BRYN MAWR BANK CORP
Form 10-K
March 16, 2009
Table of Contents

SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

Form 10-K

(Mark One)

x **ANNUAL REPORT PURSUANT TO SECTION 13 or 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2008

¨ **TRANSITION REPORT PURSUANT TO SECTION 13 or 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

for the transition period from ________ to ________
Commission file number 0-15261.

BRYN MAWR BANK CORPORATION

(Exact name of registrant as specified in its charter)

Pennsylvania	**23-2434506**
(State of other jurisdiction of	**(I.R.S. Employer Identification Number)**
Incorporation or Organization)	
801 Lancaster Avenue, Bryn Mawr, Pennsylvania	**19010**
(Address of principal executive offices)	**(Zip Code)**

(Registrant s telephone number, including area code) (610) 525-1700

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common Stock ($1 par value)	**Nasdaq Global Market**

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes ¨ No x

Indicate by check mark if registrant is not required to file reports pursuant to Section 13 or 15(d) of the Exchange Act.

Yes ¨ No x

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 of 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period than the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes x No ¨

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (& 229.405 of this chapter) is not contained herein, and will not be contained, to the best of Registrant s knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ¨

Table of Contents

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer	¨	Accelerated Filer	x
Non-Accelerated Filer	¨	Smaller Reporting Company	¨

Indicate by checkmark whether the Registrant is a shell company (as defined by Rule 126-2 of the Exchange Act):

Yes ¨ No x

The aggregate market value of shares of common stock held by non-affiliates of Registrant (including fiduciary accounts administered by affiliates*) was $144,164,353 on June 30, 2008.

As of December 31, 2008, there were 8,592,259 shares of common stock outstanding.

Documents Incorporated by Reference: Portions of Registrant s Annual Report to Shareholders for the year ended December 31, 2008, as indicated, are incorporated by reference in Parts I, II and IV hereof. The Definitive Proxy Statement of Registrant filed with respect to the Registrant s 2009 Annual Meeting of Shareholders to be held on April 22, 2009 filed with the Commission pursuant to Regulation 14A are incorporated by reference in Part III hereof.

* Registrant does not admit by virtue of the foregoing that its officers and directors are affiliates as defined in Rule 405 and does not admit that it controls the shares of Registrant s voting stock held by the Trust Department of its bank subsidiary.

The exhibit index is on page 20.

Table of Contents

Form 10-K

Bryn Mawr Bank Corporation

Index

UNLESS OTHERWISE INDICATED, ALL INFORMATION IS AS OF MARCH 1, 2009.

Table of Contents

SPECIAL CAUTIONARY NOTICE REGARDING FORWARD LOOKING STATEMENTS

Certain of the statements contained in this report may constitute forward-looking statements for the purposes of the Securities Act of 1933, as amended and the Securities Exchange Act of 1934, as amended, and may involve known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements of the Bryn Mawr Bank Corporation (the Corporation) to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements. These forward-looking statements include statements with respect to the Corporation s financial goals, business plans, business prospects, credit quality, credit risk, reserve adequacy, liquidity, origination and sale of residential mortgage loans, mortgage servicing rights, the effect of changes in accounting standards, and market and pricing trends loss. The words anticipate, believe , estimate, expect , intended, may , plan, seek, and similar expressions are intended to identify such forward-looking statements. The Corporation s actual results may differ materially from the results anticipated by the forward-looking statements due to a variety of factors, including without limitation:

- *the effect of future economic conditions on the Corporation and its customers, including economic factors which affect consumer confidence in the securities markets, wealth creation, investment and savings patterns, and the Corporation s interest rate risk exposure and credit risk;*
- *changes in the securities markets with respect to the market values of financial assets and the stability of particular securities markets;*
- *governmental monetary and fiscal policies, as well as legislation and regulatory changes;*
- *changes in accounting requirements or interpretations;*
- *the risks of changes in interest rates on the level and composition of deposits, loan demand, and the value of loan collateral and securities, as well as interest rate risk;*
- *the effects of competition from other commercial banks, thrifts, mortgage companies, consumer finance companies, credit unions, securities brokerage firms, insurance companies, money-market and mutual funds and other institutions operating in the Corporation s trade market area and elsewhere including institutions operating locally, regionally, nationally and internationally and such competitors offering banking products and services by mail, telephone, computer and the Internet;*
- *any extraordinary events (such as the September 11, 2001 events, the war on terrorism and the U.S. Government s response to those events, including the war in Iraq);*
- *the Corporation s success in continuing to generate new business in its existing markets, as well as its success in identifying and penetrating targeted markets and generating a profit in those markets in a reasonable time;*
- *the Corporation s ability to continue to generate investment results for customers and the ability to continue to develop investment products in a manner that meets customers needs;*
- *the Corporation s timely development of competitive new products and services in a changing environment and the acceptance of such products and services by customers;*

- *the Corporation s ability to originate, sell and service residential mortgage loans;*
- *the accuracy of assumptions underlying the establishment of reserves for loan losses and estimates in the value of collateral, the market value of mortgage servicing rights and various financial assets and liabilities;*
- *technological changes being more difficult or expensive than anticipated;*
- *the Corporation s success in managing the risks involved in the foregoing.*

All written or oral forward-looking statements attributed to the Corporation are expressly qualified in their entirety by use of the foregoing cautionary statements. All forward-looking statements included in this Report are based upon information presently available, and the Corporation assumes no obligation to update any forward-looking statements.

Table of Contents

PART I

ITEM 1. BUSINESS

GENERAL

The Bryn Mawr Trust Company (the Bank or BMTC) received its Pennsylvania banking charter in 1889 and is a member of the Federal Reserve System. In 1986, Bryn Mawr Bank Corporation (the Corporation or BMBC) was formed and on January 2, 1987, the Bank became a wholly-owned subsidiary of the Corporation. The Bank and Corporation are headquartered in Bryn Mawr, PA, a western suburb of Philadelphia, PA. The Corporation and its subsidiaries offer a full range of personal and business banking services, consumer and commercial loans, equipment leasing, mortgages, insurance and wealth management services, including investment management, trust and estate administration, retirement planning, custody services, and tax planning and preparation from eight full-service branches and seven Life Care Community offices throughout Montgomery, Delaware and Chester counties. The Corporation trades on the NASDAQ Global Market (NASDAQ GM) under the symbol BMTC.

The goal of the Corporation is to become the preeminent community bank and wealth management organization in the Philadelphia area.

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

WEBSITE DISCLOSURES

The Corporation makes available, free of charge through its website, its Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and all amendments to those reports as soon as reasonably practicable after the reports are electronically filed with the SEC. These reports can be obtained by accessing the Corporation s website, www.bmtc.com, by clicking on Investor Relations.

OPERATIONS

Bryn Mawr Bank Corporation

The Corporation has no active staff as of December 31, 2008. The Corporation holds the stock of the Bank. Additionally, the Corporation performs several functions including shareholder communications, shareholder recordkeeping, the distribution of dividends and the periodic filing of reports and payment of fees to NASDAQ GM, the SEC and other regulatory agencies.

A complete list of directors and executive officers of the Corporation and the Bank as of March 1, 2009 is incorporated by reference to the Corporation s Annual Report to Shareholders for the year ended December 31, 2008 (the 2008 Annual Report) at the back cover of the printed version of the Annual Report (located at page 9 of Exhibit 13.1 hereto).

The Bryn Mawr Trust Company

The Bank is engaged in commercial and retail banking business, providing basic banking services, including the acceptance of demand, time and savings deposits and the making of commercial, real estate and consumer loans and other extensions of credit including leases. The Bank also provides a full range of wealth management services including trust administration and other related fiduciary services, custody services, investment management and advisory services, employee benefit account and IRA administration, estate settlement, tax services, financial planning and brokerage services. As of December 31, 2008, the market value of assets under management, administration, supervision and brokerage by the Bank s Wealth Management Division was $2.146 billion.

The Corporation, through its Bank subsidiary, has expanded its branch footprint by establishing a de-novo branch office in Exton, PA in April 2005, relocating the former Wynnewood, PA office to Ardmore, PA in January 2007, and opening the West Chester regional branch office in West Chester, PA on January 2, 2009. The Corporation presently has 9 full-service branch offices, plus 7 Life Care Community locations. See the section titled COMPETITION later in this item for additional information.

Table of Contents

At December 31, 2008, the Corporation and its subsidiaries had 237 full time and 29 part time employees, equaling 252 full time equivalent staff.

OTHER OPERATING SUBSIDIARIES OF THE BANK

The Bank has four operating subsidiaries providing various services as described below:

Insurance Counsellors of Bryn Mawr, Inc.

Insurance Counsellors of Bryn Mawr, Inc. (ICBM) began operation in February 1998 as a wholly owned subsidiary of the Bank. ICBM is a full-service insurance agency, through which the Bank offers insurance and related products and services to its customer base. This includes casualty, property and allied insurance lines, as well as life insurance, annuities, medical insurance and accident and health insurance for groups and individuals.

ICBM utilizes five licensed insurance agents and ICBM employees are included in the Corporation s employment numbers above.

BMT Settlement Services, Inc.

BMT Settlement Services, Inc. (BMTS) began operation in February 2002. BMTS is a limited partner in Bryn Mawr Settlement Services, LP (the Limited Partnership), which partners with Commonwealth Land Transfer Company, to provide title search and abstract services to Bank customers. Under the terms of the Limited Partnership s partnership agreement, BMTS receives seventy percent of the profits of the Limited Partnership, after expenses. BMTS is a wholly owned subsidiary of the Bank.

BMTS primary market area is located in southeastern Pennsylvania. BMTS is housed in the main office of the Bank, located at 801 Lancaster Avenue, Bryn Mawr, PA 19010. BMTS had no employees as of December 31, 2008.

BMT Mortgage Services, Inc.

BMT Mortgage Services, Inc. (BMTM) began operations in February, 2006. BMTM is a member in BMT Mortgage Company, LLC, which was established in 2006 to provide mortgage services to customers of Keller Williams Bryn Mawr, PA office. Under the terms of the operating agreement, BMTM has a 40% interest in the entity, performs certain accounting and administrative functions, and processes certain mortgage applications for a fee. BMTM is a wholly owned subsidiary of the Bank.

BMT Leasing, Inc.

BMT Leasing, Inc. (BMTL) began operations in September 2006. BMTL is a Delaware corporation registered to do business in Pennsylvania. BMTL is an equipment leasing company servicing customers nationwide from its Bryn Mawr location with leases ranging from $10 thousand to $150 thousand. BMTL is a wholly owned subsidiary of the Bank and had 13 employees as of December 31, 2008. All BMTL employees are included in the Corporation s employment numbers above.

Table of Contents

The Corporation has two operating subsidiaries which provide various services as described below:

Lau Associates

On July 15, 2008, the Corporation acquired JNJ Holdings LLC (JNJ), Lau Associates LLC (Lau) and Lau Professional Services LLC (Lau Professional and together with Lau and JNJ, Lau Associates). Lau Associates is a nationally recognized independent, family office serving high net worth individuals and families, with special expertise in planning intergenerational inherited wealth. Lau Associates employed 10 employees as of December 31, 2008. Lau Associates employees are included in the Corporation s employment numbers. Lau Associates LLC is a financial planning and investment advisory firm, while Lau Professional specializes in tax preparation. Lau and Lau Professional are wholly owned subsidiaries of JNJ which is a wholly owned subsidiary of the Corporation.

The Bryn Mawr Trust Company of Delaware

The Bryn Mawr Trust Company of Delaware (BMTC-DE) began operations as a limited purpose trust company in the fourth quarter of 2008. BMTC-DE is located in Wilmington, DE and has the ability to be named and serve as a corporate fiduciary under Delaware law. BMTC-DE employed two full-time employees as of December 31, 2008. BMTC-DE employees are included in the Corporation s employment numbers. Being able to serve as a corporate fiduciary under Delaware law is advantageous as Delaware statutes are widely recognized as being favorable with respect to the creation of tax-advantaged trust structures, LLCs and related wealth transfer vehicles for families and individuals throughout the United States. BMTC-DE is a wholly owned subsidiary of the Corporation.

SOURCES OF THE CORPORATION S REVENUE

Continuing Operations

The following table shows the percentage of consolidated revenues with respect to various segments of the Corporation s operations.

	2008		2007		2006	
Interest income on loans, leases and investments	$ 57,934	73.0%	$ 54,218	71.3%	$ 45,906	71.4%
Other banking fees including insurance	5,257	6.6%	5,795	7.6%	3,696	5.8%
Wealth management segment	13,855	17.4%	13,502	17.8%	12,422	19.3%
Mortgage banking segment	2,360	3.0%	2,484	3.3%	2,242	3.5%
Total revenues from continuing operations	$ 79,406	100.0%	$ 75,999	100.0%	$ 64,267	100.0%

See Note 26, Segment Information, in the Notes to the Consolidated Financial Statements located in the 2008 Annual Report for additional information. The Corporation had no discontinued operations in 2006, 2007 or 2008.

STATISTICAL INFORMATION

The statistical information required in this Part I Item I is incorporated by reference to the information appearing in the 2008 Annual Report in the sections captioned Selected Financial Data, Management s Discussion and Analysis of Financial Condition and Results of Operations (MD&A) and Financial Statements and related notes.

Financial Information About Segments

The financial information concerning the Corporation s business segments is incorporated by reference to the MD&A of the 2008 Annual Report and Note 26, Segment Information, to the financial statements accompanying the 2008 Annual Report.

COMPETITION

The Corporation and its subsidiaries, including the Bank, compete for deposits, loans and Wealth Management services in Delaware, Montgomery, Chester and Philadelphia counties in southeastern Pennsylvania. The Corporation has a significant presence in the affluent Philadelphia suburbs known as the Main Line. The Corporation has nine full-service branches and seven Life Care Community offices.

3

Table of Contents

The markets in which the Corporation competes are highly competitive. The Corporation s direct competition in attracting deposits, loans and wealth management services come from commercial banks, investment management companies, savings and loan associations, and trust companies. The Corporation also competes with credit unions, on-line banking enterprises, consumer finance companies, mortgage companies, insurance companies, stock brokerage companies, investment advisory companies and other entities providing one or more of the services and products offered by the Corporation.

The Corporation is able to compete with the other firms because of its consistent level of customer service, excellent reputation, professional expertise, full product line, competitive rates and fees.

With the acquisition of Lau Associates in July 2008 and the formation of BMTC-DE, the Corporation has expanded into the State of Delaware where it competes for wealth management business. Additionally, BMTC competes on a national level for its leasing customers.

SUPERVISION AND REGULATION

The Corporation and its subsidiaries, including the Bank, are subject to extensive regulation under both federal and state law. To the extent that the following information describes statutory provisions and regulations, which apply to the Corporation and its subsidiaries, it is qualified in its entirety by reference to those statutory provisions and regulations.

Bank Holding Company Regulation

The Corporation, as a bank holding company, is regulated under the Bank Holding Company Act of 1956, as amended (the Act). The Act limits the business of bank holding companies to banking, managing or controlling banks, performing certain servicing activities for subsidiaries and engaging in such other activities as the Federal Reserve Board may determine to be closely related to banking. The Corporation and its non-bank subsidiaries are subject to the supervision of the Federal Reserve Board and the Corporation is required to file with the Federal Reserve Board an annual report and such additional information as the Federal Reserve Board may require pursuant to the Act and the regulations which implement the Act. The Federal Reserve Board also conducts inspections of the Corporation and each of its non-banking subsidiaries.

The Act requires each bank holding company to obtain prior approval by the Federal Reserve Board before it may acquire (i) direct or indirect ownership or control of more than 5% of the voting shares of any company, including another bank holding company or a bank, unless it already owns a majority of such voting shares, or (ii) all, or substantially all, of the assets of any company.

The Act also prohibits a bank holding company from engaging in, or from acquiring direct or indirect ownership or control of more than 5% of the voting shares of any company engaged in non-banking activities unless the Federal Reserve Board, by order or regulation, has found such activities to be so closely related to banking or to managing or controlling banks as to be appropriate. The Federal Reserve Board has by regulation determined that certain activities are so closely related to banking or to managing or controlling banks, so as to permit bank holding companies, such as the Corporation, and its subsidiaries formed for such purposes, to engage in such activities, subject to obtaining the Federal Reserve Board s approval in certain cases.

Under the Act, a bank holding company and its subsidiaries are prohibited from engaging in certain tie-in arrangements in connection with any extension or provision of credit, lease or sale of property or furnishing any service to a customer on the condition that the customer provide additional credit or service to the bank, to its bank holding company or any other subsidiaries of its bank holding company or on the condition that the customer refrain from obtaining credit or service from a competitor of its bank holding company. Further, the Bank, as a subsidiary bank of a bank holding company, such as the Corporation, is subject to certain restrictions on any extensions of credit it provides to the Corporation or any of its non-bank subsidiaries, investments in the stock or securities thereof, and on the taking of such stock or securities as collateral for loans to any borrower.

In addition, the Federal Reserve Board may issue cease and desist orders against bank holding companies and non-bank subsidiaries to stop actions believed to present a serious threat to a subsidiary bank. The Federal Reserve Board also regulates certain debt obligations and changes in control of bank holding companies.

Under Federal Reserve Board policy, a bank holding company is expected to act as a source of financial strength to each of its subsidiary banks and to commit resources, including capital funds during periods of financial stress, to support each such bank. Consistent with its source of strength policy for subsidiary banks, the Federal Reserve Board has stated that, as a matter of

4

prudent banking, a bank holding company generally should not maintain a rate of cash dividends unless its net income available to common shareholders has been sufficient to fund fully the dividends, and the prospective rate of earnings retention appears to be consistent with the company s capital needs, asset quality and overall financial condition.

Federal law also grants to federal banking agencies the power to issue cease and desist orders when a depository institution or a bank holding company or an officer or director thereof is engaged in or is about to engage in unsafe and unsound practices. The Federal Reserve Board may require a bank holding company, such as the Corporation, to discontinue certain of its activities or activities of its other subsidiaries, other than the Bank, or divest itself of such subsidiaries if such activities cause serious risk to the Bank and are inconsistent with the Bank Holding Company Act or other applicable federal banking laws.

Federal Reserve Board and Pennsylvania Department of Banking Regulations

The Corporation s Pennsylvania state chartered bank, The Bryn Mawr Trust Company, is regulated and supervised by the Pennsylvania Department of Banking (the Department of Banking) and subject to regulation by The Federal Reserve Board and the FDIC. The Department of Banking and the Federal Reserve Board regularly examine the Bank s reserves, loans, investments, management practices and other aspects of its operations and the Bank must furnish periodic reports to these agencies. The Bank is a member of the Federal Reserve System.

The Bank s operations are subject to certain requirements and restrictions under federal and state laws, including requirements to maintain reserves against deposits, limitations on the interest rates that may be paid on certain types of deposits, restrictions on the types and amounts of loans that may be granted and the interest that may be charged thereon, limitations on the types of investments that may be made and the types of services which may be offered. Various consumer laws and regulations also affect the operations of the Bank. These regulations and laws are intended primarily for the protection of the Bank s depositors and customers rather than holders of the Corporation s stock.

The regulations of the Pennsylvania Department of Banking restrict the amount of dividends that can be paid to the Corporation by the Bank. Payment of dividends is restricted to the amount of the Bank s retained earnings which was $79.9 million as of December 31, 2008. However, the amount of dividends paid by the Bank cannot reduce capital levels below levels that would cause the Bank to be less than adequately capitalized. The payment of dividends by the Bank to the Corporation is the source on which the Corporation currently depends to pay dividends to its shareholders.

As a bank incorporated under and subject to Pennsylvania banking laws and insured by the FDIC, the Bank must obtain the prior approval of the Department of Banking and the Federal Reserve Board before establishing a new branch banking office. Depending on the type of bank or financial institution, a merger of banks located in Pennsylvania is subject to the prior approval of one or more of the following: the Department of Banking, the FDIC, the Federal Reserve Board and the Office of the Comptroller of the Currency. An approval of a merger by the appropriate bank regulatory agency would depend upon several factors, including whether the merged institution is a federally insured state bank, a member of the Federal Reserve System, or a national bank. Additionally, any new branch expansion or merger must comply with branching restrictions provided by state law. The Pennsylvania Banking Code permits Pennsylvania banks to establish branches anywhere in the state.

Deposit Insurance Assessment

The deposits of the Bank are insured by the FDIC up to the limits set forth under applicable law and are subject to deposit insurance premium assessments. The FDIC imposes a risk based deposit premium assessment system, which was amended pursuant to the Federal Deposit Insurance Reform Act of 2005 (the Act). Under this system, the amount of FDIC assessments paid by an individual insured depository institution, such as the Bank, is based on the level of risk incurred in its activities. The FDIC places a depository institution in one of four risk categories determined by reference to its capital levels and supervisory ratings. In addition, in the case of those institutions in the lowest risk category, the FDIC further determines its assessment rates based on certain specified financial ratios. The FDIC announced that 2008 assessments will range from 5 to 7 basis points for well capitalized institutions with composite regulatory examination ratings of one or two. This assessment increased again in January 2009 by 7 basis points. The Act provided for a one time premium assessment credit for eligible insured depository institutions. The Bank was granted a one-time credit of approximately $409 thousand for use against future FDIC insurance premiums. The Bank used approximately $365 thousand of the credit against the 2007 premium assessments and the remaining $44 thousand in the first quarter of 2008.

Table of Contents

On February 27, 2009, the FDIC adopted an interim rule imposing a 20 basis point emergency special assessment on the banking industry as of June 30, 2009. The assessment is to be collected on September 30, 2009. The interim rule would also permit the FDIC to impose an emergency special assessment after June 30, 2009 of up to 10 basis points if necessary to maintain public confidence in federal deposit insurance. Comments on the interim rule on special assessments are due no later than 30 days after publication in the Federal Register. A special assessment of 20 basis points would amount to approximately $1.74 million in FDIC expense for the Bank based on December 31, 2008 deposits of approximately $869 million.

On February 27, 2009, the FDIC adopted changes to its ongoing assessment rates for base and risk-based deposit insurance. Effective for the second quarter of 2009, a bank s annual assessment base rates will be as follows, depending on the bank s risk category:

	Risk Category				
	I				
	Minimum	Maximum	II	III	IV
Annual Rates (in basis points)	12	16	22	32	45

The base assessment rate can be adjusted downward based on a bank s unsecured debt and level of excess capital above the well capitalized threshold, or upward based on a bank s secured liabilities including Federal Home Loan Bank advances and repurchase agreements, so that the total risk-based assessment rates will range as follows, depending on a bank s risk category:

	Risk Category			
	I	II	III	IV
Initial base assessment rate	12 to 16	22	32	45
Unsecured debt adjustment	(5) to 0	(5) to 0	(5) to 0	(5) to 0
Secured liability adjustment	0 to 8	0 to 11	0 to 16	0 to 22.5
Brokered deposit adjustment		0 to 10	0 to 10	0 to 10
Total base assessment rate	7 to 24	17 to 43	27 to 58	40 to 77.5

Based on Management s preliminary analysis of the February 27, 2009 final rule for ongoing assessments, the Banks estimated 2009 FDIC insurance cost projection would be $1.4 million, assuming the Bank qualifies for Risk Category I.

Government Monetary Policies

The monetary and fiscal policies of the Federal Reserve Board and the other regulatory agencies have had, and will probably continue to have, an important impact on the operating results of the Bank through their power to implement national monetary policy in order to, among other things, curb inflation or combat a recession. The monetary policies of the Federal Reserve Board may have a major effect upon the levels of the Bank s loans, investments and deposits through the Federal Reserve Board s open market operations in United States government securities, through its regulation of, among other things, the discount rate on borrowing of depository institutions, and the reserve requirements against depository institution deposits. It is not possible to predict the nature and impact of future changes in monetary and fiscal policies.

The earnings of the Bank and, therefore, of the Corporation are affected by domestic economic conditions, particularly those conditions in the trade area as well as the monetary and fiscal policies of the United States government and its agencies.

Safety and Soundness

The Federal Reserve Board also has authority to prohibit a bank holding company from engaging in any activity or transaction deemed by the Federal Reserve Board to be an unsafe or unsound practice. The payment of dividends could, depending upon the financial condition of the Bank or Corporation, be such an unsafe or unsound practice and the regulatory agencies have indicated their view that it generally would be an unsafe and unsound practice to pay dividends except out of current operating earnings. The ability of the Bank to pay dividends in the future is presently and could be further influenced, among other things, by applicable capital guidelines discussed below or by bank regulatory and supervisory policies. The ability of the Bank to make funds available to the Corporation is also subject to restrictions imposed by federal law. The amount of other payments by the Bank to the Corporation is subject to review by regulatory authorities having appropriate authority over the Bank or Corporation and to certain legal limitations.

Table of Contents

Risk Based Capital Guidelines

The Federal Reserve Board has promulgated certain Risk Based Capital Guidelines. Under the guidelines, various types of Corporation assets are assigned risk categories and weighted based on their relative risk. In addition, certain off balance sheet items are translated into balance sheet equivalents and also weighted according to their potential risk. The sum of both of these asset categories, referred to as Total Risk Weighted Assets, is then compared to the Corporation s total capital, providing a Tier I Capital Ratio, under the guidelines. A Tier II capital ratio is also computed for the Corporation, adding an allowable portion of the loan loss reserve to capital. Both the Tier I and Tier II ratios of the Corporation are in excess of those minimum capital ratios required. The focus of the guidelines is to measure the Corporation s capital risk. The guidelines do not explicitly take into account other risks, such as interest rate changes or liquidity.

The Bank in its normal business originates off-balance sheet items, such as outstanding loan commitments and standby letters of credit. The Bank makes loan commitments to borrowers to assure the borrower of financing by the Bank for a specified period of time and/or at a specified interest rate. The obligation to the Bank, pursuant to an unfunded loan commitment, is limited by the terms of the commitment letter and other loan documentation issued by the Bank to each borrower. The Bank carefully reviews outstanding loan commitments on a periodic basis. A standby letter of credit is an instrument issued by the Bank, which represents a contingent obligation to make payments with respect to a specific transaction of a customer. The Bank carefully evaluates the creditworthiness of each of its letter of credit customers. The Corporation carefully monitors its risks as measured by the Risk Capital Guidelines and seeks to adhere to the Risk Capital Guidelines.

Gramm-Leach Bliley Act

The Gramm-Leach-Bliley Act (GLB Act) repealed provisions of the Glass-Steagall Act, which prohibited commercial banks and securities firms from affiliating with each other and engaging in each other s businesses. Thus, many of the barriers prohibiting affiliations between commercial banks and securities firms have been eliminated.

The GLB Act amended the Glass-Steagall Act to allow new financial holding companies (FHC) to offer banking, insurance, securities and other financial products to consumers. Specifically, the GLB Act amends section 4 of the Act in order to provide for a framework for the engagement in new financial activities. Bank holding companies may elect to become a financial holding company if all its subsidiary depository institutions are well-capitalized and well-managed. If these requirements are met, a bank holding company may file a certification to that effect with the Federal Reserve Board and declare that it elects to become a FHC. After the certification and declaration is filed, the FHC may engage either de novo or through an acquisition in any activity that has been determined by the Federal Reserve Board to be financial in nature or incidental to such financial activity. Bank holding companies may engage in financial activities without prior notice to the Federal Reserve Board if those activities qualify under the new list in section 4(k) of the Act. However, notice must be given to the Federal Reserve Board, within 30 days after the FHC has commenced one or more of the financial activities. The Corporation has not become an FHC.

Under the GLB Act, a bank subject to various requirements is permitted to engage through financial subsidiaries in certain financial activities permissible for affiliates of FHC s. However, to be able to engage in such activities a bank must continue to be well-capitalized and well-managed and receive at least a satisfactory rating in its most recent Community Reinvestment Act examination.

Community Reinvestment Act

The Community Reinvestment Act requires banks to help serve the credit needs of their communities, including providing credit to low and moderate income individuals and areas. Should the Bank fail to serve adequately the communities it serves, potential penalties may include regulatory denials to expand branches, relocate, add subsidiaries and affiliates, expand into new financial activities and merge with or purchase other financial institutions.

Privacy of Consumer Financial Information

The GLB Act also contains a provision designed to protect the privacy of each consumer s financial information in a financial institution. Pursuant to the requirements of the GLB Act, the financial institution regulators have promulgated final regulations intended to better protect the privacy of a consumer s financial information maintained in financial institutions. The regulations are designed to prevent financial institutions, such as the Bank, from disclosing a consumer s nonpublic personal information to third parties that are not affiliated with the financial institution.

7

Table of Contents

However, financial institutions can share a customer s personal information or information about business and corporations with their affiliated companies. The regulations also provide that financial institutions can disclose nonpublic personal information to nonaffiliated third parties for marketing purposes but the financial institution must provide a description of its privacy policies to the consumers and give the consumers an opportunity to opt-out of such disclosure and, thus, prevent disclosure by the financial institution of the consumer s nonpublic personal information to nonaffiliated third parties.

These privacy regulations will affect how consumer s information is transmitted through diversified financial companies and conveyed to outside vendors. The Bank does not believe the privacy regulations will have a material adverse impact on its operations in the near term.

Consumer Protection Rules Sale of Insurance Products

In addition, as mandated by the GLB Act, the regulators have published consumer protection rules which apply to the retail sales practices, solicitation, advertising or offers of insurance products, including annuities, by depository institutions such as banks and their subsidiaries.

The rules provide that before the sale of insurance or annuity products can be completed, disclosures must be made that state (i) such insurance products are not deposits or other obligations of or guaranteed by the FDIC or any other agency of the United States, the Bank or its affiliates; and (ii) in the case of an insurance product that involves an investment risk, including an annuity, that there is an investment risk involved with the product, including a possible loss of value.

The rules also provide that the Bank may not condition an extension of credit on the consumer s purchase of an insurance product or annuity from the Bank or its affiliates or on the consumer s agreement not to obtain or a prohibition on the consumer obtaining an insurance product or annuity from an unaffiliated entity.

The rules also require formal acknowledgement from the consumer that such disclosures have been received. In addition, to the extent practical, the Bank must keep insurance and annuity sales activities physically separate from the areas where retail banking transactions are routinely accepted from the general public.

Sarbanes-Oxley Act

The Sarbanes-Oxley Act of 2002 (the Sarbanes-Oxley Act) addresses, among other matters, increased disclosures; audit committees; certification of financial statements by the chief executive officer and the chief financial officer; forfeiture of bonuses and profits made by directors and senior officers in the twelve (12) month period covered by restated financial statements; a prohibition on insider trading during Corporation stock blackout periods; disclosure of off-balance sheet transactions; a prohibition applicable to companies, other than federally insured financial institutions, on personal loans to their directors and officers; expedited filing of reports concerning stock transactions by a company s directors and executive officers; the formation of a public accounting oversight board; auditor independence; and increased criminal penalties for violation of certain securities laws.

KPMG LLP (KPMG), the Corporation s Independent Registered Public Accounting Firm, has issued an attestation report that management s assessment that the Corporation maintained effective internal control over financial reporting as of December 31, 2008 is fairly stated, in all material respects, based on criteria established in Internal Control Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Also in their opinion, KPMG stated that the Corporation maintained, in all material respects, effective internal control over financial reporting as of December 31, 2008, based on the COSO framework.

The rules and regulations which implement the Sarbanes-Oxley Act had a significant economic impact on the compliance cost of the Corporation. It is not possible to assess the future impact on the Corporation or the Bank of any of the foregoing regulations and proposed regulations.

Patriot Act of 2001

The Patriot Act of 2001, which was enacted in the wake of the September 11, 2001 attacks, includes provisions designed to combat international money laundering and advance the U.S. government s war against terrorism. The Patriot Act and the regulations which implement it contain many obligations which must be satisfied by financial institutions, including the Bank. Those regulations impose obligations on financial institutions, such as the Bank, to maintain appropriate policies, procedures and controls to detect,

Table of Contents

prevent and report money laundering and terrorist financing and to verify the identity of their customers. The failure of a financial institution to maintain and implement adequate programs to combat money laundering and terrorist financing could have serious legal and reputational consequences for the financial institution.

Government Policies and Future Legislation

As the enactment of the GLB Act and the Sarbanes-Oxley Act confirm, from time to time various laws are passed in the United States Congress as well as the Pennsylvania legislature and by various bank regulatory authorities which would alter the powers of, and place restrictions on, different types of banks and financial organizations. It is impossible to predict whether any potential legislation or regulations will be adopted and the impact, if any, of such adoption on the business of the Corporation or its subsidiaries, especially the Bank.

ITEM 1A. RISK FACTORS

Investment in the Corporation s common shares involves risk. The market price of the Corporation s common shares may fluctuate significantly in response to a number of factors including those that follow. The following list contains certain risks that may be unique to the Corporation and to the banking industry. The following list of risks should not be viewed as an all inclusive list or in any particular order.

Sufficient Funding to Support Earning Asset Growth

Over the past 24 months, the Corporation s assets have grown from $827 million at December 31, 2006 to approximately $1.15 billion at December 31, 2008. This growth has been funded with various forms of wholesale funding which is defined as wholesale deposits (primarily certificates of deposit) and borrowed funds (FHLB advances and subordinated debt). Wholesale funding at December 31, 2008 represents approximately 30.9% of total funding compared with approximately 19.5% at December 31, 2007 and 4.8% at December 31, 2006. Wholesale funding generally costs more than deposits generated from the Corporation s traditional branch system and is subject to certain practical limits such as the FHLB s Maximum Borrowing Capacity and the Corporation s liquidity targets. Additionally, regulators might consider wholesale funding beyond certain points to be imprudent and might suggest that future asset growth be reduced or halted.

The Corporation recognizes the need to grow both wholesale and non-wholesale funding sources to support earning asset growth and to provide appropriate liquidity. In the absence of wholesale funding sources, the Corporation may fund earning asset growth with additional subordinated debt and/or other transactions that might be available, including the TLGP. If none of these funding sources are available, the Corporation might need to reduce earning asset growth through the reduction of current production, sale of assets, and/or the participating out of future and current loans or leases. This in turn might reduce future net income of the Corporation.

On February 27, 2009, the FDIC finalized its risk based assessment rules for ongoing assessments. These new rules include certain upward adjustments in the base assessment rate for rapid growth and use of wholesale funding. These new ongoing assessment rules effectively increase the cost of wholesale funding above certain thresholds in the form of increased FDIC assessments.

See Regulatory Matters and Pending Legislation in the 2008 Annual Report for additional information.

Other Recent Legislation and Regulatory Actions

Recent market conditions have made it difficult or uneconomical to access the capital markets. As a result, the United States Congress, the Treasury, and the FDIC have announced various programs designed to enhance market liquidity and bank capital.

In response to the financial crisis affecting the banking system and financial markets, on October 3, 2008, the Emergency Economic Stabilization Act of 2008 (ESSA) was signed into law and established the Troubled Assets Relief Program (TARP) administered by the U.S. Treasury Department. As part of TARP, the Treasury established the Capital Purchase Program (CPP) to provide $700 billion of funding to eligible financial institutions through the purchase of capital stock and other financial instruments for the purpose of stabilizing and providing liquidity to the U.S. financial markets. In connection with EESA, there have been numerous actions by the Federal Reserve Board, Congress, the Treasury, the FDIC, the SEC and others to further the economic and banking industry stabilization efforts under EESA. It remains unclear at this time what further legislative and regulatory measures will be implemented under EESA and the effect such measures may have on the

Corporation.

Table of Contents

As further response to the economic crisis, the American Recovery and Reinvestment Act of 2009 (ARRA), more commonly known as the economic stimulus or economic recovery package, was signed into law on February 17, 2009 by President Obama. ARRA includes a wide variety of programs intended to stimulate the economy and provide for extensive infrastructure, energy, health, and education needs. In addition, ARRA imposes certain new executive compensation and corporate expenditure limits on all current and future TARP recipients until they have repaid the Treasury, which is now permitted under ARRA without penalty and without the need to raise new capital, subject to the Treasury s consultation with the recipient s appropriate agency. The Corporation elected not to participate in TARP due to its well capitalized regulatory capital position and the ever changing conditions of the program.

On February 10, 2009, a Capital Assistance Program was announced to ensure that banking institutions are capitalized with high-quality capital. The program was initiated on February 24, 2009 and evaluates the capital needs of major U.S. banking institutions in this challenging economic environment. The program will assess if an additional capital buffer is warranted, allow the institution to seek private sources of capital or turn to the government for a temporary source of capital, and is not expected to be a new capital standard or maintained on an ongoing basis. Eligibility is dependent on the results of a government stress test, which will be administered on a mandatory basis to banks with $100 billion plus in assets and if accepted, provides Tier 1 capital assistance. The application deadline for the program is May 25, 2009 and after receiving preliminary approval, six months will be provided to close the transaction during which time the company may seek to raise private capital. The capital will be senior to common stock, have an equal level of seniority to existing preferred shares, and will be required to pay cumulative dividends to the government at a rate of 9% per annum, compounded quarterly. The Corporation is currently evaluating the requirements of the program.

Difficult economic conditions and market volatility have adversely impacted the banking industry and financial markets and may significantly affect our business, financial condition, or results of operation

The Corporation s success depends, to a certain extent, upon economic and political conditions, local and national, as well as governmental monetary policies. Conditions such as inflation, recession, unemployment, changes in interest rates, money supply and other factors beyond our control may adversely affect our asset quality, deposit levels and loan demand and, therefore, our earnings.

Dramatic declines in the housing market beginning in the latter half of 2007, together with falling home prices and increasing foreclosures, unemployment and underemployment, have negatively impacted the credit performance of mortgage loans and resulted in significant write-downs of asset values by financial institutions. The resulting write-downs to assets of financial institutions have caused many financial institutions to seek additional capital, to merge with larger and stronger institutions and, in some cases, to seek government assistance or bankruptcy protection.

The capital and credit markets, including the fixed income markets, have been experiencing volatility and disruption for more than fifteen months. In some cases, the markets have produced downward pressure on stock prices and credit capacity for certain issuers without regard to those issuers financial strength.

Many lenders and institutional investors have reduced and, in some cases, ceased to provide funding to borrowers, including to other financial institutions because of concern about the stability of the financial markets and the strength of counterparties. It is difficult to predict how long these economic conditions will exist, which of our markets, products or other businesses will ultimately be affected, and whether management s actions will effectively mitigate these external factors. Accordingly, the resulting lack of available credit, lack of confidence in the financial sector, decreased consumer confidence, increased volatility in the financial markets and reduced business activity could materially and adversely affect our business, financial condition and results of operations.

As a result of the challenges presented by economic conditions, we may face the following risks in connection with these events:

- Inability of our borrowers to make timely repayments of their loans, or decreases in value of real estate collateral securing the payment of such loans resulting in significant credit losses, which could result in increased delinquencies, foreclosures and customer bankruptcies, any of which could have a material adverse effect on our operating results.

Table of Contents

- Increased regulation of our industry, including heightened legal standards and regulatory requirements or expectations imposed in connection with EESA and ARRA. Compliance with such regulation will likely increase our costs and may limit our ability to pursue business opportunities.

- Further disruptions in the capital markets or other events, including actions by rating agencies and deteriorating investor expectations, which may result in an inability to borrow on favorable terms or at all from other financial institutions.

- Increased competition among financial services companies due to consolidation of certain competing financial institutions and the conversion of certain investment banks to bank holding companies, which may adversely affect our ability to market our products and services.

- Further increases in FDIC insurance premiums due to the market developments which have significantly depleted the insurance fund of the FIDC and reduced the ratio of reserves to insured deposits.

Current levels of market volatility are unprecedented.

The capital and credit markets have been experiencing volatility and disruption for more than a year. In recent months, the volatility and disruption has reached unprecedented levels. In some cases, the markets have produced downward pressure on stock prices and credit availability for certain issuers seemingly without regard to those issuers underlying financial strength. If current levels of market disruption and volatility continue or worsen, there can be no assurance that we will not experience an adverse effect, which may be material, on our ability to access capital and on our business, financial condition and results of operations. Several factors could cause the market price for our common shares to fluctuate substantially in the future, including:

- announcements of developments related to our business;

- fluctuations in our results of operations;

- sales of substantial amounts of our securities into the marketplace;

- general conditions in our markets or the worldwide economy;

- a shortfall in revenues or earnings compared to securities analysts expectations;

- changes in analysts recommendations or projections; and

- our announcement of new acquisitions or other projects.

Capital Restraints

The Corporation and Bank, while considered well capitalized for regulatory capital purposes, have seen capital ratios gradually decline over the past 24 months due to earning asset growth and an acquisition facilitated with cash. The Corporation s continuation of this growth at this rate is contingent upon the Corporation s ability to generate sufficient additional capital through its earnings and or other sources. If the Corporation is unable to generate sufficient additional capital though its earnings or other sources, it would be necessary to slow earning asset growth and or pass up possible acquisition opportunities, which may result in a reduction of future net income growth.

Market Conditions have adversely affected the financial services industry

Declines in the housing market over the past year, with falling home prices and increasing foreclosures, coupled with a rising unemployment rate, have resulted in write-downs of asset values by financial institutions throughout the country. These write-downs include asset-backed securities, credit default swaps and other derivative securities. Reflecting concern about the stability of the financial markets and the strength of many financial institutions, lenders have reduced or ceased providing funding to borrowers. This market turmoil and tightening of credit has led to elevated levels of commercial and consumer delinquencies, the abundance of merger and acquisition activity or failures of financial institutions and a reduction of general business activity and related revenues.

Table of Contents

Federal Home Loan Bank of Pittsburgh suspends dividend and capital stock repurchase

On December 23, 2008, the FHLBank of Pittsburgh (FHLB-P) announced that it will voluntarily suspend the payment of dividends and the repurchase of excess capital stock until further notice. The FHLB-P expects that its ability to pay dividends and add to retained earnings will be significantly curtailed due to low short-term interest rates, an increased cost of maintaining liquidity and constrained access to debt markets at attractive rates. Capital stock repurchases from member banks will be reviewed on a quarterly basis, but no repurchase will take place in the first quarter of 2009, or in subsequent quarters until advised. The FHLB-P is the primary source of liquidity for BMTC, but BMTC can also use other alternatives that include the Federal Reserve discount window and wholesale funding. BMTC as of December 31, 2008 held $7.9 million of FHLB-P capital stock and is monitoring the situation closely as are other FHLB-P banks.

Financial downfall increases other-than-temporary-impairment (OTTI) charges

Due to the current economic crisis, there has been a rise in OTTI charges taken by institutions, as the fair market values of many investment securities have fallen below their amortized cost basis. The increasing duration of unrealized losses on these securities brought about heightened scrutiny by banks, auditors, and outside examiners on whether write-downs were necessary. A worst case scenario for BMTC would be if regulatory capital ratios fall below the well capitalized regulatory requirement due to impairment charges which might necessitate a need to raise capital. BMTC has evaluated its investment portfolio as of December 31, 2008 and no OTTI charges are warranted.

The steadiness of other financial institutions could have detrimental effects

Routine funding transactions may be adversely affected by the actions and soundness of other financial institutions. Financial service institutions are interrelated as a result of trading, clearing, lending, borrowing and other relationships. Transactions are executed on a daily basis with different industries and counterparties, and routinely executed with counterparties in the financial services industry. As a result, rumors, defaults or failures within the financial services industry in general could lead to market-wide liquidity problems which in turn could impact the financial condition of the Corporation.

Future loan and lease losses may exceed the Corporation s allowance for loan and lease losses

The Corporation is subject to credit risk, which is the risk of losing principal or interest due to borrowers failure to repay loans in accordance with their terms. A continued downturn in the economy or the real estate market in the Corporation s market area or a rapid change in interest rates could have a negative effect on collateral values and borrowers ability to repay. This deterioration in economic conditions could result in losses to the Corporation in excess of loan and lease loss allowances. To the extent loans are not paid timely by borrowers, the loans and leases are placed on non-accrual, thereby reducing interest income. To the extent loan and lease charge-offs exceed the Corporation s projections, increased amounts allocated to the provision for loan losses would reduce income.

Leasing business transactions may result in additional risks not previously experienced by the Corporation

The Corporation s leasing business which began operations in September 2006 consists of leasing various types of equipment to businesses in amounts ranging from $10 thousand to $150 thousand throughout the United States. In addition to anticipated credit losses higher than our traditional lending business, the Corporation s leasing business is facing a nationwide economic slowdown. Additional risks may include additional state regulatory burdens including multi-state tax issues such as state income taxes, personal property taxes and sales and use taxes.

Rapidly changing interest rate environment could reduce the Corporation s net interest margin, net interest income, fee income and net income

Interest and fees on loans and securities, net of interest paid on deposits and borrowings, are a large part of the Corporation s net income. Interest rates are key drivers of the Corporation s net interest margin and subject to many factors beyond the control of Management. As interest rates change, net interest income is affected. Rapidly changing interest rates in the future could result in interest expense increasing faster than interest income because of divergence in financial instrument maturities and/or competitive pressures. Further, substantially higher interest rates generally reduce loan demand and may result in slower loan growth particularly in real estate related loans, which have been a significant portion of the Corporation s revenue growth over the past two years. Decreases or increases in interest rates could have a negative effect on the spreads between the interest rates earned on assets and the rates of interest paid on liabilities, and therefore decrease net interest income. Changes in interest rates might also impact the values of equity and debt securities under management and administration by the Bank s Wealth Management Division which may have a negative impact on fee income. See the section captioned Net Interest Income in the MD&A of the 2008 Annual Report for additional details regarding interest rate risk.

12

Table of Contents

A continued general economic slowdown could further impact Wealth Management Division revenues and impair the value of goodwill and other intangibles related to the Wealth Management business

A continued general economic slowdown might further decrease the value of Wealth Management Division assets under management and administration resulting in lower fee income. Such an economic downturn might also result in Wealth Management Division clients seeking alternative investment opportunities with other providers, resulting in lower fee income to the Corporation.

Revenue in BMTC s core wealth management business in 2008 decreased due to the downturn in the fair value of the financial markets, as fees are based on assets under management. Overall, revenue for Wealth Management services in 2008 increased $340 thousand from December 31, 2007 due to the mid-year acquisition of Lau Associates. Revenue for Lau Associates is based on a fee for service model, not assets under management. A prolonged downturn in the financial markets could further reduce wealth management revenue and might impair the value of the Corporation s mid-year acquisition of Lau Associates, even though their revenue structure is not directly dependent on the fair value of wealth assets being serviced. Under the terms of the July 15, 2008 Lau Associates acquisition, the Corporation has three additional earn-out payments due in the first quarter of each of 2010, 2011 and 2012 (which will each be recorded at the end of 2009, 2010, and 2011). The maximum purchase price for the acquisition will not exceed $19 million (approximately $10 million of which has already been paid).

The financial services industry is very competitive

The Corporation faces competition in attracting and retaining deposits, making loans, and providing other financial services such as trust and investment management services throughout the Corporation s market area. The Corporation s competitors include other community banks, larger banking institutions, trust companies and a wide range of other financial institutions such as credit unions, registered investment advisors, financial planning firms, leasing companies, government-sponsored enterprises, on-line banking enterprises, mutual fund companies, insurance companies and other non-bank businesses. Many of these competitors have substantially greater resources than the Corporation. This is especially evident in regard to advertising and public relations spending. For a more complete discussion of our competitive environment, see BUSINESS COMPETITION in Item 1 above. If the Corporation is unable to compete effectively, the Corporation will lose market share and income from deposits, loans, and other products may be reduced.

Decreased residential mortgage origination, volume and pricing decisions of competitors

The Corporation originates, sells and services residential mortgage loans. Changes in interest rates and pricing decisions by our loan competitors affect demand for the Corporation s residential mortgage loan products, the revenue realized on the sale of loans and revenues received from servicing such loans for others, ultimately reducing the Corporation s net income. New regulations may be introduced to the residential mortgage origination market due to issues resulting from the 2007/2008 sub-prime mortgage crisis. These new regulations may increase costs and make it more difficult to operate a residential mortgage origination business.

There is no assurance that recently enacted legislation discussed above and in the sections of the 2008 Annual Report titled Regulatory Matters and Pending Legislation and Effect of Government Monetary Policy will stabilize the financial industry as intended. Since these programs are relatively new and are continuously changing, it is difficult to accurately determine the impact participating or not participating in these programs will have on the Corporation.

Additional risk factors also include the following, all of which may reduce revenues and/or increase expenses and/or pull Management s attention away from core banking operations which may ultimately reduce the Corporation s net income

- Inability to hire or retain key professionals, management and staff

- Changes in securities analysts estimates of financial performance

Volatility of stock market prices and volumes

Table of Contents

- Rumors or erroneous information
- Changes in market values of similar companies
- New developments in the banking industry
- Variations in quarterly or annual operating results
- New litigation or changes in existing litigation
- Regulatory actions
- Changes in accounting policies or procedures as may be required by the Financial Accounting Standards Board or other regulatory agencies

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

The Corporation maintains its headquarters and largest branch location in a three-story, stone-front office building consisting of 37,000 net useable square feet located at the corner of Lancaster and Bryn Mawr Avenues in Bryn Mawr, PA. The building has been the Corporation s headquarters since its founding in 1889. In 1988, additional space was added to the main office building to facilitate drive-in banking and expanded office space. The Corporation and its subsidiaries own these buildings.

In addition, as part of the Bryn Mawr (Main Office) office complex, the Corporation occupies three buildings across the street from the Main Office. These buildings house the finance/accounting, marketing, other administrative functions and the Corporation s Wealth Division. The surplus space in these buildings is sublet to several tenants on short term leases. The Corporation leases two of these buildings and owns the third building.

The Corporation s operations center and Wayne branch office are located in a three story building owned by the Corporation and located in Wayne, PA, approximately 6 miles from the Main Office complex.

Additionally, the Corporation and its subsidiaries own or lease nine branch office facilities and seven Life Care Community offices. The Corporation owns five of its branch locations and has long term ground leases on its most recently established branches. All of the life care community office locations are leased under various terms ranging from month to month to up to five years.

Total monthly minimum cash lease payments for office, branch office (including ground leases) and life care community locations amount to $92 thousand per month.

On September 29, 2008, the Corporation purchased a 3,700 square foot property at 322 East Lancaster Avenue, Wayne, PA. This building is adjacent to the Corporation s Wayne building which houses the Wayne branch and the Corporation s operations center. Acquiring this property will provide additional space for the Corporation to expand its operations center, while continuing to offer a portion of this property for lease.

ITEM 3. LEGAL PROCEEDINGS

Neither the Corporation nor any of its subsidiaries is a party to, nor is any of their property the subject of, any material legal proceedings other than ordinary routine litigation incident to their businesses.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

No matters were submitted to a vote of security holders, through the solicitation of proxies or otherwise, during the fourth quarter of the fiscal year ended December 31, 2008.

Table of Contents

PART II

ITEM 5. MARKET FOR THE REGISTRANT S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Price Range of Shares

The information required by this Item 5 is incorporated by reference to the information appearing under the caption Price Range of Shares in the 2008 Annual Report.

Comparison of Cumulative Total Return Chart

The information required by this Item 5 is incorporated by reference to the information appearing under the caption Comparison of Cumulative Total Returns in the 2008 Annual Report.

Equity Compensation Plan Information

The following table gives information about our common stock that may be issued upon the exercise of options under the Corporation s Stock Option Plans as of December 31, 2008. Additional information regarding the Corporation s stock option plans can be found at Note 16 Stock Option Plan in the accompanying Notes to Consolidated Financial Statements found in the 2008 Annual Report and such information is incorporated herein by reference thereto. Information about the payment of the independent directors retainer compensation in our common stock is set forth in the paragraph following the table.

Plan Category	A. Number of securities to be issued upon exercise of outstanding options	B. Weighted-average exercise price of outstanding options	C. Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (A)
Equity compensation plans approved by shareholders	901,814	$ 19.70	180,671
Equity compensation plans not approved by shareholders			
Total	901,814	$ 19.70	180,671

We have agreed to pay, and our non-employee independent directors have agreed to accept, payment of their annual $12,500 retainer compensation in the form of our common stock, payable in April of each year at the market value of the stock on the day prior to the day of payment. If all of the Corporation s non-employee independent directors, including the directors elected at the Annual Meeting, continue this compensation arrangement for their 2009-2010 terms as directors, it is estimated, based on the $20.10 per share market price of the stock on December 31, 2008, that such directors, as a group, will receive a total of 4,975 shares of our common stock as retainer compensation.

Table of Contents

Issuers Purchases of Equity Securities

The following tables present the repurchasing activity of the Corporation during the fourth quarter of 2008:

Shares Repurchased in the 4th Quarter of 2008 were as follows: (1)

Period:	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number of Shares that May Yet Be Purchased Under the Plan or Programs
Oct. 1, 2008 Oct. 31, 2008				195,705
Nov. 1, 2008 Nov. 30, 2008	1,518	$ 16.80		195,705
Dec. 1, 2008 Dec. 31, 2008				195,705
Total	1,518	$ 16.80		195,705

Notes to these tables:

(1) On February 24, 2006, the Board of Directors of the Corporation adopted a new stock repurchase program (the 2006 Program) under which the Corporation may repurchase up to 450,000 shares of the Corporation s common stock, not to exceed $10 million. The 2006 Program was publicly announced in a Press Release dated February 24, 2006. There is no expiration date on the 2006 Program. All shares purchased through the 2006 Program are accomplished in open market transactions.

ITEM 6. SELECTED FINANCIAL DATA

The information required by this Item 6 is incorporated by reference to the information appearing under the caption Selected Financial Data in the financial section of the 2008 Annual Report.

ITEM 7. MANAGEMENT S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OPERATIONS (MD&A)

The information required by this Item 7 is incorporated by reference to the information appearing under the caption Management s Discussion and Analysis of Financial Condition and Results of Operations in the financial section of the 2008 Annual Report.

ITEM 7A. QUANTATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The information required by this Item 7A is incorporated by reference to information appearing in the MD&A Section of the 2008 Annual Report, more specifically in the sections entitled Net Interest Income Rate Volume Analysis of Interest Rates and Interest Differential, Net Interest Income and Net Interest Margin 2008 Compared to 2007, and 2007 Compared to 2006, Net Interest Margin Over the Last Five Quarters, Interest Rate Sensitivity, Summary Interest Rate Simulation, and Gap Report; Provision for Loan and Lease Losses General Discussion of the Allowance for Loan and Lease Losses, Asset Quality and Analysis of Credit Risk, Non-Performing Assets and Related Ratios, Summary of Changes in the Allowance of Loan and Lease Losses, Allocation of Allowance for Loan and Lease Losses; Non-Interest Income ; Non-Interest Expense ; Income Taxes ; Balance Sheet Analysis ; Discussion of Segments ; Capital ; Liquidity ; Off Balance Sheet Risk ; Contractual Ca Obligation of the Corporation as of December 31, 2008 ; and Other Information.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The financial statements and the auditor s report thereon and supplementary data required by this Item 8 are incorporated by reference to the financial section of the 2008 Annual Report.

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

None.

Table of Contents

ITEM 9A. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

The Corporation carried out an evaluation, under the supervision and with the participation of the Corporation s management, including the Corporation s Chief Executive Officer, Frederick C. Peters II, and Chief Financial Officer, J. Duncan Smith, CPA, of the effectiveness of the design and operation of the Corporation s disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of December 31, 2008 pursuant to Exchange Act Rule 13a-15. Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the Corporation s disclosure controls and procedures as of December 31, 2008, are effective in timely alerting them to material information relating to the Corporation (including its consolidated subsidiaries) required to be included in the Corporation s periodic SEC filings.

Changes in Internal Control over Financial Reporting

As of the date of this Report, there have not been any significant changes in the Corporation s internal control over financial reporting that have materially affected or are reasonably likely to materially affect the Corporation s internal control over financial reporting.

Management s Report on Internal Control over Financial Reporting

The information required in this Item 9A is incorporated by reference to the financial section of the 2008 Annual Report.

Report of Independent Registered Public Accounting Firm

The information required in this Item 9A is incorporated by reference to the financial section of the 2008 Annual Report.

ITEM 9B. OTHER INFORMATION

None

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

The information with respect to Directors of the Corporation is incorporated by reference to the definitive proxy statement of the Corporation filed with the SEC pursuant to Regulation 14A (the Corporation s Proxy Statement) at pages 4 to 15.

The information with respect to Committees of the Corporation s Board of Directors are incorporated by reference to the Corporation s Proxy Statement at pages 6 to 13.

Each member of the Audit Committee is independent and financially literate as defined by Nasdaq GM. The Board of Directors of the Corporation has determined that Scott M. Jenkins and Britton H. Murdoch are financial experts as defined by SEC regulations.

The Boards of Directors of the Corporation and the Bank have each determined that all of its members are independent and meet the independence requirements of the Nasdaq GM, except for Frederick C. Peters, II and Francis J. Leto. Because Mr. Peters is the President and Chief Executive Officer of the Corporation and the Bank, he is not independent. Mr. Peters also serves as Chairman of the Boards of the Corporation and the Bank. Mr. Leto became a non-independent member of the Board of Directors as of January 20, 2009 when he assumed the position of Executive Vice President of the Bank Wealth Management Division.

Table of Contents

Executive Officers of the Corporation and the Bank

Below is certain information with respect to the executive officers of the Corporation and Bank as of March 1, 2009:

NAME	AGE AS OF MARCH 1, 2009	OFFICE WITH THE CORPORATION AND/OR BANK
Frederick C. Peters II	59	President and Chief Executive Officer and Chairman of Corporation and Bank
J. Duncan Smith, CPA	50	Treasurer and Chief Financial Officer of Corporation and Executive Vice President, Treasurer & Chief Financial Officer of Bank
Alison E. Gers	51	Executive Vice President of Bank Community Banking Division, Marketing, Technology and Information, Services and Operations
Joseph G. Keefer	50	Executive Vice President of Bank - Chief Lending Officer
Robert J. Ricciardi	60	Secretary of Corporation and Executive Vice President, Secretary and Chief Credit Policy Officer of the Bank
Francis J. Leto	49	Executive Vice President of Bank Wealth Management Division
Matthew G. Waschull	47	Executive Vice President of Bank; President and Chief Operating Officer The Bryn Mawr Trust Company of Delaware

Mr. Peters was elected President and Chief Executive Officer and a Director of the Corporation and the Bank on January 22, 2001. Mr. Peters was elected the Chairman of the Boards of the Bank and Corporation effective August 5, 2002. Prior to that, Mr. Peters was founder, President and Chief Executive Officer of the 1st Main Line Bank, a division of National Penn Bank, from May 1995 to January 2001.

Mr. Smith was employed by the Corporation in April 2005 as Treasurer and Chief Financial Officer of the Corporation and as Executive Vice President, Treasurer and Chief Financial Officer of the Bank. From March 1993 through March 2005, Mr. Smith was the Principal Accounting Officer for First Chester County Corporation which is headquartered in West Chester, PA. During his tenure at First Chester County Corporation he held a variety of positions, the last of which was Executive Vice President and Chief Financial Officer.

Ms. Gers was employed by the Bank in 1998 as Senior Vice President of Marketing. Ms. Gers was appointed Executive Vice President of the Bank in 2001. Since joining the Bank, Ms. Gers has held various positions. As of September 2005, Ms. Gers became responsible for the Community Banking Division, marketing, technology and information services and operations.

Mr. Keefer was employed by the Bank in 1991 as Vice President and Commercial Lending manager. Mr. Keefer was made the Bank s Chief Lending Officer in December 1997. In February 2001, Mr. Keefer was designated Executive Vice President and Chief Lending Officer of the Bank. In December 2002, Mr. Keefer assumed responsibility for the Bank s Credit Division.

Mr. Ricciardi was employed by the Bank in 1971. In January 2001, Mr. Ricciardi was named Secretary of the Corporation and the Bank, and was responsible for the Credit Division, the Community Banking Division and the Risk Management Division. In December 2002, Mr. Ricciardi relinquished responsibility for the Credit Division. As of September 2005, Mr. Ricciardi was responsible for the Risk Management Division, the Human Resources/Facilities Division and Insurance Counsellors of Bryn Mawr.

Mr. Leto was appointed Executive Vice President of the Corporation and the Bank, and acting head of the Bank s Wealth Management Division on January 20, 2009. Prior to joining Bryn Mawr Trust, Mr. Leto served as General Counsel for Lifestyle Development, LP from October 2007 to January 2009; of Counsel for Brett Senior & Associates from April 2006 to January 2009; partner in the law firm of Celli and Leto, LLP from January 1995 to March 2006; and President, Brandywine Abstract Company, L.P. from May 1988 to January 2009.

Table of Contents

Mr. Waschull was appointed President and Chief Operating Officer of The Bryn Mawr Trust Company of Delaware in January 2009 and continues to serve as Executive Vice President of the Bank. Mr. Waschull served as Executive Vice President of the Bank in charge of the Wealth Management Division from February 2007 through January 20, 2009. Prior to joining Bryn Mawr Trust, Mr. Waschull served as Managing Director for a substantial segment of the private wealth management business at Wilmington Trust Company in Wilmington, Delaware.

The Corporation has adopted a Code of Business Conduct and Ethics (the Code) which amended, restated and combined into one code its Code of Ethics for Officers and Directors and its Employee Code of Ethics. The Code is available on the Corporation s website at *www.bmtc.com* under the Code of Ethics caption and printed copies are available to any shareholder upon request. The Code meets the requirements for a code of ethics for the Corporation s principal executive officer, principal financial officer and Comptroller or persons performing similar functions under Item 406 of Regulation S-K of the SEC. Any amendments to the Code, or any waivers of the Code for directors or executive officers will be disclosed promptly on a Form 8-K filed with the SEC or by another means approved by the SEC.

The information with respect to compliance with Section 16 of Securities Exchange Act of 1934 is incorporated by reference to the Corporation s Proxy Statement at page 43.

ITEM 11. EXECUTIVE COMPENSATION

The information required in this Item 11 is incorporated by reference to the executive compensation section and the Corporations compensation committee report section of the Corporation s Proxy Statement at pages 15 to 35.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The information required in this Item 12 is incorporated by reference to Item 5, at page 15 of this 2008 Form 10-K and to the section titled Security Ownership of Certain Beneficial Owners of the Corporation s Proxy Statement.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The information required in this Item 13 is incorporated by reference to the Corporation s Proxy Statement at page 36.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

The information required in this Item 14 is incorporated by reference to the Corporation s Proxy Statement at pages 38 to 39.

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

Item 15(a)(1) The following items are incorporated by reference to the 2008 Annual Report, attached hereto as Exhibit 13.1 (see table of contents on cover of 2008 Annual Report for specific page references):

Report of Independent Registered Public Accounting Firm, KPMG LLP

Consolidated Financial Statements and related Notes

Quarterly Results of Operations

Table of Contents

Item 15(a)(2) Financial Statement Schedules are omitted because of the absence of the conditions under which they are required or because the information called for is included in the Consolidated Financial Statements or Notes thereto.

Item15(a)(3) Exhibits

Exhibit No.	Description and References
3.1	Amended and Restated By-Laws, effective November 20, 2007, incorporated by reference to Exhibit 3.2 of the Corporation s Form 8-K filed with the SEC on November 21, 2007
3.2	Amended and Restated Articles of Incorporation, effective November 21, 2007, incorporated by reference to Exhibit 3.1 of the Corporation s Form 8-K filed with the SEC on November 21, 2007
4.1	Shareholders Rights Plan, dated November 18, 2003, incorporated by reference to Exhibit 4 of the Corporation s Form 8-A12G filed with the SEC on November 25, 2003
4.2	Amended and Restated By-Laws, effective November 20, 2007, incorporated by reference to Exhibit 3.2 of the Corporation s Form 8-K filed with the SEC on November 21, 2007
4.3	Amended and Restated Articles of Incorporation, effective November 21, 2007, incorporated by reference to Exhibit 3.1 of the Corporation s Form 8-K filed with the SEC on November 21, 2007
10.1	Amended and Restated Supplemental Employee Retirement Plan of the Bryn Mawr Bank Corporation, effective January 1, 1999, filed herewith
10.2	Executive Change-of-Control Severance Agreement, dated October 19, 1995, between the Bryn Mawr Trust Company and Robert J. Ricciardi, incorporated by reference to Exhibit 10.O of the Corporation s Form 10-K filed with the SEC on March 15, 2007
10.3	The Bryn Mawr Bank Corporation 1998 Stock Option Plan, incorporated by reference to Exhibit B of the Corporation s Proxy Statement dated March 6, 1998 filed with the SEC on March 5, 1998
10.4	Amended and Restated Deferred Bonus Plan for Executives of Bryn Mawr Bank Corporation, effective January 1, 2008, filed herewith
10.5	Amended and Restated Deferred Payment Plan for Directors of the Bryn Mawr Bank Corporation, effective January 1, 2009, filed herewith
10.6	Amended and Restated Deferred Payment Plan for Directors of the Bryn Mawr Trust Company, effective January 1, 2009, filed herewith
10.7	Employment Agreement, dated January 11, 2001, between the Bryn Mawr Bank Corporation and Frederick C. Peters II, incorporated by reference to Exhibit 10.N of the Corporation s Form 10-K filed with the SEC on March 29, 2001
10.8	Executive Change-of-Control Severance Agreement, dated January 22, 2001, between the Bryn Mawr Trust Company and Frederick C. Peters II, incorporated by reference to Exhibit 10.K of the Corporation s Form 10-K filed with the SEC on March 15, 2007
10.9	The Bryn Mawr Bank Corporation 2001 Stock Option Plan, incorporated by reference to Appendix B of the Corporation s Proxy Statement dated March 8, 2001 filed with the SEC on March 6, 2001
10.10	Bryn Mawr Bank Corporation 2004 Stock Option Plan, incorporated by reference to Appendix A of the Corporation s Proxy Statement dated March 10, 2004 filed with the SEC on March 8, 2004
10.11	Executive Change-of-Control Amended and Restated Severance Agreement, dated May 21, 2004, between the Bryn Mawr Trust Company and Alison E. Gers, incorporated by reference to Exhibit 10.M of the Corporation s Form 10-K filed with the SEC on March 15, 2007
10.12	Executive Change-of-Control Amended and Restated Severance Agreement, dated May 21, 2004, between the Bryn Mawr Trust Company and Joseph G. Keefer, incorporated by reference to Exhibit 10.N of the Corporation s Form 10-K filed with the SEC on March 15, 2007
10.13	Executive Severance and Change of Control Agreement, dated April 4, 2005, between the Bryn Mawr Trust Company and J. Duncan Smith, incorporated by reference to Exhibit 10.1 to the Corporation s Form 8-K filed with the SEC on April 6, 2005

Table of Contents

10.14	Form of Key Employee Non-Qualified Stock Option Agreement, incorporated by reference to Exhibit 10.3 to the Corporation s Form 10-Q filed with the SEC on May 10, 2005
10.15	Form of Non-Qualified Stock Option Agreement for Non-Employee Directors, incorporated by reference to Exhibit 10.2 of the Corporation s Form 10-Q filed with the SEC on May 10, 2005
10.16	Letter Employment Agreement, dated January 3, 2007, from the Bryn Mawr Trust Company to Matthew G. Waschull, incorporated by reference to Exhibit 10.2 of the Corporation s Form 10-Q filed with the SEC on August 7, 2007
10.17	Executive Change-of-Control Amended and Restated Severance Agreement, dated February 5, 2007, between the Bryn Mawr Trust Company and Matthew G. Waschull, incorporated by reference to Exhibit 10.P of the Corporation s Form 10-K filed with the SEC on March 15, 2007
10.18	Non-Disclosure and Nonsolicitation Agreement, dated March 9, 2007, between the Bryn Mawr Trust Company and Matthew G. Waschull, incorporated by reference to Exhibit 10.18 of the Corporations file 10-K filed with the SEC on March 13, 2008
10.19	2007 Long Term Incentive Plan, effective April 25, 2007, incorporated by reference to Exhibit 10.1 of the Corporation s Form 10-Q filed with the SEC May 10, 2007
10.20	Bryn Mawr Bank corporation Supplemental Employee Retirement Plan for Select Executives, executed December 8, 2008, filed herewith
13.1	Corporation s Annual Report to Shareholders for the year ended December 31, 2008, filed herewith
21.1	List of Subsidiaries, filed herewith
23.1	Consent of KPMG LLP, filed herewith
31.1	Certification of the Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, filed herewith
31.2	Certification of the Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, filed herewith
32.1	Certification of Chief Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, filed herewith
32.2	Certification of Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, filed herewith
99.1	Corporation s Proxy Statement for 2008 Annual Meeting to be held on April 22, 2009, expected to be filed with the Securities and Exchange Commission on or around March 18, 2009, and incorporated hereto by reference

Item 15(b) The Exhibits described above in Item 15(a)(3) are attached hereto or incorporated by reference herein, as noted

Item15(c) Not Applicable

Table of Contents

SIGNATURES

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

(Registrant) Bryn Mawr Bank Corporation

By: /s/ J. Duncan Smith, Treasurer and Chief Financial Officer

Date March 13, 2009

Table of Contents

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

NAME	TITLE	DATE
/s/ Frederick C. Peters	Chairman, President and Chief Executive Officer (Principal Executive Officer) and Director	March 13, 2009
Frederick C. Peters II		
/s/ J. Duncan Smith	Treasurer and Chief Financial Officer	March 13, 2009
J. Duncan Smith	(Principal Financial and Principal Accounting Officer)	
/s/ David E. Lees	Director	March 13, 2009
David E. Lees		
/s/ Andrea F. Gilbert	Director	March 13, 2009
Andrea F. Gilbert		
	Director	March __, 2009
Wendell F. Holland		
/s/ Francis J. Leto	Director	March 13, 2009
Francis J. Leto		
/s/ B. Loyall Taylor, Jr.	Director	March 13, 2009
B. Loyall Taylor, Jr.		
/s/ Thomas L. Bennett	Director	March 13, 2009
Thomas L. Bennett		
/s/ Britton H. Murdoch	Director	March 13, 2009
Britton H. Murdoch		
/s/ Scott M. Jenkins	Director	March 13, 2009
Scott M. Jenkins		