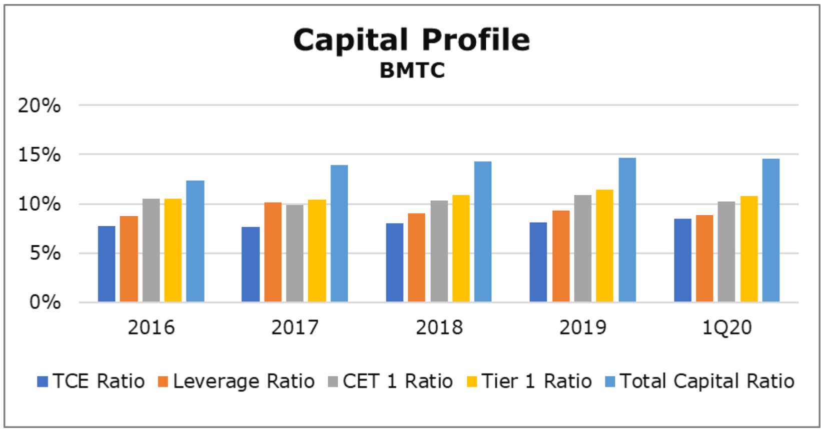


With respect to the SBA's PPP lending program, BMTC has approved 1,800 applications totaling ~$306 million and representing ~8% of total loans outstanding as of 05/31/2020. Relatedly on 06/29/2020, BMTC announced that it sold the outstanding loans in the PPP portfolio to The Loan Source. BMTC's COVID-19 exposure is below peer averages, KBRA anticipates additional credit management throughout the remainder of economic uncertainly as relates to the pandemic. As described in the table above, BMTC's restaurant exposure is relatively small and comprised of higher-end quick service restaurants within the strip centers. Though retail CRE exposure is considered to be above peer level, BMTC has historically managed this portfolio well, with little error in credit quality. Roughly one-third of the CRE retail portfolio received temporary deferrals and is described as strip centers with anchor tenants. Overall, 1,725 loans have received payment relief totaling $807 million or 21% of the total loan portfolio, with moderately higher rates of deferral attributable to BMTC's relationship-oriented business model as 05/31/2019. The hospitality segment of BMTC's portfolio is flagged hotels with nearly all receiving deferral. BMTC reports minimal exposures to shipping and agriculture. The construction portfolio is 20% in deferral, spread amongst residential, multifamily, retail and flex. Lastly, BMTC experienced less credit costs across their loan categories during the previous economic downturn as evidenced in the chart below.

NCO Analysis 2005 - 2009										
	2005	PEER	2006	PEER	2007	PEER	2008	PEER	2009	PEER
Total R/E Loans	0.06%	0.03%	0.02%	0.03%	0.06%	0.09%	-0.01%	0.64%	0.06%	1..44%
Construction	0.00%	1.00%	0.00%	1.00%	-2.00%	12.00%	0.00%	1.59%	0.83%	3.68%
1-4 Family	0.12%	0.04%	0.03%	0.04%	0.12%	0.08%	-0.01%	0.35%	0.05%	0.85%
Loans to Individuals	-0.01%	0.64%	0.17%	0.49%	0.16%	0.57%	0.60%	1.36%	0.29%	1.66%
C&I	-0.02%	0.29%	0.00%	0.25%	-0.01%	0.32%	0.01%	0.88%	1.68%	1.81%
Net loss to Avg. Loans	0.05%	0.13%	0.02%	0.11%	0.12%	0.18%	0.40%	0.81%	0.76%	1.54%

Source: UBPR

Capital



Historically, BMTC has managed its capital profile well above internal guideline thresholds to levels viewed as appropriate relative to the risk profile. BMTC has focused on building their capital stack during the pandemic while sustaining stable earning levels. Although KBRA considers the capital profile to be "at peer" levels, highlighted by a leverage ratio of 8.9%, CET1 ratio of 10.2%, and total risk-based capital ratio of 14.6%. Historically, TCE has been steady at above 8% since 2018. Generally, the dividend payout ratio has been near 30%. KBRA appreciates this counter-cyclical, forward-looking approach as the parent will be that much better equipped with "dry powder" should the bank's internal capital stress testing indicate potential weakness. BMTC has proven the ability to build capital though tapping equity markets and retaining earnings. KBRA considers the capital profile as sufficient considering the company's historically strong asset quality metrics and the current composition of the loan portfolio.

Funding & Liquidity

Deposits 06/30/2019					
Location	Offices		Deposits		Deposits Per Branch
Wilmington, DE	1	$	102,855	$	102,855
Blackwood, NJ	1	$	43,742	$	43,742
Chester County, PA	7	$	348,070	$	49,724
Hershey, PA	1	$	10,766	$	10,766
Delaware County, PA	14	$	809,471	$	57,819
Montgomery County, PA	15	$	2,192,782	$	146,185
Philadelphia, PA	5	$	198,793	$	39,759
Total	**44**	**$**	**3,706,479**	**$**	**84,238**

Source: FDIC

BMTC saw decreases in the cost of deposits in 1Q20 as the initial economic impacts of the pandemic were beginning (93 bps in 1Q20). Given the comparatively high loan-to-deposit ratio, BMTC has noted that deposit gathering will continue to be a primary focus, with specific opportunities in middle market C&I (the result of recently added talent). It should also be noted that, due to differences in report guidelines between FFIEC and GAAP, the noninterest bearing segment of the deposit base is underreported in regulatory data, which is maintained in our analysis for consistency and comparative purposes. Nonetheless, GAAP reporting reveals noninterest deposits account for ~24% of the total deposit base. Additionally, the company reflects ~8% in brokered deposits relative to total deposits. The funding base is geographically centered in Pennsylvania and has ties to their wealth management services.

BMTC Funding Profile ($ Millions)								
	2017	%	2018	%	2019	%	1Q20	%
Savings, NOW, and Market Rates Accounts	$ 1,384	0.24%	$ 1,715	0.52%	$ 1,969	1.01%	$ 2,197	0.91%
Wholesale Deposits	$ 188	1.10%	$ 251	2.00%	$ 300	2.30%	$ 253	1.55%
Time Deposits	$ 331	1.03%	$ 540	1.24%	$ 492	1.85%	$ 403	1.68%
Total Interest Bearing Deposits	$ 1,903	0.46%	$ 2,507	0.82%	$ 2,762	1.30%	$ 2,854	1.08%
Short Term Borrowings	$ 128	1.09%	$ 179	1.90%	$ 130	2.16%	$ 141	1.30%
Long Term FHLB Advances	$ 161	1.63%	$ 94	1.90%	$ 52	2.07%	$ 47	2.07%
Subordinated Debt	$ 33	4.91%	$ 98	4.65%	$ 99	4.64%	$ 99	4.66%
Junior Sub Debt	$ 1	4.61%	$ 22	5.99%	$ 22	6.34%	$ 22	5.45%
Total Interest Bearing Liabilities	$ 2,226	0.65%	$ 2,899	1.09%	$ 3,063	1.49%	$ 3,162	1.24%
Non-Interest bearing Deposits	$ 751	0.00%	$ 857	0.00%	$ 900	0.00%	$ 894	0.00%
Other Liabilities	$ 40	0.00%	$ 55	0.00%	$ 132	0.00%	$ 174	0.00%
Total	**$ 3,017**	**0.48%**	**$ 3,811**	**0.84%**	**$ 4,095**	**1.11%**	**$ 4,230**	**0.93%**

Source: 10-K & 10-Q Average Balance Sheet

The company retains ample reserve capacity in funding sources including FHLB capacity representing ~37% of total assets as ~75% of the total loans is pledged. Relatedly, the securities portfolio represents $516 million or 10% of total assets. The portfolio, which has an overall yield of 2.42% in 1Q20, is mostly centered in pass through RMBS. However, nearly 53% of the investment portfolio is pledged as a result of their capital markets and derivative requirements as well as funding purposes.

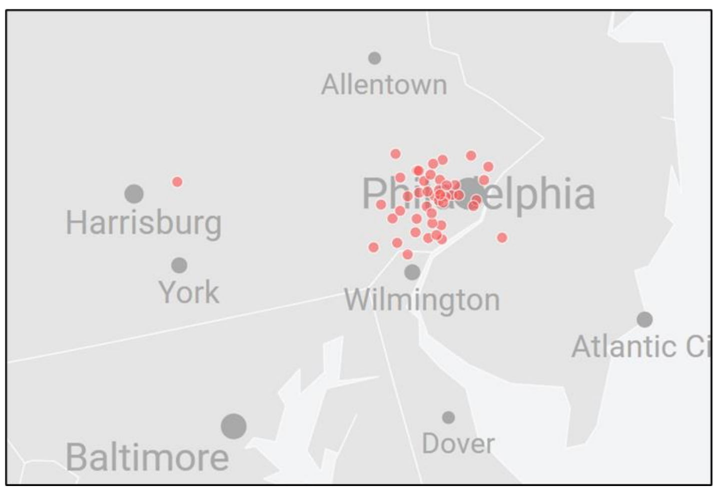
BMTC Funding and Liquidity Sources			
	Outstanding	Remaining	% of total assets
FHLB	$ 198	$ 1,980	37%
FRB	$ -	$ -	3%
7 Bank Lines	$ -	$ 74	2%
Total	**$ 198**	**$ 2,054**	**42%**

Source: Company Reports

Key Qualitative Rating Determinants

The qualitative aspects of Bryn Mawr Bank Corporation were assessed using a scorecard that focuses on four key factors: market strategy, risk management, liquidity management, and the operating environment. For the most part, the bank scored above average for qualitative factors. For qualitative aspects, KBRA relies principally on discussions with management supplemented by publicly available data, regulatory filings and KBRA's view of the economic and regulatory environment. The following describes KBRA's qualitative assessment for Bryn Mawr Bank Corporation:

Market Strategy



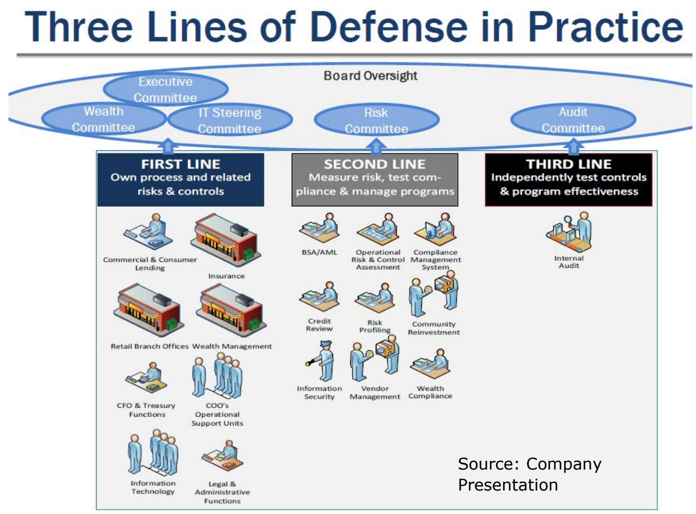
Bryn Mawr Banking Corporation is comprised of three subsidiaries in two separate business line segments. Bryn Mawr Trust, is the commercial bank, representing the Banking segment. The Banking segment generates the majority of its revenue from interest income derived from lending (including leases) activities. The majority of its lending portfolio is commercially based lending activity, specifically commercial real estate, commercial and industrial, and non-owner occupied residential real estate including multifamily units. Additionally, the bank maintains a healthy mix of residential mortgage and home equity loans within the loan portfolio, which are displayed as combined per the regulatory filings of the bank. Additional sources of revenue for the banking segment are those derived from noninterest streams and include gains on the sale in available for sale investment securities, gains on the sale of residential mortgage loans, mortgage servicing rights, service charges and other ancillary fees on deposit accounts. The wealth management business line segment provides wealth management and insurance advisory services through its network of offices located in Bryn Mawr, Devon and Hershey, Pennsylvania as well as Wilmington, Delaware and Princeton, New Jersey. The wealth management segment has responsibility for a number of activities within the company, including trust administration, other related fiduciary services, custody, investment management and advisory services, employee benefits and IRA administration, estate settlement, tax services and brokerage. Bryn Mawr Trust of Delaware and Lau Associates are included in the wealth management segment of the company since they have similar economic characteristics, products and services to those of the wealth management division of the company. In addition, with the October 1, 2014 acquisition of PCPB, which was merged with the company's existing insurance subsidiary, Insurance Counsellors of Bryn Mawr ("ICBM") and now operates under the Powers Craft Parker and Beard, Inc. name, the wealth management division has assumed responsibility for all insurance services of the company. Prior to the PCPB acquisition, ICBM was reported through the banking segment.

The executive management team for Bryn Mawr Trust and is comprised of a number of veteran bankers with extensive industry experience both inside and outside of the bank. Francis Leto serves as President and Chief Executive Officer for the company, a position that he has held since January 2015. Since taking over, Mr. Leto has been steadily enhancing the existing BMTC management team with outside talent additions, with the recent examples of Jim Donovan to head up the bank's C&I efforts, Liam Brickley as CCO, and Kim Trubiano as president of BMT Insurance division, among others. The influx of talent is accompanied by decades of experience at much larger institutions along with operational expertise. This is in conjunction with the company's 2019 investment initiatives, which also include the roll out of the nCino loan and deposit platforms, expanded services in the capital markets group to include international FX services, and enhancing the existing delivery channels. KBRA considers the robust additions to BMTC's already strong leadership team favorably.

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

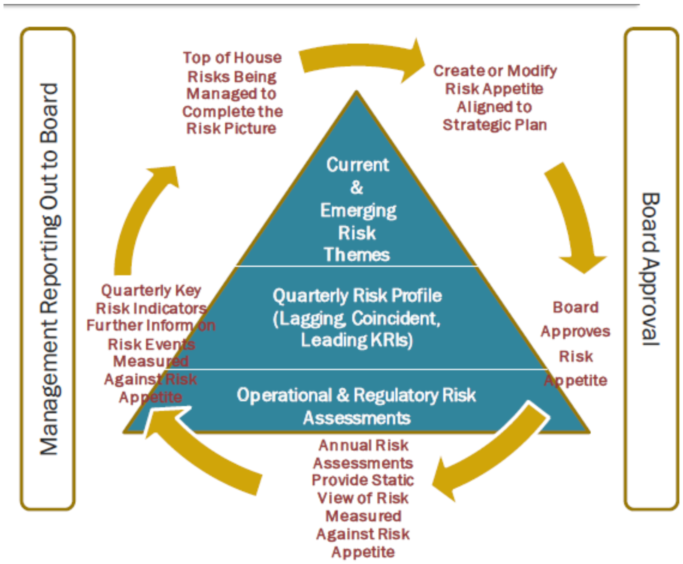
Risk Management

In KBRA's view, Bryn Mawr Bank Corporation's risk management function appears to be sound and commensurate with the institution's risk profile, while also providing scalability to grow with the organization, particularly when combined with the implementation of various solutions in CRA/fair lending, training, and the nCino platforms. Additionally, BMTC has developed a firm COVID response team, highlighted by separated lines of defense based on the area of impact. Measures include additional loan review, vendor management, and compliance across all sections of active business.



Source: Company Presentation

The company's Board of Directors consists of ten members – nine independent directors and the CEO, Francis J. Leto. The Board of Directors of the bank has established loan approval committees and written guidelines for lending activities. Additionally, Bryn Mawr Bank Corporation's risk infrastructure and the quality of management information systems (MIS) is considered strong. The bank's executive management has established frameworks for risk management and reporting in a number of key areas of the bank and continue to take an enterprise-wide approach, focusing on the elimination of business line "risk silos". CRO Patrick Killeen has introduced a number of comprehensive risk management practices (i.e. automated BSA monitoring) and overall enhancements to the risk management regime, particularly in risk governance and oversight, as well as strategic realignment of certain functions. BMTC's management uses a centralized credit process system with a multi-tiered committee-based approval process for different type and loan size and performs an annual independent third-party loan review. The bank's Executive Committee monitors and manages all type of risks at the bank. Bryn Mawr Bank Corporation maintains a diversified loan and lease portfolio intended to spread risk and reduce exposure to economic downturns, which may occur in different segments of the economy or in particular industries. To that end, the portfolio is actively monitored for concentration risks by industry, with high risk industry sectors minimized.



Source: Company Presentation

Liquidity Management

The bank's liquidity is maintained by managing its core deposits as the primary source with which to satisfy funding needs. Secondary sources of liquidity are varied and include purchasing federal funds, selling loans in the secondary market, sources originating from the investment portfolio, borrowing from the FHLB, among others, and purchasing and issuing wholesale certificates of deposit. The company's Board of Directors has established clear liquidity risk tolerances for the company. ALCO, which is comprised of various senior executives, reviews the company's liquidity needs quarterly and reports its findings to the Risk Management Committee of the company's Board of Directors. Management also reviews 12 month-rolling forward looking cash flow projections on a regular basis. To effectively manage liquidity on an ongoing basis, the company utilizes a liquidity dashboard report. The company continually evaluates the cost and mix of its retail and wholesale funding sources relative to earning assets and expected future earning-asset growth.

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

Operating Environment

Overall, the U.S. banking system has a strong regulatory framework. Since the 2008 financial crisis, banking institutions have adjusted to additional rules and regulations resulting from the Dodd-Frank Wall Street Reform and Consumer Protection Act and Basel III standards. Despite some easing of regulatory burden, particularly for small to mid-sized banks in recent years, regulatory standards and oversight remain strong for the U.S. banking system. The latest research on this and other topics can be found **here**.

External Support

Pursuant to the 2010 Dodd-Frank Act, U.S. regulators created a resolution regime with the goal of preventing a systemic crisis if a systemically important bank fails. For non-systemically important depositories such as the bank, KBRA believes that uninsured depositors could benefit from some degree of extraordinary systemic support. However, KBRA does not foresee any regulatory support being extended to creditors or investors at the bank or its BHC.

Rating Approach

KBRA's ratings supported by the following factors: i) a quantitative view of the bank's financial fundamentals, including stress testing, ii) a qualitative assessment of the bank's management and market strategy, and iii) the incorporation of potential external systemic support. KBRA's ratings for the bank holding company reflect the overall credit profile of the organization and the potential structural subordination of its liabilities to the liabilities of its subsidiary in an event of default or regulatory intervention. KBRA's short-term ratings are derived from senior long-term bank ratings. Consistent with KBRA's typical notching practices, subordinated debt is rated one notch below senior unsecured debt.