

BRYN MAWR BANK CORP  
Form 424B3  
April 20, 2017  
Table of Contents

**Filed Pursuant to Rule 424(b)(3)**

**Registration No. 333-216995**

## **MERGER PROPOSED – YOUR VOTE IS VERY IMPORTANT**

Dear Royal Bancshares of Pennsylvania, Inc. Shareholders:

On January 30, 2017, Bryn Mawr Bank Corporation, or BMBC, and Royal Bancshares of Pennsylvania, Inc., or RBPI, entered into an Agreement and Plan of Merger (the “merger agreement”) that provides for the acquisition of RBPI by BMBC. This acquisition will take place by merging RBPI with and into BMBC, with BMBC being the surviving corporation (the “merger”).

If the merger is completed, RBPI will cease to exist as a separate corporation and RBPI shareholders will no longer own common shares of RBPI. The merger will cause each outstanding share of RBPI Class A common stock (the “RBPI Class A Stock”) to automatically convert into the right to receive merger consideration from BMBC consisting of 0.1025 shares of BMBC common stock and cash in lieu of any fractional shares of BMBC common stock, and the merger will cause each outstanding share of RBPI Class B common stock (the “RBPI Class B Stock”) to automatically convert into the right to receive merger consideration from BMBC consisting of 0.1179 shares of BMBC common stock and cash in lieu of any fractional shares of BMBC common stock. Based on the number of shares of RBPI common stock that were outstanding or reserved for issuance pursuant to various convertible securities and outstanding awards under equity-based compensation plans as of April 10, 2017, BMBC estimates that it will need to issue, or reserve for issuance, approximately 3,112,612 shares of its common stock in the aggregate to pay the merger consideration under the merger agreement. After completion of the merger, it is expected that RBPI shareholders will, as a group, own approximately 15.4% of BMBC, which percentage excludes the right to receive BMBC common stock under outstanding RBPI warrants that will continue after the closing of the merger pursuant to the terms and conditions of the merger agreement.

The proxy statement/prospectus of which this letter is a part contains important information about the special meeting of RBPI shareholders, the merger, the documents related to the merger and other related matters. **Please carefully read this entire proxy statement/prospectus, including “Risk Factors,” beginning on page 16, for a discussion of the risks relating to the proposed merger.** You also can obtain information about BMBC and RBPI from the documents that each has filed with the Securities and Exchange Commission.

**Each of the boards of directors of BMBC and RBPI has unanimously approved the merger and the merger agreement. However, BMBC and RBPI cannot complete the merger, and the merger consideration cannot be paid by BMBC, unless RBPI shareholders approve the adoption of the merger agreement and the merger.**

At the RBPI special meeting, RBPI shareholders will be asked to vote on (1) a proposal to approve the adoption of the merger agreement and the merger, (2) a proposal to approve, on an advisory (non-binding) basis, the compensation that will or may be paid to RBPI’s named executive officers that is based on or otherwise relates to the merger, and (3) a proposal to approve one or more adjournments of the RBPI special meeting, if necessary or appropriate, to solicit additional proxies in favor of approval of adoption of the merger agreement and the merger. **RBPI’s entire board of directors unanimously determined that the merger agreement and the transactions described in the merger agreement, including the merger, are advisable and in the best interests of RBPI and its shareholders, and unanimously recommends that RBPI shareholders vote “FOR” approval of the adoption of the merger agreement and the merger, “FOR” the approval, on an advisory (non-binding) basis, of the compensation that will or may be paid to RBPI’s named executive officers that is based on or otherwise relates to the merger, and “FOR” approval of one or more adjournments of the RBPI special meeting, if necessary or appropriate, to solicit additional proxies in favor of adoption of the merger agreement and the merger.**

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Table of Contents

Please be aware that, although the number of shares of BMBC common stock that RBPI shareholders will receive is fixed, the market value of the merger consideration will fluctuate with the market price of BMBC common stock and will not be known at the time of the RBPI special meeting. Based on the closing price of BMBC common stock on NASDAQ Stock Market, LLC, or NASDAQ, on January 30, 2017, the last trading day before public announcement of the merger, the 0.1025 exchange ratio represented approximately \$4.14 in value for each share of RBPI Class A Stock and the 0.1179 exchange ratio represented approximately \$4.76 in value for each share of RBPI Class B Stock. Based on the closing price of BMBC common stock on NASDAQ on April 10, 2017, the last practical trading day before the distribution of this proxy statement/prospectus, the 0.1025 exchange ratio represented approximately \$4.01 in value for each share of RBPI Class A Stock and the 0.1179 exchange ratio represented approximately \$4.62 in value for each share of RBPI Class B Stock. **We urge you to obtain current market quotations for BMBC common stock (trading symbol “BMTC”) and RBPI Class A Stock (trading symbol “RBPAA”).** RBPI’s board of directors is entitled, under certain circumstances, to terminate the merger agreement based on a decline in the market price of BMBC common stock since the date one day prior to the date of the merger agreement and a comparison of such decline to any decline in the ABA NASDAQ Community Bank Index. See the section entitled “*The Merger Agreement -- Termination of the Merger Agreement*” beginning on page 111 of the accompanying proxy statement/prospectus.

**Again, we encourage every RBPI shareholder to vote.** Whether or not you plan to attend the special meeting, please take the time to vote your shares in accordance with the instructions contained in this proxy statement/prospectus.

We look forward to seeing you at the special meeting and to the future, successful merger of the banking institutions.

Sincerely,

F. Kevin Tylus

*President and Chief Executive Officer*

Royal Bancshares of Pennsylvania, Inc.

**Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the BMBC common stock to be issued pursuant to this proxy statement/prospectus or determined if this proxy statement/prospectus is accurate or adequate. Any representation to the contrary is a criminal offense.**

**Shares of BMBC common stock are not savings or deposit accounts or other obligations of any bank or savings association, and the shares of BMBC common stock are not insured by the Federal Deposit Insurance Corporation or any other governmental agency.**

The date of this proxy statement/prospectus is April 14, 2017, and it is first being mailed or otherwise delivered to the shareholders of RBPI on or about April 20, 2017.

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Table of Contents

One Bala Plaza, Suite 522

231 St. Asaph's Road

Bala Cynwyd, Pennsylvania 19004

(610) 668-4700

**NOTICE OF SPECIAL MEETING OF SHAREHOLDERS**

**TO BE HELD ON MAY 24, 2017**

NOTICE IS HEREBY GIVEN that a special meeting of shareholders of Royal Bancshares of Pennsylvania, Inc. will be held at 9:00 a.m. , Eastern Time, on May 24, 2017, at the Hilton Philadelphia City Avenue, 4200 City Line Avenue, Philadelphia, Pennsylvania, to consider and vote upon the following matters:

1. Approval of the adoption of the Agreement and Plan of Merger, dated as of January 30, 2017, between Bryn Mawr Bank Corporation and Royal Bancshares of Pennsylvania, Inc., which we refer to as the "merger agreement." Pursuant to the merger agreement, RBPI will merge with and into BMBC, and thereafter Royal Bank America, a Pennsylvania-chartered bank and wholly owned subsidiary of RBPI, will be merged into The Bryn Mawr Trust Company, a Pennsylvania-chartered bank and wholly owned subsidiary of BMBC, as more fully described in the attached proxy statement/prospectus, and the transactions contemplated by the merger agreement, including the merger;
2. Approval by an advisory (non-binding) vote, of certain compensation arrangements in connection with the proposed merger for RBPI's named executive officers; and
3. Approval of one or more adjournments of the special meeting, if necessary or appropriate, to solicit additional proxies in the event that there are not sufficient votes at the time of the special meeting to approve and adopt the agreement and plan of merger.

The board of directors of RBPI has carefully considered the terms of the merger agreement and the transactions contemplated by the agreement and believes that the proposed merger is in the best interests of RBPI. **The entire board of directors of RBPI has unanimously approved adoption of the merger agreement and the merger and**

**unanimously recommends that shareholders vote “FOR” approval and adoption of the merger agreement and merger, “FOR” the proposal to approve the merger-related executive compensation, and “FOR” the proposal to approve adjournment of the special meeting if there are insufficient votes at the time of the special meeting to approve the merger agreement.**

**Your affirmative vote, which is recommended by the Board of Directors, is very important to us, whether or not you will be attending the special meeting or voting by other means.** You may submit your proxy using the Internet, using a toll free telephone number or by completing, signing and dating the enclosed proxy card and returning it in the enclosed prepaid envelope. To the extent you are present at the special meeting and desire to vote in person, you may do so by following the instructions for in-person voting described in the attached proxy statement/prospectus.

RBPI’s board of directors has fixed the close of business on April 11, 2017 as the record date for the determination of shareholders entitled to notice of and to vote at the special meeting or any adjournment or postponement of the special meeting. You are entitled to notice of and to vote your shares of common stock at our special meeting only if our records show that you owned the shares on the record date.

BY ORDER OF THE BOARD OF DIRECTORS,

Lisa Lockowitz  
*Secretary*  
Royal Bancshares of Pennsylvania, Inc.

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Table of Contents

**ABOUT THIS DOCUMENT**

This document, which forms part of a registration statement on Form S-4 filed with the Securities and Exchange Commission by Bryn Mawr Bank Corporation, constitutes a prospectus of Bryn Mawr Bank Corporation under the Securities Act of 1933, as amended (which we refer to as the “Securities Act”), with respect to the shares of Bryn Mawr Bank Corporation common stock to be issued to shareholders of Royal Bancshares of Pennsylvania, Inc. pursuant to the Agreement and Plan of Merger between BMBC and RBPI, dated as of January 30, 2017. This document also constitutes a proxy statement under Section 14(a) of the Securities Exchange Act of 1934, as amended (which we refer to as the “Exchange Act”), and a notice of meeting with respect to the special meeting of shareholders of Royal Bancshares of Pennsylvania, Inc.

You should rely only on the information contained in this document. No one has been authorized to provide you with information that is different from the information contained in this document. This document is dated April 14, 2017. You should not assume that the information contained in this document is accurate as of any date other than that date. Neither the mailing of this document to shareholders of Royal Bancshares of Pennsylvania, Inc., nor the issuance by Bryn Mawr Bank Corporation of its common stock in connection with the merger will create any implication to the contrary.

**This document does not constitute an offer to sell, or a solicitation of an offer to buy, any securities, or the solicitation of a proxy, in any jurisdiction to or from any person to whom it is unlawful to make any such offer or solicitation in such jurisdiction. Information contained in this document regarding BMBC has been provided by Bryn Mawr Bank Corporation and information contained in this document regarding RBPI has been provided by Royal Bancshares of Pennsylvania, Inc.**

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Table of Contents

**REFERENCE TO ADDITIONAL INFORMATION**

This proxy statement/prospectus incorporates important business and financial information about Bryn Mawr Bank Corporation from documents filed with or furnished to the U.S. Securities and Exchange Commission, or the SEC, which are not included in or delivered with this document. We have listed the documents containing this information under the heading “*Where You Can Find More Information*” on page 130 of this proxy statement/prospectus.

You can obtain any of the documents that BMBC has filed with or furnished to the SEC from the SEC’s website at <http://www.sec.gov>. This information is also available to you without charge upon your written or oral request. To request copies of any of the documents which BMBC incorporates by reference in this proxy statement/prospectus, shareholders may contact BMBC at the address or telephone number given for the company below.

**BRYN MAWR BANK CORPORATION**

**801 Lancaster Avenue**

**Bryn Mawr, Pennsylvania 19010**

**Attention: Lori Goldman, General Counsel and Secretary**

**Telephone: (610) 525-1700**

**You will not be charged for any of these documents that you request. In order to receive timely delivery of the documents in advance of the special meeting, you should make your request to BMBC, as the case may be, no later than May 17, 2017.**



Table of Contents

**Table of Contents [To be updated]**

**Page**

<u>QUESTIONS AND ANSWERS</u>	3
<u>SUMMARY</u>	9
<u>RISK FACTORS</u>	16
<u>RISKS RELATED TO THE MERGER AND THE COMBINED COMPANY</u>	16
<u>RISKS RELATED TO RBPI</u>	20
<u>CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS</u>	26
<u>SELECTED CONSOLIDATED HISTORICAL FINANCIAL DATA OF BMBC</u>	28
<u>SELECTED CONSOLIDATED HISTORICAL FINANCIAL DATA OF RBPI</u>	29
<u>UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL INFORMATION</u>	30
<u>COMPARATIVE PER SHARE DATA</u>	35
<u>COMPARATIVE MARKET PRICES AND DIVIDENDS</u>	36
<u>RBPI SPECIAL MEETING OF SHAREHOLDERS</u>	37
<u>RBPI SPECIAL MEETING—PROPOSAL NO. 1</u>	40
<u>RBPI SPECIAL MEETING—PROPOSAL NO. 2</u>	41
<u>RBPI SPECIAL MEETING—PROPOSAL NO. 3</u>	42
<u>INFORMATION ABOUT BRYN MAWR BANK CORPORATION</u>	43
<u>INFORMATION ABOUT ROYAL BANCSHARES OF PENNSYLVANIA, INC</u>	44
<u>BUSINESS OF RBPI</u>	44
<u>MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION OF RBPI</u>	47
<u>QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK</u>	69
<u>PROPERTIES</u>	71
<u>LEGAL PROCEEDINGS</u>	71
<u>PRINCIPAL SHAREHOLDERS OF RBPI</u>	72
<u>THE MERGER</u>	73
<u>OVERVIEW OF THE MERGER</u>	73
<u>BACKGROUND OF THE MERGER</u>	74
<u>RECOMMENDATION OF THE RBPI BOARD OF DIRECTORS AND REASONS FOR THE MERGER</u>	77
<u>OPINION OF RBPI’S FINANCIAL ADVISOR IN CONNECTION WITH THE MERGER</u>	79
<u>CERTAIN NON-PUBLIC, UNAUDITED, FORWARD-LOOKING INFORMATION PROVIDED BY RBPI</u>	89
<u>INTERESTS OF RBPI’S DIRECTORS AND EXECUTIVE OFFICERS IN THE MERGER</u>	90
<u>MERGER-RELATED COMPENSATION FOR RBPI’S NAMED EXECUTIVE OFFICERS</u>	91
<u>REGULATORY APPROVALS REQUIRED FOR THE MERGER AND THE BANK MERGER</u>	92
<u>PUBLIC TRADING MARKETS</u>	94
<u>DELISTING AND DEREGISTRATION OF RBPI COMMON STOCK FOLLOWING THE MERGER</u>	94
<u>RBPI SHAREHOLDERS DISSENTERS’ RIGHTS OR APPRAISAL RIGHTS</u>	94
<u>LITIGATION RELATED TO THE MERGER</u>	96
<u>THE MERGER AGREEMENT</u>	97
<u>EXPLANATORY NOTE REGARDING THE MERGER AGREEMENT</u>	97
<u>THE MERGER AND THE BANK MERGER</u>	97
<u>MERGER CONSIDERATION</u>	97

<u>EFFECT OF MERGER ON BMBC STOCK</u>	98
<u>ARTICLES OF INCORPORATION AND BYLAWS OF THE SURVIVING CORPORATION</u>	99
<u>BOARD OF DIRECTORS AND EXECUTIVE OFFICERS OF THE SURVIVING CORPORATION; BMT ADVISORY BOARD</u>	99
<u>OPINION OF RBPI'S FINANCIAL ADVISOR IN CONNECTION WITH THE MERGER</u>	99
<u>EXCHANGE AND PAYMENT PROCEDURES</u>	99
<u>DIVIDENDS AND DISTRIBUTIONS</u>	100
<u>REPRESENTATIONS AND WARRANTIES</u>	100
<u>CONDUCT OF BUSINESS WHILE THE MERGER IS PENDING</u>	102

Table of Contents

<u>REGULATORY MATTERS</u>	105
<u>ACCESS TO INFORMATION</u>	106
<u>SHAREHOLDER APPROVALS</u>	106
<u>LISTING ON NASDAQ</u>	106
<u>EMPLOYEE BENEFIT PLANS</u>	106
<u>INDEMNIFICATION AND INSURANCE</u>	107
<u>BMT ADVISORY BOARD</u>	107
<u>RBPI/ROYAL BANK DIRECTOR AND EMPLOYEE AGREEMENTS</u>	107
<u>CONVERSION OF INFORMATION SYSTEMS</u>	108
<u>DIVESTMENT OF NON-VOLCKER COMPLIANT SECURITIES</u>	108
<u>AGREEMENT NOT TO SOLICIT OTHER OFFERS</u>	108
<u>DEFINITION OF “SUPERIOR PROPOSAL”</u>	109
<u>ABILITY OF THE RBPI BOARD OF DIRECTORS TO CHANGE ITS RECOMMENDATION OF THE MERGER</u>	109
<u>CONDITIONS TO COMPLETION OF THE MERGER</u>	109
<u>TERMINATION OF THE MERGER AGREEMENT</u>	111
<u>EFFECT OF TERMINATION</u>	112
<u>TERMINATION FEE</u>	113
<u>EXPENSES</u>	113
<u>AMENDMENT OF THE MERGER AGREEMENT; WAIVER</u>	113
<u>OTHER MATERIAL AGREEMENTS RELATING TO THE MERGER</u>	114
<u>VOTING AGREEMENTS</u>	114
<u>EMPLOYMENT AGREEMENT BETWEEN F. KEVIN TYLUS AND BMT</u>	114
<u>ACCOUNTING TREATMENT</u>	115
<u>U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE MERGER</u>	116
<u>DESCRIPTION OF BMBC CAPITAL STOCK</u>	119
<u>COMPARISON OF SHAREHOLDERS’ RIGHTS</u>	121
<u>LEGAL MATTERS</u>	127
<u>EXPERTS</u>	128
<u>OTHER MATTERS</u>	129
<u>WHERE YOU CAN FIND MORE INFORMATION</u>	130

INDEX TO FINANCIAL STATEMENTS OF RBPI F-1

<u>Appendix A</u> Agreement and Plan of Merger, dated as of January 30, 2017, between Bryn Mawr Bank Corporation and Royal Bancshares of Pennsylvania, Inc.	A-1
<u>Appendix B</u> Form of Voting Agreement (Individuals)	B-1
<u>Appendix C</u> Opinion of Sandler O’Neill & Partners, L.P., dated January 30, 2017	C-1

Appendix D Pennsylvania Dissenters' Rights Statutes  
=

D-1

ii

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Table of Contents

**QUESTIONS AND ANSWERS**

The following are some questions that you may have about the merger and the RBPI special meeting and brief answers to those questions. We urge you to read carefully the remainder of this proxy statement/prospectus because the information in this section does not provide all of the information that might be important to you. Additional important information about BMBC, RBPI and the proposed merger is also contained in the documents incorporated by reference in this proxy statement/prospectus. See “*Where You Can Find More Information.*”

**Q. What is the merger?**

A. BMBC and RBPI have entered into an Agreement and Plan of Merger, or the merger agreement, that provides for the merger of RBPI and BMBC. The purpose of the merger is to combine the businesses and operations of RBPI with those of BMBC. In the merger, RBPI will be merged with and into BMBC, the separate corporate existence of RBPI will cease, and BMBC will be the surviving corporation. If the merger is completed, all shares of RBPI common stock will be cancelled. In exchange for cancellation of all shares of RBPI common stock, BMBC is offering to pay RBPI shareholders merger consideration consisting of 0.1025 shares of BMBC common stock for each share of RBPI Class A Stock, 0.1179 shares of BMBC common stock for each share of RBPI Class B Stock, and cash in lieu of any fractional shares of BMBC common stock. The merger agreement also contains the other terms of the merger and the conditions which must be satisfied to complete the merger. See “*The Merger Agreement*” for a summary of the merger agreement. A copy of the merger agreement is attached to this proxy statement/prospectus as Appendix A.

In addition, BMBC and RBPI agreed that their bank subsidiaries should merge with each other. Immediately after the merger between BMBC and RBPI is completed, Royal Bank America (“Royal Bank”), the bank subsidiary of RBPI, will merge with and into Bryn Mawr Trust Company (“BMT”), the bank subsidiary of BMBC. As a result of this bank merger, the separate corporate existence of Royal Bank will cease, and BMT will continue as the surviving bank.

The merger between BMBC and RBPI cannot be completed unless, among other things, RBPI shareholders approve the adoption of the merger agreement and the merger.

**Q. Why am I receiving this document?**

A. The RBPI board of directors is using this document as a proxy statement to solicit the proxies of the shareholders of RBPI, for use at the special meeting to be held by RBPI. The RBPI board of directors has called a special meeting of RBPI shareholders in order to obtain their approval of the adoption of the merger agreement and the merger and related matters.

This document also is a prospectus of BMBC pursuant to which BMBC is offering shares of its common stock to RBPI shareholders in connection with the merger.

This proxy statement/prospectus contains important information about the merger, the merger agreement, the special meeting and other related matters. You should read this proxy statement/prospectus carefully. The enclosed materials allow you to vote your shares by proxy without attending the special meeting. Your vote is important, and we encourage you to submit your proxy as soon as possible.

**Q. What will holders of RBPI common stock receive in the merger?**

Holdings of RBPI common stock will be entitled to receive merger consideration consisting of shares of BMBC common stock. Upon completion of the merger of RBPI with and into BMBC, each share of RBPI Class A Stock and RBPI Class B Stock issued and outstanding immediately prior to that time, will be converted into the right to receive 0.1025 shares of BMBC common stock and 0.1179 shares of BMBC common stock, respectively. BMBC will pay cash in lieu of issuing fractional shares of BMBC common stock.

**Q. What will BMBC shareholders receive in the merger?**

A. Upon completion of the merger of RBPI with and into BMBC, BMBC shareholders will not receive any merger consideration and will continue to hold the shares of BMBC common stock that they currently hold.

**Q. What is the value of the merger consideration that RBPI shareholders will receive?**

A. Although the number of shares of BMBC common stock being offered to RBPI shareholders as merger consideration is fixed, the value of the merger consideration will fluctuate between the date of this proxy statement/prospectus and the date on which the merger is completed, based upon the market value of a share of BMBC common stock. The market price of BMBC common stock may change at any time. Consequently, the total dollar value of the BMBC common stock that RBPI shareholders receive upon completion of the merger may be significantly higher or lower than its value as of the date of this proxy statement/prospectus.

Table of Contents

Based on the closing stock price of BMBC common stock on NASDAQ on January 30, 2017, the last trading day before public announcement of the merger, of \$40.35, and the exchange ratio of 0.1025 for RBPI Class A Stock and 0.1179 for RBPI Class B Stock, the value of the per share merger consideration would be \$4.14 for each share of RBPI Class A Stock and \$4.76 for each share of RBPI Class B Stock. Based on BMBC's estimate that the maximum number of shares of BMBC common stock issuable in the merger is 3,112,612 shares, the aggregate value of the merger consideration payable to RBPI shareholders would be approximately \$125.6 million.

Using the closing stock price of BMBC common stock on NASDAQ on April 10, 2017, the latest practical date before the mailing of this proxy statement/prospectus, of \$39.15, and the exchange ratio of 0.1025 for RBPI Class A Stock and 0.1179 for RBPI Class B Stock, the value of the per share merger consideration would be \$4.01 for each share of RBPI Class A Stock and \$4.62 for each share of RBPI Class B Stock. Based on BMBC's estimate that the maximum number of shares of BMBC common stock issuable in the merger is 3,112,612 shares, the aggregate value of the merger consideration payable to RBPI shareholders would be approximately \$121.9 million.

The maximum number of shares of BMBC common stock issuable in the merger was determined by aggregating the number of shares of RBPI Class A Stock and RBPI Class B Stock outstanding and the number reserved for issuance under outstanding awards pursuant to RBPI's various equity plans.

We urge you to obtain current market quotations for BMBC common stock and RBPI Class A Stock. We can provide no assurance as to future prices of BMBC common stock or RBPI Class A Stock. Any fluctuation in the market price of BMBC common stock after the date of this proxy statement/prospectus will change the value of the shares of BMBC common stock that RBPI shareholders will receive.

**Q. What happens if a RBPI shareholder is eligible to receive a fraction of a share of BMBC common stock as part of the per share merger consideration?**

A. If the aggregate number of shares of BMBC common stock that a RBPI shareholder is entitled to receive as part of the merger consideration includes a fraction of a share of BMBC common stock, the shareholder will receive cash in lieu of that fractional share. See the section entitled "*The Merger Agreement -- Treatment of RBPI Common Stock*" beginning on page 97 of this proxy statement/prospectus.

**Q. What will holders of RBPI stock options, restricted stock awards, or warrants receive in the merger?**

A. *Stock Option Awards.* Immediately prior to the closing of the merger, all rights with respect to unexercised and outstanding RBPI stock options will be cancelled by RBPI in exchange for a cash payment equal to the positive difference, if any, between \$4.19 and the corresponding exercise price of such RBPI stock option.

*Restricted Stock Awards.* Upon completion of the merger, each outstanding RBPI restricted stock award will become fully vested and will be converted into the right to receive, without interest, BMBC common stock at the applicable exchange ratio for each share of RBPI common stock subject to the award and cash in lieu of any fractional shares of BMBC common stock.

*Warrants.* Upon completion of the merger, all RBPI warrants which are outstanding and unexercised shall become fully vested and exercisable and be converted, in their entirety, automatically into fully vested and exercisable

warrants to purchase shares of BMBC common stock (the “Continuing Warrants”) in an amount and at an exercise price determined as follows: (i) the number of shares of BMBC common stock to be subject to the Continuing Warrants shall be equal to the product of the number of shares of RBPI common stock subject to the RBPI warrants, and the applicable exchange ratio; with fractional shares of BMBC common stock resulting from such multiplication being rounded down to the nearest share; and (ii) the exercise price per share of BMBC common stock under the Continuing Warrants shall be equal to the exercise price per share of RBPI common stock under the RBPI warrants, as applicable, divided by the applicable exchange ratio, with the quotient rounded up to the nearest cent. The duration and other terms of the Continuing Warrants shall be the same as the RBPI warrants, except all references to RBPI shall instead be references to BMBC.

**Q. What will happen to RBPI as a result of the merger?**

A. If the merger is completed, RBPI will be merged with and into BMBC, with BMBC surviving the merger as the surviving corporation. Following the merger, RBPI will cease to exist by operation of law and will no longer be a publicly held company. RBPI shareholders will no longer own an interest in RBPI. Following the merger, RBPI common stock will be delisted from NASDAQ and deregistered under the Exchange Act.



Table of Contents

**Q. What equity stake will RBPI shareholders hold in BMBC immediately following the merger?**

A. Based on the number of issued and outstanding shares of BMBC common stock and RBPI common stock as of April 10, 2017, and based on the exchange ratio of 0.1025 for RBPI Class A Stock and 0.1179 for RBPI Class B Stock, without giving effect to any shares of BMBC common stock held by RBPI shareholders prior to the merger, holders of shares of RBPI common stock as of immediately prior to the completion of the merger will hold, in the aggregate, approximately 15.4% of the shares of BMBC common stock that are issued and outstanding immediately following the completion of the merger, which percentage excludes the right to receive BMBC common stock under the outstanding RBPI warrants that will continue after the closing of the merger pursuant to the terms and conditions of the merger agreement.

**Q. When will the merger be completed?**

A. If RBPI shareholders approve adoption of the merger agreement and the merger, the parties currently expect the merger will be completed during the third quarter of 2017. Neither RBPI nor BMBC can predict, however, the actual date on which the merger will be completed because it is subject to factors beyond each company's control, including whether or when the required regulatory approvals will be received. See "*The Merger -- Regulatory Approvals Required for the Merger and the Bank Merger*" beginning on page 92.

**Q. What am I being asked to vote on?**

A. RBPI shareholders are being asked to vote on the following proposals:

- (1) To approve the adoption of the merger agreement, a copy of which is attached as Appendix A to this document, and the merger (we refer to this proposal as the "RBPI merger proposal");

- (2) To approve, by an advisory (non-binding) vote, certain compensation arrangements in connection with the proposed merger for RBPI's named executive officers, as discussed under the section titled "*The Merger – Interests of RBPI's Directors and Executive Officers in the Merger*" beginning on page 90 (we refer to this proposal as the "RBPI compensation proposal"); and

- (3) To approve one or more adjournments of the RBPI special meeting, if necessary or appropriate, to solicit additional proxies in the event that there are not sufficient votes at the time of the RBPI special meeting to approve the RBPI merger proposal (we refer to this proposal as the "RBPI adjournment proposal").

RBPI will transact no other business at the RBPI special meeting, except for business properly brought before the RBPI special meeting or any adjournment or postponement thereof.

The merger cannot be completed unless the RBPI merger proposal is approved by the RBPI shareholders.

**Q. How does the RBPI board of directors recommend that RBPI shareholders vote at their special meeting?**

- A. The RBPI board of directors unanimously recommends that you vote “FOR” the RBPI merger proposal, “FOR” the RBPI compensation proposal, and “FOR” the RBPI adjournment proposal.

**Q. Did the RBPI board of directors receive an opinion from a financial advisor with respect to the merger?**

- Yes. On January 30, 2017, Sandler O’Neill & Partners, L.P. delivered its written opinion to the RBPI board of directors that, as of the date of the opinion, and based upon and subject to the assumptions, limitations, qualifications and other matters set forth therein, the Class A exchange ratio and Class B exchange ratio provided for in the merger agreement were fair to the holders of RBPI Class A Stock and RBPI Class B Stock, respectively,
- A. from a financial point of view. The full text of Sandler O’Neill’s opinion is attached as Appendix C to this proxy statement/prospectus. The opinion outlines the procedures followed, assumptions made, matters considered and qualifications and limitations on the review undertaken by Sandler O’Neill in rendering its opinion. RBPI shareholders are urged to read the entire opinion carefully in connection with their consideration of the proposed merger.

**Q. When and where will the special meeting be held?**

- A. The RBPI special meeting will be held at the Hilton Philadelphia City Avenue, 4200 City Line Avenue, Philadelphia, Pennsylvania on May 24, 2017, at 9:00 a.m. Eastern Time.

Table of Contents

**Q. What is the record date for the RBPI special meeting?**

A. The record date for the RBPI special meeting is April 11, 2017.

**Q. What do I need to do now?**

A. You should first carefully read this proxy statement/prospectus, including the appendices and the documents that BMBC incorporate by reference in this proxy statement/prospectus. See “*Where You Can Find More Information*” on page 130 of this proxy statement/prospectus for information about documents incorporated by reference. After you have decided how you wish to vote your shares, please vote your shares promptly so that your shares are represented and voted at your special meeting. Deadlines for voting through the Internet or by telephone and other information about voting may be found in the enclosed proxy card instructions.

**Q. How do I vote?**

A. If you are a shareholder of record of RBPI as of April 11, 2017, which is referred to as the RBPI record date, you may vote your shares of common stock of RBPI on the matters presented at the special meeting by any of the following methods:

*via the Internet* – visit the website shown on your proxy card to vote via the Internet;

*by telephone* – call the toll-free number shown on your proxy card to vote by telephone; or

*by mail* – sign, date and return the enclosed proxy card in the accompanying prepaid reply envelope to vote by mail; or

*in person* – attend the special meeting and cast your vote there.

If you hold your shares in “street name” through a bank or broker, please refer to the instructions provided by your bank or broker regarding how to vote your shares. Please note that if your shares are held in “street name” and you wish to vote in person at the special meeting, you must obtain a “legal proxy” from your bank or broker.

**Q. If my shares of RBPI common stock are held in "street name" by my bank or broker, will my bank or broker automatically vote my shares of common stock for me?**

A. No. If your shares are held in an account at a broker, bank or other nominee holder of record (*i.e.*, in “street name”), you must instruct the broker, bank or other nominee holder of record on how to vote your shares. Your broker, bank or other nominee holder of record will vote your shares only if you provide instructions on how to vote using the voting instruction form sent to you by your broker, bank or other nominee holder of record with this proxy statement/prospectus. Brokers, banks and other nominee holders of record who hold shares of common stock in “street name” typically have the authority to vote in their discretion on “routine” proposals when they have not received instructions on how to vote from the beneficial owner. However, brokers, banks and other nominee holders of record that are members of the New York Stock Exchange (the “NYSE”) or NASDAQ are not allowed to exercise their voting discretion on matters that are “non-routine” without specific instructions on how to vote from the beneficial owner. Under the current rules of NASDAQ and the NYSE, each of the proposals to be considered

at the RBPI special meeting is considered non-routine. Therefore brokers, banks and other nominee holders of record do not have discretionary authority to vote on any of the proposals that RBPI shareholders are being asked to consider.

The term “broker non-votes” refers to shares held by a broker, bank or other nominee holder of record that are present in person or represented by proxy at the special meeting, but with respect to which (1) the broker, bank or other nominee holder of record is not instructed by the beneficial owner of such shares on how to vote on a particular proposal and (2) the broker does not have discretionary voting power on such proposal. Because all of the proposals being considered at the RBPI special meeting are non-routine, if shareholders do not provide instructions to their brokers, banks or nominees, but such broker, bank or nominee is present at the special meeting in person or submits a valid proxy card, the shares represented will be broker non-votes.

**Q. What is the quorum requirement for the RBPI special meeting?**

A. The presence, in person or by proxy of shareholders entitled to cast a majority of the votes that are entitled to be cast is necessary to constitute a quorum at the RBPI special meeting. Abstentions and broker non-votes (if any) will be counted for purposes of determining the presence of a quorum for all matters voted on at the RBPI special meeting.

Table of Contents

**What vote is required to approve each Q.proposal at the RBPI special meeting?**

A. *RBPI merger proposal.* The RBPI merger proposal requires the affirmative vote of two-thirds (2/3) of the total votes entitled to be cast by the holders of all the outstanding shares of RBPI common stock in order to be approved. If you mark “ABSTAIN” on your proxy card, fail to submit a proxy card, fail to vote in person at the RBPI special meeting or fail to instruct your bank or broker how to vote with respect to this proposal, it will have the same effect as a vote “AGAINST” the RBPI merger

proposal.

*RBPI*

*compensation*

*proposal and*

*RBPI*

*adjournment*

*proposal.* The

**RBPI**

compensation

proposal and

the RBPI

adjournment

proposal each

require the

affirmative

vote of a

majority of the

votes cast at

the meeting in

order to be

approved. If

you mark

“ABSTAIN” on

your proxy

card, fail to

submit a proxy

card, fail to

vote in person

or by proxy at

the RBPI

special

meeting or fail

to instruct your

bank or broker

how to vote

with respect to

one of these

proposals,

your shares

will not be

included in

determining

the total

number of

votes cast on

these

proposals and

will have no

effect on these

proposals. The

vote on the  
RBPI  
compensation  
proposal is  
only advisory  
and will not be  
binding on  
RBPI or the  
combined  
company that  
results from  
the merger.

**Are there any  
voting  
agreements in  
Q. place with  
existing  
shareholders  
of RBPI?**

A. Yes. In  
connection  
with the  
merger  
agreement,  
certain  
individuals,  
solely in their  
capacities as  
RBPI  
shareholders,  
entered into  
voting  
agreements  
with BMBC.  
In the voting  
agreements,  
each of these  
shareholders  
agreed to vote  
all shares of  
RBPI common  
stock that they  
own of record  
or beneficially,  
and that they  
subsequently  
acquire, in  
favor of  
approval of the

adoption of the merger agreement and the merger.

The RBPI Class B Stock is entitled to ten (10) votes per share on all matters submitted to shareholders.

As of January 30, 2017, there were

5,954,810 shares of RBPI

Class A Stock and 1,362,717

shares of RBPI Class B Stock

subject to the voting

agreements (excluding

options), which

represented approximately

41.5% of the outstanding

voting power of RBPI

common stock as of that date.

**Q. What does it mean if I get more than one set of voting materials?**

A. It means you have multiple accounts at the transfer agent and/or with brokers. Please sign and return all proxy cards



to ensure that all of your shares are voted.

**Q. What if I do not specify how I want to vote my shares on my proxy card?**

A. If you sign and return your proxy or voting instruction card without indicating how to vote on any particular proposal, the common stock represented by your proxy will be voted as recommended by the RBPI board of directors with respect to that proposal, as applicable.

**Q. May I change my vote after I have voted?**

A. Yes. You may change your vote or revoke your proxy at any time before it is voted at the RBPI special meeting. To change your vote, you must return a new

signed and completed proxy card bearing a later date by mail, or vote on a later date by Internet or telephone, according to the instructions on your proxy card. To revoke your proxy, you must send written notice of revocation to the corporate secretary of RBPI, as applicable. The presence at the special meeting of any shareholder who previously gave a proxy will not revoke that proxy unless the shareholder delivers his or her ballot in person at the special meeting or delivers a written revocation to the corporate secretary before the proxy is voted at the meeting. If you hold your shares in street name,

you should follow the instructions of your bank or broker regarding the revocation of proxies. The mailing address of RBPI's corporate secretary is:  
Corporate Secretary,  
Royal Bancshares of Pennsylvania, Inc., One Bala Plaza, Suite 522, 231 St. Asaph's Road, Bala Cynwyd, PA 19004.

**Q. If I am a RBPI shareholder, should I send in my RBPI stock certificates now?**

A. No. Please do not send in your RBPI stock certificates with your proxy. After the merger is completed, BMBC's exchange agent will send you instructions for exchanging your RBPI stock

certificates for the merger consideration.

See “*The Merger Agreement -- Exchange and Payment Procedures*” beginning on page 99.

**What should RBPI shareholders do if they hold their Q.shares of RBPI common stock in book-entry form?**

A. You are not required to take any special additional actions if your shares of RBPI common stock are held in book-entry form. After the completion of the merger, shares of RBPI common stock held in book-entry form automatically will be exchanged for the merger consideration, including shares of BMBC common stock

in book-entry  
form and any  
cash to be paid  
in exchange  
for fractional  
shares in the  
merger.

7

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Table of Contents

**Whom should I  
contact if I cannot  
locate my RBPI  
stock certificates?**

If you are unable to locate your original RBPI stock certificate(s), you should contact Broadridge Corporate

- A. Issuer Solutions, Inc., RBPI's transfer agent at, 2 Journal Square Plaza, Jersey City, NJ 07306; telephone number (201) 714-3970.

**What are the U.S.  
federal income tax  
consequences of the  
merger to RBPI  
shareholders?**

- A. Holders of RBPI common stock are not expected to recognize any gain or loss for U.S. federal income tax purposes on the exchange of shares of RBPI common stock for shares of BMBC common stock in the merger, except with respect to any cash received instead of fractional shares of BMBC common stock and those holders of RBPI Class B Stock who exercise their dissenters' rights. The obligations of BMBC and RBPI to complete the merger

are subject to, among other conditions described in this proxy statement/prospectus, the receipt by each of BMBC and RBPI of the opinion of its counsel to the effect that the merger will be treated as a transaction that qualifies as a “reorganization” within the meaning of Section 368(a) of the Internal Revenue Code of 1986, as amended (which we refer to as the “Code”).

You should read the section of this proxy statement/prospectus entitled “*U.S. Federal Income Tax Consequences of the Merger*” beginning on page 116 for a more complete discussion of the federal income tax consequences of the merger. Tax matters can be complicated and the tax consequences of the merger to you will depend on your particular situation. You should consult your tax advisor to determine the tax consequences of the merger to you.

**Q. Why are RBPI shareholders being asked to cast an advisory (non-binding) vote to approve the**

**compensation payable to certain RBPI officers in connection with the merger?**

Under SEC rules, RBPI is required to seek an advisory (non-binding) vote with respect to

- A. compensation that will or may be paid by RBPI to its named executive officers in connection with the completion of the merger.

**What will happen if RBPI shareholders do not approve the RBPI compensation proposal at the special meeting?**

- Q. Approval of the compensation that will or may be paid to the named executive officers of RBPI in connection with the merger is not a prerequisite to completion of the merger. The vote with respect to the compensation that will or may be paid to named executive officers in the merger is an advisory vote and will not be binding on RBPI (or the combined company that results from the merger) regardless of whether the merger is approved. The compensation to be



paid to RBPI's named executive officers in connection with the merger, as described in Proposal 2, is contractually required, and it may be paid regardless of the outcome of the advisory vote.

**Q. What happens if the merger is not completed?**

A. If the merger is not completed, RBPI shareholders will not receive any shares of BMBC common stock, cash or any other consideration in exchange for their shares. In addition, RBPI will remain an independent public company and its voting common stock will continue to be listed and traded on NASDAQ.

**Q. Are RBPI shareholders entitled to dissenters' rights or appraisal rights?**

A. Holders of RBPI Class B Stock are entitled to dissenters' rights as granted by Pennsylvania law. Holders of RBPI Class A Stock are not entitled to dissenters' rights under Pennsylvania law. For further information, see *"The Merger -- RBPI Shareholders Dissenters' Rights or*

*Appraisal Rights.”*

**Which state is**

**Q. BMBC incorporated in?**

BMBC is a corporation

A. incorporated under the laws of Pennsylvania.

**Who can answer my**

**Q. questions about the merger?**

If you have additional questions about the merger you should contact Michael

A. Thompson, Chief Financial Officer of RBPI, at (610) 677-2216.

**Q. Who can answer my questions about voting and the special meeting?**

If you have additional questions about voting or the special meeting, need assistance with submitting your proxy or

A. would like to request additional copies of this document or the enclosed proxy card, you should contact Laurel Hill Advisory Group LLC at (516) 933-3100.

Table of Contents

**SUMMARY**

*This summary provides a brief overview of key aspects of the merger and the merger agreement; the RBPI special meeting; and the proposed common stock issuance by BMBC in the merger. This summary contains the information that RBPI and BMBC considered to be most significant. We encourage you to read carefully this entire proxy statement/prospectus and its appendices, as well as information incorporated into this proxy statement/prospectus, in order to understand the merger and the proposed common stock issuance by BMBC more fully. For information on how to obtain, free of charge, copies of documents incorporated by reference into this proxy statement/prospectus, see “Where You Can Find More Information” on page 130. Each item in this summary refers to the page of this proxy statement/prospectus on which the subject is discussed in more detail.*

*All references in this proxy statement/prospectus to “RBPI” refer to Royal Bancshares of Pennsylvania, Inc. and, unless the context otherwise requires, to its subsidiaries; all references in this proxy statement/prospectus to “BMBC” refer to Bryn Mawr Bank Corporation and, unless the context otherwise requires, to its subsidiaries; and unless otherwise indicated or as the context otherwise requires, all references in this proxy statement/prospectus to “we,” “us,” and “our” refer to RBPI and BMBC, collectively.*

**The Parties to the Merger**

**Bryn Mawr Bank Corporation (Page 43)**

BMBC is a Pennsylvania corporation incorporated in 1986 and registered as a bank holding company under the Bank Holding Company Act of 1956, as amended (the “BHCA”). BMBC is supervised by the Board of Governors of the Federal Reserve System (the “Federal Reserve Board”). BMBC is the sole shareholder of The Bryn Mawr Trust Company, a Pennsylvania chartered bank (“BMT”). As of December 31, 2016, BMBC had consolidated total assets of \$3.4 billion, deposits of \$2.6 billion and shareholders’ equity of \$381.1 million.

The principal trading market for BMBC common stock (NASDAQ: BMTX) is NASDAQ. The principal executive offices of BMBC are located at 801 Lancaster Avenue, Bryn Mawr, PA 19010, telephone number (610) 525-1700. Its Internet website is [www.bmtc.com](http://www.bmtc.com). The information on BMBC’s website is not part of this proxy statement/prospectus.

**Royal Bancshares of Pennsylvania, Inc. (Page 44)**

RBPI is a Pennsylvania business corporation and a bank holding company registered under the BHCA. RBPI is supervised by the Federal Reserve Board. Royal Bank, the bank subsidiary of RBPI, was incorporated in the Commonwealth of Pennsylvania on July 30, 1963, and commenced operation as a Pennsylvania state-chartered bank on October 22, 1963. Royal Bank is the successor of the Bank of King of Prussia, the principal ownership of which was acquired by the Tabas family in 1980. As of December 31, 2016, RBPI had consolidated total assets of \$832.5 million, deposits of \$629.5 million and shareholders' equity of \$51.6 million.

The principal trading market for RBPI common stock (NASDAQ: RBPAA) is NASDAQ. The principal executive offices of RBPI are located at One Bala Plaza, Suite 522, 231 St. Asaph's Road, Bala Cynwyd, PA 19004, telephone number (610) 668-4700. Its Internet website is *www.royalbankamerica.com*. The information on RBPI's website is not part of this proxy statement/prospectus.

## **The Merger**

### **The Merger and the Merger Agreement (Pages 73, 97 and Appendix A)**

The merger agreement, which provides the terms and conditions on which RBPI will merge with and into BMBC, is attached to this document as Appendix A. We encourage you to read the merger agreement carefully and in its entirety. All descriptions in this summary and elsewhere in this document of the terms and conditions of the merger are qualified by reference to the merger agreement.

Under the terms of the merger agreement, RBPI will merge with and into BMBC, and BMBC will be the surviving entity. As a result of the merger:

RBPI's businesses will be combined with BMBC's, and RBPI will cease to exist as a separate legal entity;

## Table of Contents

The articles of incorporation and bylaws of BMBC will be the articles of incorporation and bylaws of the surviving entity;

The board of directors of BMBC will be the board of directors of the surviving entity. At the time the merger is completed, the board of directors of BMBC will be enlarged by one seat, and one RBPI director, selected by BMBC in its sole discretion, will be appointed to the vacant seat; and

The executive officers of BMBC shall be the executive officers of the surviving entity.

Immediately after the merger between BMBC and RBPI is completed, Royal Bank will merge with and into BMT, and BMT will continue as the surviving bank. Royal Bank and BMT will enter into a separate agreement of merger setting forth their agreement to merge and the terms and conditions of their merger. The form of the agreement of merger between the banks is attached as Exhibit B to the merger agreement between BMBC and RBPI.

### **Merger Consideration (Page 97)**

The merger consideration to RBPI shareholders will be shares of BMBC common stock, which will be paid at a fixed exchange ratio of 0.1025 shares of BMBC common stock for each share of RBPI Class A Stock and 0.1179 shares of BMBC common stock for each share of RBPI Class B Stock that is outstanding immediately before the merger occurs. Cash will be paid in lieu of any fractional shares of BMBC common stock which a RBPI shareholder would otherwise be entitled to receive.

Based on the exchange ratios for RBPI Class A Stock and RBPI Class B Stock and the number of shares of RBPI common stock outstanding and reserved for issuance pursuant to various convertible securities and outstanding awards under equity-based compensation plans as of January 30, 2017, the maximum number of shares of BMBC common stock estimated to be issuable in the merger is 3,112,612, which represents total aggregate merger consideration of approximately \$125.6 million in value, based on the closing price of BMBC's common stock on January 30, 2017 of \$40.35. After completion of the merger, without giving effect to any shares of BMBC common stock held by RBPI shareholders prior to the merger, we expect that RBPI shareholders will, as a group, own approximately 15.4% of the surviving corporation.

### **Treatment of RBPI Equity Awards and Warrants (Page 98)**

*Stock Option Awards.* Immediately prior to the closing of the merger, all rights with respect to RBPI Class A Stock issuable pursuant to the exercise of the RBPI stock options, which remain outstanding immediately prior to the closing of the merger and which have not yet been exercised, will be cancelled by RBPI in exchange for a cash payment equal to the positive difference, if any, between \$4.19 and the corresponding exercise price of such RBPI stock option.

*Restricted Stock Awards.* Upon completion of the merger, each outstanding RBPI restricted stock award will become fully vested and will be converted into the right to receive, without interest, BMBC common stock at the applicable exchange ratio for each share of RBPI common stock subject to the award and cash in lieu of any fractional shares of BMBC common stock.

*Warrants.* Upon completion of the merger, all RBPI warrants which are outstanding and unexercised shall become fully vested and exercisable and be converted, in their entirety, automatically into Continuing Warrants in an amount and at an exercise price determined as follows: (i) the number of shares of BMBC common stock to be subject to the Continuing Warrants shall be equal to the product of the number of shares of RBPI common stock subject to the RBPI warrants, and the applicable exchange ratio; provided that any fractional shares of BMBC common stock resulting from such multiplication shall be rounded down to the nearest share; and (ii) the exercise price per share of BMBC common stock under the Continuing Warrants shall be equal to the exercise price per share of RBPI common stock under the RBPI warrants, as applicable, divided by the applicable exchange ratio; provided that such exercise price shall be rounded up to the nearest cent. The duration and other terms of the Continuing Warrants shall be the same as the RBPI warrants, except all references to RBPI shall instead be references to BMBC.

#### **Regulatory Approvals Required for the Merger and the Bank Merger (Page 92)**

Completion of the merger between BMBC and RBPI and the merger between BMT and Royal Bank are subject to various regulatory approvals. The merger of RBPI with and into BMBC, and in turn the merger of their respective subsidiary banks, is subject to the prior review and approval of the Federal Reserve Board or, through delegated authority, of the Federal Reserve Bank of Philadelphia (collectively, the “Federal Reserve Board”) and prior review and approval of the Pennsylvania Department of Banking and Securities. BMBC expects to submit its application pursuant to the BHC Act and Regulation Y in the second quarter of 2017. This application seeks the prior approval of the Federal Reserve Board for BMBC to acquire RBPI and thereby indirectly acquire Royal Bank. BMBC expects to submit, in the second quarter of 2017, its application to the Pennsylvania Department of Banking and Securities pursuant to Section 115 of the Pennsylvania Banking Code of 1965 to acquire RBPI and thereby indirectly acquire Royal Bank.

Table of Contents

The merger between RBPI's and BMBC's respective bank subsidiaries, Royal Bank and BMT, is subject to the prior approval of the Pennsylvania Department of Banking and Securities and the Federal Reserve Board. During the second quarter of 2017, BMT plans to submit its application with the Federal Reserve Board pursuant to the Bank Merger Act for prior approval for Royal Bank to merge with and into BMT. Also, the United States Department of Justice has authority to comment on the mergers during the regulatory approval process of federal banking agencies and will have at least 30 days, which may be reduced to 15 days following the approvals by the Federal Reserve Board and Pennsylvania Department of Banking and Securities, to challenge such approvals on antitrust grounds. There can be no assurance that the Federal Reserve Board or the Pennsylvania Department of Banking and Securities will approve the merger between RBPI and BMBC, or the merger between the bank subsidiaries.

**Conditions to Completion of the Merger (Page 109)**

Currently, we expect to complete the merger between BMBC and RBPI during the third quarter of 2017. However, we cannot assure you that the merger will be completed in that time frame, or at all. As more fully described elsewhere in this proxy statement/prospectus and in the merger agreement, the completion of the merger depends on the satisfaction of a number of conditions or, where legally permissible, the waiver of those conditions. The principal conditions that must be satisfied are listed below.

RBPI shareholders have approved the adoption of the merger agreement and the merger;

BMBC and RBPI have received all regulatory approvals that are needed to complete the merger;

BMBC has received NASDAQ approval of the listing on NASDAQ of the shares of BMBC common stock to be issued in the merger to RBPI shareholders as merger consideration;

At the time of the closing of the merger, the registration statement of which this proxy statement/prospectus forms a part continues to be effective under the Securities Act;

There is no law, statute or regulation, or any judgment, decree, injunction or other order of any court or other governmental entity in effect that would prevent, prohibit or make illegal completion of the merger;

At the time of the closing of the merger, each party has received a legal opinion from its tax counsel to the effect that the merger will be treated as a reorganization within the meaning of Section 368(a) of the Code;

Each party's representations and warranties in the merger agreement are true and correct statements as of the date of the merger agreement and as of the closing date, subject to applicable materiality qualifiers; and

Each party has performed, in all material respects, its obligations under the merger agreement.

**Termination of the Merger Agreement (Page 111)**

The parties can mutually agree to terminate the merger agreement in writing at any time prior to completion of the merger.

Additionally, the merger agreement allows either party to unilaterally terminate the merger agreement if any of the following occurs:

an approval of a governmental entity, which is required for completion of the merger, cannot be obtained;

the voting results from the RBPI special meeting is not in favor of the merger agreement and the merger;

the other party has breached the merger agreement in a manner such that the closing conditions which require its representations and warranties to be true and correct, cannot be satisfied, and the breach cannot be cured or has not been cured within the timeframes given in the merger agreement;



## Table of Contents

the other party has breached the merger agreement in a manner such that the closing conditions, which require the performance and compliance with all material covenants and agreements, cannot be satisfied, and the breach cannot be cured or has not been cured within the timeframes given in the merger agreement; or

the merger is not completed by 5:00 p.m. Eastern Time on December 31, 2017, subject to a three-month extension if additional time is necessary to obtain required regulatory approvals.

RBPI has a separate right to terminate the merger agreement, without payment of any termination fee, if the average closing price of BMBC common stock during a specified period before the completion of the merger is less than \$33.16 and BMBC common stock underperforms the ABA NASDAQ Community Bank Index by more than 20%.

BMBC has a separate right to terminate the merger agreement if RBPI has breached the provisions in the merger agreement that require RBPI to refrain from soliciting alternative acquisition proposals from third parties or if RBPI takes certain other actions which substantially increase the likelihood that a vote by RBPI shareholders in favor of the merger will not be obtained. BMBC also has a separate right to terminate the merger agreement if any environmental site assessments confirm the existence of a release or releases which either violate an applicable environmental law or are present in concentrations exceeding applicable standards under applicable environmental laws and are estimated by the environmental consultant to cost more than the threshold set forth in the merger agreement to remediate in accordance with, and to ensure compliance with, applicable environmental laws.

### **Termination Fee (Page 113)**

If the merger agreement is terminated under certain circumstances, which generally relate to RBPI's pursuit of an alternative acquisition proposal from a third party or a change in the RBPI board of directors' recommendation of the merger that is adverse to BMBC, RBPI will be required to pay a termination fee of \$5 million to BMBC.

### **Expenses (Page 113)**

BMBC and RBPI will each bear their own costs and expenses with respect to the merger, except that the costs and expenses associated with filing and printing this proxy statement/prospectus will be shared equally between them. However, if the merger agreement is terminated by one of them due to a breach by the other party of its representations and warranties or performance obligations under the merger agreement, the breaching party must reimburse the other party up to \$1.8 million of its out-of-pocket expenses actually incurred in connection with the merger. In addition, if BMBC terminates the merger agreement because environmental remediation costs are estimated to exceed the threshold set forth in the merger agreement, as described above, RBPI must reimburse BMBC

up to \$1.8 million for out-of-pocket expenses it actually incurred.

#### **RBPI Shareholders Dissenters' Rights or Appraisal Rights (Page 94)**

Holders of RBPI Class A Stock will have no dissenters' or appraisal rights in the merger. Under Pennsylvania law, dissenters' or appraisal rights are generally not available if the shares of a corporation are listed on a national securities exchange, such as NASDAQ, or if the corporation's shares are held beneficially or of record by more than 2,000 persons at the record date fixed to determine the shareholders entitled to notice of the meeting of shareholders and to vote upon the matter. Because RBPI Class A Stock is listed on NASDAQ, dissenters' or appraisal rights will not be available.

Holders of RBPI Class B Stock will be entitled to dissenters' or appraisal rights in the merger. In order to perfect dissenters' rights, holders of RBPI Class B Stock must not vote for approval of the merger, and must file with RBPI prior to the closing date of the merger notice of an intention to demand fair market value for their shares if the merger is effectuated.

#### **U.S. Federal Income Tax Consequences of the Merger (Page 116)**

Holders of RBPI common stock are not expected to recognize any gain or loss for U.S. federal income tax purposes on the exchange of shares of RBPI common stock for shares of BMBC common stock in the merger, except with respect to any cash received instead of fractional shares of BMBC common stock. The obligations of BMBC and RBPI to complete the merger are subject to, among other conditions described in this proxy statement/prospectus, the receipt by each of BMBC and RBPI of the opinion of its counsel to the effect that the merger will be treated as an transaction that qualifies as a "reorganization" within the meaning of Section 368(a) of the Internal Revenue Code of 1986, as amended (which we refer to as the "Code").

You should read the section of this proxy statement/prospectus entitled "*U.S. Federal Income Tax Consequences of the Merger*" beginning on page 116 for a more complete discussion of the U.S. federal income tax consequences of the merger. Tax matters can be complicated and the tax consequences of the merger to you will depend on your particular tax situation. You should consult your tax advisor to determine the tax consequences of the merger to you.

Table of Contents

**Exchange and Payment Procedures (Page 99)**

Upon, or as soon as practicable after, completing the merger, BMBC will deposit with its exchange agent, Computershare Trust Company, N.A., book entry shares representing the aggregate number of shares of BMBC common stock issuable under the merger agreement in exchange for the outstanding shares of RBPI common stock. BMBC will also deposit a cash amount equal to any dividends or distributions that may be payable to RBPI shareholders under the merger agreement, and any cash that may be payable in lieu of the fractional shares of BMBC common stock which the RBPI shareholders otherwise would be entitled to receive in the merger.

As soon as practicable after completing the merger, but in any event, no later than ten business days after the merger is completed, BMBC's exchange agent will mail each holder of record of RBPI common stock a letter of transmittal with instructions for surrendering their shares of RBPI stock in exchange for the merger consideration. Holders of RBPI common stock will be entitled to receive merger consideration consisting of 0.1025 shares of BMBC common stock for each share of RBPI Class A Stock and 0.1179 shares of BMBC common stock for each share of RBPI Class B Stock owned by the holder, and cash in lieu of any fractional shares of BMBC common stock that otherwise would be issuable to the holder. To receive the merger consideration, except for shares held in book-entry form, a shareholder must surrender his or her RBPI stock certificates to the exchange agent, together with properly completed and signed transmittal materials. BMBC has no obligation to pay the merger consideration to any RBPI shareholder until the shareholder has properly surrendered any stock certificates representing his or her shares of RBPI voting common stock.

**Litigation Related to the Merger (Page 96)**

In March 2017, RBPI received a letter from attorneys representing a purported shareholder, demanding that the RBPI board investigate alleged breaches of fiduciary duty in connection with the merger. This demand was subsequently withdrawn on April 10, 2017.

On April 11, 2017, the same shareholder filed a lawsuit in the United States District Court, Eastern District of Pennsylvania, against members of the RBPI board, BMBC and RBPI. The lawsuit, which is captioned *Parshall v. Royal Bancshares of Pennsylvania, Inc., et al.*, Case No. 2:17-cv-01641-PBT alleges class claims on behalf of all RBPI shareholders based on allegations of material misstatements and omissions in this proxy statement/prospectus and violations of the Exchange Act. The lawsuit seeks, among other remedies, to enjoin the merger or, in the event the merger is completed, rescission of the merger or rescissory damages; to direct defendants to account for unspecified damages; and costs of the lawsuit, including attorneys' and experts' fees.

## **Risk Factors (Page 16)**

You should carefully consider the information in this proxy statement/prospectus under the caption, “*Risk Factors*,” in deciding how to vote for the proposals presented in this proxy statement/prospectus. In this section, we describe a number of risks associated with the merger and the issuance of BMBC common stock in the merger which could affect BMBC or RBPI or the BMBC common stock that is being offered to RBPI shareholders by BMBC through this proxy statement/prospectus. The risks described in this section are the risks related to the merger and the combined company, and the risks related to RBPI. You should also read and consider the risks that BMBC has described in the “*Risk Factors*” section of its Annual Report on Form 10-K for the year ended December 31, 2016, which is on file with the SEC and which is incorporated by reference into this proxy statement/prospectus. See “*Where You Can Find More Information*” on page 130 of this proxy statement/prospectus. The risk factors in that report were identified by BMBC as being significant to its own businesses and also could affect the operations and financial results of the combined company.

## **Interests of RBPI’s Directors and Executive Officers in the Merger (Page 90)**

RBPI shareholders should be aware that some of RBPI’s executive officers and directors may have interests in the merger that are different from, or in addition to, those of RBPI shareholders generally. RBPI’s board of directors was aware of these interests and considered these interests, among other matters, when making its decision to approve the merger and the merger agreement, and in recommending that RBPI shareholders vote in favor of approval of adopting the merger agreement and the merger. The material interests considered by RBPI’s board of directors include the following:

*Change in Control Payments.* RBPI executive officers will receive payments and other benefits in connection with the merger, which are triggered upon a qualifying termination of employment by RBPI without “cause” or by the executive officer voluntarily for “good reason” under the executives’ employment agreements.

*Post-Merger Employment With BMBC.* Some directors and executive officers will have continuing roles with BMBC or its principal subsidiary, BMT, following the merger. F. Kevin Tylus, who is a director and the President and CEO of RBPI, will be hired as Managing Director of New Markets for BMT reporting to BMT’s chief executive officer. He will receive an annual salary of \$100,000 plus opportunities for incentive or bonus awards, consistent with BMT’s compensation practices.

Table of Contents

*Appointment of One RBPI Director to BMBC Board.* BMBC agreed that following the completion of the merger, one director of RBPI, as selected by BMBC in its sole discretion, will serve as a paid member of the boards of directors of BMBC and BMT. BMBC currently pays its non-employee directors an annual retainer fee of \$12,500 in the form of BMBC common stock. BMBC also pays its non-employee directors a standard fee of \$1,500 for each Board meeting attended, \$1,000 for attending the organization meeting held after the annual meeting each year, and \$1,250 for each committee meeting attended. BMBC also paid a \$10,000 fee to the Audit Committee Chair and a \$5,000 fee to the chair of each of the other committees in 2016.

*Indemnification and Insurance.* The merger agreement also provides for continuing indemnification for directors and executive officers of RBPI following the merger and the continuation of directors' and officers' insurance for these individuals for six years after the merger.

**Opinion of RBPI's Financial Advisor in Connection with the Merger (Page 79 and Appendix C)**

RBPI's financial advisor in connection with the merger, Sandler O'Neill & Partners, L.P., or Sandler O'Neill, has delivered a written opinion, dated January 30, 2017, to the RBPI board of directors to the effect that, as of the date of the opinion, and based upon and subject to the assumptions, limitations, qualifications and other matters set forth therein, the Class A exchange ratio and Class B exchange ratio provided for in the merger agreement were fair to the holders of RBPI Class A Stock and RBPI Class B Stock, respectively, from a financial point of view. The full text of Sandler O'Neill's opinion is attached as Appendix C to this proxy statement/prospectus. The opinion outlines the procedures followed, assumptions made, matters considered and qualifications and limitations on the review undertaken by Sandler O'Neill in rendering its opinion. RBPI shareholders are urged to read the entire opinion carefully in connection with their consideration of the proposed merger.

Sandler O'Neill's opinion speaks only as of the date of the opinion. The opinion was directed to RBPI's board of directors in connection with its consideration of the merger and was directed only to the fairness, from a financial point of view, of the Class A exchange ratio and Class B exchange ratio to the holders of RBPI Class A Stock and RBPI Class B Stock, respectively. Sandler O'Neill's opinion does not constitute a recommendation to any shareholder of RBPI as to how such shareholder should vote at any meeting of shareholders called to consider and vote upon the merger. In addition, the unaudited prospective information used by Sandler O'Neill in its analyses reflects numerous estimates and assumptions made with respect to business, economic, market, competition, regulatory and financial conditions and matters specific to RBPI's business, and should not be relied upon. For a further discussion of Sandler O'Neill opinion, RBPI's prior relationship with Sandler O'Neill and the terms of Sandler O'Neill's engagement, see "*The Merger -- Opinion of RBPI's Financial Advisor in Connection with the Merger*," beginning on page 79 of this proxy statement/prospectus.

**Recommendation of the RBPI Board of Directors (Page 77)**

The RBPI board of directors determined that the merger agreement and the transactions described in the merger agreement, including the merger, are advisable and in the best interests of RBPI and its shareholders and recommends that RBPI shareholders vote “FOR” approval of the adoption of the merger agreement and the merger, “FOR” the approval, by an advisory (non-binding) vote, of certain compensation arrangements in connection with the proposed merger for RBPI’s named executive officers, and “FOR” approval of one or more adjournments of the RBPI special meeting, if necessary or appropriate, to solicit additional proxies in favor of adoption of the merger agreement and the merger.

BMBC entered into voting agreements with certain shareholders of RBPI, including all directors and executive officers of RBPI and certain of their family members or affiliates. Pursuant to the voting agreements, these shareholders have agreed to vote in favor of the proposal to approve adoption of the merger agreement and the merger and the proposal to approve one or more adjournments of the special meeting, if necessary or appropriate, to solicit additional proxies in favor of approval of adoption of the merger agreement and the merger. The form of the voting agreements they executed are included as Appendix B to this proxy statement/prospectus. As of January 30, 2017, there were 5,954,810 shares of RBPI Class A Stock and 1,362,717 shares of RBPI Class B Stock subject to the voting agreements (excluding options), which represented approximately 41.5% of the outstanding voting power of the RBPI common stock as of that date.

#### **Comparative Market Prices and Dividends (Page 36)**

BMBC common stock is listed on NASDAQ under the symbol “BMTC”; and RBPI Class A Stock is listed on NASDAQ under the symbol “RBPAA.” The table on page 36 of this proxy statement/prospectus lists the quarterly price range of BMBC common stock and RBPI Class A Stock from the quarter ended March 31, 2015 through March 24, 2017, as well as the quarterly cash dividends BMBC and RBPI have paid during the same time period on such stock.

Table of Contents

The following table shows the closing prices of BMBC common stock and RBPI Class A Stock as reported on January 30, 2017, the last trading day before BMBC and RBPI announced they had entered into the merger agreement, and on April 10, 2017, the last practical trading day before the date we printed and mailed this proxy statement/prospectus. This table also presents the pro forma equivalent per share value of a share of RBPI Class A Stock on those dates. We calculated the pro forma equivalent per share value by multiplying the closing price of BMBC common stock on those dates by 0.1025, the exchange ratio for RBPI Class A Stock in the merger.

			<b>Pro Forma</b>
			<b>Equivalent</b>
	<b>BMBC Common Stock</b>	<b>RBPI Class A Stock</b>	<b>Value of One Share of</b>
			<b>RBPI Class A Stock</b>
January 30, 2017	\$ 40.35	\$ 3.89	\$ 4.14
April 10, 2017	\$ 39.15	\$ 3.91	\$ 4.01

The market price of BMBC common stock may change at any time. Consequently, the total dollar value of the BMBC common stock that you will receive upon completion of the merger may be significantly higher or lower than its value as of the date of this proxy statement/prospectus. We urge you to obtain current market quotations for BMBC common stock and RBPI Class A Stock. We can provide no assurance as to future prices of BMBC common stock or RBPI Class A Stock.

**The Special Meeting****RBPI Special Meeting of Shareholders (Page 37)**

The RBPI special meeting will be held at 9:00 a.m., Eastern Time, on May 24, 2017, at the Hilton Philadelphia City Avenue, 4200 City Line Avenue, Philadelphia, Pennsylvania. At the RBPI special meeting, RBPI shareholders will be asked to consider and vote on the following matters:

- (1) a proposal to approve adoption of the merger agreement and the merger;
- (2) a proposal to approve, by an advisory (non-binding) vote, certain compensation arrangements in connection with the proposed merger for RBPI's named executive officers; and
- (3) a proposal to approve one or more adjournments of the RBPI special meeting, if necessary or appropriate, to solicit additional proxies in the event that there are not sufficient votes at the time of the special meeting to approve adoption of the merger agreement and the merger.

Approval of the merger agreement requires the affirmative vote of two-thirds of the votes entitled to be cast by holders of RBPI common stock. The proposals to approve certain compensation arrangements in connection with the merger for RBPI's named executive officers and to approve adjournment of the special meeting if necessary to solicit additional proxies requires the affirmative vote of a majority of the shares cast at the special meeting. However, the vote on the compensation proposal is only advisory and will not be binding on RBPI or the combined company that results from the merger.

Only holders of record of RBPI common stock at the close of business on April 11, 2017 will be entitled to vote at the special meeting. Each share of RBPI Class A Stock is entitled to one vote and each share of RBPI Class B Stock is entitled to ten votes on each proposal to be considered at the RBPI special meeting. As of the record date, there were 27,913,024 shares of RBPI Class A Stock and 1,924,629 shares of RBPI Class B Stock entitled to vote at the special meeting. As of the record date, the directors and executive officers of RBPI and their respective affiliates beneficially owned and were entitled to vote approximately 8,964,169 shares of RBPI Class A Stock and 1,677,098 shares of RBPI Class B Stock, allowing them to exercise approximately 54.56% of the voting power of RBPI voting common stock outstanding as of the record date. On January 30, 2017, BMBC entered into voting agreements with certain shareholders of RBPI, including all directors and executive officers of RBPI and certain of their family members or affiliates. Pursuant to the voting agreements, these shareholders have agreed to vote in favor of the proposal to approve adoption of the merger agreement and the merger and the proposal to approve one or more adjournments of the special meeting, if necessary or appropriate, to solicit additional proxies in favor of approval of adoption of the merger agreement and the merger. The form of the voting agreements they executed are included as Appendix B to this proxy statement/prospectus. As of January 30, 2017, there were 5,954,810 shares of RBPI Class A Stock and 1,362,717 shares of RBPI Class B Stock subject to the voting agreements (excluding options), which represented approximately 41.5% of the outstanding voting power of the RBPI common stock as of that date.



Table of Contents

**RISK FACTORS**

*In addition to the other information contained in or incorporated by reference into this proxy statement/prospectus, including the matters addressed under “Cautionary Statement Regarding Forward-Looking Statements,” beginning on page 26 of this proxy statement/prospectus, you should carefully consider the following risk factors in determining whether to vote “FOR” approval of the adoption of the merger agreement and the merger. You should also read and consider the risk factors associated with the business of BMBC because those risk factors may affect the operations and financial results of the combined company. Those risk factors may be found under Part I, Item 1A, “Risk Factors,” in BMBC’s Annual Report on Form 10-K for the year ended December 31, 2016, which is on file with the SEC and is incorporated by reference into this proxy statement/prospectus. See the section titled “Where You Can Find More Information” beginning on page 130 of this proxy statement/prospectus.*

**Risks Related to the Merger and the Combined Company**

**Because the market price of BMBC common stock will fluctuate, RBPI shareholders cannot be certain of the market value of the BMBC common stock that they will receive upon completion of the merger.**

Upon completion of the merger, each share of RBPI Class A Stock and RBPI Class B Stock (other than certain shares held by BMBC, its subsidiaries or RBPI’s subsidiaries, or any shares held by RBPI as treasury shares) will become the right to receive 0.1025 and 0.1179 shares of BMBC common stock, respectively. Any change in the price of BMBC common stock prior to the merger will affect the market value of the BMBC common stock that RBPI shareholders will receive upon completion of the merger.

The prices of BMBC common stock and RBPI common stock at the closing of the merger may vary from their respective prices on the date the merger agreement was executed, on the date of this proxy statement/prospectus and on the date of the RBPI special meeting. The market value of the BMBC shares represented by the exchange ratios may fluctuate during these periods as a result of a variety of factors, including general market and economic conditions, changes in BMBC’s business, operations and prospects and regulatory considerations. Many of these factors are outside of the control of RBPI and BMBC. For example, based on the range of closing prices of BMBC common stock during the period from January 30, 2017, the last full trading day before public announcement of the merger, through April 10, 2017, the last practical full trading day prior to the date we printed and mailed this proxy statement/prospectus, the exchange ratios represented a value ranging from a high of \$4.32 on March 1, 2017 to a low of \$3.77 on March 22, 2017 for each share of RBPI Class A Stock and a value ranging from a high of \$4.96 on March 1, 2017 to a low of \$4.34 on March 22, 2017 for each share of RBPI Class B Stock. Because the date on which we expect to complete the merger will be later than the date of the RBPI special meeting, at the time of the RBPI special meeting RBPI shareholders will not know what the market value of BMBC’s common stock will be upon completion of the merger.

**Combining BMBC and RBPI may be more difficult, costly or time-consuming than expected, and the anticipated benefits and cost savings of the merger with RBPI may not be realized.**

BMBC and RBPI have operated and, until the completion of the merger, will continue to operate, independently from each other. The success of the merger, including anticipated benefits and cost savings, will depend, in part, on BMBC's ability to successfully combine and integrate the businesses of BMT and Royal Bank within BMBC's projected timeframe in a manner that permits growth opportunities and does not materially disrupt existing customer relationships or result in decreased revenues due to loss of customers.

A number of factors could affect BMBC's ability to successfully combine its business with RBPI's. Key employees of RBPI, whose services will be needed to complete the integration process, may elect to terminate their employment as a result of, or in anticipation of, the merger. The integration process itself could be disruptive to BMBC's or RBPI's ongoing businesses, causing loss of momentum in one or more of their businesses or inconsistencies or changes in standards, practices, business models, controls, procedures and policies that could adversely affect the ability of BMBC to maintain relationships with customers and employees.

If BMBC encounters significant difficulties in the integration process, the anticipated benefits of the merger may not be realized fully, or at all, or may take longer to realize than expected. Failure to achieve the anticipated benefits of the merger in the timeframes projected by BMBC could result in increased costs and decreased revenues. This could have a dilutive effect on the combined company's earnings per share.

Table of Contents

**BMBC and RBPI will incur transaction and integration costs in connection with the merger.**

BMBC and RBPI each have incurred and expect to continue to incur substantial costs in connection with the negotiation and completion of the merger and combining the businesses and operations of the two companies. Additional unanticipated transaction- and merger-related costs may be incurred prior to or following the consummation of the merger. Whether or not the merger is consummated, BMBC and RBPI expect to continue to incur substantial expenses in planning for and completing the merger and combining the operations of the two companies, including such non-recurring expenses as legal, accounting and financial advisory fees, printing fees, data processing and other fees related to formulating integration and conversion plans. In addition, BMBC will incur integration costs following the completion of the merger as BMBC integrates the businesses of the two companies, including facilities and data systems consolidation costs and employment related costs. There can be no assurance that the expected benefits and efficiencies related to the integration of the businesses will be realized to offset these transactional and integration costs over time. Also, BMBC and RBPI may incur additional costs to maintain employee morale and to retain key employees. BMBC and RBPI will incur significant legal, financial advisor, accounting, banking and consulting fees, fees relating to regulatory filings and notices, SEC filing fees, printing and mailing fees, and other costs associated with the merger. The costs described above, as well as any unanticipated costs and expenses, could have a material adverse effect on the financial condition and operating results of BMBC following completion of the merger.

**The unaudited pro forma consolidated financial statements included in this document are preliminary, and the actual financial condition and results of operations after the merger may differ significantly.**

The unaudited pro forma consolidated financial statements in this document are presented for illustrative purposes only and are not necessarily indicative of what BMBC's actual financial condition or results of operations would have been had the merger been completed on the dates indicated. The unaudited pro forma consolidated financial statements reflect adjustments to illustrate the effect of the merger had it been completed on the dates indicated, which are based upon preliminary estimates, to record the RBPI identifiable assets acquired and liabilities assumed at fair value and the resulting goodwill recognized. The purchase price allocation for the merger reflected in this document is preliminary, and final allocation of the purchase price will be based upon the actual purchase price and the fair value of the assets and liabilities of RBPI as of the date of the completion of the merger. Accordingly, the final acquisition accounting adjustments may differ materially from the pro forma adjustments reflected in this document. For more information, see "*Unaudited Pro Forma Consolidated Financial Information*" beginning on page 30.

**The merger may not be accretive, and may be dilutive, to BMBC's earnings per share, which may negatively affect the market price of BMBC common stock.**

BMBC currently expects the merger to be accretive to earnings per share in the first full calendar year after closing (excluding one-time charges). This expectation, however, is based on preliminary estimates which may materially change, including the currently expected timing of the merger. BMBC may encounter additional transaction- and integration-related costs or other factors, such as a delay in the closing of the merger, may fail to realize all of the benefits anticipated in the merger, or may be subject to other factors that affect preliminary estimates or its ability to realize operational efficiencies. Any of these factors could cause a decrease in BMBC's earnings per share or decrease or delay the expected accretive effect of the merger and contribute to a decrease in the price of BMBC's common stock.

**BMBC's decisions regarding the credit risk associated with Royal Bank's loan portfolio could be incorrect and the credit mark applied to the acquired loan portfolio upon acquisition may be inadequate, which may adversely affect the financial condition and results of operations of the combined company after the closing of the merger.**

Before signing the merger agreement, BMBC conducted extensive due diligence on a significant portion of the Royal Bank loan portfolio. However, BMBC's review did not encompass each and every loan in the Royal Bank loan portfolio. In accordance with customary industry practices, BMBC evaluated the Royal Bank loan portfolio based on various factors including, among other things, historical loss experience, economic risks associated with each loan category, volume and types of loans, trends in classification, volume and trends in delinquencies and nonaccruals, and general economic conditions, both local and national. In this process, BMBC's management made various assumptions and judgments about the collectability of the loan portfolio, including the creditworthiness and financial condition of the borrowers, the value of the real estate, which is obtained from independent appraisers, other assets serving as collateral for the repayment of the loans, the existence of any guarantees and indemnifications and the economic environment in which the borrowers operate. In addition, the effects of probable decreases in expected principal cash flows on the Royal Bank loans were considered as part of BMBC's evaluation. If BMBC's assumptions and judgments turn out to be incorrect, including as a result of the fact that its due diligence review did not cover each individual loan, BMBC's estimated credit mark against the Royal Bank loan portfolio in total may be insufficient to cover actual loan losses after the merger is completed, and adjustments may be necessary to allow for different economic conditions or adverse developments in the Royal Bank loan portfolio. Additionally, deterioration in economic conditions affecting borrowers, new information regarding existing loans, identification of additional problem loans and other factors, both within and outside BMBC's or RBPI's control, may require an increase in the provision for loan losses. Material additions to the credit mark and/or allowance for loan losses would materially decrease BMBC's net income and would result in extra regulatory scrutiny and possibly supervisory action.

Table of Contents

**If the merger is not completed, BMBC and RBPI will have incurred substantial expenses without realizing the expected benefits of the merger.**

BMBC and RBPI have already incurred, and will continue to incur, substantial expenses in connection with the transactions described in this proxy statement/prospectus, which are charged to earnings as incurred. If the merger is not completed, these expenses will still be charged to earnings even though BMBC and RBPI would not have realized the expected benefits of the merger. There can be no assurance that the merger will be completed.

**The ability of BMBC and RBPI to complete the merger is subject to the satisfaction (or waiver by the parties) of the closing conditions set forth in the merger agreement, some of which are outside of the parties' control.**

The merger agreement contains a number of conditions that must be fulfilled in order to complete the merger. Those conditions include: approval of adoption of the merger agreement and the merger by RBPI shareholders, receipt of all required regulatory approvals, absence of any law, statute or regulation, or any order, injunction or other legal restraint or prohibition preventing the completion of the merger, effectiveness of the registration statement of which this proxy statement/prospectus is a part, the accuracy of the representations and warranties of both parties (subject to applicable materiality qualifiers), and the performance, in all material respects, by both parties of their respective covenants and agreements. See *"The Merger Agreement -- Conditions to Completion of the Merger"* beginning on page 109 for a more complete discussion of the conditions to the completion of the merger. There can be no assurance that the conditions to the completion of the merger will be fulfilled or that the merger will be completed.

**Termination of the merger agreement could have a negative impact on the prospects and stock price of RBPI and/or BMBC.**

The merger agreement contains a number of provisions that could permit either or both parties to abandon the merger and terminate the merger agreement. If the merger agreement is terminated, there may be various adverse consequences to RBPI and BMBC. For example, since certain matters relating to the merger (including business integration and data system conversion planning) will require substantial commitments of time and resources by the respective management teams of RBPI and BMBC, and RBPI's or BMBC's businesses may have been adversely affected by the failure to pursue other beneficial opportunities due to the focus of management on the merger, without realizing any of the anticipated benefits of completing the merger. Also, the merger agreement imposes certain restrictions on the conduct of RBPI businesses prior to the completion of the merger. See *"The Merger Agreement -- Conduct of Business While the Merger is Pending"* beginning on page 102 for a summary of the restrictions applicable to RBPI. Additionally, if the merger agreement is terminated, the market price of RBPI's or BMB's common stock could decline to the extent that the current market prices reflect a market assumption that the merger will be completed. If the merger agreement is terminated and RBPI seeks another merger or business combination, it is not certain that RBPI would be able to find a party willing to offer equivalent or more attractive consideration than the

consideration BMBC has agreed to pay in the merger. Similarly, BMBC may not be successful in competing with other financial institutions for other potential acquisition candidates. In addition, if the merger agreement is terminated under certain circumstances, RBPI may be required to pay BMBC a termination fee of \$5 million.

**Regulatory approvals may not be received, may take longer than expected or may impose conditions that are not presently anticipated or cannot be met.**

Before the merger between BMBC and RBPI and the merger between their bank subsidiaries may be completed, various approvals must be obtained from bank regulatory agencies and other governmental authorities. These governmental entities may not grant approval of either the merger or the bank merger, may engage in an extended regulatory review process, or may impose conditions on the granting of their approvals. The regulatory delays, conditions or changes they impose, as well as the process of obtaining regulatory approvals, could have the effect of delaying completion of the merger or of imposing additional costs or limitations on BMBC following the merger. BMBC may elect not to consummate the merger if, in connection with any regulatory approval required to consummate the merger, any governmental or regulatory entity imposes a restriction, requirement or condition on BMBC that, in the good faith reasonable judgment of BMBC, materially and adversely affects the business, operations, financial condition, property, or assets of RBPI and BMBC combined, or materially impairs the value of RBPI or Royal Bank to BMBC. As a result, there can be no assurance that the desired regulatory approvals for the merger will be obtained or that the merger will be completed.

**The merger agreement limits RBPI's ability to pursue alternatives to the merger with BMBC.**

The merger agreement contains provisions that may discourage a third party from submitting an acquisition proposal to RBPI that might result in greater value to RBPI's shareholders than the merger with BMBC, or may result in a potential acquirer proposing to pay a lower per share price to acquire RBPI than it might otherwise have proposed to pay. These provisions include a general prohibition on RBPI from soliciting or, subject to certain exceptions relating to the exercise of fiduciary duties by RBPI's board of directors, entering into discussions or agreements with third parties regarding transactions to acquire RBPI. RBPI also has an unqualified obligation to submit the RBPI merger proposal to its shareholders, even if RBPI receives an alternative acquisition proposal that the RBPI board of directors believes is superior to the merger. In addition, RBPI could be obligated to pay BMBC a termination fee of \$5 million if either BMBC or RBPI terminates the merger agreement under specified circumstances, including those relating to acquisition proposals for competing transactions. See "*The Merger Agreement -- Termination Fee*" beginning on page 113.

Table of Contents

**RBPI and BMBC will be subject to business uncertainties and contractual restrictions while the merger is pending.**

Uncertainties about the effect of the merger on employees and customers may have an adverse effect on RBPI or BMBC. These uncertainties may impair BMBC's or RBPI's ability to attract, retain and motivate key personnel until the merger is completed, and could cause customers and others that deal with BMBC or RBPI to consider changing their existing business relationships with BMBC or RBPI. Retention of certain employees may be challenging during the pendency of the merger, as certain employees may experience uncertainty about their future roles. If key employees depart because of issues relating to the uncertainty and difficulty of integration or a desire not to remain with the business, RBPI's business or BMBC's business could be negatively impacted. In addition, the merger agreement restricts RBPI from taking specified actions relative to its business without the prior consent of BMBC. These restrictions may prevent RBPI from pursuing attractive business opportunities that may arise prior to the completion of the merger. See "*The Merger Agreement -- Conduct of Business While the Merger is Pending*" beginning on page 102 for a summary of the restrictions applicable to RBPI.

**Litigation relating to the merger could result in significant additional costs and management distraction, as well as delay and/or enjoin the merger.**

In March 2017, RBPI received a letter from attorneys representing a purported shareholder demanding that the RBPI board investigate alleged breaches of fiduciary duty in connection with the merger. The demand was subsequently withdrawn on April 10, 2017.

On April 11, 2017, the same purported shareholder filed a lawsuit in the United States District Court, Eastern District of Pennsylvania, against members of the RBPI board, BMBC and RBPI. The lawsuit, which is captioned Parshall v. Royal Bancshares of Pennsylvania, Inc., et al., Case No. 2:17-cv-01641-PBT alleges class claims on behalf of all RBPI shareholders based on allegations of material misstatements and omissions in this proxy statement/prospectus and violations of the Exchange Act. The lawsuit seeks, among other remedies, to enjoin the merger or, in the event the merger is completed, rescission of the merger or rescissory damages; to direct defendants to account for unspecified damages; and costs of the lawsuit, including attorneys' and experts' fees.

RBPI and BMBC could be subject to additional demands or litigation related to the merger, whether or not the merger is consummated. Such actions may create additional uncertainty relating to the merger, and responding to the current or subsequent demands and defending such actions may be costly and distracting to management.

A negative outcome in the current or potential subsequent litigation could have a material adverse effect on RBPI and BMBC if it results in preliminary or permanent injunctive relief or rescission of the merger agreement. Neither RBPI nor BMBC can predict the outcome of any suit arising out of or relating to the proposed transaction.

**Some of RBPI's directors and executive officers have interests in the merger that may differ from the interests of RBPI shareholders including, if the merger is completed, the receipt of financial and other benefits.**

RBPI's shareholders should be aware that some of RBPI's directors and executive officers may have interests in the merger that are different from, or in addition to, those of RBPI shareholders generally. RBPI's board of directors was aware of these interests and considered these interests, among other matters, when making its decision to approve the merger agreement and the merger, and in recommending that RBPI shareholders vote in favor of adoption of the merger agreement. For example:

*Change in Control Payments.* RBPI executive officers will receive payments and other benefits in connection with the merger, which are triggered upon a qualifying termination of employment by RBPI without "cause" or by the executive officer voluntarily for "good reason" under the executives' employment or change in control agreements.

*Post-Merger Employment With BMBC.* Some directors and executive officers will have continuing roles with BMBC or its principal subsidiary, BMT, following the merger. F. Kevin Tylus, who is a director and the President and CEO of RBPI, will be hired as the Managing Director of New Markets for BMT, for which he will receive an annual salary of \$100,000, plus opportunities for incentives or bonus awards consistent with BMBC's compensation practices.



Table of Contents

*Appointment of One RBPI Director to BMBC Board.* BMBC agreed that following the completion of the merger, one director of RBPI, as selected by BMBC in its sole discretion, will serve as a paid member of the boards of directors of BMBC and BMT. BMBC currently pays its non-employee directors an annual retainer fee of \$12,500 in the form of BMBC common stock. BMBC also pays its non-employee directors a standard fee of \$1,500 for each Board meeting attended, \$1,000 for attending the organization meeting held after the annual meeting each year, and \$1,250 for each committee meeting attended. BMBC also paid a \$10,000 fee to the Audit Committee Chair and a \$5,000 fee to the chair of each of the other committees in 2016.

*Indemnification and Insurance.* The merger agreement also provides for continuing indemnification for directors and executive officers of RBPI following the merger and the continuation of directors' and officers' insurance for these individuals for six years after the merger.

See "*The Merger -- Interests of RBPI's Directors and Executive Officers in the Merger*" on page 90 for more information on the amounts payable to certain directors and executive officers of RBPI in connection with the merger.

**Holders of BMBC and RBPI common stock, respectively, will have a reduced ownership and voting interest in the combined company after the merger and may exercise less influence over the combined company's management.**

Holders of RBPI common stock and BMBC common stock currently have the right to vote in elections of the board of directors and on other matters affecting RBPI and BMBC, respectively. Upon the completion of the merger, each RBPI shareholder will become a shareholder of BMBC with a percentage ownership of BMBC that is significantly smaller than the shareholder's current percentage ownership of RBPI. Immediately after completion of the merger, without giving effect to any shares of BMBC common stock held by RBPI shareholders prior to the merger, we expect that BMBC shareholders will, as a group, own approximately 84.6% of BMBC and RBPI shareholders will, as a group, own approximately 15.4% of BMBC. As a result, RBPI shareholders may have less influence on the management and policies of BMBC than they now have on the management and policies of RBPI. Similarly, current BMBC shareholders will own a smaller percentage of BMBC than prior to the merger, and may have less influence than they now have on the management and policies of BMBC.

**The shares of BMBC common stock to be received by RBPI shareholders as a result of the merger will have different rights from the shares of RBPI common stock they currently hold.**

Upon completion of the merger, RBPI shareholders will become BMBC shareholders and their rights as shareholders will be governed by the Pennsylvania Business Corporation Law including the Pennsylvania Entity Transactions Law (the "PBCL") and BMBC's articles of incorporation and bylaws. The rights associated with RBPI common stock are different from the rights associated with BMBC common stock. Please see "*Comparison of Shareholders' Rights*"

beginning on page 121 for a discussion of the different rights associated with BMBC common stock.

**The fairness opinion received by the board of directors of RBPI prior to the signing of the merger agreement will not reflect any changes in circumstances between the date of signing of the merger agreement and the date of completion of the merger.**

Sandler O'Neill, RBPI's financial advisor in connection with the proposed merger, delivered to the RBPI board of directors its opinion, dated January 30, 2017, to the effect that, as of the date of such opinion, the Class A exchange ratio and the Class B exchange ratio set forth in the merger agreement was fair, from a financial point of view, to the holders of RBPI Class A Stock and RBPI Class B Stock, respectively. The opinion speaks only as of the date of the opinion and not as of the date of this proxy statement/prospectus or the time the merger is completed. Any changes in the operations and prospects of RBPI or BMBC, general market and economic conditions or other factors outside of the control of RBPI or BMBC could significantly alter the value of RBPI or the prices of the shares of BMBC common stock or RBPI common stock by the time the merger is completed.

## **Risks Related to RBPI**

### ***Risks Related to RBPI's Business***

**RBPI's business is subject to the success of the local economies and real estate markets in which it operates.**

RBPI's earnings are significantly generated from net interest income which is heavily reliant on the interest and fees it earns on loans. If prevailing economic conditions locally or nationally are unfavorable, RBPI's business may be adversely affected. Unfavorable economic conditions in RBPI's targeted market areas, specifically depressed or declining real estate values could affect the ability of customers to repay their loans, impede its growth, and generally affect its financial condition and results of operations through potential increases in credit losses. RBPI is less able than a larger institution to spread the risks of unfavorable local economic conditions across broader and more diverse economies.

Table of Contents

**RBPI's concentration of commercial real estate and construction loans is subject to unique risks that could adversely affect its earnings.**

RBPI's commercial real estate, including multi-family, and construction and land development loan portfolios were \$368.3 million at December 31, 2016 comprising 61% of total loans. Commercial real estate and construction and development loans are often riskier and tend to have significantly larger balances than home equity loans or residential mortgage loans to individuals. While RBPI believes that the commercial real estate concentration risk is mitigated by diversification among the types and characteristics of real estate collateral properties, sound underwriting practices, and ongoing portfolio monitoring and market analysis, the repayments of these loans usually depends on the successful operation of a business or the sale of the underlying property. As a result, these loans are more likely to be unfavorably affected by adverse conditions in the real estate market or the economy in general. Commercial and industrial loans comprise 18% of the loan portfolio. These loans are collateralized by various business assets the value of which may decline during adverse market and economic conditions. Adverse conditions in the real estate market and the economy may result in increasing levels of loan charge-offs and non-performing assets and the reduction of earnings. When RBPI takes collateral in foreclosures and similar proceedings, it is required to mark the related asset to the then fair market value of the collateral, which may ultimately result in a loss.

**RBPI's allowance for loan and lease losses may not be adequate to cover actual losses.**

Like all financial institutions, RBPI maintains an allowance for loan and lease losses ("allowance") to provide for loan and lease defaults and non-performance. RBPI's allowance is based on its historical loss experience as well as an evaluation of the risks associated with its loan portfolio, including the size and composition of the loan portfolio, current economic conditions and geographic concentrations within the portfolio. RBPI's allowance may not be adequate to cover actual loan and lease losses. Bank regulators periodically review RBPI's allowance and may require it to increase the allowance or recognize additional charge-offs. Material increases to the allowance for loan and lease losses could materially decrease RBPI's net income.

The Financial Accounting Standards Board has adopted Accounting Standards Update No. 2016-13, "Financial Instruments-Credit Losses (Topic 326) Measurement of Credit Losses on Financial Instruments", which is commonly referred to as CECL. CECL will be effective in the first quarter of 2020. The CECL guidelines require us to gather and review additional data and types of data to determine the appropriate level for the allowance. New or changes to accounting or regulatory guidance could impact the need for additional reserves and future provisions for loan and lease losses could materially and adversely affect RBPI's financial results. RBPI believes that expected credit losses under the CECL model will generally result in earlier loss recognition on its loans and lease portfolio. RBPI is currently evaluating the impact of the amendments in this new standard on its consolidated financial statements.

**RBPI'S future growth may require it to raise additional capital, but that capital may not always be available.**

RBPI is required by regulatory authorities to maintain adequate capital levels to support its operations. RBPI anticipates that its current capital will satisfy its regulatory requirements for the foreseeable future. However, in order to maintain its well-capitalized status and to support future growth RBPI may need to raise capital. RBPI's ability to raise additional capital will depend, in part, on conditions in the capital markets at that time, which are outside its control, and on its financial performance. Basel III introduced new minimum capital requirements that became effective on January 1, 2015, with the capital conservation buffer requirements phased in over a three-year period beginning January 1, 2016. In addition, if RBPI decides to raise additional capital, the existing shareholders are subject to dilution and a potential capital raise could adversely impact its deferred tax asset. If RBPI cannot raise additional capital when required, its ability to further expand operations through both internal growth and acquisitions could be materially impaired.

**RBPI may suffer losses in its loan portfolio despite its underwriting practices.**

RBPI seeks to mitigate the risks inherent in its loan portfolio by adhering to specific underwriting practices. These practices often include: analysis of a borrower's credit history, financial statements, tax returns and cash flow projections; valuation of collateral based on reports of independent appraisers; and verification of liquid assets. Although RBPI believes that its underwriting criteria are appropriate for the various kinds of loans it makes, it may incur losses on loans that meet these criteria.

**RBPI's ability to pay dividends depends primarily on dividends from its banking subsidiary, which are subject to regulatory limits.**

RBPI is a bank holding company and its operations are conducted by its direct and indirect subsidiaries, each of which is a separate and distinct legal entity. Substantially all of RBPI's assets are held by such subsidiaries; and its ability to pay dividends depends on its receipt of dividends from its direct and indirect subsidiaries. Royal Bank is the primary source of dividends to RBPI. Dividend payments from Royal Bank are subject to legal and regulatory limitations, generally based on net profits and retained earnings, imposed by the various banking regulatory agencies. The ability of Royal Bank to pay dividends is also subject to its profitability, financial condition, capital expenditures and other cash flow requirements. At December 31, 2016, as a result of significant losses within Royal Bank from prior years, Royal Bank had an accumulated deficit and therefore would not have been able to declare and pay any cash dividends. There is no assurance that RBPI's subsidiaries will be able to pay dividends in the future, or that RBPI will generate adequate cash flow to pay dividends in the future. Failure by RBPI to pay dividends on its stock could have a material adverse effect on the market price of its Class A Common Stock.

Table of Contents

**RBPI's ability to use net operating loss carryforwards to reduce future tax payments may be limited.**

As of December 31, 2016, RBPI had federal net operating loss ("NOL") carryforwards of approximately \$57.7 million and state NOL carryforwards of \$136.8 million, which are available to be carried forward to future tax years. The federal NOL carryforwards will begin to expire in 2028, and the state NOLs will begin to expire in 2026 if not fully utilized.

The ability to use NOLs will be dependent on RBPI's ability to generate taxable income. The NOLs may expire before RBPI generates sufficient taxable income. There was a \$4.0 million NOL carryover from the acquisition of Knoblauch State Bank that expired in 2015. There were no NOLs that expired in 2016. Additional information regarding RBPI's NOLs is included in "Accounting for Income Tax Expense" in "Information About Royal Bancshares of Pennsylvania - Management's Discussion and Analysis of Financial Condition and Results of Operations of RBPI" of this proxy statement/prospectus.

**RBPI may not be able to fully recover its deferred tax asset valuation allowance and a reduction in future enacted tax rates could have a material impact on the value of its deferred tax assets.**

RBPI recognizes deferred tax assets ("DTA") and liabilities based on differences between the financial statement carrying amounts and the tax bases of assets and liabilities. RBPI is required to establish a valuation allowance for DTA and record a charge to income or shareholders' equity if management determines, based on available evidence at the time the determination is made, that it is more likely than not that some portion or all of the deferred tax assets will not be realized. RBPI's management evaluates the DTA for recoverability using a consistent approach which considers the relative impact of negative and positive evidence, including historical profitability and projections of future reversals of temporary differences and future taxable income. These determinations are inherently subjective and dependent upon estimates and judgments concerning RBPI's management's evaluation of both positive and negative evidence.

Based on the analysis of the DTA at December 31, 2016, RBPI's management concluded that it is more likely than not that a portion of the net DTA will be realized by RBPI in the future. As a result of this conclusion, RBPI released \$1.9 million of its valuation allowance previously recorded on the net DTA and credited income tax expense. In 2015, RBPI released \$5.4 million of its valuation allowance previously recorded on the net DTA. The ability to recognize the remaining deferred tax assets that continue to be subject to a valuation allowance will be evaluated on a quarterly basis to determine if there are any significant events that would affect the ability to utilize these deferred tax assets. The release of the remaining valuation allowance would have a positive impact on future earnings of RBPI. There can be no assurance, however, as to when RBPI could be in a position to recapture the remaining DTA valuation allowance. The deferred tax assets, net of valuation allowances, totaled \$7.9 million and \$5.7 million at December 31, 2016 and 2015, respectively. The deferred tax asset valuation allowance was \$26.6 million and \$30.6 million at

December 31, 2016 and 2015, respectively. Additional information relating to RBPI's existing DTA is included in "Accounting for Income Tax Expense" in "Information About Royal Bancshares of Pennsylvania - Management's Discussion and Analysis of Financial Condition and Results of Operations of RPBI" of this proxy statement/prospectus.

RBPI's net DTA are measured using the tax rates under the current enacted tax law expected to apply to taxable income in future years. The effects of future changes in tax laws or rates are not anticipated in the determination of the value of RBPI's deferred tax assets and liabilities. The U.S. Congress and the current administration have indicated an interest in, among other changes to federal tax laws, lowering the federal corporate tax rate from the current 35%. If these plans ultimately result in the enactment of new laws lowering the corporate income tax rate and/or eliminating the corporate alternative minimum tax, RBPI's net DTA would need to be re-calculated. It is difficult to predict whether any change to the federal corporate tax rate will occur, or if any change to the federal corporate tax rate did occur, the magnitude or timing of any change.

Although any reduction in the corporate tax rate would reduce the amount of taxes RBPI would pay in the future, the reduction also would result in a decrease in the value of its DTA, and thus a reduction in RBPI'S net income and total equity, during the period in which any such tax rate change is enacted. This reduction in RBPI's net income and total equity could materially and adversely affect its results of operations and financial condition. There is no assurance that any potential tax savings from a reduction in corporate tax rates, if enacted, would be realized to the extent anticipated or at all.

Table of Contents

**Competition from other financial institutions may adversely affect RBPI's profitability.**

RBPI faces substantial competition in originating commercial and consumer loans. This competition comes principally from other banks, savings institutions, mortgage banking companies and other lenders. Many of RBPI's competitors enjoy advantages, including greater financial resources and higher lending limits, a wider geographic presence, more accessible branch office locations, the ability to offer a wider array of services or more favorable pricing alternatives, as well as lower origination and operating costs. This competition could reduce RBPI's net income by decreasing the number and size of loans that it originates and the interest rates it may charge on these loans.

In attracting business and consumer deposits, Royal Bank faces substantial competition from other insured depository institutions such as banks, savings institutions and credit unions, as well as institutions offering uninsured investment alternatives, including money market funds. Many of Royal Bank's competitors enjoy advantages, including greater financial resources, more aggressive marketing campaigns, better brand recognition and more branch locations. These competitors may offer higher interest rates than Royal Bank does, which could decrease the deposits that it attracts or require it to increase its rates to retain existing deposits or attract new deposits. Increased deposit competition could adversely affect Royal Bank's ability to generate the funds necessary for lending operations. As a result, Royal Bank may need to seek other sources of funds that may be more expensive to obtain and could increase its cost of funds.

RBPI's banking and non-banking subsidiaries also compete with non-bank providers of financial services, such as brokerage firms, consumer finance companies, credit unions, insurance agencies, peer to peer lenders and governmental organizations which may offer more favorable terms. Some of RBPI's non-bank competitors are not subject to the same extensive regulations that govern its banking operations. As a result, such non-bank competitors may have advantages over RBPI's banking and non-banking subsidiaries in providing certain products and services. This competition may reduce or limit RBPI's margins on banking and non-banking services, reduce its market share, and adversely affect its earnings and financial condition.

**RBPI's ability to manage liquidity is always critical in its operation, but more so today given the uncertainty within the capital markets.**

RBPI's monitors and manages its liquidity position on a regular basis to insure that adequate funds are in place to manage the day to day operations and to cover routine fluctuations in available funds. However, RBPI's funding decisions can be influenced by unplanned events. These unplanned events include, but are not limited to, the inability to fund asset growth, difficulty renewing or replacing funds that mature, the ability to maintain or draw down lines of credit with other financial institutions, significant customer withdrawals of deposits, and market disruptions. RBPI has a liquidity contingency plan in the event liquidity falls below an acceptable level, however in today's economic environment, RBPI is not certain that those sources of liquid funds will be available in the future when required. As a result, loan growth may be curtailed to maintain adequate liquidity. Additionally, loans may need to be sold in the

secondary market, investments may need to be sold or deposits may need to be raised at above market interest rates to maintain liquidity.

**Negative publicity could damage RBPI's reputation and adversely impact its business and financial results.**

Reputation risk, or the risk to RBPI earnings and capital from negative publicity, is inherent in its business. Negative publicity can result from RBPI's actual or alleged conduct in any number of activities, including lending practices, corporate governance, acquisitions, cyber-attacks, breach in security, and actions taken by government regulators and community organizations in response to those activities. Negative publicity can adversely affect RBPI's ability to keep and attract customers and can expose it to litigation and regulatory action. Although RBPI takes steps to minimize reputation risk in dealing with customers and other constituencies, as a larger diversified financial services company with a high industry profile, RBPI is inherently exposed to this risk.

***Risks Related to the Banking Industry***

**Difficult real estate market conditions and economic trends can adversely affect the banking industry and RBPI's business.**

RBPI has exposure to downturns in both the commercial and residential real estate markets. Dramatic declines in the housing market can lead to decreasing home prices and increasing delinquencies and foreclosures. This negative market condition can adversely impact the credit performance of mortgage, consumer, commercial and construction loan portfolios, resulting in significant impairments of assets held by many financial institutions. General downward economic trends, reduced availability of commercial credit and sustained unemployment may negatively impact the credit performance of commercial and consumer credit, resulting in write-downs of real estate collateral supporting many loans. Concerns over the stability of the financial markets and the economy may result in decreased lending by financial institutions to their customers and to each other. This type of market turmoil and tightening of credit can lead to increased commercial and consumer deficiencies, lack of customer confidence, increased market volatility and widespread reduction in general business activity. Financial institutions can also experience decreased access to borrowings.



Table of Contents

A decline in current economic conditions would likely put pressure on consumers and businesses and may adversely affect RBPI's business, financial condition, results of operations and stock price. In particular, as the result of a deteriorating economy RBPI may face the following risks:

RBPI could face increased regulation of the financial industry. Compliance with such regulation may increase RBPI's costs and limit its ability to pursue business opportunities.

RBPI's ability to assess the creditworthiness of customers and to accurately estimate the losses inherent in its credit portfolio could be more complex.

RBPI may be required to pay higher Federal Deposit Insurance Corporation premiums because financial institution failures resulting from the depressed market conditions have depleted and may continue to deplete the deposit insurance fund and reduce its ratio of reserves to insured deposits.

RBPI's ability to borrow from other financial institutions or the Federal Home Loan Bank on favorable terms or at all could be adversely affected by disruptions in the capital markets or other events.

RBPI may experience increases in foreclosures, delinquencies and customer bankruptcies.

RBPI may experience difficulty in liquidating its OREO portfolio at favorable prices.

**RBPI's business is subject to interest rate risk, and variations in interest rates may negatively affect RBPI's financial performance.**

Changes in the interest rate environment may reduce profits. The primary source of RBPI'S income is the differential or "spread" between the interest earned on loans, securities and other interest-earning assets, and interest paid on deposits, borrowings and other interest-bearing liabilities. As prevailing interest rates change, net interest spreads are affected by the difference between the maturities and re-pricing characteristics of interest-earning assets and interest-bearing liabilities. In addition, loan volume and yields are affected by market interest rates on loans, and rising interest rates generally are associated with a lower volume of loan originations. An increase in the general level of interest rates may also adversely affect the ability of certain borrowers to pay the interest on and principal of their obligations. Accordingly, changes in levels of market interest rates could materially adversely affect RBPI's net interest spread, asset quality, loan origination volume, pre-payment speeds and overall profitability.

**Recent and future governmental regulation and legislation could limit RBPI's future growth and adversely impact its results of operations.**

RBPI is subject to extensive state and federal regulation, supervision and legislation that govern almost all aspects of its operations. These laws may change from time to time and are primarily intended for the protection of consumers, depositors, and the deposit insurance fund. Any changes to these laws may negatively affect RBPI's ability to expand its services and to increase the value of its business. While RBPI cannot predict what effect any presently contemplated or future changes in the laws or regulations or their interpretations would have on its business, these changes could be materially adverse to RBPI shareholders. Regulatory authorities have extensive discretion in their

supervisory and enforcement activities, including the imposition of restrictions on RBPI's operations, the classification of its assets and determination of the level of its allowance for loan losses. Any change in such regulation and oversight, whether in the form of regulatory policy, regulations, legislation or supervisory action, may have a material impact on RBPI's operations.

**Changes in consumers' use of banks and changes in consumers' spending and saving habits could adversely affect RBPI's financial results.**

Technology and other changes now allow many consumers to complete financial transactions without using banks. For example, consumers can pay bills and transfer funds directly without going through a bank. This disintermediation could result in the loss of fee income, as well as the loss of customer deposits and income generated from those deposits. In addition, changes in consumer spending and saving habits could adversely affect RBPI's operations, and RBPI may be unable to timely develop competitive new products and services in response to these changes that are accepted by new and existing customers.

**RBPI's information systems may experience an interruption or breach in security.**

RBPI relies heavily on communications and information systems to conduct its business. Any failure, interruption or breach in security of these systems could result in failures or disruptions in RBPI's customer-relationship management, general ledger, deposit, loan and other systems. While RBPI has policies and procedures designed to prevent or limit the effect of the failure, interruption or security breach of its information systems, there can be no assurance that any such failures, interruptions or security breaches will not occur; or, if they do occur, that they will be adequately addressed. The occurrence of any failures, interruptions or security breaches of RBPI's information systems could damage its reputation, result in a loss of customer business, subject RBPI to additional regulatory scrutiny or expose it to civil litigation and possible financial liability; any of which could have a material adverse effect on RBPI's financial condition and results of operations.

Table of Contents

**RBPI faces the risk of cyber-attack to its computer systems.**

RBPI's computer systems, software and networks have been and will continue to be vulnerable to unauthorized access, loss, or destruction of data (including confidential client information), account takeovers, unavailability of service, computer viruses or other malicious code, cyber-attacks and other events. These threats may derive from human error, fraud, or malice on the part of employees or third parties, or may result from accidental technological failure. If one or more of these events occurs, it could result in the disclosure of confidential client information, damage to RBPI's reputation with its clients and the market, additional costs to RBPI (such as repairing systems or adding new personnel or protection technologies), regulatory penalties and financial losses, to both RBPI and its clients and customers. Such events could also cause interruptions or malfunctions in RBPI's operations (such as the lack of availability of its online banking system), as well as the operations of its clients, customers or other third parties. Although RBPI maintains safeguards to protect against these risks, there can be no assurance that it will not suffer losses in the future that may be material in amount.

**Acts or threats of terrorism and political or military actions taken by the United States or other governments could adversely affect general economic or industry conditions.**

Geopolitical conditions may also affect RBPI's earnings. Acts or threats of terrorism and political or military actions taken by the United States or other governments in response to terrorism, or similar activity, could adversely affect general economic or industry conditions.

*Other Risks*

**RBPI's directors, executive officers and principal shareholders own a significant portion of RBPI common stock and can influence shareholder decisions.**

RBPI's directors, executive officers and principal shareholders, as a group, beneficially owned approximately 32% of RBPI's Class A Stock and 87% of its Class B Stock outstanding as of February 28, 2017. As a result of their ownership, the directors, executive officers and principal shareholders will have the ability, by voting their shares in concert, to influence the outcome of any matter submitted to RBPI shareholders for approval, including the election of directors. The directors and executive officers may vote to cause RBPI to take actions with which the other shareholders do not agree or that are not beneficial to all shareholders.



Table of Contents

**CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS**

BMBC and RBPI have included in this proxy statement/prospectus certain statements that may constitute forward-looking statements within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act. You can generally identify forward-looking statements by the use of forward-looking terminology such as “anticipate,” “believe,” “continue,” “can,” “could,” “estimate,” “expect,” “explore,” “evaluate,” “forecast,” “guidance,” “intend,” “may,” “might,” “outlook,” “plan,” “potential,” “predict,” “probable,” “project,” “seek,” “should,” “view,” or “will,” or other similar terms. These forward-looking statements are only predictions and involve known and unknown risks and uncertainties, many of which are beyond BMBC’s and RBPI’s control. Statements in this proxy statement/prospectus that are forward-looking include BMBC’s and RBPI’s statements regarding the anticipated benefits of the merger, the impact of the merger on BMBC’s and RBPI’s businesses, BMBC’s estimated credit mark against RBPI’s loan portfolio, the impact of the merger on BMBC’s earnings per share, revenues and cash flows, the anticipated synergies from the merger and the date the merger will be completed, the number of shares of BMBC common stock to be issued pursuant to the merger, BMBC’s and RBPI’s merger-related transaction costs and the estimates and assumptions underlying the pro forma financial information contained in this proxy statement/prospectus, and are based on BMBC’s and, as applicable, RBPI’s management’s estimates, assumptions and projections.

The following factors, among others, could cause actual future results and other future events to differ materially from those currently estimated by BMBC’s and, as applicable, RBPI’s management, including but not limited to:

BMBC may not successfully integrate its business with RBPI’s, or the integration and data conversions may be more difficult, time-consuming or costly than BMBC currently anticipates;

the combined company that results from the merger may not realize the revenue synergies anticipated to result from the integration of BMBC’s and RBPI’s businesses;

the introduction, withdrawal, success and timing of business initiatives, practices and strategies by BMBC;

the effectiveness of capital management strategies and activities;

competitive conditions in RBPI’s banking markets;

changes in interest rates and capital markets;

revenues may be lower, and expenses may be higher, than expected following the merger;

deposit attrition, inflation, customer disintermediation, operating costs, loss of customers and business disruption, including, without limitation, any difficulties in maintaining relationships with employees, customers and/or suppliers, may be greater than anticipated following the merger;

there may be higher than expected increases in BMBC's or RBPI's loan losses or in the level of non-performing loans or changes in asset quality or credit risk;

there may be higher than expected charges incurred by BMBC in connection with marking RBPI's assets to fair value;

there may be other than temporary impairments or declines in value in BMBC's or RBPI's investment portfolios;

BMBC and RBPI may not obtain the regulatory approvals for the holding company and bank mergers on acceptable terms, on the anticipated schedule or at all;

RBPI may not obtain the requisite vote of its shareholders which is needed to approve the adoption of the merger agreement and the merger, respectively;

competitive pressure among financial services companies is intense and may further intensify, and competitors in the Royal Bank markets may engage in aggressive competitive practices in view of BMBC's entry into those markets;

changes in general, national or regional economic conditions may adversely affect the businesses in which BMBC and RBPI engage;

changes in the interest rate environment may reduce net interest margins and impact funding sources;

Table of Contents

changes in market interest rates and prices may adversely impact the value of financial products and assets;

changes in accounting policies or accounting standards;

legislation or changes in the regulatory environment (including the implementation of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 and related regulations) may adversely affect the businesses in which BMBC and RBPI engage and result in increased compliance costs and/or require BMBC and RBPI to change their business models;

liabilities arising out of any litigation that may be threatened or filed in connection with the merger, including costs, expenses, settlements and judgments, may adversely affect BMBC, RBPI and their respective businesses; and

material adverse changes in BMBC's or RBPI's operations or earnings.

Consequently, all forward-looking statements made by BMBC or RBPI contained or incorporated by reference in this proxy statement/prospectus are qualified by factors, risks and uncertainties, including, but not limited to, those set forth under the caption titled "*Risk Factors*" beginning on page 16 of this proxy statement/prospectus and those set forth under the captions "*Cautionary Statement Regarding Forward-Looking Statements*" and "*Risk Factors*" in BMBC's annual and quarterly reports and other filings with the SEC that are incorporated by reference into this proxy statement/prospectus. See the section titled "*Where You Can Find More Information*" beginning on page 130 of this proxy statement/prospectus.

You should not place undue reliance on forward-looking statements. No assurances can be given that any of the events anticipated by the forward-looking statements will transpire or occur, or if any of them do occur, what impact they will have on the results of operations or financial condition of BMBC or RBPI. Actual results may differ materially from those discussed in this proxy statement/prospectus. All forward-looking statements speak only as of the date of this proxy statement/prospectus. Neither BMBC nor RBPI assumes any duty to update or revise forward-looking statements, whether as a result of new information, future events, uncertainties or otherwise, as of any future date.

Table of Contents**SELECTED CONSOLIDATED HISTORICAL FINANCIAL DATA OF BMBC**

The following selected consolidated financial information for the fiscal years ended December 31, 2012 through December 31, 2016 is derived from audited consolidated financial statements of BMBC. You should not assume the results of operations for any past periods indicate results for any future period. You should read this information in conjunction with BMBC's consolidated financial statements and related notes thereto included in BMBC's Annual Report on Form 10-K for the fiscal year ended December 31, 2016, which is incorporated by reference into this proxy statement/prospectus. See "Where You Can Find More Information" on page 130.

<b>Earnings</b> (dollars in thousands)	<b>As of or for the Twelve Months Ended December 31,</b>				
	2016	2015	2014	2013	2012
Interest income	\$ 116,991	\$ 108,542	\$ 82,906	\$ 78,417	\$ 73,323
Interest expense	10,755	8,415	6,078	5,427	8,588
Net interest income	106,236	100,127	76,828	72,990	64,735
Provision for loan and lease losses	4,326	4,396	884	3,575	4,003
Net interest income after provision for loan and lease losses	101,910	95,731	75,944	69,415	60,732
Non-interest income	54,039	55,960	48,322	48,355	46,386
Non-interest expense	101,745	125,765	81,418	80,740	74,901
Income before income taxes	54,204	25,926	42,848	37,030	32,217
Income taxes	18,168	9,172	15,005	12,586	11,070
Net Income	\$ 36,036	\$ 16,754	\$ 27,843	\$ 24,444	\$ 21,147
<b>Per Share Data</b>					
Weighted-average shares outstanding	16,859,623	17,488,325	13,566,239	13,311,215	13,090,110
Dilutive potential Common Stock	168,499	267,966	294,801	260,395	151,736
Adjusted weighted-average shares	17,028,122	17,756,291	13,861,040	13,571,610	13,241,846
Earnings per common share:					
Basic	\$ 2.14	\$ 0.96	\$ 2.05	\$ 1.84	\$ 1.62
Diluted	\$ 2.12	\$ 0.94	\$ 2.01	\$ 1.80	\$ 1.60
Dividends declared	\$ 0.82	\$ 0.78	\$ 0.74	\$ 0.69	\$ 0.64
Dividends declared per share to net income per basic common share	38.3	% 81.3	% 36.1	% 37.5	% 39.5
Shares outstanding at year end	16,939,715	17,071,523	13,769,336	13,650,354	13,412,690
Book value per share	\$ 22.50	\$ 21.42	\$ 17.83	\$ 16.84	\$ 15.18
Tangible book value per share	\$ 15.11	\$ 13.89	\$ 13.59	\$ 13.02	\$ 11.08



**Profitability Ratios**

Tax-equivalent net interest margin	3.76	%	3.75	%	3.93	%	3.98	%	3.85	%
Return on average assets	1.16	%	0.57	%	1.32	%	1.23	%	1.15	%
Return on average equity	9.75	%	4.49	%	11.56	%	11.53	%	10.91	%
Non-interest expense to net interest income and non-interest income	63.5	%	80.6	%	65.1	%	66.5	%	67.4	%
Non-interest income to net interest income and non-interest income	33.7	%	35.9	%	38.6	%	39.9	%	41.7	%
Average equity to average total assets	11.90	%	12.68	%	11.38	%	10.63	%	10.58	%

**Financial Condition**

Total assets	\$3,421,530	\$3,030,997	\$2,246,506	\$2,061,665	\$2,035,885
Total liabilities	3,040,403	2,665,286	2,001,032	1,831,767	1,832,321
Total shareholders' equity	381,127	365,711	245,474	229,898	203,564
Interest-earning assets	3,153,015	2,755,506	2,092,164	1,905,398	1,879,412
Portfolio loans and leases	2,535,425	2,268,988	1,652,257	1,547,185	1,398,456
Investment securities	573,763	352,916	233,473	289,245	318,061
Goodwill	104,765	104,765	35,502	32,843	32,897
Intangible assets	20,405	23,903	22,998	19,365	21,998
Deposits	2,579,675	2,252,725	1,688,028	1,591,347	1,634,682
Borrowings	423,425	378,509	283,970	216,535	170,718
Wealth assets under management, administration, supervision and brokerage	11,328,457	8,364,805	7,699,908	7,268,273	6,663,212

**Capital Ratios**

Ratio of tangible common equity to tangible assets	7.76	%	8.17	%	8.55	%	8.84	%	7.50	%
Tier 1 capital to risk weighted assets	10.51	%	10.72	%	12.00	%	11.57	%	11.02	%
Total regulatory capital to risk weighted assets	12.35	%	12.61	%	12.87	%	12.55	%	12.02	%

**Asset quality**

Allowance as a percentage of portfolio loans and leases	0.69	%	0.70	%	0.88	%	1.00	%	1.03	%
Non-performing loans and leases as a % of portfolio loans and leases	0.33	%	0.45	%	0.61	%	0.68	%	1.06	%

Table of Contents**SELECTED CONSOLIDATED HISTORICAL FINANCIAL DATA OF RBPI**

The following selected consolidated financial information for the fiscal years ended December 31, 2012 through December 31, 2016 is derived from audited consolidated financial statements of RBPI. You should not assume the results of operations for any past periods indicate results for any future period. You should read this information in conjunction with RBPI's consolidated financial statements and related notes thereto beginning on page F-1 of this proxy statement/prospectus.

**Statement of Operations Data**

<b>(in thousands, except share data)</b>	<b>For the years ended December 31,</b>				
	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>
Interest income	\$33,416	\$29,993	\$28,784	\$27,524	\$31,981
Interest expense	7,315	6,484	6,484	7,357	9,899
Net interest income	26,101	23,509	22,300	20,167	22,082
Provision (credit) for loan and lease losses	1,242	(748 )	(867 )	(872 )	5,997
	24,859	24,257	23,167	21,039	16,085
Non-interest income					
Gain on sale of premises & equipment	-	324	107	2,524	-
Service charges and fees	1,361	1,126	1,032	1,323	1,218
Gains on sale of loans and leases	165	-	232	686	2,057
Income from bank owned life insurance	1,166	497	512	539	553
Net gains on investment securities	1,431	900	377	158	1,030
Other income	374	280	573	207	747
Total other than-temporary-impairment losses on investment securities	(190 )	(14 )	(41 )	-	(2,359 )
Total non-interest income	4,307	3,113	2,792	5,437	3,246
Non-interest expense					
Salaries and benefits	10,398	10,441	10,164	10,276	11,576
Net OREO expenses	77	504	216	1,358	8,038
Other expenses	9,522	10,040	10,741	13,269	16,347
Total non-interest expense	19,997	20,985	21,121	24,903	35,961
Income (loss) before tax expense	9,169	6,385	4,838	1,573	(16,630)
Income tax (benefit) expense	(1,796 )	(5,139 )	(654 )	42	-
Net income (loss)	\$10,965	\$11,524	\$5,492	\$1,531	\$(16,630)
Less net income (loss) attributable to noncontrolling interest	590	531	382	(578 )	(1,005 )
Net income (loss) attributable to Royal Bancshares	10,375	10,993	5,110	2,109	(15,625)
Less Series A Preferred stock accumulated dividend and accretion	1,133	1,721	2,078	2,075	2,038
Net income (loss) to common shareholders	9,242	9,272	3,032	34	(17,663)
Basic and diluted earnings (loss) per common share	\$0.31	\$0.31	\$0.14	\$-	\$(1.33 )



Table of Contents

**UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL INFORMATION**

The following unaudited pro forma consolidated financial information combines the historical consolidated financial position and results of operations of BMBC and its subsidiaries and of RBPI and its subsidiaries and as adjusted to reflect the acquisition by BMBC of RBPI using the acquisition method of accounting and giving effect to the related pro forma adjustments described in the accompanying notes. Under the acquisition method of accounting, the assets and liabilities of RBPI will be recorded by BMBC at their respective fair values as of the date the merger is completed. The unaudited pro forma consolidated combined balance sheet gives effect to the merger, as if the transaction had occurred on December 31, 2016. The unaudited pro forma consolidated income statements for the year ended December 31, 2016 give effect to the merger as if the transaction had become effective at January 1, 2016.

The merger was announced on January 30, 2017, and the merger agreement provides that each outstanding share of RBPI Class A Stock and RBPI Class B Stock, other than shares of RBPI common stock that BMBC, its subsidiaries and RBPI's subsidiaries hold and shares that RBPI holds as treasury shares, will become, by operation of law, the right to receive 0.1025 and 0.1179 shares of BMBC common stock, respectively. The unaudited pro forma consolidated financial information has been derived from and should be read in conjunction with the historical consolidated financial statements and the related notes of RBPI, beginning on page F-1 of this proxy statement/prospectus, and of BMBC, which are incorporated in the document by reference. See "*Where You Can Find More Information*" on page 130.

The unaudited pro forma consolidated financial statements included herein are presented for informational purposes only and do not necessarily reflect the financial results of the combined company had the companies actually been combined at the beginning of each period presented. The adjustments included in these unaudited pro forma consolidated financial statements are preliminary and may be revised. This information also does not reflect the benefits of the expected cost savings and expense efficiencies, opportunities to earn additional revenue, potential impacts of current market conditions on revenues, or asset dispositions, among other factors, and includes various preliminary estimates and may not necessarily be indicative of the financial position or results of operations that would have occurred if the merger had been consummated on the date or at the beginning of the period indicated or which may be attained in the future. The unaudited pro forma consolidated financial statements and accompanying notes should be read in conjunction with and are qualified in their entirety by reference to the historical consolidated financial statements and related notes thereto of RBPI, beginning on page F-1 of this proxy statement/prospectus, and of BMBC, which are incorporated in this proxy statement/prospectus by reference.

Table of Contents**BRYN MAWR BANK CORPORATION****UNAUDITED CONSOLIDATED PRO FORMA BALANCE SHEET**

as of December 31, 2016

(Dollars in thousands, except per share data)

<i>(dollars in thousands)</i>	<b>BMBC December 31, 2016</b>	<b>RBPI December 31, 2016</b>	<b>Adjustments December 31, 2016</b>	<b>Combined December 31, 2016</b>
<b>Assets</b>				
Cash and due from banks	\$ 16,559	\$ 13,146	\$(15,654 ) <sup>(1)</sup>	\$ 14,051
Interest bearing deposits with banks	34,206	8,084	-	42,290
Cash and cash equivalents	50,765	21,230	(15,654 )	56,341
Investment securities, AFS	566,996	169,854	-	736,850
Investment securities, HTM	2,879	-	-	2,879
Investment securities, trading	3,888	-	-	3,888
Loans held for sale	9,621	-	-	9,621
Portfolio loans and leases	2,535,425	602,009	(20,616 ) <sup>(2)</sup>	3,116,818
Less: Allowance for loan and lease losses	(17,486 )	(10,420 )	10,420 <sup>(3)</sup>	(17,486 )
Net portfolio loans and leases	2,517,939	591,589	(10,196 )	3,099,332
Premises and equipment, net	41,778	5,398	-	47,176
Accrued interest receivable	8,533	3,968	-	12,501
Deferred income taxes	10,515	7,889	26,505 <sup>(4)</sup>	44,909
Loan servicing rights	5,582	-	-	5,582
Bank owned life insurance	39,279	20,781	-	60,060
Federal Home Loan Bank stock	17,305	3,216	-	20,521
Goodwill	104,765	-	55,452 <sup>(5)</sup>	160,217
Intangible assets	20,405	-	3,962 <sup>(6)</sup>	24,367
Other real estate owned	1,017	3,536	-	4,553
Other assets	20,263	5,024	-	25,287
<b>Total assets</b>	<b>\$3,421,530</b>	<b>\$832,485</b>	<b>\$60,069</b>	<b>\$4,314,084</b>
<b>Liabilities</b>				
<b>Deposits:</b>				
Non-interest-bearing	\$736,180	\$97,859	\$-	\$834,039
Interest-bearing	1,843,495	531,687	4,469 <sup>(7)</sup>	2,379,651
<b>Total deposits</b>	<b>2,579,675</b>	<b>629,546</b>	<b>4,469</b>	<b>3,213,690</b>
Short-term borrowings	204,151	19,000	-	223,151
Long term FHLB advances and other borrowings	189,742	85,000	415 <sup>(8)</sup>	275,157
Subordinated notes	29,532	25,774	(7,325 ) <sup>(9)</sup>	47,981

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Other liabilities	37,303	20,892	(15,263 ) <sup>(5)</sup>	42,932
Total liabilities	3,040,403	780,212	(17,704 )	3,802,911
<b>Shareholders' equity</b>				
Common stock	21,111	56,677	(53,592 ) <sup>(10)</sup>	24,196
Paid-in capital in excess of par value	232,806	99,667	27,294	(10) 359,767
Accumulated other comprehensive (loss) net of tax benefit	(2,409 )	(5,219 )	5,219	(10) (2,409 )
Retained earning (accumulated deficit)	196,569	(94,512 )	94,512	(10) 196,569
Less: Common stock in treasury at cost	(66,950 )	(4,965 )	4,965	(10) (66,950 )
Total shareholders' equity before noncontrolling interest	381,127	51,648	78,398	511,173
Noncontrolling interest	-	625	(625 )	-
Total shareholders' equity	381,127	52,273	77,773	511,173
Total liabilities and shareholders' equity	\$3,421,530	\$832,485	\$60,069	\$4,314,084
Book value per common share	\$22.50	\$1.72	\$-	\$25.53
Tangible book value per common share	\$15.11	\$1.72	\$-	\$16.31
Common stock outstanding	16,939,715	30,100,347 <sup>(11)</sup>	(27,015,013) <sup>(12)</sup>	20,025,049

*The accompanying notes are an integral part of these pro forma Financial Statements*

Table of Contents**NOTES TO UNAUDITED PRO FORMA COMBINED BALANCE SHEET****Footnote**

- (1) Adjustment reflects a \$15.3 million cash payment to fully fund and settle the Supplemental Executive Retirement Plan ("SERP") and \$391 thousand to cash-out options at closing.
- (2) The \$20.6 million acquisition method accounting adjustment reduces the carrying value of acquired loans to their fair value. The \$20.6 million adjustment is approximately 3.4% of RBPI portfolio loans. It is anticipated that approximately 36% of the \$20.6 million loan mark will be accreted through the income statement over the estimated life of the portfolio, as an adjustment to the yield.
- (3) In accordance with acquisition method accounting, RBPI's \$10.4 million allowance for loan losses which is equal to 1.73% of its portfolio loans, has been reversed.
- (4) Adjustment represents the reversal of a \$25.2 million reserve placed against a deferred tax asset associated with a net operating loss which will be fully realizable by BMBC and a \$1.3 million net deferred tax asset related to fair value adjustments of loans, core deposit intangible, time deposits, borrowings, and subordinated debt.
- (5) The \$55.5 million acquisition method accounting adjustment represents the difference between the fair value of all assets and liabilities acquired and the implied purchase consideration of \$130.4 million (excludes the \$15.3 million cash used to settle the SERP, discussed in Note (1) above). The implied purchase price in this pro forma is based on the issuance of 3,085,334 common shares of BMBC stock at the December 31, 2016 share price of \$42.15 and \$391 thousand cash for the cash-out of in-the-money options.
- (6) The \$4.0 million adjustment is the establishment of a core deposit intangible ("CDI") which estimates the fair value of RBPI's core deposit base, comprised of non-maturity deposits, and is amortized through the income statement over a ten-year period.
- (7) The \$4.5 million acquisition method accounting adjustment on certificates of deposit, adjusts their carrying value to fair value. This adjustment will be amortized through the income statement as a reduction of interest expense over the remaining term of these deposit.
- (8) The \$415 thousand acquisition method adjustment on long-term FHLB advances and other borrowed funds brings their carrying value to their fair value. This adjustment will be amortized through the income statement as a reduction to interest expense over the remaining term of the FHLB advances.
- (9) The \$7.3 million acquisition method accounting adjustment to subordinated debt, adjusts its carrying value to estimated fair value. This adjustment will be amortized through the income statement as an increase in interest expense over the remaining term of the debt.
- (10) These pro forma adjustments represent the net impact of the issuance of BMBC common stock in connection with the merger and the elimination of RBPI's stockholders' equity. This adjustment assumes the issuance of 3,085,334 shares of BMBC common stock valued at \$130.0 million using the December 31, 2016 BMBC share price of \$42.15.
- (11) Common stock of RBPI includes 27,887,024 shares of Class A common stock and 1,924,629 shares of Class B common stock. For book value per common share purposes, Class B common stock is converted to Class A common stock at a conversion rate of 1.15 shares of Class A common stock per share of Class B common stock. 1,924,629 shares of Class B common stock is equivalent to 2,213,323 shares of Class A common stock.
- (12) The adjustment of (27,015,013) represents the conversion of 27,887,024 shares of RBPI Class A Stock to 2,858,420 shares of BMBC common stock at a rate of 0.1025 shares of BMBC common stock for each share of RBPI Class A Stock and the conversion of 1,924,629 shares of RBPI Class B Stock to 226,914

shares of BMBC common stock at a rate of 0.1179 shares of BMBC common stock for each share of RBPI Class B Stock.



Table of Contents**BRYN MAWR BANK CORPORATION****UNAUDITED CONSOLIDATED PRO FORMA INCOME STATEMENT****For the Year Ended December 31, 2016****(Dollars in thousands, except per share data)**

	<b>Twelve Months Ended December 31, 2016</b>				
	<b>BMBC</b>	<b>RBPI</b>	<b>Adjustments<sup>(1)</sup></b>	<b>Pro Forma</b>	
<i>(dollars in thousands, except per share data)</i>					
<b>Interest income:</b>					
Interest and fees on loans and leases	\$ 110,536	\$ 28,825	\$ 870	(2) \$ 140,231	
Interest on cash and cash equivalents	168	63	-	231	
Interest on investment securities:	6,287	4,528	229	(2) 11,044	
Total interest income	116,991	33,416	1,099	151,506	
<b>Interest expense on:</b>					
Deposits	5,833	4,325	(1,720	) <sup>(2)</sup> 8,438	
Short-term borrowings	93	88	-	181	
Long-term FHLB advances and other borrowings	3,353	2,315	(853	) <sup>(2)</sup> 4,815	
Subordinated debt	1,476	587	411	(2) 2,474	
Total interest expense	10,755	7,315	(2,162	) 15,908	
Net interest income	106,236	26,101	3,261	135,598	
<b>Provision for loan and lease losses</b>	4,326	1,242	-	5,568	
Net interest income after provision for loan and lease losses	101,910	24,859	3,261	130,030	
<b>Non-interest income:</b>					
Fees for wealth management services	36,690	-	-	36,690	
Insurance commissions	3,722	-	-	3,722	
Service charges on deposits	2,791	1,361	-	4,152	
Loan servicing and other fees	1,939	-	-	1,939	
Net gain on sale of loans	3,119	165	-	3,284	
Net (loss) gain on sale of investment securities available for sale	(77	) 1,431	-	1,354	
Other-than-temporary impairment of AFS securities	-	(190	) -	(190	)
Income from company- and bank-owned life insurance	908	1,166	-	2,074	
Other operating income	4,947	374	-	5,321	
Total non-interest income	54,039	4,307	-	58,346	
<b>Non-interest expenses:</b>					
Salaries and benefits	56,959	10,398	-	67,357	
Occupancy, bank premises and equipment	17,131	2,876	-	20,007	
Advertising	1,381	243	-	1,624	
Amortization of intangible assets	3,498	-	396	(2) 3,894	
Professional fees	3,659	1,977	-	5,636	

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Pennsylvania bank shares tax	1,749	547	-	2,296
Information technology	3,661	1,004	-	4,665
Other operating expenses	13,707	3,542	(7) -	17,249
Total non-interest expenses	101,745	20,587	396	(3) 122,728
Income before income taxes	54,204	8,579	2,865	65,648
Income tax expense	18,168	(1,796	) 5,300	(4) 21,672
<b>Net income (loss)</b>	<b>\$36,036</b>	<b>\$10,375</b>	(9) \$ (2,435	) \$43,976
Less: Preferred Stock Series A Accumulated Dividend and Accretion	-	1,133	(1,133	) <sup>(8)</sup> -
<b>Net income (loss) available to common shareholders</b>	<b>36,036</b>	<b>9,242</b>	<b>(1,302</b>	<b>) 43,976</b>
Basic earnings per common share	\$2.14	\$0.31		\$2.20
Weighted-average basic shares outstanding	16,859,623	30,081,000	(26,995,666	) <sup>(5)</sup> 19,944,957
Diluted earnings per common share	\$2.12	\$0.31		\$2.19
Weighted-average diluted shares outstanding	17,028,122	30,146,000	(27,060,666	) <sup>(6)</sup> 20,113,456

*The accompanying notes are an integral part of these pro forma Financial Statements*

Table of Contents

**NOTES TO UNAUDITED PRO FORMA COMBINED INCOME STATEMENT**

**Footnote**

- (1) Assumes the merger with RBPI was completed at the beginning of the period presented. These pro forma acquisition method accounting adjustments reflect the amortization/accretion for the twelve months ended December 31, 2016 of acquisition date fair value adjustments related to loans, available for sale investment securities, time deposits, long-term FHLB advances and other borrowings, and subordinated debt utilizing the straight line method over the estimated lives or remaining terms of the related assets or liabilities.
- (2) Non-interest income does not include any revenue enhancements that might occur as a result of the merger and non-interest expenses do not reflect anticipated cost savings. Adjustment includes the \$1.0 million income tax expense related to the pro forma acquisition adjustments at BMBC's statutory income tax rate of 35% and the reversal of the \$4.3 income tax benefit recognized on the RBPI standalone income statement related to the release of reserve on its deferred tax asset for the twelve months ended December 31, 2016. The purchase accounting adjustments to the balance sheet assume that the reserve on the deferred tax asset associated with net operating loss carryforwards will be reversed in the opening balance sheet after the merger.
- (3) The adjustment to average outstanding common shares reverses the 30,081,000 average outstanding shares of RBPI common stock and replaces it with the 3,085,334 shares of BMBC common stock issued in the merger and assumes that the 3,085,334 shares of BMBC common stock were outstanding for the entire twelve months ended December 31, 2016.
- (4) Assumes no additional dilutive shares related to the merger since all options to purchase shares of RBPI common stock will be cashed-out at the time of the merger.
- (5) Included in other operating expense in RBPI's standalone income statement is \$590 thousand net income attributable to noncontrolling interests. The combined pro forma income statement assumes there will be no noncontrolling interests after the merger.
- (6) Adjustment assumes no Preferred Stock Series A in the combined entity.
- (7) Net income for RBPI does not include a reduction for dividends and accretion on Preferred Stock Series A, since this stock will not exist in the combined entity.
- (8)
- (9)

Table of Contents**COMPARATIVE PER SHARE DATA**

The following table sets forth certain historical, pro forma and pro forma-equivalent per share financial information for BMBC common stock and RBPI common stock. The pro forma and pro forma-equivalent per share information give effect to the merger of RBPI with and into BMBC as if the merger had been effective on the dates presented, in the case of the book value data, and as if the merger had become effective on January 1, 2016, in the case of the net income and dividends declared data. The unaudited pro forma data in the table assume that the merger is accounted for using the acquisition method of accounting and represent a current estimate based on available information of the combined company's results of operations. The pro forma financial adjustments record the assets and liabilities of RBPI at their estimated fair values and are subject to adjustment as additional information becomes available and as additional analyses are performed. The information in the following table is based on, and should be read together with RBPI's historical financial statements and notes thereto, beginning on page F-1 of this proxy statement/prospectus, and BMBC's historical financial statements and notes thereto incorporated by reference in this proxy statement/prospectus. See "*Where You Can Find More Information*" on page 130.

**This information is presented for illustrative purposes only.** You should not rely on the pro forma combined or pro forma equivalent amounts as they are not necessarily indicative of the operating results or financial position that would have occurred if the merger had been completed as of the dates indicated, nor are they necessarily indicative of the future operating results or financial position of the combined company that will result from the merger. The pro forma information, although helpful in illustrating the financial characteristics of the combined company under one set of assumptions, does not reflect the benefits of expected cost savings, opportunities to earn additional revenue, the impact of restructuring and merger-related costs, or other factors that may result as a consequence of the merger and, accordingly, does not attempt to predict or suggest future results.

	BMBC	RBPI	Combined Pro Forma Amounts for BMBC/RBPI	Pro Forma RBPI Equivalent Shares
Book value per share: December 31, 2016	\$ 22.50	\$ 1.72	\$ 25.53	3,085,334
Cash dividends paid per common share: Year ended December 31, 2016	\$ 0.82	\$ 0.00	\$ 0.82	3,085,334
Basic earnings per common share: Year ended December 31, 2016	\$ 2.14	\$ 0.31	\$ 2.20	3,085,334

Diluted earnings per common share:

Year ended December 31, 2016	\$ 2.12	\$ 0.31	\$ 2.19	3,085,334
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Table of Contents**COMPARATIVE MARKET PRICES AND DIVIDENDS**

The following table sets forth for the periods indicated:

the high and low intraday sales prices of shares of BMBC common stock as reported on NASDAQ;

the high and low intraday sales prices of RBPI Class A Stock as reported on NASDAQ; and

quarterly and special cash dividends paid per share by BMBC and RBPI.

Quarter Ended	BMBC Common Stock			RBPI Class A Stock		
	High	Low	Dividend	High	Low	Dividend
<i>2015:</i>						
March 31	\$31.42	\$28.50	\$ 0.19	\$1.90	\$1.60	-
June 30	\$31.77	\$28.52	\$ 0.19	\$2.49	\$1.66	-
September 30	\$31.48	\$27.95	\$ 0.20	\$2.16	\$1.86	-
December 31	\$31.32	\$27.85	\$ 0.20	\$2.33	\$2.01	-
<i>2016:</i>						
March 31	\$29.18	\$23.92	\$ 0.20	\$2.19	\$1.85	-
June 30	\$30.53	\$24.83	\$ 0.20	\$2.31	\$2.10	-
September 30	\$32.50	\$28.13	\$ 0.21	\$2.75	\$2.23	-
December 31	\$42.45	\$29.50	\$ 0.21	\$4.15	\$2.25	-
<i>2017:</i>						
January 1 to March 27	\$42.60	\$36.80	\$ 0.21	\$4.66	\$3.55	-

The table below presents:

the last reported sale price of a share of BMBC common stock, as reported on NASDAQ; and  
the last reported sale price of a share of RBPI Class A Stock, as reported on NASDAQ,  
in each case, on January 30, 2017, the last full trading day prior to the public announcement of the proposed merger,  
and on April 10, 2017, the last practical trading day before the date we printed and mailed this proxy statement/  
prospectus. The following table also presents the pro forma equivalent per share value of a share of RBPI Class A  
Stock and RBPI Class B Stock on those dates. We calculated the pro forma equivalent per share value by multiplying  
the closing price of BMBC common stock on those dates by 0.1025 and 0.1179, the respective exchange ratios for  
RBPI Class A Stock and RBPI Class B Stock in the merger.

	BMBC Common Stock	RBPI Class A Stock	Pro Forma Equivalent Value of One Share of RBPI Class A Stock	Pro Forma Equivalent Value of One Share of RBPI Class B Stock
January 30, 2017	\$ 40.35	\$ 3.89	\$ 4.14	\$ 4.76
April 10, 2017	\$ 39.15	\$ 3.91	\$ 4.01	\$ 4.62

We advise you to obtain current market quotations for BMBC common stock. The market price of BMBC common stock will fluctuate between the date of this proxy statement/prospectus and the completion of the merger. We can provide no assurance concerning the future market price of BMBC common stock.

Table of Contents

**RBPI SPECIAL MEETING OF SHAREHOLDERS**

This proxy statement/prospectus is being delivered to RBPI shareholders by RBPI's board of directors in connection with the solicitation of proxies from RBPI shareholders for use at the special meeting of RBPI shareholders and any adjournments or postponements of the special meeting.

**Date, Time and Place**

The special meeting will be held on May 24, 2017 at 9:00 a.m., local time, at the Hilton Philadelphia City Avenue located at 4200 City Line Avenue, Philadelphia, Pennsylvania, subject to any adjournments or postponements.

**Matters to be Considered**

At the special meeting, RBPI shareholders will be asked to consider and vote upon the following proposals:

1. adoption and approval of the merger agreement as described in detail under the heading "*The Merger*" beginning on page 73;
2. a proposal to approve, by advisory (non-binding) vote, certain compensation arrangements for the named executive officers of RBPI in connection with the merger; and
3. a proposal to authorize the board of directors to adjourn the special meeting, if necessary, to solicit additional proxies to adopt the merger agreement.

**Shareholders Entitled to Vote**

The close of business on April 11, 2017 has been fixed by RBPI's board of directors as the record date for the determination of those holders of RBPI common stock who are entitled to notice of and to vote at the special meeting and any adjournment or postponement of the special meeting.



## **Quorum and Required Vote**

At the close of business on the record date there were 27,913,024 shares of RBPI Class A Stock outstanding less shares held in treasury and 1,924,629 shares of RBPI Class B Stock outstanding. Each share of RBPI Class A Stock is entitled to one vote and each share of RBPI Class B Stock is entitled to ten votes on each matter presented at the special meeting.

The presence, in person or by proxy, of shareholders entitled to cast at least a majority of the votes that are entitled to be cast at the special meeting constitutes a quorum for the transaction of business at the special meeting. The affirmative vote at the RBPI special meeting, in person or by proxy, of at least two-thirds of the total number of votes entitled to be cast at the special meeting is required to approve the merger agreement. The affirmative vote, in person or by proxy, of a majority of votes cast at the RBPI special meeting is required to approve the advisory (non-binding) vote on certain compensation arrangements for the named executive officers of RBPI in connection with the merger agreement and the proposal to adjourn the RBPI special meeting, if necessary, to solicit additional proxies.

## **How Shares Will Be Voted at the Special Meeting**

All shares of RBPI common stock represented by properly executed proxies received before or at the special meeting, and not properly revoked, will be voted as specified in the proxies. Properly executed proxies that do not contain voting instructions will be voted "FOR" the adoption of the merger agreement, "FOR" the adoption of the proposal to approve, by advisory (non-binding) vote, certain compensation arrangements for the named executive officers in connection with the merger and "FOR" the adjournment or postponement of the special meeting, if necessary, to permit further solicitation of proxies.

If you hold shares of RBPI common stock in street name through a bank, broker or other nominee holder, the nominee holder may only vote your shares in accordance with your instructions. If you do not give specific instructions to your nominee holder as to how you want your shares voted, your nominee will indicate that it does not have authority to vote on the proposal, which will result in what is called a "broker non-vote." Broker non-votes will be counted for determining whether there is a quorum present at the special meeting. Abstentions and broker non-votes with respect to the merger agreement will effectively act as "no" votes on such proposal, but will not affect the outcomes of the other proposals.

## Table of Contents

If any other matters are properly brought before the special meeting, the proxies named in the proxy card will have discretion to vote the shares represented by duly executed proxies in their sole discretion.

## **How to Vote Your Shares**

RBPI shareholders may vote by one of the following methods:

*Voting by Mail.* You may vote by completing and returning the enclosed proxy card. Your proxy will be voted in accordance with your instructions. If you do not specify a choice on one of the proposals described in this joint proxy statement, your proxy will be voted in favor of that proposal.

*Voting by Internet.* If you are a registered shareholder, you may vote electronically through the Internet by following the instructions included with your proxy card. If your shares are registered in the name of a broker or other nominee, you may be able to vote via the Internet. If so, the voting form your nominee sends you will provide Internet instructions.

*Voting by Phone.* Use any touch-tone telephone to transmit your voting instructions up until 11:59 p.m. Eastern Time the day before the cut-off date or meeting date. Have your proxy card in hand when you call 1-800-690-6903 and then follow the instructions.

*Voting in Person.* If you attend the meeting, you may deliver your completed proxy card in person or may vote by completing a ballot that will be available at the meeting. If your shares are registered in the name of a broker or other nominee and you wish to vote at the meeting, you will need to obtain a legal proxy from your bank or brokerage firm. Please consult the voting form sent to you by your bank or broker to determine how to obtain a legal proxy in order to vote in person at the special meeting. Should you have any questions on the procedure for voting your shares, please contact RBPI's Corporate Secretary, Lisa Lockowitz, telephone (484) 270-3029.

## **How to Change Your Vote**

If you are a registered shareholder, you may revoke any proxy at any time before it is voted by (1) signing and returning a proxy card with a later date (if you submitted your proxy by Internet or telephone, you can vote again by

Internet or telephone), (2) delivering a written revocation letter to the Corporate Secretary of RBPI, or (3) attending the special meeting in person and voting by ballot at the special meeting. The RBPI Secretary's mailing address is One Bala Plaza, Suite 522, 231 St. Asaph's Road, Bala Cynwyd, Pennsylvania, 19004. If your shares are registered in the name of a broker or other nominee, you may revoke your proxy instructions by informing the holder of record in accordance with that entity's procedures.

### **Solicitation of Proxies**

RBPI will bear the cost of soliciting proxies for the RBPI special meeting. RBPI has engaged Laurel Hill Advisory Group LLC to act as its proxy solicitor and to assist in the solicitation of proxies for the RBPI special meeting of shareholders. RBPI has agreed to pay Laurel Hill Advisory Group LLC approximately \$6,000, plus reasonable out-of-pocket expenses, for such services and will also indemnify Laurel Hill Advisory Group LLC against certain claims, costs, damages, liabilities, and expenses.

In addition to solicitation of proxies by mail, RBPI will request that banks, brokers and other record holders send proxies and proxy material to the beneficial owners of RBPI common stock and secure their voting instructions. RBPI will reimburse the record holders for their reasonable expenses in taking those actions. If necessary, RBPI may use several of its directors and regular employees, who will not be specially compensated, to solicit proxies from RBPI shareholders, either personally or by telephone, facsimile, letter or other electronic means.

BMBC and RBPI will each bear one-half of the expenses incurred in connection with the copying, printing and distribution of this proxy statement/prospectus.

### **RBPI Voting Agreements**

BMBC entered into voting agreements with certain shareholders of RBPI, including all directors and executive officers of RBPI and certain of their family members or affiliates. Pursuant to the voting agreements, these shareholders have agreed to vote in favor of the proposal to approve adoption of the merger agreement and the merger and the proposal to approve one or more adjournments of the special meeting, if necessary or appropriate, to solicit additional proxies in favor of approval of adoption of the merger agreement and the merger. The form of the voting agreements they executed are included as Appendix B to this proxy statement/prospectus. As of January 30, 2017, there were 5,954,810 shares of RBPI Class A Stock and 1,362,717 shares of RBPI Class B Stock subject to the voting agreements (excluding options), which represented approximately 41.5% of the outstanding voting power of the RBPI common stock as of that date.



Table of Contents

**Attending the Meeting**

All holders of RBPI common stock, including shareholders of record and shareholders who hold their shares through banks, brokers, nominees or any other holder of record, are invited to attend the special meeting. Shareholders of record can vote in person at the special meeting. If you are not a shareholder of record, you must obtain a proxy executed in your favor from the record holder of your shares, such as a broker, bank or other nominee, to be able to vote in person at the special meeting. If you plan to attend the special meeting, you must hold your shares in your own name or have a letter from the record holder of your shares confirming your ownership and you must bring a form of personal photo identification with you in order to be admitted. We reserve the right to refuse admittance to anyone without both proper proof of share ownership and proper photo identification.

Table of Contents

**RBPI SPECIAL MEETING—PROPOSAL NO. 1  
ADOPTION OF THE MERGER AGREEMENT**

RBPI is asking its shareholders to adopt the merger agreement. For a detailed discussion of the merger, including the terms and conditions of the merger agreement, see *“The Merger,”* beginning on page 73. As discussed in detail in the sections entitled *“The Merger—Recommendation of the RBPI Board of Directors and Reasons for the Merger,”* beginning on page 77, after careful consideration, the RBPI board of directors determined that the terms of the merger agreement and the transactions contemplated by it are in the best interests of RBPI and its shareholders and the board unanimously approved the merger agreement.

**Recommendation of the RBPI Board of Directors**

**The RBPI board unanimously recommends that you vote “FOR” the adoption of the merger agreement.**

Table of Contents

**RBPI SPECIAL MEETING—PROPOSAL NO. 2  
ADVISORY (NON-BINDING) VOTE ON MERGER-RELATED COMPENSATION  
FOR RBPI'S NAMED EXECUTIVE OFFICERS**

**General**

Pursuant to Rule 14a-21(c) of the Exchange Act and as required by the Dodd-Frank Act, RBPI is providing its shareholders with a separate advisory (non-binding) vote to approve the merger-related compensation for its named executive officers as described in "*The Merger - Merger-Related Compensation for RBPI's Named Executive Officers.*"

Shareholders are being asked to approve the following resolution on an advisory (non-binding) basis:

“RESOLVED, that the compensation that may be paid or become payable to RBPI’s named executive officers in connection with the merger, and the agreement or understandings pursuant to which such compensation may be paid or become payable, in each case, as disclosed pursuant to Item 402(t) of Regulation S-K in "*The Merger - Merger-Related Compensation for RBPI's Named Executive Officers*" is hereby APPROVED.”

Approval of this advisory (non-binding) proposal is not a condition to completion of the merger. The vote is an advisory vote and will not be binding on RBPI or the surviving corporation in the merger. If the merger is completed, the merger-related compensation may be paid to RBPI’s named executive officers to the extent payable in accordance with the terms of their compensation agreements and arrangements and the outcome of this advisory (non-binding) vote will not affect RBPI’s or BMBC’s obligations to make these payments even if RBPI shareholders do not approve, by advisory (non-binding) vote, this proposal.

The vote on the merger-related named executive officer compensation is separate from the vote to approve the merger agreement. You may vote “against” the merger-related named executive officer compensation and “for” approval of the merger agreement and vice versa. You also may abstain from this proposal and vote on the merger agreement proposal and vice versa.

**Recommendation of the RBPI Board of Directors**

**The RBPI board unanimously recommends that you vote “FOR” the approval, in a non-binding advisory vote, of the merger-related named executive officer compensation proposal.**



Table of Contents

**RBPI SPECIAL MEETING—PROPOSAL NO. 3  
AUTHORIZATION TO VOTE ON ADJOURNMENT OR OTHER MATTERS**

**General**

If, at the RBPI special meeting, the number of shares of RBPI common stock, present in person or by proxy, is insufficient to constitute a quorum or the number of shares of RBPI common stock voting in favor is insufficient to adopt the merger agreement, RBPI management intends to adjourn the special meeting in order to enable the RBPI board of directors more time to solicit additional proxies. In that event, RBPI will ask its shareholders to vote only upon the adjournment proposal and not the proposal relating to adoption of the merger agreement.

In this proposal, RBPI is asking you to grant discretionary authority to the holder of any proxy solicited by the RBPI board of directors so that such holder can vote in favor of the proposal to adjourn the special meeting to solicit additional proxies. If the shareholders of RBPI approve the adjournment proposal, RBPI could adjourn the special meeting, and any adjourned session of the special meeting, and use the additional time to solicit additional proxies, including the solicitation of proxies from shareholders who have previously voted.

Generally, if the special meeting is adjourned, no notice of the adjourned meeting is required to be given to shareholders, other than an announcement at the special meeting of the place, date and time to which the meeting is adjourned.

**Recommendation of the RBPI Board of Directors**

**The RBPI board of directors recommends a vote “FOR” the proposal to authorize the board of directors to adjourn the special meeting of shareholders to allow time for the further solicitation of proxies to adopt the merger agreement.**

Table of Contents

**INFORMATION ABOUT BRYN MAWR BANK CORPORATION**

BMBC is a Pennsylvania corporation incorporated in 1986 and registered as a bank holding company under the BHCA. BMBC is the sole shareholder of BMT. As of December 31, 2016, BMBC had consolidated total assets of \$3.4 billion, deposits of \$2.6 billion and shareholders' equity of \$381.1 million.

BMT received its Pennsylvania banking charter in 1889 and is a member of the Federal Reserve System. In 1986, BMBC was formed and on January 2, 1987, BMT became a wholly-owned subsidiary of BMBC. BMT and BMBC are headquartered in Bryn Mawr, Pennsylvania, a western suburb of Philadelphia. BMBC 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 26 full-service branches, eight limited-hour retirement community branches, five wealth offices and a full-service insurance agency throughout Montgomery, Delaware, Chester, Philadelphia and Dauphin counties of Pennsylvania and New Castle County in Delaware.

The goal of BMBC is to become the preeminent community bank and wealth management organization in the Philadelphia area. BMBC's strategy to achieve this goal includes investing in foundational strength to support its growth, leveraging the strength of its brand, building out its core franchise and targeting high potential markets, basing its sales strategy on high performing relationships, concentrating on core product solutions and broadening the scope of its product offerings, using BMBC's human resources as a strategic advantage, engaging in inorganic growth by strategically acquiring small to mid-sized banks, insurance brokerages, wealth management companies, and advisory and planning services firms, and lifting out high-performing teams where strategically advantageous.

The principal trading market for BMBC common stock (NASDAQ: BMT) is NASDAQ. The principal executive offices of BMBC are located at 801 Lancaster Avenue, Bryn Mawr, PA 19010, telephone number (610) 525-1700. Its Internet website is [www.bmtc.com](http://www.bmtc.com). The information on BMBC's website is not part of this proxy statement/prospectus.

This proxy statement/prospectus incorporates important business and financial information about BMBC from other documents that are not included in or delivered with this proxy statement/prospectus. For a list of the documents that are incorporated by reference, see "*Where You Can Find More Information*" beginning on page 130 of this proxy statement/prospectus.



Table of Contents

**INFORMATION ABOUT ROYAL BANCSHARES OF PENNSYLVANIA, INC.**

RBPI is a Pennsylvania business corporation and a bank holding company registered under the BHCA. RBPI is supervised by the Federal Reserve Board. The principal activities of RBPI are supervising Royal Bank, which engages in general banking business principally in Montgomery, Delaware, Chester, Bucks, Philadelphia and Berks counties in Pennsylvania, southern New Jersey, and Delaware. Royal Bank offers a wide range of traditional banking products and services for small-to medium-sized businesses, professionals and other individuals in its markets, including commercial and consumer loan and deposit services, as well as mortgage services.

Royal Bank was incorporated in the Commonwealth of Pennsylvania on July 30, 1963, and commenced operation as a Pennsylvania state-chartered bank on October 22, 1963. Royal Bank is the successor of the Bank of King of Prussia, the principal ownership of which was acquired by the Tabas family in 1980. The deposits of Royal Bank are insured by the FDIC.

Royal Bank derives its income principally from interest charged on loans, interest earned on investment securities, and fees received in connection with the origination of loans and other services. Royal Bank's principal expenses are interest expense on deposits and borrowings and operating expenses. Operating revenues, deposit growth, investment maturities, loan sales and the repayment of outstanding loans provide the majority of funds for activities. Royal Bank conducts business operations as a commercial bank offering checking accounts, savings and time deposits, and loans, including residential mortgages, home equity and SBA loans. Royal Bank also offers safe deposit boxes, collections, internet banking and bill payment along with other customary bank services (excluding trust) to its customers. Drive-up, ATM, and night depository facilities are available. Services may be added or deleted from time to time.

As of December 31, 2016, RBPI had consolidated total assets of \$832.5 million, deposits of \$629.5 million and shareholders' equity of \$51.6 million.

The principal trading market for RBPI common stock (NASDAQ: RBPAA) is NASDAQ. The principal executive offices of RBPI are located at One Bala Plaza, Suite 522, 231 St. Asaph's Road, Bala Cynwyd, PA 19004, telephone number (610) 668-4700. Its Internet website is [www.royalbankamerica.com](http://www.royalbankamerica.com). The information on RBPI's website is not part of this proxy statement/prospectus.

**Business of RBPI**

RBPI is a Pennsylvania business corporation and a bank holding company registered under the BHCA. RBPI is supervised by the Federal Reserve Board. RBPI's legal headquarters are located at One Bala Plaza, Suite 522, 231 St. Asaph's Road, Bala Cynwyd, Pennsylvania, 19004.

The principal activities of RBPI are supervising Royal Bank which engages in general banking business principally in Montgomery, Delaware, Chester, Bucks, Philadelphia and Berks counties in Pennsylvania, central and southern New Jersey, and Delaware. Royal Bank is subject to supervision, regulation and examination by the Federal Deposit Insurance Corporation ("FDIC") and by the Pennsylvania Department of Banking and Securities (the "Department"). RBPI also has a wholly-owned non-bank subsidiary, Royal Investments of Delaware, Inc., which is engaged in investment activities.

At December 31, 2016, RBPI had consolidated total assets of approximately \$832.5 million, total deposits of approximately \$629.5 million and shareholders' equity of approximately \$51.6 million. RBPI's two Delaware trusts, Royal Bancshares Capital Trust I and Royal Bancshares Capital Trust II, are not consolidated per requirements under Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 810, "Consolidation" ("ASC Topic 810"). RBPI has two reportable operating segments, "Community Banking" and "Tax Liens".

Royal Bank is a Pennsylvania state-chartered bank, and its deposits are insured by the FDIC. Royal Bank's subsidiaries include Royal Real Estate of Pennsylvania, Inc., Royal Investments America, LLC, RBA Property LLC, Narberth Property Acquisition LLC, Rio Marina LLC, and Royal Tax Lien Services, LLC ("RTL"). Royal Bank also has an 80% and 60% ownership interest in Crusader Servicing Corporation ("CSC") and Royal Bank America Leasing, LP, respectively.

Royal Bank derives its income principally from interest charged on loans and leases, interest earned on investment securities, and fees received in connection with the origination of loans and other services. Royal Bank's principal expenses are interest expense on deposits and borrowings and operating expenses. Operating revenues, deposit growth, investment principal amortization payments, maturities and sales, loan and other real estate owned ("OREO") sales and the repayment of outstanding loans provide the majority of funds for activities.

Table of Contents

Royal Bank conducts business operations as a commercial bank offering traditional consumer and business deposit products and services (excluding trust) and commercial and consumer loans, including home equity and small business loans. Fee income services such as a suite of cash management products, remote deposit capture, mobile deposits, and payroll and merchant services have been greatly improved or expanded. Royal Bank's business and services are not subject to significant seasonal fluctuations.

*Service Area:* Royal Bank's primary service area includes Pennsylvania, primarily Montgomery, Chester, Bucks, Delaware, Berks and Philadelphia counties, and central and southern New Jersey. This area includes residential areas and industrial and commercial businesses of the type usually found within a major metropolitan area. Royal Bank serves this area from thirteen retail branches located throughout Montgomery, Philadelphia, Delaware and Berks counties and Camden County, New Jersey. Royal Bank leases its Customer Center, which includes a loan production office, in Bala Cynwyd, Pennsylvania and a loan production office in Princeton, New Jersey. In February 2017, Royal Bank closed one branch location and intends to sell the building during the first quarter of 2017. Royal Bank also considers New York, Maryland, and Delaware as a part of its service area for certain products and services. In the past, Royal Bank had frequently conducted business with clients located outside of its service area. Royal Bank has loans in 16 states and Washington, D.C. via loan originations with service area borrowers and/or participations with other lenders who have broad experience in those respective markets. Royal Bank's headquarters are located at 732 Montgomery Avenue, Narberth, Pennsylvania 19072.

*Competition:* The financial services industry in Royal Bank's service area is extremely competitive. Competitors within Royal Bank's service area include banks and bank holding companies with greater resources. Many competitors have substantially higher legal lending limits. In addition, savings banks, savings and loan associations, credit unions, money market and other mutual funds, brokerage firms, mortgage companies, leasing companies, finance companies and other financial services companies offer products and services similar to those offered by Royal Bank, on competitive terms.

Many bank holding companies have elected to become financial holding companies under the Gramm-Leach-Bliley Act of 1999, and such companies may provide a broader range of products and services with which Royal Bank must compete. RBPI's management believes this statute further narrowed the differences and intensified competition among commercial banks, investment banks, insurance firms and other financial services companies. RBPI has not elected financial holding company status.

*Employees:* Royal Bank employed approximately 117 persons on a full-time equivalent basis as of December 31, 2016.

*Deposits:* At December 31, 2016, total deposits of Royal Bank were distributed among demand deposits (16%), money market deposit, savings and NOW accounts (47%) and time deposits (37%). At year-end 2016, deposits

increased \$43.0 million to \$631.9 million from year-end 2015, or 7.3%, and reflected a change in the composition. Savings accounts grew \$31.3 million, or 58.2% from December 31, 2015. Additionally, certificates of deposits and demand deposits increased \$25.7 million and \$5.7 million, respectively. NOW and money market accounts decreased \$19.7 million. Included in Royal Bank's deposits are approximately \$2.3 million of intercompany deposits that are eliminated through consolidation.

*Lending:* At December 31, 2016, Royal Bank had a total net loan portfolio of \$591.6 million, representing 71.4% of total assets. The loan portfolio is categorized into commercial demand, commercial mortgages, residential mortgages (including home equity lines of credit), construction, tax lien certificates, small business leases and installment loans. At year-end 2016, net loans grew \$102.2 million from year end 2015.

### **Non-Bank Subsidiaries**

On June 30, 1995, RBPI established a special purpose Delaware investment company, Royal Investment of Delaware ("RID"), as a wholly-owned subsidiary. RID's legal headquarters is 1105 N. Market Street, Suite 1300, Wilmington, Delaware 19899. RID buys, holds and sells investment securities. At December 31, 2016, total assets of RID were \$5.5 million, of which \$4.8 million was held in cash and cash equivalents and \$1.1 million was held in investment securities. RID had net interest income of \$587 thousand and \$666 thousand for 2016 and 2015, respectively. Non-interest income for 2016 and 2015 was \$516 thousand and \$316 thousand, respectively, and was comprised of net gains on sale of investment securities. RID recorded net income of \$1.0 million for 2016 compared to \$781 thousand for 2015. Royal Bank has previously extended loans to RID, secured by securities, as per the provisions of Regulation W. At December 31, 2016, no loans were outstanding. The amounts above include the activity related to RID's wholly-owned subsidiary Royal Preferred LLC.

Table of Contents

RBPI, through Royal Bank, has an 80% ownership interest in CSC. CSC acquired, through auction, delinquent property tax certificates in various jurisdictions, assuming a lien position that is generally superior to any mortgage liens on the property, and obtaining certain foreclosure rights as defined by state law. Royal Bank and a majority of other CSC shareholders, voted to liquidate CSC under an orderly, long term plan adopted by CSC management. CSC's legal headquarters is located at 732 Montgomery Avenue, Narberth, Pennsylvania 19072. At December 31, 2016 and 2015, total assets of CSC were \$1.4 million and \$4.7 million, respectively. Included in total assets was OREO of \$225 thousand and \$3.2 million at December 31, 2016 and 2015, respectively. For 2016, CSC recorded net interest expense of \$213 thousand compared to \$297 thousand for 2015 due to the continued liquidation of CSC's tax lien certificate portfolio. The 2016 credit for lien losses was \$49 thousand compared to \$2 thousand for 2015. For 2016 and 2015, non-interest income was \$0 thousand and \$62 thousand, respectively. Non-interest expense was a credit of \$566 thousand compared to an expense of \$125 thousand for 2016 and 2015, respectively. Included in non-interest expense is net gains on the sale of OREO of \$645 thousand and \$101 thousand for 2016 and 2015, respectively. During 2016, CSC sold its largest tax lien property and received net proceeds of \$3.8 million. CSC recorded net income of \$402 thousand in 2016 compared to a net loss of \$357 thousand in 2015.

On June 23, 2003, RBPI, through Royal Bank, established Royal Investments America, LLC ("RIA") as a wholly-owned subsidiary. RIA's legal headquarters is located at 732 Montgomery Avenue, Narberth, Pennsylvania 19072. RIA was formed to invest in equity real estate ventures subject to limitations imposed by regulation. At December 31, 2016 and 2015, total assets of RIA were \$6.5 million and \$6.1 million, which included \$6.3 million and \$5.8 million in cash, respectively. For 2016, RIA recorded net income of \$483 thousand compared to \$170 thousand for 2015. Net income was directly impacted by gains on the sale of investment securities of \$447 thousand and \$182 thousand in 2016 and 2015, respectively.

On October 27, 2004, RBPI formed two Delaware trust affiliates, Royal Bancshares Capital Trust I and Royal Bancshares Capital Trust II, in connection with the sale of an aggregate of \$25.0 million of trust preferred securities.

On July 25, 2005, RBPI, through Royal Bank, formed Royal Bank America Leasing, LP ("Royal Leasing"). Royal Bank holds a 60% ownership interest in Royal Leasing. Royal Leasing's legal headquarters is located at 550 Township Line Road, Blue Bell, Pennsylvania 19422. Royal Leasing was formed to originate small business financing leases. Royal Leasing originates the leases through its internal sales staff and through independent brokers located throughout its business area. In general, Royal Leasing will hold in its portfolio individual leases in amounts of up to \$250 thousand. Leases originated in amounts in excess of that are sold to other leasing companies. At December 31, 2016 and 2015, total assets of Royal Leasing were \$61.6 million and \$65.1 million, respectively. For 2016 and 2015, Royal Leasing had net interest income of \$3.3 million and \$3.2 million, respectively. For 2016, the provision for lease losses was \$1.4 million compared to \$906 thousand for 2015. The 2016 provision was primarily attributable to specific reserves on the leasing and net charge-off activity. Total net leases were \$61.4 million at December 31, 2016 compared to \$65.0 million at December 31, 2015. Non-interest income for 2016 was \$680 thousand compared to \$473 thousand for 2015. Non-interest expense, which includes management distribution fees, was \$1.3 million and \$1.2 million for 2016 and 2015, respectively. Royal Leasing recorded net income of \$1.3 million for the year ended December 31, 2016 compared to \$1.5 million for the year ended December 31, 2015.



On November 17, 2006, RBPI, through Royal Bank, formed RTL to purchase and service delinquent tax certificates. RTL typically acquired delinquent property tax certificates through public auctions in various jurisdictions, assuming a lien position that is generally superior to any mortgage liens that are on the property, and obtaining certain foreclosure rights as defined by state law. RTL ceased acquiring tax certificates at public auctions in 2010. RTL's legal headquarters is located at 732 Montgomery Avenue, Narberth, Pennsylvania 19072. At December 31, 2016, total assets of RTL, of which the majority was held in tax certificates and OREO, were \$7.3 million compared to \$9.4 million at December 31, 2015. Tax certificates were \$2.6 million at December 31, 2016 compared to \$3.3 million at December 31, 2015. OREO was \$3.1 million at December 31, 2016 compared to \$4.0 million at December 31, 2015. For 2016, RTL had net interest expense of \$131 thousand compared to net interest income of \$116 thousand for 2015 due to the reduction in average tax certificates outstanding over the past year. Provision for lien losses was \$69 thousand compared to \$100 thousand for 2016 and 2015, respectively. Non-interest income was \$59 thousand for 2016 compared to \$209 thousand for 2015. Non-interest expense was \$1.1 million for 2016 and 2015. RTL recorded a net loss of \$1.1 million for 2016 compared to \$885 thousand for 2015.

On June 16, 2006, RBPI, through RID, established Royal Preferred LLC as a wholly-owned subsidiary. Royal Preferred LLC was formed to purchase a subordinated debenture from Royal Bank. During 2016, the subordinated debenture was redeemed. At December 31, 2016 and 2015, Royal Preferred LLC had total assets of approximately \$0 and \$21.2 million, respectively.

Table of Contents

**Management’s Discussion and Analysis of Financial Condition and Results of Operations of RBPI**

The following discussion and analysis of financial condition and results of operations should be read in conjunction with the Consolidated Financial Statements of RBPI and the related notes thereto.

**Critical Accounting Policies, Judgments and Estimates**

In preparing the consolidated financial statements in accordance with United States generally accepted accounting principles (“U.S. GAAP”), management is required to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and the accompanying notes. These estimates and assumptions are based on information available as of the date of the consolidated financial statements; therefore, actual results could differ from those estimates.

The accounting and reporting policies of RBPI conform to accounting principles generally accepted in the United States of America and general practices within the financial services industry. Critical accounting policies, judgments and estimates relate to other-than-temporary impairment losses on investment securities, allowance for loan and lease losses, the valuation of other real estate owned (“OREO”), the valuation of deferred tax assets, fair value measurements, net periodic pension costs and the pension benefit obligation. The policies which significantly affect the determination of RBPI’s financial position, results of operations and cash flows are summarized in “Note 1 - Summary of Significant Accounting Policies” to the Consolidated Financial Statements and are discussed in the section captioned “*Recent Accounting Pronouncements*” below.

***Investment Securities***

RBPI evaluates securities for other-than-temporary impairment (“OTTI”) at least on a quarterly basis. RBPI assesses whether OTTI is present when the fair value of a security is less than its amortized cost. All investment securities are evaluated for OTTI under FASB ASC Topic 320, “Investments-Debt & Equity Securities” (“ASC Topic 320”). Under ASC Topic 320, OTTI is considered to have occurred with respect to debt securities (1) if an entity intends to sell the security; (2) if it is more likely than not an entity will be required to sell the security before recovery of its amortized cost basis; or (3) the present value of the expected cash flows is not sufficient to recover the entire amortized cost basis. In addition, the amount of the OTTI recognized in earnings depends on whether an entity intends to sell or will more likely than not be required to sell the security. If an entity intends to sell the security or will be required to sell the security, the OTTI shall be recognized in earnings equal to the entire difference between the fair value and the amortized cost basis at the balance sheet date. If an entity does not intend to sell the security and it is not more likely than not that the entity will be required to sell the security before the recovery of its amortized cost basis, the OTTI

shall be separated into two amounts, the credit-related loss and the noncredit-related loss. The credit-related loss is based on the present value of the expected cash flows and is recognized in earnings.

### *Allowance for Loan and Lease Losses*

The allowance for loan and lease losses (the “allowance”) represents RBPI’s management’s estimate of losses inherent in the loan and lease portfolio as of the statement of financial condition date and is recorded as a reduction to loans and leases. The allowance is increased by the provision for loan and lease losses, and decreased by charge-offs, net of recoveries. RBPI considers that the determination of the allowance involves a higher degree of judgment and complexity than RBPI’s other significant accounting policies. The allowance is calculated with the objective of maintaining a reserve level believed by RBPI’s management to be sufficient to absorb estimated credit losses.

The allowance is based on RBPI’s past loan loss experience, known and inherent risks in the portfolio, adverse situations that may affect the borrower’s ability to repay, the estimated value of any underlying collateral, the composition of the loan portfolio, current economic conditions and other relevant factors. This evaluation is inherently subjective as it requires material estimates that may be susceptible to significant revision as more information becomes available. All of these factors may be susceptible to significant change. While RBPI’s management uses the best information available to make loan loss allowance evaluations, adjustments to the allowance may be necessary based on changes in economic and other conditions or changes in accounting guidance. In addition, the FDIC, as an integral part of its examination processes, periodically reviews RBPI’s allowance for loan and lease losses. The FDIC may require the recognition of adjustments to the allowance for loan losses based on their judgment of information available to them at the time of their examinations. To the extent actual outcomes differ from RBPI’s management estimates, additional provisions for loan and lease losses may be required that would adversely impact earnings in future periods. RBPI also has a reserve for unfunded lending commitments, which represents RBPI’s management’s estimate of losses inherent in those commitments. The reserve for unfunded loan commitments is adjusted by a provision for credit losses on off-balance sheet credit exposures and is recorded in other liabilities on the consolidated statement of financial condition. See “Note 1 - Summary of Significant Accounting Policies” to the Consolidated Financial Statements beginning at page F-8 of this proxy statement/prospectus.

Table of Contents*Other Real Estate Owned*

Assets acquired through, or in lieu of, loan foreclosure are held for sale and are initially recorded at fair value less costs to sell at the date of foreclosure, establishing a new cost basis. Foreclosed real estate properties acquired through the tax certificate portfolio are transferred at the lower of cost or fair value principally due to uncertainty around the fair value of the foreclosed properties. Subsequent to foreclosure, valuations are periodically performed by RBPI's management and the assets are carried at the lower of carrying amount recorded at acquisition date or fair value less costs to sell. Third-party appraisals or agreements of sale are utilized to determine fair value of the loan collateral while BPOs, agreements of sale, or in some cases, third-party appraisals are utilized to value properties from the tax certificate portfolio. Revenue and expenses from operations and changes in the valuation allowance are included in other expenses. For fair value measurement, OREO is included in level 3 assets.

*Deferred Tax Assets*

RBPI recognizes deferred tax assets and liabilities for the future tax consequences related to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets are subject to RBPI's management's judgment based upon available evidence that future realization is more likely than not. RBPI is required to establish a valuation allowance for deferred tax assets and record a charge to income or shareholders' equity if RBPI's management determines, based on all available evidence at the time the determination is made, that it is more likely than not that some portion or all of the deferred tax assets will not be realized. These estimates and judgments are inherently subjective. RBPI's management evaluates the DTAs for recoverability using a consistent approach which considers the relative impact of negative and positive evidence, including historical profitability and projections of future reversals of temporary differences and future taxable income. In evaluating RBPI's ability to recover deferred tax assets, its management considers all available positive and negative evidence, including RBPI's past operating results and its forecast of future taxable income. In determining future taxable income, assumptions are made for the amount of taxable income, the reversal of temporary differences and potentially the implementation of feasible and prudent tax planning strategies. These assumptions are consistent with the plans and estimates RBPI's management uses to manage RBPI's business.

Based on the analysis of the DTAs at December 31, 2016, RBPI's management concluded that it is more likely than not that a portion of the net DTA will be realized by RBPI in the future. As a result of this conclusion, RBPI released an additional \$1.9 million of its valuation allowance previously recorded on the net DTAs and credited income tax expense, which was partially offset by the current income expense for the year. The ability to recognize the remaining deferred tax assets that continue to be subject to a valuation allowance will be evaluated on a quarterly basis to determine if there are any significant events that would affect the ability to utilize these deferred tax assets. Based on the analysis of the DTAs at December 31, 2015, RBPI released \$5.4 million of its valuation allowance previously recorded on the net DTAs and credited income tax expense. There can be no assurance, however, as to when RBPI could be in a position to recapture the remaining DTA valuation allowance. At December 31, 2016, the DTA valuation allowance was \$26.6 million compared to \$30.6 million at December 31, 2015. For more information refer

to “Note 12 - Income Taxes” to the Consolidated Financial Statements at page F-32 of this proxy statement/prospectus.

### *Fair Value Measurements*

RBPI uses fair value measurements to record fair value adjustments to certain assets to determine fair value disclosures. Investment and mortgage-backed securities available for sale are recorded at fair value on a recurring basis. Additionally, from time to time, RBPI may be required to record at fair value other assets on a nonrecurring basis, such as impaired loans, real estate owned and certain other assets. These nonrecurring fair value adjustments typically involve application of lower-of-cost-or-market accounting or write-downs of individual assets. FASB ASC Topic 820 “Fair Value Measurements and Disclosures” (“ASC Topic 820”), establishes a fair value hierarchy that prioritizes the inputs to valuation methods used to measure fair value. The three levels of the fair value hierarchy under ASC Topic 820 are as follows:

*Level 1:* Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

*Level 2:* Quoted prices in markets that are not active, or inputs that are observable either directly or indirectly, for substantially the full term of the asset or liability. Level 2 includes debt securities with quoted prices that are traded less frequently than exchange-traded instruments. Valuation techniques include matrix pricing which is a mathematical technique used widely in the industry to value debt securities without relying exclusively on quoted market prices for the specific securities but rather by relying on the securities’ relationship to other benchmark quoted prices.

*Level 3:* Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (i.e., supported with little or no market activity).

## Table of Contents

Under ASC Topic 820, RBPI bases its fair values on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. It is RBPI's policy to maximize the use of observable inputs and minimize the use of unobservable inputs when developing fair value measurements, in accordance with the fair value hierarchy in FASB ASC Topic 820. Fair value measurements for assets where there exists limited or no observable market data and, therefore, are based primarily upon RBPI's or other third-party's estimates, are often calculated based on the characteristics of the asset, the economic and competitive environment and other such factors. RBPI management uses its best judgment in estimating the fair value of RBPI's financial instruments; however, there are inherent weaknesses in any estimation technique. Therefore, for substantially all financial instruments, the fair value estimates herein are not necessarily indicative of the amounts RBPI could have realized in a sales transaction on the dates indicated. The estimated fair value amounts have been measured as of their respective period end and have not been re-evaluated or updated for purposes of these financial statements subsequent to those respective dates. As such, the estimated fair values of these financial instruments subsequent to the respective reporting dates may be different than the amounts reported at each period-end. Additionally, changes in the underlying assumptions used, including discount rates and estimates of future cash flows, could significantly affect the results of current or future valuations.

## ***Benefit Plans***

RBPI has a noncontributory nonqualified defined benefit pension plan ("Pension Plan") covering certain eligible employees. The Pension Plan provides retirement benefits under pension trust agreements. The benefits are based on years of service and the employee's compensation during the highest three consecutive years during the last 10 years of employment. RBPI accounts for its pension plan in accordance with FASB ASC Topic 715 "Compensation-Retirement Benefits" ("ASC Topic 715"). ASC Topic 715 requires the recognition of a plan's over-funded or under-funded status as an asset or liability with an offsetting adjustment to AOCI. ASC Topic 715 requires the determination of the fair values of plans assets at a company's year-end and recognition of actuarial gains and losses, prior service costs or credits, and transition assets or obligations as a component of AOCI. These amounts will be subsequently recognized as components of net periodic benefits cost. Further, actuarial gains and losses that arise in subsequent periods that are not initially recognized as a component of net periodic benefit cost will be recognized as a component of AOCI. Those amounts will subsequently be recognized as a component of net periodic benefit cost as they are amortized during future periods. Net pension expense consists of service costs and interest costs. RBPI accrues pension costs as incurred. Benefit payments are expected to be substantially made from insurance policies owned by RBPI.

RBPI has a capital accumulation and salary reduction plan under Section 401(k) of the Internal Revenue Code of 1986, as amended. Under the plan, all employees are eligible to contribute up to the maximum allowed by Internal Revenue Service ("IRS") regulation, with RBPI matching 100% of any contribution between 1% and 5% subject to a \$2,500 per employee annual limit. The 401(k) matching contribution was \$135 thousand and \$134 thousand for 2016 and 2015, respectively.

## **Recent Accounting Pronouncements**

See Note 1 - "Summary Of Significant Accounting Policies" to the Consolidated Financial Statements beginning at page F-8 of this proxy statement/prospectus.

## **Results of Operations**

### ***Financial Highlights and Business Results***

RBPI's results of operations depend primarily on net interest income. Its level is a function of the average balance of interest-earning assets, the average balance of interest-bearing liabilities, and the spread between the yield on assets and liabilities. In turn, these factors are influenced by the pricing and mix of RBPI's interest-earning assets and funding sources. Additionally, net interest income is affected by market and economic conditions, which influence rates on loan and deposit growth.

Interest-earning assets consist principally of loans and investment securities, while interest-bearing liabilities consist primarily of deposits and borrowings. Refer to the "*Net Interest Income and Net Interest Margin*" section below for additional information on interest yield and cost. Net income is also affected by the provision for loan and lease losses and the level of non-interest income as well as by non-interest expenses, including salary and employee benefits, occupancy expenses and other operating expenses.

Table of Contents

Consistent quality loan growth and expense discipline were key to the increase in net income before taxes. Loan growth in commercial, consumer, and leasing segments and more economical delivery channels, including RBPI's loan production office, are helping drive customer growth. RBPI continued to modernize the ways customers can access RBPI's products and services. During 2016, RBPI introduced a tablet version of its consumer mobile app as well as a mobile app for its corporate customers, which includes its cash management suite of products. RBPI introduced enhancements to its website which improved navigation and functionality. RBPI added first position residential mortgages through a new arrangement with a local mortgage company experienced in providing and servicing residential mortgages for community banks. Additionally, RBPI completed extensive renovations of its Narberth retail location. These results and continued progress come at a time when competition, current interest rates, regulatory requirements and domestic and global markets greatly challenge the banking industry. RBPI's ability to generate consistent earnings led to the partial reversal of the valuation allowance on the deferred tax assets. For further discussion on the deferred tax assets, see "*Accounting for Income Tax Expense.*"

In 2014, RBPI received approval from the Federal Reserve Bank to bid up to \$14.0 million, which was raised in a private placement, to purchase shares of the Series A Preferred Stock in an auction of such shares to be conducted by the United States Department of Treasury ("Treasury"). RBPI repurchased 11,551 shares of Series A Preferred stock in July 2014 as part of Treasury's auction of its holdings of Series A Preferred Stock. RBPI repurchased the remaining 18,856 shares of Series A preferred stock from time to time during 2016 as shares became available for purchase and it received the required regulatory approvals to repurchase such shares.

***Consolidated Net Income***

Net income attributable to RBPI for the year ended December 31, 2016 amounted to \$10.4 million, or \$0.31 per diluted common share, compared to \$11.0 million, or \$0.31 per diluted common share, for the year ended December 31, 2015. Net interest income grew \$2.6 million, or 11.0%, from 2015 and the provision for unfunded loan commitments declined \$758 thousand from 2015. Additionally, net gains on the sales of investment securities increased \$531 thousand and net OREO expenses declined \$427 thousand from 2015.

In 2016 RBPI recorded a \$1.9 million reversal of the valuation allowance for the net deferred tax assets, which contributed to the \$1.8 million tax benefit compared to a \$5.4 million reversal of the valuation allowance for the net deferred tax assets which contributed to the \$5.1 million tax benefit in 2015. The provision for loan and lease losses increased \$2.0 million from a credit of \$748 thousand in 2015 to an expense of \$1.2 million in 2016. Additionally, professional and legal fees, communications and data processing, and OTTI on investment securities increased \$246 thousand, \$206 thousand, and \$176 thousand, respectively.

At December 31, 2016, loans and leases totaled \$602.0 million, which represents an increase of \$102.9 million, or 20.6%, from 2015. New business relationships continue to stimulate the growth of the loan portfolio, which also



improved the composition of interest earning assets. As part of the continued planned reduction of the tax lien portfolio, tax lien certificates declined \$1.1 million, or 22.1%, from 2015. Investment securities declined \$54.2 million, or 24.2%, from the level at December 31, 2015 due to the reinvestment of cash flows from sales, calls, and principal payments into loans. Cash and cash equivalents decreased \$4.2 million to \$21.2 million at December 31, 2016. The decrease in cash was primarily the result of funding new loan originations.

Total deposits grew \$51.6 million, or 8.9%, from \$577.9 million at December 31, 2015 to \$629.5 million at December 31, 2016. The increase in deposits reflects a focused change in the deposit mix with a successful savings promotion. Savings accounts and non-interest bearing deposits increased \$31.3 million and \$14.3 million, respectively. During the third quarter of 2016, the \$25.0 million brokered checking deposit arrangement with a regional financial institution was terminated. RBPI partially replaced these funds with \$21.5 million in brokered certificates of deposit through Promontory Interfinancial Network's CDARS program. NOW and money market accounts and non-brokered certificates of deposit increased \$5.3 million and \$4.2 million, respectively.

Total borrowings increased \$13.0 million. Short-term borrowings increased \$10.0 million and was due to the rollover strategy of an FHLB advance tied to an interest rate swap agreement. Long-term borrowings increased \$3.0 million.

### ***Interest Income***

Total interest income of \$33.4 million for 2016 grew \$3.4 million, or 11.4%, from \$30.0 million for 2015. The increase was primarily driven by an increase of \$4.5 million in the interest income earned on average loan balances and was predominantly due to the growth in such assets. Partially offsetting the increase in loan interest income was a \$1.1 million decline in the interest income earned on average investments which was largely due to a drop in the average balance of such assets. Average interest-earning assets grew \$62.6 million, or 9.0%, from \$695.1 million for 2015 to \$757.7 million for 2016. During 2016, average loans and leases grew \$101.1 million, or 22.5%, to \$551.2 million, while average investment securities declined \$34.7 million, or 15.2%, to \$194.1 million. Average interest-earning deposits decreased \$3.8 million year over year. During the past year, RBPI sold investment securities with lower yields or extension risk in a rising rate environment. RBPI also had \$26.1 million in government agency bonds called during 2016, which impacted the year over year comparison. The cash flows from these transactions along with principal and interest payments on the investment portfolio were reinvested in loans and leases, government sponsored mortgage-backed securities and collateralized mortgage obligations ("CMOs"). Average loan and investment balances for 2015 were \$450.1 million and \$228.8 million, respectively .

Table of Contents

For 2016, the yield on average interest-earning assets was 4.41% and increased nine basis points from 4.32% for the comparable period of 2015. While the average loan balances significantly increased, the average yield on loans decreased 18 basis points (5.23% in 2016 versus 5.41% in 2015). The decline in loan yield reflects the competitive pricing environment RBPI is experiencing for originating and retaining high quality loans. The average yield on investments declined 13 basis points (2.33% in 2016 versus 2.46% in 2015).

*Interest Expense*

For 2016 total interest expense was \$7.3 million and increased \$831 thousand, or 12.8%, from \$6.5 million for 2015. The increase in interest expense was primarily associated with an increase in interest expense on average savings accounts and average borrowings. Average interest-bearing liabilities for 2016 were \$630.6 million and increased \$55.1 million, or 9.6%, year-over-year. Average interest-bearing deposits of \$509.3 million increased \$50.3 million, or 11.0%, and included increases of \$44.5 million and \$11.4 million in savings accounts and NOW and money market accounts, respectively. Partially offsetting these increases was a \$5.5 million decrease in average certificates of deposits. Average borrowings increased \$4.8 million, or 4.1%, to \$121.3 million. Interest costs associated with average deposit balances increased \$519 thousand from 2015. Interest expense associated with average savings balances accounted for \$409 thousand of the increase. Average non-interest bearing demand deposits grew \$6.2 million, or 8.0%. Average interest-bearing deposits for 2015 were \$459.0 million.

The interest paid on average borrowings increased \$312 thousand, or 11.7% from 2015. RBPI has one interest rate swap that was tied to a rollover strategy of an FHLB advance that matured on June 24, 2016. RBPI has and will continue to rollover the FHLB advance every three months through the swap expiration of June 2021. The interest expense associated with the swap was \$148 thousand for 2016. Additionally, in the third quarter of 2016, RBPI chose to benefit from the flattening yield curve and borrowed a \$15.0 million FHLB advance for five years. This advance will allow us to guarantee an interest rate spread on \$15.0 million in five year fixed rate loans. Average borrowings were \$116.5 million for 2015.

The average interest rate paid on interest-bearing liabilities amounted to 1.16% for 2016 and increased three basis points from 1.13% for 2015. The average interest rate paid on interest-bearing deposits in 2016 amounted to 0.85% and increased two basis points from 0.83% for 2015. During the third quarter of 2015 and throughout 2016, RBPI ran a successful savings account promotion. As a result, the average rates paid on savings accounts increased 31 basis points (0.71% in 2016 versus 0.40% in 2015). Despite the decline in average balances for CDs year over year, the average rate paid on this deposit classification increased five basis points (1.41% in 2016 versus 1.36% in 2015). The interest rate paid on average NOW and money market accounts increased two basis points (0.36% in 2016 versus 0.34% in 2015). The increases in the average rates paid on average interest-bearing deposits reflect the competitive pricing in RBPI's market area for all deposit product types and its retail savings promotion. The average rate paid on average borrowings increased 16 basis points (2.46% for 2016 versus 2.30% for 2015). Short-term borrowing rates and the subordinated debt rate were directly impacted by the Federal Reserve Bank's rate increase in December 2015. Additionally, the average borrowing rate paid was negatively impacted by the interest rate swap and the new \$15.0

million advance mentioned previously.

### *Net Interest Income and Margin*

Net interest income for 2016 increased \$2.6 million, or 11.0%, to \$26.1 million from \$23.5 million for 2015. The growth in 2016 was attributed to an increase in interest income due to the growth and change in the composition of average interest-earning assets. Year-over-year average loans increased \$101.1 million with growth recognized in multiple commercial loan classes. Average investments and average interest-earning deposits declined \$34.7 million and \$3.8 million, primarily to fund the growth in loans. Partially mitigating the improvement in interest income was an \$831 thousand increase in interest expense. The \$50.3 million net growth in average interest-bearing deposits led to a \$519 thousand increase in interest expense on those deposits. RBPI experienced increases in interest expense across all interest-bearing deposit types. The \$4.8 million increase in average borrowings resulted in a \$312 thousand increase in interest expense year over year.

For 2016, the net interest margin was 3.44%, a six basis point increase from 3.38% for 2015. The nine basis point increase in the yield on average interest-earning assets (4.41% in 2016 versus 4.32% in 2015) was partially offset by a three basis point increase in funding costs (1.16% in 2016 versus 1.13% in 2015). The 18 basis point decrease in average loan yield (5.23% in 2016 versus 5.41% in 2015) reflects the competitive pricing for new loan originations. Average interest rates paid on average interest-bearing deposits grew two basis points from 0.83% for 2015 to 0.85% for 2016. The increase in average interest rates paid occurred in all interest-bearing segments or products. RBPI has been experiencing competitive pricing pressure in RBPI's market area to retain deposits. Additionally, the average rate paid on average borrowings increased 16 basis points due to an \$4.8 million increase in the average balance coupled with higher rates paid. Short-term deposit rates paid and the subordinated debt rate were directly impacted by the flattening of the yield curve throughout most of 2016 and the Federal Reserve Bank's rate increase in December 2015. Additionally, the average borrowing rate paid was negatively impacted by the interest rate swap and the new \$15.0 million advance mentioned previously. The average rates paid on average borrowings, other than subordinated debt, were 2.35% in 2016 versus 2.25% in 2015, and the average rates paid on subordinated debt were 2.88% in 2016 versus 2.48% in 2015.

Table of Contents**Average Balances**

The following table represents the average daily balances of assets, liabilities and shareholders' equity and the respective interest earned and paid on interest-bearing assets and interest-bearing liabilities, as well as average rates for the periods indicated:

(In thousands, except percentages)	For the year ended December 31, 2016			For the year ended December 31, 2015			For the year ended December 31, 2014		
	Average Balance	Interest	Yield	Average Balance	Interest	Yield	Average Balance	Interest	Yield
<b>Assets</b>									
Interest-earning deposits	\$12,416	\$63	0.51 %	\$16,197	\$32	0.20 %	\$9,897	\$22	0.22 %
Investment securities available for sale	194,108	4,528	2.33 %	228,779	5,617	2.46 %	292,208	7,191	2.46 %
<b>Loans and leases (1)</b>									
Commercial demand loans	165,369	8,413	5.09 %	120,460	5,882	4.88 %	117,943	5,825	4.94 %
Real estate secured	318,834	14,916	4.68 %	268,919	13,443	5.00 %	217,660	11,622	5.34 %
Other loans and leases	66,958	5,496	8.21 %	60,715	5,019	8.27 %	47,979	4,124	8.60 %
Total loans	551,161	28,825	5.23 %	450,094	24,344	5.41 %	383,582	21,571	5.62 %
Total interest-earning assets	757,685	33,416	4.41 %	695,070	29,993	4.32 %	685,687	28,784	4.20 %
<b>Non-earning assets</b>									
Cash and due from banks	13,586			14,059			10,409		
Other assets	44,313			41,317			47,312		
Allowance for loan and lease losses	(10,031 )			(10,525 )			(12,163 )		
Total non-earning assets	47,868			44,851			45,558		
Total average assets	\$805,553			\$739,921			\$731,245		
<b>Interest-bearing deposits</b>									
<b>NOW and money markets</b>									
Savings	74,520	529	0.71 %	30,023	120	0.40 %	18,765	31	0.17 %
Time deposits	212,166	2,985	1.41 %	217,688	2,970	1.36 %	228,754	2,920	1.28 %
Total interest-bearing deposits	509,312	4,325	0.85 %	458,982	3,806	0.83 %	456,207	3,604	0.79 %
<b>Borrowings</b>									
Borrowings	95,527	2,248	2.35 %	90,773	2,039	2.25 %	102,854	2,257	2.19 %
Subordinated debt	25,774	742	2.88 %	25,774	639	2.48 %	25,774	623	2.42 %
	630,613	7,315	1.16 %	575,529	6,484	1.13 %	584,835	6,484	1.11 %

Total interest-bearing liabilities					
Non-interest bearing deposits	83,215		77,052		66,221
Other liabilities	23,436		21,935		23,691
Total average liabilities	737,264		674,516		674,747
Shareholders' equity	68,289		65,405		56,498
Total average liabilities and equity	\$805,553		\$739,921		\$731,245
Net interest income		\$26,101		\$23,509	
Net interest margin			3.44 %		3.38 %
					\$22,300
					3.25 %

(1) Non-accrual loans have been included in the appropriate average loan balance category, but interest on these loans has not been included.

Table of Contents

The following table sets forth a rate/volume analysis, which segregates in detail the major factors contributing to the change in net interest income for the years ended December 31, 2016 and 2015, as compared to respective previous periods, into amounts attributable to both rate and volume variances.

(In thousands)	For the year ended December 31, 2016 vs. 2015			For the year ended December 31, 2015 vs. 2014		
	Increase (decrease)			Increase (decrease)		
	Volume	Rate	Total	Volume	Rate	Total
<u>Interest income</u>						
Interest-earning deposits	\$(20 )	\$51	\$31	\$13	\$(3 )	\$10
Total short term earning assets	(20 )	51	31	13	(3 )	10
Investment securities	(791 )	(298 )	(1,089)	(1,560)	(14 )	(1,574)
Loans and leases						
Commercial demand loans	2,276	255	2,531	123	(66 )	57
Commercial mortgages	2,344	(535 )	1,809	2,337	(180)	2,157
Residential and home equity loans	132	40	172	368	1	369
Leases receivables	534	(55 )	479	1,003	(136)	867
Tax certificates	(136 )	(267 )	(403 )	(517 )	(169)	(686 )
Consumer loans	(4 )	2	(2 )	31	(3 )	28
Loan fees	(105 )	—	(105 )	(19 )	—	(19 )
Total loans and leases	5,041	(560 )	4,481	3,326	(553)	2,773
Total increase (decrease) in interest income	\$4,230	\$(807 )	\$3,423	\$1,779	\$(570)	\$1,209
<u>Interest expense</u>						
Deposits						
NOW and money market	\$39	\$56	\$95	\$8	\$54	\$62
Savings	269	140	409	27	62	89
Certificates of deposit	(76 )	91	15	(146 )	197	51
Total deposits	232	287	519	(111 )	313	202
Borrowings	107	102	209	(270 )	52	(218 )
Subordinated debentures	—	103	103	—	16	16
Total borrowings	107	205	312	(270 )	68	(202 )
Total increase in interest expense	\$339	\$492	\$831	\$(381 )	\$381	\$—
Total increase (decrease) in net interest income	\$3,891	\$(1,299)	\$2,592	\$2,160	\$(951)	\$1,209

Provision (Credit) for Loan and Lease Losses

For 2016 RBPI recorded a provision for loan and lease losses of \$1.2 million compared to a credit of \$748 thousand in 2015. The 2016 provision was primarily attributable to loan growth, specific reserves on the leasing portfolio, and net charge-off activity within the leasing and tax certificate portfolios. RBPI recorded \$1.3 million in gross charge-offs in 2016 compared to \$2.5 million in 2015. The charge-offs in both periods were primarily related to specific reserves. Growth in the loan portfolio may require provisions to the allowance for loan and lease losses in future periods.



Table of Contents**Non-interest Income**

Non-interest income includes service charges on depositors' accounts, leasing commissions, and fees for various services such as wire transfers, cash management and debit card processing. In addition, other forms of non-interest income are derived from changes in the cash value of bank owned life insurance ("BOLI") and company owned life insurance ("COLI"). Most components of non-interest income are a modest and stable source of income, with exceptions of one-time gains and losses from the sale of investment securities, loans, and premises and equipment. From period to period these sources of income may vary considerably. Service charges on depositors' accounts and other fees are periodically reviewed by RBPI's management to remain competitive with other local banks.

For 2016, total non-interest income was \$4.3 million and increased \$1.2 million, or 38.4%, from \$3.1 million for 2015. Income from company owned life insurance policies grew \$669 thousand from \$497 thousand for 2015 to \$1.2 million for 2016. During 2016, RBPI received \$748 thousand in insurance proceeds related to a former employee covered by a BOLI policy. RBPI recorded \$273 thousand in income from these proceeds. Net gains on the sale of investment securities increased \$531 thousand from \$900 thousand in 2015 to \$1.4 million for 2016. Included in the \$1.4 million of net gains on investment securities were distributions from two private equity investments that resulted in net gains of \$1.1 million. Service charges and fees increased \$235 thousand to \$1.4 million for 2016 and were mostly related to the leasing portfolio.

Partially offsetting the decrease in non-interest expense were increases in professional and legal fees and communications and data processing expenses. Professional and legal fees increased \$246 thousand (\$2.0 million in 2016 versus \$1.7 million in 2015) and was largely due to leasing correspondent fees and the resolution of problem assets. Communications and data processing expenses increased \$206 thousand from \$798 thousand for 2015 to \$1.0 million for 2016 as a result of technology investments.

**Non-interest Expense**

Non-interest expense was \$20.0 million for 2016 and decreased \$988 thousand, or 4.7%, from \$21.0 million for 2015. During 2016, RBPI recorded a credit for unfunded loan commitments of \$333 thousand compared to a provision for unfunded loan commitments of \$425 thousand for 2015. The improvement of \$758 thousand was due to a decline in the historical loss rates applied in the calculation of the reserve for unfunded loan commitments. Net OREO expenses, which include property related expenses, net gains on sales, and impairment charges decreased \$427 thousand (\$77 thousand in 2016 versus \$504 thousand in 2015). Net gains on the sales of OREO decreased \$241 thousand and was more than offset by decreases in OREO impairment charges and OREO expenses of \$442 thousand and \$226 thousand, respectively. RBPI recorded net gains on the sale of OREO of \$678 thousand in 2016 compared to \$919 thousand in net gains on the sale of OREO in 2015. In 2016, RBPI sold an OREO tax lien property with a carrying value of \$3.2 million and recorded a gain of \$645 thousand. Additionally, in 2016 RBPI reversed a \$200 thousand



contingency accrual related to an OREO property that was sold in a previous reporting period. During 2016, RBPI's management determined that the contingency no longer exists and therefore was reversed.

Partially offsetting the decrease in non-interest expense were increases in professional and legal fees and communications and data processing expenses. Professional and legal fees increased \$246 thousand (\$2.0 million in 2016 versus \$1.7 million in 2015) and was largely due to leasing correspondent fees and the resolution of problem assets. Communications and data processing expenses increased \$206 thousand from \$798 thousand for 2015 to \$1.0 million for 2016 as a result of technology investments.

### **Accounting for Income Tax Expense**

In 2016, RBPI recorded a tax benefit of \$1.8 million compared to \$5.1 million for 2015. RBPI recognizes deferred tax assets and liabilities for the future tax consequences related to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. RBPI is required to establish a valuation allowance for DTAs and record a charge to income or shareholders' equity if RBPI's management determines, based on available evidence at the time the determination is made, that it is more likely than not that some portion or all of the deferred tax assets will not be realized. Prior to 2015, a full valuation allowance was recorded against the DTA based on the available evidence at that time. RBPI's management performs this analysis on an annual basis and quarterly monitors if significant events occur which would affect the ability to utilize these DTAs in the future. Based on the analysis of the DTAs at December 31, 2016, RBPI's management concluded that it is more likely than not that a portion of the net DTA will be realized by RBPI in the future. As a result of this conclusion, RBPI released \$1.9 million of its valuation allowance previously recorded on the net DTAs and credited income tax expense, which was partially offset by the current income expense for the year. In 2015, RBPI released \$5.4 million of its valuation allowance. In accordance with ASC 740, RBPI considered the following sources of income in reaching its conclusion:

- Future reversal of temporary differences
- Future taxable income exclusive of reversing temporary differences and carryforwards
- Taxable income in prior carryback year(s) if carryback is permitted under the tax law
- Potential tax-planning strategies

The positive evidence that outweighed the negative evidence in RBPI's management's assessment included, but was not limited to, the following:

## Table of Contents

Positive cumulative pre-tax earnings over the prior three year period ended December 31, 2016.  
Improvement in asset quality and net interest income.  
Management's consistent ability to exceed annual forecasted financial results.  
Significant reductions in historical credit-related losses and investment impairment.  
Net operating loss carryforwards do not begin to expire until 2028.

As of December 31, 2016 and December 31, 2015 the valuation allowance for deferred tax assets totaled \$26.6 million and \$30.6 million, respectively. The ability to recognize the remaining DTAs that continue to be subject to a valuation allowance will be evaluated on a quarterly basis to determine if there are any significant events that would affect the ability to utilize these deferred tax assets. There can be no assurance, however, as to when RBPI could be in a position to reverse the remaining DTA valuation allowance. The deferred tax assets, net of valuation allowances, totaled \$7.9 million and \$5.7 million at December 31, 2016 and 2015, respectively.

RBPI's effective tax rate is the provision for federal income taxes expressed as a percentage of income or loss before federal income taxes. The effective tax rate for the twelve months ended December 31, 2016 and 2015 was 2% and 0%, respectively. In general RBPI's effective tax rate is different from the federal statutory rate primarily due to the valuation allowance, which was \$26.6 million as of December 31, 2016. For more information refer to "Note 12 - Income Taxes" to the Consolidated Financial Statements beginning at page F-32 of this proxy statement/prospectus.

## Results of Operations by Business Segments

Under FASB ASC Topic 280, "Segment Reporting" ("ASC Topic 280"), management of RBPI has identified two reportable operating segments, "Community Banking" and "Tax Liens". Operating segments are components of an enterprise, which are evaluated regularly by the chief operating decision makers in deciding how to allocate and assess resources and performance. RBPI's chief operating decision makers are the Chief Executive Officer ("CEO") and the Chief Financial Officer ("CFO").

Community Bank segment: At December 31, 2016, the Community Bank segment had total assets of \$823.8 million, an increase of \$49.5 million, or 6.4%, from \$774.3 million at December 31, 2015. Total deposits increased \$51.6 million, or 8.9%, from \$577.9 million at December 31, 2015 to \$629.5 million at December 31, 2016. Net interest income for 2016 was \$26.4 million compared to \$23.7 million for 2015 representing an increase of \$2.7 million, or 11.6%. The improvement in net interest income was primarily attributed to an increase in interest income due to the growth and change in the composition of average interest-earning assets. The provision for loan and lease losses was \$1.2 million in 2016 compared to a credit of \$846 thousand for 2015. The provision was due to loan growth, specific reserves on the leasing portfolio, and net charge-off activity within the leasing portfolio. For 2016, total non-interest income was \$4.2 million compared to \$2.8 million for 2015. The increase was mostly attributed to increases of \$669 thousand and \$531 thousand in income from company owned life insurance policies and in the net gains on the sale of investment securities, respectively. Partially mitigating these improvements was an increase in OTTI charges on

the investment portfolio of \$176 thousand related to investments in private equity real estate funds and a decline of \$324 thousand in gains on the sale of premises and equipment. For 2016 and 2015, total non-interest expense was \$19.5 million and \$19.8 million, respectively. During 2016, RBPI recorded a credit for unfunded loan commitments of \$333 thousand compared to a provision for unfunded loan commitments of \$425 thousand for 2015, which resulted in an improvement of \$758 thousand. Partially offsetting this change was a \$305 increase in professional and legal fees, which was largely due to leasing correspondent fees and the resolution of problem assets. In 2016 and 2015, RBPI released \$1.9 million and \$5.4 million of its valuation allowance previously recorded on the net DTAs, respectively. As a result of this transaction, the net tax benefit recorded for 2016 was \$1.7 million compared to \$5.1 million for 2015. Net income for 2016 was \$11.1 million compared to \$12.2 million for 2015.

Tax Liens segment: At December 31, 2016, the Tax Liens segment had total assets of \$8.7 million compared to \$14.0 million at December 31, 2015 representing a decrease of \$5.3 million, or 37.9%. The Tax Liens segment had net interest expense of \$345 thousand in 2016 compared to \$181 thousand for 2015. The provision for lien losses decreased \$78 thousand from \$98 thousand in 2015 to \$20 thousand in 2016. The improvement in the 2016 provision was mostly related to the declining portfolio balance. Total non-interest income was \$58 thousand in 2016 compared to \$271 thousand in 2015. Total non-interest expense decreased \$731 thousand from \$1.2 million in 2015 to \$503 thousand for 2016. Net OREO expenses decreased \$301 thousand while professional and legal fees declined \$215 thousand in 2015. Additionally, in 2016 the Tax Lien segment reversed a \$200 thousand contingency accrual related to an OREO property that was sold in a previous reporting period. During 2016, RBPI's management determined that the contingency no longer exists and therefore was reversed. Net loss attributed to the tax liens segment was \$700 thousand in 2016 compared to \$1.2 million for 2015.

Table of Contents

**Financial Condition**

Total assets grew \$44.2 million to \$832.5 million at December 31, 2016 from \$788.3 million at year-end 2015.

***Cash and Cash Equivalents***

Cash and cash equivalents consist of cash on hand and cash in interest bearing and non-interest bearing accounts in banks. Cash and cash equivalents declined \$4.2 million from \$25.4 million at December 31, 2015 to \$21.2 million at December 31, 2016. The average balance of cash and cash equivalents was approximately \$26.0 million for 2016 versus \$30.3 million for 2015. Almost half of this average balance was held in interest-bearing accounts with other financial institutions which were paying a higher interest rate than federal funds. The excess cash is invested daily in money market funds. The decrease in cash and cash equivalents was mainly associated with the funding of loan originations.

***Investment Securities Available for Sale (“AFS”)***

AFS investment securities represented 25.6% of average interest earning assets during 2016 and consisted of government secured agency bonds, government secured mortgage-backed securities, collateralized mortgage obligations (“CMOs”), municipal bonds, domestic corporate debt, and third party managed equity funds. At December 31, 2016, AFS investment securities were \$169.9 million with a net unrealized loss of \$1.1 million compared to \$224.1 million with a net unrealized loss of \$41 thousand at December 31, 2015. The \$54.2 million reduction in investment securities was mostly due to the reinvestment of cash flows from sales, principal payments, and calls into loans. The increase in net unrealized loss was predominantly impacted by a \$1.1 million increase in the unrealized loss on agency CMOs. Additionally, the net unrealized gain on other securities decreased \$445 thousand as some of the funds were sold and gains realized as a result of these sales. RBPI’s AFS securities carry lower coupons and their market value was negatively impacted by an increase in the 10-year Treasury yield from 2.27% at December 31, 2015 to 2.45% at December 31, 2016. Refer to “Note 3- Investment Securities” to the Consolidated Financial Statements beginning at page F-20 of this proxy statement/prospectus for more information.

The following tables present the consolidated amortized cost and approximate fair value at December 31, 2016 and 2015, respectively, for each major category of RBPI’s AFS investment securities portfolio.

**December 31, 2016**

(In thousands)	<b>Amortized</b>	<b>Gross</b>	<b>Gross</b>	<b>Fair</b>
	<b>Cost</b>	<b>unrealized</b>	<b>unrealized</b>	<b>Value</b>
		<b>gains</b>	<b>loss</b>	
U.S. government agencies	\$ 988	\$ —	\$ (22 )	\$966
Mortgage-backed securities-residential	6,985	70	(17 )	7,038
Collateralized mortgage obligations:				
Issued or guaranteed by U.S. government agencies	146,666	1,022	(2,129 )	145,559
Non-agency	4,121	—	(86 )	4,035
Corporate bonds	1,700	1	—	1,701
Municipal bonds	8,691	92	(75 )	8,708
Other securities	1,821	—	—	1,821
Common stocks	26	—	—	26
Total available for sale	\$ 170,998	\$ 1,185	\$ (2,329 )	\$169,854

**December 31, 2015**

(In thousands)	<b>Amortized</b>	<b>Gross</b>	<b>Gross</b>	<b>Fair</b>
	<b>Cost</b>	<b>unrealized</b>	<b>unrealized</b>	<b>Value</b>
		<b>gains</b>	<b>loss</b>	
U.S. government agencies	\$ 26,127	\$ —	\$ (564 )	\$25,563
Mortgage-backed securities-residential	11,002	106	(50 )	11,058
Collateralized mortgage obligations:				
Issued or guaranteed by U.S. government agencies	170,764	1,524	(1,554 )	170,734
Non-agency	2,729	1	(26 )	2,704
Corporate bonds	1,500	56	—	1,556
Municipal bonds	9,910	73	(52 )	9,931
Other securities	2,050	445	—	2,495
Common stocks	26	—	—	26
Total available for sale	\$ 224,108	\$ 2,205	\$ (2,246 )	\$224,067

Table of Contents

The contractual maturity distribution and weighted average coupon rate of RBPI's AFS debt securities at December 31, 2016 are presented in the following table. Mortgage-backed securities and collateralized mortgage obligations are presented within the category that represents the total weighted average expected maturity.

	As of December 31, 2016									
	Within one year		After one year, but within five years		After five years, but within ten years		After ten years		Total	
(In thousands, except percentages)	Amount	Rate	Amount	Rate	Amount	Rate	Amount	Rate	Amount	Rate
U.S. government agencies	\$—	— %	\$966	1.39 %	\$—	— %	\$—	— %	\$966	1.39 %
Mortgage-backed securities-residential	—	— %	6,057	3.14 %	—	— %	981	3.08 %	7,038	3.14 %
Collateralized mortgage obligations:										
Issued or guaranteed by										
U.S. government agencies	1,746	4.09 %	59,415	3.49 %	84,179	3.21 %	219	2.91 %	145,559	3.24 %
Non-agency	—	— %	2,284	0.89 %	1,751	0.89 %	—	— %	4,035	1.93 %
Corporate bonds	—	— %	700	2.25 %	—	— %	1,001	5.00 %	1,701	3.87 %
Municipal bonds	—	— %	3,567	4.04 %	5,141	3.49 %	—	— %	8,708	3.72 %
Total AFS debt securities	\$1,746	4.09 %	\$72,989	3.13 %	\$91,071	3.23 %	\$2,201	3.95 %	\$168,007	3.21 %

RBPI assesses whether OTTI is present when the fair value of a security is less than its amortized cost. All investment securities are evaluated for OTTI under FASB ASC Topic 320, "Investments-Debt & Equity Securities" ("ASC Topic 320"). Non-agency collateralized mortgage obligations may be evaluated under FASB ASC Topic 320 Subtopic 40, "Beneficial Interests in Securitized Financial Assets" under FASB ASC Topic 325, "Investments-Other". In determining whether OTTI exists, RBPI's management considers numerous factors, including but not limited to: (1) the length of time and the extent to which the fair value is less than the amortized cost, (2) RBPI's intent to hold or sell the security, (3) the financial condition and results of the issuer including changes in capital, (4) the credit rating of the issuer, (5) analysts' earnings estimate, (6) industry trends specific to the security, and (7) timing of debt maturity and status of debt payments. If RBPI intends to sell a security or will be required to sell a security, the OTTI is recognized in earnings equal to the entire difference between the fair value and the amortized cost basis at the balance sheet date. If RBPI does not intend to sell a security and it is not more likely than not that RBPI will be required to sell a security before the recovery of its amortized cost basis, the OTTI is separated into two amounts, the credit related loss and the loss related to other factors. The credit related loss is based on the present value of the expected cash flows and is recognized in earnings. The noncredit-related loss is based on other factors such as illiquidity and is recognized in other comprehensive income. RBPI recorded an OTTI charge of \$190 thousand related to private equity investments in 2016 compared to \$14 thousand in 2015.

*Loans and Lease Financing Receivables*

RBPI's primary earning assets are loans, representing approximately 72.7% of average interest-earning assets during 2016. RBPI originates loans primarily in the greater Philadelphia metropolitan area as well as selected locations throughout the Mid-Atlantic region. RBPI also has participated with other financial institutions in selected construction and land development loans outside these geographic areas. The loan portfolio consists primarily of commercial demand loans and commercial mortgages secured by real estate, leases, and to a significantly lesser extent, tax liens and residential loans comprised of one to four family residential and home equity loans. RBPI has a concentration of credit risk in commercial real estate and construction and land development loans, which represented 57.3% of total loans at December 31, 2016 compared to 54.8% of total loans at December 31, 2015.

## Table of Contents

During 2016, total loans grew \$102.9 million from \$499.1 million at December 31, 2015 to \$602.0 million at December 31, 2016. The growth was attributed to new loan originations partially offset by balances being paid down, payoffs, charge-offs, and transfers to OREO.

The loans receivable portfolio is segmented into commercial loans, construction and development loans, residential loans, leases, tax certificates, and consumer loans. The commercial loan segment consists of the following classes: commercial real estate loans, multi-family real estate loans, and other commercial loans, which are also generally known as commercial and industrial loans or commercial business loans. The construction and development loan segment consists of the following classes: residential construction and commercial construction loans. Residential construction loans are made for the acquisition of and/or construction on a lot or lots on which a residential dwelling is to be built. Commercial construction loans are made for the purpose of acquiring, developing and/or constructing a commercial structure. The residential loan segment consists of the following classes: one- to four-family first lien residential mortgage loans, home equity lines of credit, and home equity loans. RBPI classify its leases as finance leases, in accordance with FASB ASC Topic 840, "Leases". The difference between RBPI's gross investment in the lease and the cost or carrying amount of the leased property, if different, is recorded as unearned income, which is amortized to income over the lease term by the interest method. The tax certificate segment includes delinquent property tax certificates that have been acquired through public auctions in various jurisdictions. The tax certificates assume a lien position that is generally superior to any mortgage liens that are on the property and have certain foreclosure rights as defined by state law. The tax certificates are predominantly in New Jersey. RBPI ceased acquiring new tax certificates in 2010. Consumer loans includes cash secured and unsecured loans and lines of credit.

*Commercial Loans:* The commercial real estate loan portfolio consists primarily of loans secured by office buildings, retail and industrial use buildings, strip shopping centers, mixed-use and other properties used for commercial purposes primarily located in RBPI's market area. Although terms for commercial real estate and multi-family loans vary, the underwriting standards generally allow for terms up to 10 years with the interest rate being reset in the sixth year and with monthly amortization not greater than 25 years and loan-to-value ratios of not more than 80%. Interest rates are either fixed or adjustable and are predominantly based upon the prime rate or a borrowing rate from the Federal Home Loan Bank of Pittsburgh plus a margin. Prepayment fees are charged on most loans in the event of early repayment. Generally, the personal guarantees of the principals are obtained as additional collateral for commercial real estate and multi-family real estate loans.

Commercial and multi-family real estate loans generally present a higher level of risk than loans secured by one- to four-family residences. This greater risk is due to several factors, including the concentration of principal in a limited number of loans and borrowers, the effect of general economic conditions on income producing properties and the increased difficulty of evaluating and monitoring these types of loans. Furthermore, the repayment of loans secured by commercial and multi-family real estate is typically dependent upon the successful operation of the related real estate project. If the cash flow from the project is reduced (for example, if leases are not obtained or renewed, a bankruptcy court modifies a lease term, or a major tenant is unable to fulfill its lease obligations), the borrower's ability to repay the loan may be impaired.



RBPI's commercial business loans generally have been made to small to mid-sized businesses predominantly located in its market area. The commercial business loans are either a revolving line of credit or for a fixed term of generally 10 years or less. Interest rates are adjustable, indexed to a published prime rate of interest, or fixed. Generally, equipment, machinery, real property or other corporate assets secure such loans. Personal guarantees from the business principals are generally obtained as additional collateral. Generally, commercial business loans are characterized as having higher risks associated with them than single-family residential loans.

RBPI's underwriting procedures include evaluations of the stability of the property's cash flow history, future operating projections, current and projected occupancy levels, location and physical condition. Generally, RBPI requires a debt service ratio (the ratio of net cash flows from operations before the payment of debt service to debt service) of not less than 120%. RBPI also evaluates the credit and financial condition of the borrower, and if applicable, the guarantor. Appraisal reports prepared by independent appraisers are obtained on each loan to substantiate the property's market value, and are reviewed prior to the closing of the loan.

*Construction and Development Loans:* RBPI originates construction loans to builders and developers predominantly in its market area. Construction and development loans are riskier than other loan types because they are more speculative in nature. Deteriorating economic or environmental conditions can negatively affect a project. Construction loans are also more difficult to evaluate and monitor. In order to mitigate some of the risks inherent in construction lending, limits are placed on the number of units that can be built on a speculative basis based upon the reputation and financial position of the builder, his/her present obligations, the location of the property and prior sales in the development and the surrounding area. Additionally, the construction budget is reviewed prior to loan origination and the properties under construction are inspected. During the construction phase of a real estate project, the loan requires interest payments only. Construction loans generally are for 12 to 18 months with loan-to-value ratios of not more than 75%. Most construction loans are assigned an initial risk rating of pass-watch due to the riskier nature of the loan.

Table of Contents

*Residential Loans:* RBPI's residential mortgages were acquired in recent years in pool purchases and are secured primarily by properties located in its primary market and surrounding areas. RBPI originates home equity loans and home equity lines of credit in its market area with a maximum amount of \$1.25 million. The collateral must be the borrower's primary residence and the loan-to-value does not exceed 80%. Home equity lines of credit are variable rate and are indexed to the prime rate. RBPI's home equity loans are either first or second liens and have a fixed rate. RBPI has originated some home equity lines of credit or home equity loans for second homes. In financing second homes, RBPI must have a first lien position, the LTV does not exceed 65%, and the maximum amount is \$750 thousand.

*Consumer Loans:* RBPI originates cash-secured and unsecured loans and lines of credit to individuals. Unsecured loans and lines of credit have a maximum amount of \$15 thousand. Unsecured consumer loans generally have a higher interest rate than residential loans because they have additional credit risk associated with them.

In the past RBPI has made loans to the officers and directors of RBPI and to their associates. In accordance with Regulation O related party loans are made on substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable transactions with unrelated persons and do not involve more than normal risk of collectability. There were no related party loans outstanding at December 31, 2016 and 2015.

The following table reflects the composition of the loan portfolio and the percent of gross loans outstanding represented by each category at the dates indicated.

(Dollars in thousands)	As of December 31,										
	2016		2015		2014		2013		2012		
Commercial real estate	\$261,561	43.4 %	\$225,679	45.2 %	\$175,038	42.2 %	\$148,293	40.5 %	\$167,115	48.5 %	
Construction and land development	83,369	13.8 %	47,984	9.6 %	45,662	11.0 %	45,261	12.3 %	37,215	10.8 %	
Commercial and industrial	108,146	18.0 %	85,980	17.2 %	76,489	18.4 %	79,589	21.7 %	40,560	11.8 %	
Multi-family	23,389	3.9 %	16,249	3.3 %	13,823	3.3 %	11,737	3.2 %	11,756	3.4 %	
Residential real estate	56,899	9.5 %	51,588	10.3 %	42,992	10.4 %	25,535	7.0 %	24,981	7.3 %	
Leases	61,838	10.3 %	64,341	12.9 %	51,583	12.4 %	42,524	11.6 %	37,347	10.8 %	
Tax certificates	3,705	0.6 %	4,755	1.0 %	7,191	1.7 %	12,716	3.5 %	24,569	7.1 %	
Consumer	3,102	0.5 %	2,527	0.5 %	2,354	0.6 %	826	0.2 %	1,139	0.3 %	

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Total gross loans and leases	\$602,009	100.0%	\$499,103	100.0%	\$415,132	100.0%	\$366,481	100.0%	\$344,682	100.0%
Unearned income*	—		—		—		—		(517 )	
Loans and leases	\$602,009		\$499,103		\$415,132		\$366,481		\$344,165	
Allowance for loan and lease losses	(10,420 )		(9,689 )		(11,708 )		(13,671 )		(17,261 )	
Total net loans and leases	\$591,589		\$489,414		\$403,424		\$352,810		\$326,904	

\*For the 2013 through 2016 periods, unearned income was allocated among the various loan types.

Table of Contents

*Credit Classification Process and Credit Risk Management*

RBPI uses a nine point grading risk classification system commonly used in the financial services industry. The first four classifications are rated Pass. The riskier classifications include Pass-Watch, Special Mention, Substandard, Doubtful and Loss. During the underwriting process, the Underwriting and Credit Administration Officer (“UCAO”) assigns each loan with an initial risk rating, which is approved by the appropriate loan committee. From time to time, and at the general direction of any of the various loan committees, the ratings may be changed based on the findings of that committee. Items considered in assigning ratings include the financial strength of the borrower and/or guarantors, the type of collateral, the collateral lien position, the type of loan and loan structure, any potential risk inherent in the specific loan type, higher than normal monitoring of the loan or any other factor deemed appropriate by any of the various committees for changing the rating of the loan. Any such change in rating is reflected in the minutes of that committee.

The loan review function is outsourced to a third party vendor which examines credit quality and portfolio management. The loan review vendor applies RBPI’s loan rating system to specific credits and reviews approximately 50% of the total commercial loan portfolio. Emphasis is on the larger new and seasoned loan relationships and includes criticized and classified loans. Additionally, the loan review vendor ensures that all critical industry segments are adequately represented in their review. The loan review vendor will also review loans specifically requested by RBPI’s management. Upon completion of a loan review, a copy of any review receiving an adverse classification by the reviewer is presented to the Classified, Charge-off and Impairment Committee (“CCIC”) for discussion. The UCAO is the primary bank officer dealing with the third party vendor during the reviews.

Loans on RBPI’s Special Assets Committee list are also subject to loan review even though they are receiving the daily attention of an assigned individual and the attention of the Special Assets Committee. A watch list is maintained and reviewed at each meeting of CCIC. CCIC was formed to formalize the process and documentation required to classify, remove from classification, impair or charge-off a loan. The CCIC, which is comprised of the CEO, CFO, UCAO, Chief Lending Officer (“CLO”), and Chief Accounting Officer (“CAO”) meet as required and provide regular updated reports to the Board of Directors. Loans are added to the watch list, even though the loans may be current or less than 30 days delinquent if they exhibit elements of substandard creditworthiness. The watch list contains a statement for each loan as to why it merits special attention, and this list is distributed to the Board of Directors on a quarterly basis. Loans may be removed from the watch list if the CCIC determines that exception items have been resolved or creditworthiness has improved. Additionally, if loans become serious collection matters and are listed on RBPI’s monthly delinquent loan or Special Assets Committee lists, they may be removed from the watch list. Minutes outlining the CCIC’s findings and recommendations are issued after each meeting for follow-up by individual loan officers.

*Non-performing assets*

The following table presents the principal amounts of non-accrual loans held for investment and other real estate owned:

(Dollars in thousands)	As of December 31,				
	2016	2015	2014	2013	2012
Non-accrual loans (1)	\$6,007	\$5,492	\$9,813	\$10,157	\$21,432
Other real estate owned	3,536	7,435	9,779	9,617	13,435
Total non-performing assets	\$9,543	\$12,927	\$19,592	\$19,774	\$34,867
Non-performing assets to total assets	1.15 %	1.64 %	2.67 %	2.70 %	4.53 %
Non-performing loans to total loans	1.00 %	1.10 %	2.36 %	2.77 %	6.23 %
Allowance for loan loss to non-accrual loans	173.46 %	176.42 %	119.31 %	134.60 %	80.54 %

(1) Generally, a loan is placed in non-accrual status when it has been delinquent for a period of 90 days or more, unless the loan is both well secured and in the process of collection.

Non-accrual loan activity for 2016 is set forth below:

(In thousands)	For the year ended December 31, 2016					
	Beginning balance	Additions	Payments and other decreases	Charge-offs	Transfers to OREO	Ending balance
Commercial real estate	\$1,495	\$ 343	\$ (869 )	\$ (84 )	\$ —	\$ 885
Construction and land development	145	—	(1 )	—	—	144
Commercial and industrial	751	189	(180 )	(108 )	—	652
Residential real estate	889	32	(283 )	(40 )	(28 )	570
Leases	1,087	2,713	(1,022 )	(929 )	—	1,849
Tax certificates	1,125	1,743	(279 )	(139 )	(543 )	1,907
Total non-accrual loans	\$5,492	\$ 5,020	\$ (2,634 )	\$ (1,300 )	\$ (571 )	\$ 6,007

Table of Contents

Total non-accrual loans at December 31, 2016 were \$6.0 million compared to \$5.5 million at December 31, 2015. The \$515 thousand increase in non-accrual loans was the result of \$5.0 million in additions that was partially offset by a \$2.6 million reduction in existing non-accrual loan balances through payments or payoffs, \$1.3 million in charge-offs related to impairment, and transfers to OREO of \$571 thousand. The majority of the new non-accrual activity and transfers to OREO originated from the leasing and tax certificate portfolios. Tax certificates, leases and commercial real estate represented 31.7%, 30.8%, and 14.7%, respectively, of the total \$6.0 million in non-accrual loans at December 31, 2016.

*Impaired Loans*

RBPI identifies a loan as impaired when it is probable that interest and principal will not be collected according to the contractual terms of the loan agreement. For all classes of loans receivable, with the exception of tax certificates, the accrual of interest is discontinued on a loan when management believes that the borrower's financial condition is such that collection of principal and interest is doubtful or when a loan becomes 90 days past due. Impaired loans include TDRs. Excess proceeds received over the principal amounts due on impaired non-accrual loans are recognized as income on a cash basis. RBPI recognizes income under the accrual basis when the principal payments on the loans become current and the collateral on the loan is sufficient to cover the outstanding obligation to RBPI. If these factors do not exist, RBPI does not recognize interest income. If interest had accrued on these loans, such income would have been approximately \$583 thousand and \$703 thousand for the years ended December 31, 2016 and 2015, respectively. At December 31, 2016, RBPI had no loans past due 90 days or more on which interest continues to accrue. Total cash collected on impaired loans during the year ended December 31, 2016 and 2015 was \$1.8 million and \$9.6 million respectively, of which \$1.7 million and \$8.4 million was credited to the principal balance outstanding on such loans, respectively.

The following is a summary of information pertaining to impaired loans and leases:

(In thousands)	As of	
	December 31, 2016	2015
Impaired loans and leases with a valuation allowance	\$2,509	\$2,414
Impaired loans and leases without a valuation allowance	4,446	4,777
Total impaired loans and leases	\$6,955	\$7,191
Valuation allowance related to impaired loans and leases	\$368	\$398

  

(In thousands)	For the year ended	
	December 31, 2016	2015

Average investment in impaired loans and leases	\$6,244	\$11,703
Interest income recognized on impaired loans and leases	\$111	\$279
Interest income recognized on a cash basis on impaired loans and leases	\$—	\$234

*Troubled Debt Restructurings*

A loan modification is deemed a TDR when two conditions are met: 1) the borrower is experiencing financial difficulty and 2) concessions are made by RBPI that would not otherwise be considered for a borrower or collateral with similar credit risk characteristics. All loans classified as TDRs are considered to be impaired. TDRs are returned to an accrual status when the loan is brought current, has performed in accordance with the contractual restructured terms for a reasonable period of time (generally six months) and the ultimate collectability of the total contractual restructured principal and interest is no longer in doubt. At December 31, 2016, RBPI had five TDRs, with a total carrying value of \$2.1 million compared to six TDRs with a total carrying value of \$2.6 million at December 31, 2015. The \$465 thousand decline in TDRs was mainly due to principal payments and one payoff. RBPI's policy for TDRs is to recognize income on currently performing restructured loans under the accrual method.

The following table details RBPI's TDRs that are on an accrual status and a non-accrual status at December 31, 2016.

(In thousands)	As of December 31, 2016			Total TDRs
	Number of loans	Accrual Status	Non-Accrual Status	
Commercial real estate	1	\$ 19	\$ —	\$19
Construction and land development	1	—	144	144
Commercial and industrial	2	1,692	173	1,865
Residential real estate	1	83	—	83
Total	5	\$ 1,794	\$ 317	\$2,111

## Table of Contents

At December 31, 2016, there were no TDRs modified within the past 12 months, for which there was a payment default. At December 31, 2015, the one construction and land development TDR, cited in the above table, was not in compliance with its restructured terms due to payment defaults. RBPI did not have any newly restructured loans that fit the criteria for classification as a TDR during the years ended December 31, 2016 and 2015.

RBPI may obtain physical possession of real estate collateralizing residential mortgage loans or home equity loans through or in lieu of, foreclosure. As of December 31, 2016, RBPI had a foreclosed residential real estate property with a carrying value of \$28 thousand as a result of physical possession. However, as of December 31, 2016, RBPI had residential mortgage loans with a carrying value of \$104 thousand collateralized by residential real estate property for which formal foreclosure proceedings were in process.

### *Potential Problem Loans*

Potential problem loans are loans not currently classified as non-performing loans, but for which management has doubts as to the borrowers' ability to comply with present repayment terms. The loans are usually delinquent more than 30 days but less than 90 days. Potential problem loans amounted to approximately \$2.2 million and \$3.3 million at December 31, 2016 and December 31, 2015, respectively.

### *Allowance for loan and lease losses ("allowance")*

RBPI's loan and lease portfolio (the "credit portfolio") is subject to varying degrees of credit risk. RBPI maintains an allowance to absorb losses in the loan and lease portfolio. The allowance is based on the review and evaluation of the loan and lease portfolio, along with ongoing, quarterly assessments of the probable losses inherent in that portfolio. The allowance represents an estimation made pursuant to FASB ASC Topic 450, "Contingencies" ("ASC Topic 450") or FASB ASC Topic 310, "Receivables" ("ASC Topic 310"). The adequacy of the allowance is determined through evaluation of the credit portfolio, and involves consideration of a number of factors, as outlined below, to establish a prudent level.

Determination of the allowance is inherently subjective and requires significant estimates, including estimated losses on pools of homogeneous loans and leases based on historical loss experience and consideration of current economic trends, which may be susceptible to significant change. Loans and leases deemed uncollectible are charged against the allowance, while recoveries are credited to the allowance. RBPI's management adjusts the level of the allowance through the provision for loan and lease losses, which is recorded as a current period expense. RBPI's systematic methodology for assessing the appropriateness of the allowance includes: (1) general reserves reflecting historical loss rates by loan type, (2) specific reserves for risk-rated credits based on probable losses on an individual or portfolio



basis and (3) qualitative reserves based upon current economic conditions and other risk factors.

The loan portfolio is stratified into loan classifications that have similar risk characteristics. The general allowance is based upon historical loss rates using a weighted three-year rolling average of the historical loss experienced within each loan classification. The qualitative factors used to adjust the historical loss experience address various risk characteristics of RBPI's loan and lease portfolio include evaluating: (1) trends in delinquencies and other non-performing loans, (2) changes in the risk profile related to large loans in the portfolio, (3) changes in the growth trends of categories of loans comprising the loan and lease portfolio, (4) concentrations of loans and leases to specific industry segments, and (5) changes in economic conditions on both a local and national level, (6) quality of loan review and board oversight, (7) changes in lending policies and procedures, and (8) changes in lending staff. Each factor is assigned a value to reflect improving, stable or declining conditions based on management's best judgment using relevant information available at the time of the evaluation. Adjustments to the factors are supported through documentation of changes in conditions in a report accompanying the allowance calculation.

The specific reserves are determined utilizing standards required under ASC Topic 310. A loan is considered impaired when it is probable that interest and principal will not be collected according to the contractual terms of the loan agreement. Non-accrual loans and loans restructured under a TDR are evaluated for impairment on an individual basis considering all known relevant factors that may affect loan collectability such as the borrower's overall financial condition, resources and payment record, support available from financial guarantors and the sufficiency of current collateral values (current appraisals or rent rolls for income producing properties), and risks inherent in different kinds of lending (such as source of repayment, quality of borrower and concentration of credit quality). Non-accrual loans that experience insignificant payment shortfalls generally are not classified as impaired. RBPI's management determines the significance of payment delays and payment shortfalls on a case-by-case basis, taking into consideration all of the circumstances surrounding the loan and the borrower, including the length of the delay, the reasons for the delay, the borrower's prior payment record and the amount of the shortfall in relation to the principal and interest owed.

Table of Contents

Impairment is measured on a loan by loan basis for commercial and industrial loans, commercial real estate loans and construction loans by either the present value of expected future cash flows discounted at the loan's effective interest rate or the fair value of the collateral if the loan is collateral dependent. The estimated fair values of substantially all of RBPI's impaired loans are measured based on the estimated fair value of the loan's collateral. RBPI obtains third-party appraisals to establish the fair value of real estate collateral. Appraised values are discounted to arrive at the estimated selling price of the collateral, which is considered to be the estimated fair value. The discounts also include estimated costs to sell the property. For commercial and industrial loans secured by non-real estate collateral, such as accounts receivable, inventory and equipment, estimated fair values are determined based on the borrower's financial statements, inventory reports, accounts receivable aging or equipment appraisals or invoices. Indications of value from these sources are generally discounted based on the age of the financial information or the quality of the assets. Large groups of smaller balance homogeneous loans are collectively evaluated for impairment. Once a loan is determined to be impaired it will be deducted from the portfolio balance and the net remaining balance will be used in the general and qualitative analysis. A specific reserve is established for an impaired loan for the amount that the carrying value exceeds its estimated fair value.

The amount of the allowance is reviewed and approved by the CLO, CFO, and the UCAO on at least a quarterly basis. RBPI's management believes that the allowance for loan and lease losses at December 31, 2016 is adequate. However, its determination requires significant judgment, and estimates of probable losses inherent in the credit portfolio can vary significantly from the amounts actually observed. While management uses available information to recognize probable losses, future changes to the allowance may be necessary. These changes could be based in the credits comprising the portfolio and changes in the financial condition of borrowers, as the result of changes in economic conditions. In addition, regulatory agencies, as an integral part of their examination process, periodically review the credit portfolio and the allowance. Such review may result in additional provisions based on their judgment of information available at the time of each examination.

## Analysis of the Allowance for Loan and Lease Losses:

(In thousands, except percentages)	<b>For the years ended</b>				
	<b>December 31,</b>				
	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>
Total Loans	\$602,009	\$499,103	\$415,132	\$366,481	\$344,165
Daily average loan balance	\$551,161	\$450,094	\$383,582	\$367,219	\$384,440
Allowance for loan and lease losses:					
Balance at beginning of year	\$9,689	\$11,708	\$13,671	\$17,261	\$16,380
Charge-offs					
Commercial real estate	(84 )	(622 )	(354 )	(1,684 )	(1,313 )
Construction and land development	—	(264 )	(172 )	(820 )	(2,452 )
Commercial and industrial	(107 )	(566 )	(452 )	(383 )	(586 )
Multi-family	—	—	—	—	(542 )
Residential real estate	(40 )	—	—	(46 )	(111 )

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Leases	(930 )	(612 )	(793 )	(382 )	(465 )
Tax certificates	(139 )	(471 )	(350 )	(578 )	(802 )
Total charge-offs	(1,300 )	(2,535 )	(2,121 )	(3,893 )	(6,271 )
Recoveries					
Commercial real estate	201	380	—	600	3
Construction and land development	306	503	940	297	816
Commercial and industrial	174	282	27	17	67
Residential real estate	35	20	15	158	208
Leases	57	26	42	29	32
Tax certificates	14	53	1	74	29
Consumer	2	—	—	—	—
Total recoveries	789	1,264	1,025	1,175	1,155
Net charge offs	(511 )	(1,271 )	(1,096 )	(2,718 )	(5,116 )
Provision (credit) for loan and lease losses	1,242	(748 )	(867 )	(872 )	5,997
Balance at end of year	\$10,420	\$9,689	\$11,708	\$13,671	\$17,261
Net charge-offs to average loans	0.09 %	0.28 %	0.29 %	0.74 %	1.33 %
Allowance to total loans at end of year	1.73 %	1.94 %	2.82 %	3.73 %	5.02 %

Table of Contents

## Analysis of the Allowance for Loan and Lease Losses by Loan Type:

	As of December 31,													
	2016			2015			2014			2013			2012	
(In thousands, except percentages)	Reserve Amount	Percent of outstanding loans in each category to total loans		Reserve Amount	Percent of outstanding loans in each category to total loans		Reserve Amount	Percent of outstanding loans in each category to total loans		Reserve Amount	Percent of outstanding loans in each category to total loans		Reserve Amount	Percent of outstanding loans in each category to total loans
Commercial real estate	\$3,295	43.4 %		\$3,622	45.2 %		\$4,452	42.2 %		\$5,498	40.5 %		\$8,750	48.5 %
Construction and land development	2,294	13.8 %		1,674	9.6 %		2,292	11.0 %		2,316	12.3 %		2,987	10.8 %
Commercial and industrial	1,346	18.0 %		1,513	17.2 %		1,780	18.4 %		3,006	21.7 %		1,924	11.8 %
Multi-family	263	3.9 %		171	3.3 %		285	3.3 %		402	3.2 %		654	3.4 %
Residential real estate	656	9.5 %		586	10.3 %		616	10.4 %		473	7.0 %		1,098	7.3 %
Leases	2,295	10.3 %		1,749	12.9 %		1,429	12.4 %		1,223	11.6 %		1,108	10.8 %
Tax certificates	242	0.6 %		347	1.0 %		667	1.7 %		555	3.5 %		472	7.1 %
Consumer	29	0.5 %		27	0.5 %		38	0.6 %		15	0.2 %		29	0.3 %
Unallocated	—	—		—	—		149	0.0 %		183	0.0 %		239	0.0 %
Total	\$10,420	100.0 %		\$9,689	100.0 %		\$11,708	100.0 %		\$13,671	100.0 %		\$17,261	100.0 %

For 2016 RBPI recorded a provision for loan and lease losses of \$1.2 million compared to a credit of \$748 thousand in 2015. The 2016 provision was primarily attributable to loan growth, specific reserves on the leasing portfolio, and net charge-off activity within the leasing and tax certificate portfolios. RBPI recorded \$511 thousand in net charge-offs in 2016 compared to \$1.3 million in 2015. The decline in net charge-offs was primarily related to a \$1.2 million decrease in charge-offs year over year. There were no significant changes in the impairment analyses of impaired loans collateralized by real estate that required new or further write downs of the carrying value. Tax certificates, leases and commercial real estate, represented 31.8%, 30.8%, and 14.7%, respectively, of the total \$6.0 million in non-accrual loans at December 31, 2016. Commercial real estate, tax certificates and leases represented 27.2%, 20.5%, and 19.8%, respectively, of the total \$5.5 million in non-accrual loans at December 31, 2015. Total charge-offs recorded in 2016 related to leases and to construction and land development loans and commercial real estate loans were \$930 thousand, or 71.5%, and \$84 thousand, or 6.5%, respectively, of total charge-offs in 2016. Total charge-offs recorded in 2015 related to leases and to construction and land development loans and commercial real estate loans were \$612 thousand, or 24.1%, and \$886 thousand, or 35.0%, respectively, of total charge-offs in 2015.

**Other Real Estate Owned (“OREO”)**

At December 31, 2016, OREO is comprised of two real estate properties acquired through, or in lieu of foreclosure in settlement of loans and 41 real estate properties acquired through foreclosure related to tax liens. Set forth below is a table which detail the changes in OREO from December 31, 2015 to December 31, 2016.

(In thousands)	<b>For the year ended December 31, 2016</b>		
	<b>Loans</b>	<b>Tax Liens</b>	<b>Total</b>
Beginning balance	\$220	\$7,215	\$7,435
Net proceeds from sales	(7 )	(5,458)	(5,465)
Net gains on sales	1	677	678
Transfers in	28	831	859
Cash additions	—	290	290
Impairment charge	(6 )	(255 )	(261 )
Ending balance	\$236	\$3,300	\$3,536

## Table of Contents

At December 31, 2016, OREO was comprised of \$208 thousand in land, \$3.3 million in tax liens, and \$28 thousand in residential real estate related to a single family home. During 2016, RBPI sold one residential condominium. RBPI received \$7 thousand in net proceeds and recorded a net gain of \$1 thousand as a result of this sale. During 2016, RBPI recorded impairment charges of \$6 thousand on the land parcel due to a recent appraisal. In 2016, RBPI foreclosed on one single family home.

At December 31, 2016, OREO assets acquired through the tax lien portfolio were comprised of 41 properties, were valued at \$3.3 million, and were primarily located in New Jersey. In 2016, RBPI transferred \$831 thousand to OREO, which represented ten separate properties. During 2016, RBPI sold 28 of the tax lien properties, received proceeds of \$5.5 million, and recorded net gains of \$677 thousand as a result of these sales. Additionally, RBPI recorded impairment charges of \$255 thousand in 2016 related to the tax lien properties. At December 31, 2015, OREO assets acquired through the tax lien portfolio were \$7.2 million and were comprised of 60 properties.

RBPI is working to satisfactorily sell the remaining OREO properties. However, RBPI recognizes that the successful disposition of the properties, specifically the land, will likely take considerable time.

### ***Other Assets***

Other assets were \$10.7 million and \$9.1 million at December 31, 2016 and December 31, 2015, respectively. The \$1.5 million increase in other assets was mainly due to the \$2.2 million increase in the net deferred tax asset at December 31, 2016. Please see discussion under “*Accounting for Income Tax Expense.*”

### ***Deposits***

RBPI’s customer deposits are an important source of funding. Total deposits of \$629.5 million at December 31, 2016 increased \$51.6 million, or 8.9%, from \$577.9 million at December 31, 2015. Savings accounts grew \$31.4 million, or 58.2%, from \$53.8 million at December 31, 2015 to \$85.2 million at December 31, 2016. Non-interest checking accounts grew \$14.3 million, or 17.2%, to \$97.8 million at December 31, 2016 from \$83.5 million at December 31, 2015. NOW and money market accounts increased \$5.3 million while time deposit accounts of \$207.7 million at December 31, 2015 grew \$4.2 million to \$211.9 million at December 31, 2016. During 2016, RBPI replaced its terminated \$25.0 million brokered checking deposit arrangement with \$21.5 million in brokered certificates of deposit.

The average balance of RBPI's deposits by major classifications for each of the last three years is presented in the following table.

(In thousands, except percentages)	<b>As of December 31,</b>					
	<b>2016</b>		<b>2015</b>		<b>2014</b>	
	<b>Average</b>	<b>Rate</b>	<b>Average</b>	<b>Rate</b>	<b>Average</b>	<b>Rate</b>
	<b>Balance</b>		<b>Balance</b>		<b>Balance</b>	
Demand deposits Non-interest bearing	\$83,215	–	\$77,052	–	\$66,221	–
Interest-bearing (NOW)	62,773	0.27 %	50,570	0.18 %	42,443	0.11 %
Money market deposits	159,853	0.40 %	160,701	0.39 %	166,245	0.34 %
Savings deposits	74,520	0.71 %	30,023	0.40 %	18,765	0.17 %
Certificates of deposit	212,166	1.41 %	217,688	1.36 %	228,754	1.28 %
Total deposits	\$592,527		\$536,034		\$522,428	

The remaining maturity of Certificates of Deposit of \$100,000 or greater is presented below:

(In thousands)	<b>As of December 31,</b>	
	<b>2016</b>	<b>2015</b>
Three months or less	\$14,226	\$10,795
Over three months through twelve months	47,621	28,436
Over twelve months through five years	53,455	45,973
Over five years	227	2,085
Total	\$115,529	\$87,289

Table of Contents***Short and Long Term Borrowings***

(In thousands)	As of December 31,				
	2016	2015	2014	2013	2012
Short term borrowings	\$19,000	\$9,000	\$—	\$10,000	\$—
Long term borrowings					
Other borrowings	35,000	36,970	37,426	42,881	43,333
Subordinated debt	25,774	25,774	25,774	25,774	25,774
FHLB advances	50,000	45,000	55,000	55,000	65,000
Total borrowings	\$129,774	\$116,744	\$118,200	\$133,655	\$134,107

***FHLB Borrowings***

Borrowings consist of long-term borrowings (advances) and short-term borrowings (overnight borrowings, advances). Total FHLB borrowings were \$69.0 million and \$54.0 million at December 31, 2016 and 2015, respectively. The maturity dates of the FHLB borrowings range from 2017 through 2021. The weighted average rate on the outstanding FHLB borrowings at December 31, 2016 was 1.36% compared to 1.35% at December 31, 2015.

***Other Borrowings***

RBPI had a note payable with PNC Bank (“PNC”) in the amount of \$2.0 million at December 31, 2015. The note was paid on its maturity date of August 25, 2016. The interest rate was a variable rate equal to one month LIBOR + 15 basis points and adjusted monthly. At December 31, 2016 and 2015, RBPI had other borrowings of \$35.0 million from PNC which will mature on January 7, 2018. These borrowings are secured by government agencies and mortgaged-backed securities and have a weighted average interest rate of 3.65%. As of December 31, 2016, investment securities with a market value of \$39.5 million were pledged as collateral to secure all borrowings with PNC.

Royal Bank also has \$20.0 million in lines of credit with two local financial institutions, of which \$0 was outstanding, at December 31, 2016 and December 31, 2015.

***Subordinated Debentures***



RBPI has outstanding \$25.8 million of trust preferred securities which have a maturity date of October 2034. The interest rate resets quarterly at 3-month LIBOR plus 2.15% and was 3.11% at December 31, 2016.

### ***Other Liabilities***

At December 31, 2016, other liabilities were \$20.2 million. The largest component of other liabilities is the \$15.3 million in unfunded benefit obligation related to RBPI's pension plan. RBPI plans to fund a substantial portion of this obligation through existing company owned life insurance policies. For more information refer to "Note 17 - Pension Plan" to RBPI's Consolidated Financial Statements beginning at page F-39 of this proxy statement/prospectus.

### ***Shareholders' Equity***

Shareholders' equity attributable to RBPI declined \$20.3 million, or 28.2%, from \$71.9 million at December 31, 2015 to \$51.6 million at December 31, 2016. RBPI repurchased or redeemed the remaining 18,856 shares of Series A preferred stock from time to time during 2016 as shares became available for purchase and RBPI received the required regulatory approvals to repurchase such shares. RBPI paid \$29.5 million to repurchase the outstanding shares and eliminated future dividends on these shares. Of lesser impact to shareholders' equity attributable to RBPI, was a \$1.3 million increase in accumulated other comprehensive loss. The other comprehensive loss was mostly related to a decline in the valuation of the investment portfolio. Partially offsetting these factors was net income of \$10.4 million for 2016. The distributions to non-controlling interests of \$359 thousand and \$524 thousand for 2016 and 2015, respectively, were to the 40% owners of RBA Leasing and were for tax distributions.

### **Asset Liability Management**

The primary functions of asset-liability management are to ensure adequate liquidity and maintain an appropriate balance between interest-earning assets and interest-bearing liabilities. This process is overseen by the Asset-Liability Committee ("ALCO") which monitors and controls, among other variables, the liquidity, balance sheet structure and interest rate risk of the consolidated company within policy parameters established and outlined in the ALCO Policy which are reviewed by the Board of Directors at least annually. Additionally, the ALCO committee meets monthly and reports on liquidity and interest rate sensitivity and projects financial performance in various interest rate scenarios.

Table of Contents

***Liquidity:*** Liquidity is the ability to ensure that adequate funds will be available to meet RBPI's financial commitments as they become due. In managing its liquidity position, all sources of funds are evaluated, the largest of which is deposits. Also taken into consideration are securities maturing in one year or less, other short-term investments and the repayment of loans. These sources provide alternatives to meet RBPI's short-term liquidity needs. Longer liquidity needs may be met by issuing longer-term deposits and by raising additional capital. The liquidity ratios are specifically defined as the ratio of net cash, available FHLB and other lines of credit, and unpledged marketable securities relative to both total deposits and total liabilities.

RBPI generally target liquidity ratios equal to or greater than 12% and 10% of total deposits and total liabilities, respectively. At December 31, 2016, liquidity as a percent of deposits was 57% and liquidity as a percent of total liabilities was 47%. At December 31, 2015, liquidity as a percent of deposits was 67% and liquidity as a percent of total liabilities was 55%. RBPI's management believes that its liquidity position continues to be adequate and meets or exceeds the liquidity target set forth in the Asset/Liability Management Policy. RBPI's management believes that due to RBPI's financial position, it will be able to raise deposits as needed to meet liquidity demands. However, any financial institution could have unmet liquidity demands at any time.

RBPI's funding decisions can be influenced by unplanned events, which include, but are not limited to, the inability to fund asset growth, difficulty renewing or replacing funds that mature, the ability to maintain or draw down lines of credit with other financial institutions, significant customer withdrawals of deposits, and market disruptions. RBPI has a liquidity contingency plan in the event liquidity falls below an acceptable level, however in today's economic environment, events could arise that may render sources of liquid funds unavailable in the future when required. RBPI's ALCO meets monthly to monitor liquidity management.

***Contractual Obligations and Other Commitments:*** The following table sets forth contractual obligations and other commitments representing required and potential cash outflows as of December 31, 2016. The allocation of the non-maturity deposits is based on an annual deposit decay study completed in 2016.

(In thousands)	As of December 31, 2016				
	Total	Less than one year	One to three years	Four to five years	More than five years
Operating leases	\$5,453	\$1,215	\$1,862	\$1,063	\$1,313
FHLB borrowings (1)	70,791	44,926	10,518	15,347	-
PNC Bank (1)	36,317	1,296	35,021	-	-
Subordinated debt	25,774	-	-	-	25,774
Benefit obligations	15,263	1,005	2,044	2,251	9,963

Standby letters of credit	37	37	-	-	-
Non-interest bearing deposits	97,859	97,859	-	-	-
Interest-bearing deposits	298,310	130,524	167,786	-	-
Certificates of deposit	233,377	115,673	75,605	40,194	1,905
Total	\$783,181	\$392,535	\$292,836	\$58,855	\$38,955

(1) Includes principal and expected interest payments

### **Capital Adequacy**

In connection with a prior bank regulatory examination, the FDIC concluded, based upon its interpretation of the Consolidated Reports of Condition and Income (the "Call Report") instructions and under regulatory accounting principles ("RAP"), that income from Royal Bank's tax lien business should be recognized on a cash basis, not an accrual basis. Royal Bank's current accrual method is in accordance with U.S. GAAP. Royal Bank disagrees with the FDIC's conclusion and filed the Call Report for December 31, 2016 and the previous 25 quarters in accordance with U.S. GAAP. The change in the method of revenue recognition for the tax lien business for regulatory accounting purposes affects Royal Bank's capital ratios as shown below. The resolution of this matter will be decided by additional joint regulatory agency guidance which includes the Federal Reserve Bank, the FDIC, and the Office of the Comptroller of the Currency ("OCC").

Table of Contents

The table below sets forth Royal Bank's capital ratios under RAP, based on the FDIC's interpretation of the Call Report instructions:

	<b>As of December 31,</b>	
	<b>2016</b>	<b>2015</b>
Total risk based capital ratio	12.185%	15.802%
Tier 1 risk based capital ratio	10.919%	14.546%
Leverage ratio	8.573 %	10.589%
Common equity Tier 1 ratio	11.068%	10.641%

The tables below reflect the adjustments to the net loss as well as the capital ratios under U.S. GAAP:

	<b>For the year ended December 31, 2016</b>	<b>For the year ended December 31, 2015</b>
(In thousands)		
RAP net income	\$ 8,775	\$ 9,161
Tax lien adjustment, net of noncontrolling interest	1,544	1,973
U.S. GAAP net income	\$ 10,319	\$ 11,134

	<b>At December 31, 2016</b>		<b>At December 31, 2015</b>	
	<b>As reported</b>	<b>As adjusted</b>	<b>As reported</b>	<b>As adjusted</b>
	<b>under RAP</b>	<b>for U.S. GAAP</b>	<b>under RAP</b>	<b>for U.S. GAAP</b>
Total capital (to risk-weighted assets)	12.185%	12.405 %	15.802%	16.109 %
Tier 1 capital (to risk-weighted assets)	10.919%	11.139 %	14.546%	14.853 %
Tier 1 capital (to average assets, leverage)	8.573 %	8.750 %	10.589%	10.824 %
Common equity Tier 1 (to risk-weighted assets)	11.068%	11.040 %	10.641%	10.962 %

The tables below reflect RBPI's capital ratios and it's performance ratios:

	<b>As of December</b>	
	<b>31,</b>	
	<b>2016</b>	<b>2015</b>
Total risk based capital ratio	13.302%	18.574%
Tier 1 risk based capital ratio	10.812%	17.129%
Leverage ratio	8.488 %	12.444%
Common equity Tier 1 ratio	7.992 %	9.366 %

Capital performance

Return on average assets	1.29 %	1.49 %
Return on average equity	15.19 %	16.81 %

RBPI has filed the Consolidated Financial Statements for Bank Holding Companies-FR Y-9C ("FR Y-9C") as of December 31, 2016 consistent with U.S. GAAP and the FR Y-9C instructions. In the event that a similar adjustment for RAP purposes would be required by the Federal Reserve on the holding company level, the adjusted ratios are shown in the table below.

	<b>For the year ended</b>	<b>For the year ended</b>
	<b>December 31, 2016</b>	<b>December 31, 2015</b>
(In thousands)		
U.S. GAAP net income	\$ 10,375	\$ 10,993
Tax lien adjustment, net of noncontrolling interest	(1,544 )	(1,973 )
RAP net income	\$ 8,831	\$ 9,020

Table of Contents

	<b>At December 31, 2016</b>		<b>At December 31, 2015</b>	
	<b>As reported</b>	<b>As adjusted</b>	<b>As reported</b>	<b>As adjusted</b>
	<b>under U.S. GAAP</b>	<b>for RAP</b>	<b>under U.S. GAAP</b>	<b>for RAP</b>
Total capital (to risk-weighted assets)	13.302 %	13.084 %	18.574 %	18.277 %
Tier 1 capital (to risk-weighted assets)	10.812 %	10.512 %	17.129 %	16.710 %
Tier 1 capital (to average assets, leverage)	8.488 %	8.248 %	12.444 %	12.127 %
Common equity Tier 1 (to risk-weighted assets)	7.992 %	8.012 %	9.366 %	9.040 %

The capital ratios set forth above compare favorably to the minimum required amounts of Tier 1 and total capital to risk-weighted assets and the minimum Tier 1 leverage ratio, as defined by the banking regulators. At December 31, 2016, RBPI met the regulatory minimum capital requirements, and its management believes that, under current regulations, RBPI will continue to meet its minimum capital requirements in the foreseeable future. Royal Bank met the criteria for a well-capitalized institution which is a leverage ratio of 5%, a Tier 1 ratio of 8%, and a total capital ratio of 10%.

**Management Options to Purchase Securities**

The 2007 Long-Term Incentive Plan was approved by shareholders at the 2007 Annual Meeting. All employees and non-employee directors of RBPI and its designated subsidiaries are eligible participants. The plan includes 1,000,000 shares of Class A common stock (of which 250,000 shares may be issued as restricted stock), subject to customary anti-dilution adjustments, or approximately 4.0% of total outstanding shares of the Class A common stock. As of December 31, 2016, options to purchase 217,139 shares from this plan have been granted. The option price is equal to the fair market value at the date of the grant. The options are exercisable based on the vesting schedule of the specific grant and begin one year after the date of grant. The options must be exercised within ten years of the grant. At December 31, 2016, 217,139 of the options that have been granted are outstanding. The restricted stock is granted with an estimated fair value equal to the market value of the RBPI closing Class A Stock on the date of the grant. Restricted stock will vest three years from the grant date, if RBPI achieves specific goals set by the Compensation Committee and approved by the Board of Directors. At December 31, 2016, 25,000 shares of restricted stock were outstanding.

**Quantitative And Qualitative Disclosure About Market Risk**

An interest rate simulation model is used to estimate the impact of various changes, both upward and downward, in market interest rates and volumes of assets and liabilities on net interest income and net income. This model produces an interest rate exposure report that forecasts changes in the economic value of equity (“EVE”) and net interest income under alternative interest rate environments. This model assumes that the change in interest rates occurs immediately. The EVE is the difference between the present value of the expected future cash flows from Royal Bank’s existing assets and the present value of the expected future cash flows from Royal Bank’s existing liabilities. The assumptions used in evaluating the vulnerability of earnings and capital to changes in interest rates are based on management’s considerations of past experience, current position and anticipated future economic conditions. The interest rate sensitivity of assets and liabilities as well as the estimated effect of changes in interest rates on the EVE and net interest income could vary substantially if different assumptions are used or actual experience differs from what the calculations may be based.

The simulation model indicates that RBPI is outside of its policy limits in the EVE increasing rate scenarios for 200, 300 and 400 basis points but within policy limits for rates up 100 basis points. RBPI is within its policy limits for all changes in net interest income scenarios. The cause of the EVE policy exceptions is primarily related to extension risk within RBPI’s investment portfolio; the demand for fixed rate loans in this sustained low rate environment; the composition of deposits, and the lower capital from the transactions associated with the repurchase of the Series A Preferred Stock. In a rising interest rate environment general expectations are for prepayments of principal to slow down which cause the life of RBPI’s mortgage-backed and CMO securities to extend. RBPI’s management continues to work on changing the mix of interest-earning assets to mitigate this risk.

In December 2016, the Federal Reserve Bank raised short-term interest rates 25 basis points. RBPI does not expect this singular event to have a significant impact on net interest income in 2017. Based on the simulation results below RBPI expects to remain within its policy limits for changes in net interest income due to changes in rates. The calculated estimates of changes in the EVE as of December 31, 2016 and net interest income for 2016 for Royal Bank are as follows:

Changes in Rates	As of December 31, 2016		
	Economic Value of Equity	Percent of Change	Policy Limits
+ 400 basis points	\$26,857	(64.8 %)	+/- 45%
+ 300 basis points	38,181	(50.0 %)	+/- 35%
+ 200 basis points	50,443	(33.9 %)	+/- 25%
+ 100 basis points	63,397	(16.9 %)	+/- 15%
Flat rate	76,326	0.0 %	N/A
- 100 basis points	81,536	6.8 %	+/- 15%
- 200 basis points	76,467	0.2 %	+/- 25%

Table of Contents(In thousands, except percentages) **Net Interest Income for 2016**

<b>Changes in Rates</b>	<b>Net</b>	<b>Percent</b>	<b>Policy Limits</b>
	<b>Interest</b>	<b>of</b>	
	<b>Income</b>	<b>Change</b>	
+ 400 basis points	\$27,591	(3.5% )	+/- 40%
+ 300 basis points	27,868	(2.5% )	+/- 30%
+ 200 basis points	28,144	(1.6% )	+/- 20%
+ 100 basis points	28,409	(0.6% )	+/- 10%
Flat rate	28,589	0.0 %	+N/A
- 100 basis points	27,972	(2.2% )	+/- 10%
- 200 basis points	26,739	(6.5% )	+/- 20%

**Interest-Rate Sensitivity:** Interest rate sensitivity is a function of the re-pricing characteristics of RBPI's assets and liabilities. These include the volume of assets and liabilities re-pricing, the timing of re-pricing, and the interest rate sensitivity gaps which are a continual challenge in a changing rate environment. In managing its interest rate sensitivity positions, RBPI seeks to develop and implement strategies to control exposure of net interest income to risks associated with interest rate movements. The interest rate sensitivity report examines the positioning of the interest rate risk exposure in a changing interest rate environment. Ideally, the rate sensitive assets and liabilities will be maintained in a matched position to minimize interest rate risk. The interest rate sensitivity analysis is an important management tool; however, it does have some inherent shortcomings. It is a "static" analysis. Although certain assets and liabilities may have similar maturities or re-pricing, they may react in different degrees to changes in market interest rates. Additionally, re-pricing characteristics of certain assets and liabilities may vary substantially within a given period.

The following table summarizes re-pricing intervals for interest earning assets and interest bearing liabilities as of December 31, 2016, and the difference or "GAP" between them on an actual and cumulative basis for the periods indicated. A gap is considered positive when the amount of interest rate sensitive assets exceeds the amount of interest rate sensitive liabilities. During a period of falling interest rates, a positive gap would tend to adversely affect net interest income, while a negative gap would tend to result in an increase in net interest income. During a period of rising interest rates, a positive gap would tend to result in an increase in net interest income while a negative gap would tend to affect net interest income adversely. At December 31, 2016, RBPI was in a liability sensitive position of \$19.9 million, which indicates that within one year the re-pricing of liabilities is sooner than the re-pricing of assets.

(In millions)	<b>As of December 31, 2016</b>					
	<b>0 – 90</b>	<b>91 – 365</b>	<b>One to</b>	<b>Over</b>	<b>Non-</b>	<b>Total</b>
	<b>days</b>	<b>days</b>	<b>five</b>	<b>five</b>	<b>rate</b>	



			years	years	sensitive	
Assets (1)						
Interest-earning deposits in banks	\$8.1	\$-	\$-	\$-	\$ 13.1	\$21.2
Investment securities	9.8	21.4	79.1	60.1	(0.5 )	169.9
Loans: (2)						
Fixed rate	22.5	54.1	230.1	136.0	(10.4 )	432.3
Variable rate	159.3	-	-	-	-	159.3
Total loans	181.8	54.1	230.1	136.0	(10.4 )	591.6
Other assets (3)	-	20.8	-	-	29.0	49.8
Total Assets	\$199.7	\$96.3	\$309.2	\$196.1	\$ 31.2	\$832.5
Liabilities & Capital						
Deposits:						
Non-interest bearing deposits	-	-	-	-	97.9	97.9
Interest-bearing deposits	32.6	97.9	167.8	-	-	298.3
Certificate of deposits	31.4	84.2	115.8	1.9	-	233.3
Total deposits	64.0	182.1	283.6	1.9	97.9	629.5
Borrowings (1)	59.8	10.0	60.0	-	-	129.8
Other liabilities	-	-	-	-	20.9	20.9
Capital	-	-	-	-	52.3	52.3
Total liabilities & capital	\$123.8	\$192.1	\$343.6	\$1.9	\$ 171.1	\$832.5
Net interest rate GAP	\$75.9	\$(95.8 )	\$(34.4 )	\$194.2	\$(139.9 )	
Cumulative interest rate GAP	\$75.9	\$(19.9 )	\$(54.3 )	\$139.9		
GAP to total assets	9	%	(12% )			
GAP to total equity	145	%	(183%)			
Cumulative GAP to total assets	9	%	(2% )			
Cumulative GAP to total equity	145	%	(38% )			

(1) Interest earning assets are included in the period in which the balances are expected to be repaid and/or re-priced as a result of anticipated prepayments, scheduled rate adjustments, and contractual maturities.

(2) Reflects principal maturing within the specified periods for fixed and re-pricing for variable rate loans; includes non-performing loans.

(3) Includes FHLB stock.

## Table of Contents

The method of analysis of interest rate sensitivity in the table above has a number of limitations. Certain assets and liabilities may react differently to changes in interest rates even though they re-price or mature in the same time periods. The interest rates on certain assets and liabilities may change at different times than changes in market interest rates, with some changes in advance of changes in market rates and some lagging behind changes in market rates. Also, certain assets have provisions, which limit changes in interest rates each time the interest rate changes and for the entire term of the loan. Prepayments and withdrawals experienced in the event of a change in interest rates may deviate significantly from those assumed in the interest rate sensitivity table. Additionally, the ability of some borrowers to service their debt may decrease in the event of an interest rate increase.

## **Properties**

At December 31, 2016, Royal Bank was headquartered and had a retail office at 732 Montgomery Avenue, Narberth, Pennsylvania. Royal Bank had twelve additional retail banking locations and administrative offices situated in Pennsylvania and New Jersey. Royal Bank's Customer Center, which includes a loan production office, is located in Bala Cynwyd, Pennsylvania. All non-branch personnel are co-located at the Bala Cynwyd location. Royal Bank also leases a loan production office in Princeton, New Jersey and Royal Leasing's office in Blue Bell, Pennsylvania.

Royal Bank owns six of the branch properties. In February 2017, Royal Bank closed one branch location, and Royal Bank intends to sell the building this year. RBPI's customers' deposits were moved to other retail locations. In 2015, RBPI sold a company owned building and recorded a gain of \$324 thousand. RBPI's leased properties have lease expiration dates between 2017 and 2024. During both 2016 and 2015, Royal Bank made aggregate lease payments of approximately \$1.3 million. RBPI believes that all of its properties are sufficiently insured, maintained and are adequate for Royal Bank's purposes.

## **Legal Proceedings**

Prior to December 31, 2013, Royal Bank held a 60% equity interest in each of CSC and RTL. CSC and RTL acquired, through public auction, delinquent tax liens in various jurisdictions thereby assuming a superior lien position to most other lien holders, including mortgage lien holders. In 2012, the former President of CSC and RTL, CSC, RTL and RBPI were named defendants, among others, in a Consolidated Master Class Action Complaint (the "Complaint") filed in the U.S. District Court for the District of New Jersey ("Court") on behalf of a proposed class of taxpayers who became delinquent in paying their municipal tax obligations. The Complaint alleged a conspiracy to rig bids in municipal tax lien auctions.

During 2013, RBPI, Royal Bank, CSC, and RTL reached a settlement agreement with plaintiffs to settle the litigation for \$1.65 million and other terms and conditions, including an opportunity for members of the proposed settlement class whose tax liens are currently held by CSC or RTL to redeem those liens for a one-time cash payment equaling 85% of the redemption amount by making such payment within 35 days of the date of written notice. The proposed settlement class does not include, and therefore the offer to redeem does not apply to, tax liens acquired at 0% interest or at a premium. The settlement amount has already been paid into an escrow account. In 2016, the Court approved the settlement after notice and a hearing. The plaintiffs are appealing the Court's decision. It is expected to be resolved in the third or fourth quarter of 2017.

Table of Contents**Principal Shareholders**

The following table shows as of February 28, 2017, the amount of outstanding common stock beneficially owned by each shareholder (including any “group” as the term is used in Section 13(d)(3) of the Securities Exchange Act of 1934) known by RBPI to be the beneficial owner of more than 5% of such stock. Each share of Class A Stock is entitled to one vote per share. Each share of Class B Stock is entitled to ten votes per share and may be converted into shares of Class A Stock at the current rate of 1.15 shares of Class A Stock for each share of Class B Stock. Beneficial ownership is determined in accordance with applicable regulations of the Securities and Exchange Commission, and the information is not necessarily indicative of beneficial ownership for any other purpose. For purposes of the table set forth below, beneficial ownership includes any shares as to which the individual has sole or shared voting power or investment power and any shares that the individual has the right to acquire within 60 days of February 28, 2017. In addition, a person is deemed to beneficially own any stock for which he, directly or indirectly, through any contact, arrangement, understanding, relationship or otherwise has or shares voting or investment power.

Unless otherwise indicated in a footnote, shares reported in this table are owned directly by the reporting person. The percent of class assumes all options exercisable within 60 days of February 28, 2017, have been exercised and, therefore, on a pro forma basis, 27,999,233 shares of Class A Stock would be outstanding, net of treasury stock.

Name and Address of Beneficial Owner	Class A Shares		Class B Shares	
	Beneficially Owned	Percent of Class	Beneficially Owned	Percent of Class
Daniel M. Tabas, Trust (1) 543 Mulberry Lane Haverford, PA 19041	2,492,016	8.90 %	1,120,779	58.23 %
Lee Evan Tabas (2) 355 W. Lancaster Avenue Haverford, PA 19041	1,370,679	4.90 %	149,662	7.78 %
Carol Tabas (3) 39 Rosemont Lane Pittsburgh, PA 15217	889,321	3.18 %	82,041	4.26 %
Ithan Creek Master Investors (Cayman), LP (4) c/o Wellington Management Company LLP 280 Congress Street Boston, MA 02210	2,265,949	8.09 %	—	— %

FJ Capital Management LLC (5) 1313 Dolly Madison Blvd. McLean, VA 22101	1,944,803	6.95	%	—	—	%
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- (1) The trustees for the Daniel M. Tabas Trust are, Robert R. Tabas, Linda Tabas Stempel and Nicholas Randazzo, who as a group have voting rights and dispositive control of these shares.

The shares beneficially owned by Lee Evan Tabas consist of: (a) 604,995 Class A shares acquired pursuant to the 2008 Irrevocable Agreement of Trust for the Family of Lee E. Tabas from Evelyn R. Tabas of which he has sole voting power and dispositive power subject to the terms of the trust agreement; (b) 5,177 Class A and 58,887 Class B shares held by his wife, Nancy Freeman Tabas in her name over which she holds voting and dispositive power; (c) 282,461 Class A shares held by Lee Evan Tabas and Nancy Freeman Tabas as joint tenants in common; and (d) 193,482 Class A and 5,918 Class B shares owned collectively by the Samuel Bradford Tabas Trust, the Elizabeth Rebecca Tabas Trust, the Theodore Herschel Tabas Trust and the Melissa Tamara Tabas Trust. Samuel, Elizabeth, Theodore, and Melissa are the adult children of Lee and Nancy Tabas. Lee and Nancy Tabas share voting and dispositive power over the shares they hold jointly and for the shares held in the trusts in the names of their adult children. In addition, Lee Tabas also has the power to vote and dispose of 284,564 Class A and 84,857 Class B shares held in the Lee Evan Tabas Trust.

The shares beneficially owned by Carol Tabas consist of: (a) 604,995 Class A shares acquired pursuant to the 2008 Irrevocable Agreement of Trust for Carol Tabas from Evelyn R. Tabas of which she has sole voting and dispositive power subject to the terms of the trust agreement; and (b) 36,606 Class A shares in the Lily Ashley Stofman Trust (3) of which she has sole voting power; (c) 16,802 Class A shares in the Gregory Rome Stofman Trust of which she has sole voting power; and (d) 11,844 Class A shares in the Maxwell Hunter Stofman Trust of which she has sole voting power. In addition, Carol Tabas has the power to vote and dispose of 219,074 Class A and 82,041 Class B shares held in the Carol Tabas Trust.

- (4) This information is based on Amendment No. 2 to a Schedule 13G filed by Ithan Creek Master Investors (Cayman) L.P. with the Securities and Exchange Commission on February 9, 2017.

(5) Includes shares held by certain affiliates of FJ Capital Management LLC, including affiliated entities for which FJ Capital Management LLC may serve as managing member or sub-investment advisor. This information is based on a Schedule 13G filed with the Securities and Exchange Commission on February 21, 2017.

Table of Contents

**THE MERGER**

This proxy statement/prospectus is being provided to holders of shares of RBPI common stock in connection with the solicitation of proxies by the board of directors of RBPI to be voted at the RBPI special meeting and at any adjournments or postponements of the RBPI special meeting. At the RBPI special meeting, RBPI will ask its shareholders to vote on (1) a proposal to approve the adoption of the merger agreement and the merger, (2) a proposal to approve by an advisory (non-binding) vote, certain compensation arrangements in connection with the proposed merger for RBPI's named executive officers, and (3) a proposal to approve one or more adjournments of the RBPI special meeting, if necessary or appropriate, to solicit additional proxies in the event that there are not sufficient votes at the time of the special meeting to approve and adopt the agreement and plan of merger.

**Overview of the Merger**

BMBC's and RBPI's boards of directors have each unanimously approved the merger and the merger agreement. The merger agreement provides for RBPI to merge with and into BMBC after the closing conditions specified in the merger agreement have been satisfied. When the merger is completed, RBPI's separate corporate existence will cease and BMBC will be the surviving corporation. BMBC's articles of incorporation and bylaws and the provisions of the PBCL (which are the statutory corporation laws under which BMBC is incorporated) will govern the surviving corporation. The persons serving as the directors and officers of BMBC immediately before the merger also will be the directors and officers of the surviving corporation. Additionally, at the time the merger is completed, the boards of directors of BMBC and BMT will be enlarged by one seat, and one current member of the board of directors of RBPI, as determined by BMBC in its sole discretion, will be appointed to the vacant seat. The appointed RBPI director will be nominated for re-election at the first annual meeting of BMBC shareholders that is held after the merger is completed. As of the date of this proxy statement/prospectus, BMBC has not selected the director who will be appointed to the boards of directors of BMBC and BMT. For information about the identities, backgrounds, compensation and certain other matters relating to BMBC's directors and executive officers, please refer to BMBC's proxy statement for its 2016 annual meeting of shareholders, which is incorporated by reference herein. The parties intend for the merger to be treated as a "reorganization" under Section 368(a) of the Code. See "*U.S. Federal Income Tax Consequences of the Merger*" on page 116 for additional information.

As a result of the merger of RBPI into BMBC, all outstanding shares of RBPI common stock will be automatically converted into the right to receive merger consideration from BMBC, except that shares of RBPI common stock held by RBPI, BMBC or their respective subsidiaries (other than in a fiduciary capacity or as a result of debts previously contracted) will be canceled without consideration. The number of shares of BMBC common stock each RBPI shareholder is entitled to receive will be determined based on fixed exchange ratios of 0.1025 shares of BMBC common stock for each share of RBPI Class A Stock owned and 0.1179 shares of BMBC common stock for each share of RBPI Class B Stock owned, with the exception of those holders of RBPI Class B Stock who timely perfect their dissenters' rights under the PBCL. No fractional shares of BMBC common stock will be issued in the merger. Instead, RBPI shareholders will be entitled to receive cash in lieu of any fractional share of BMBC common stock

they would otherwise be entitled to receive.

**BMBC and RBPI can provide no assurance that the value of the BMBC common stock at the time the merger is completed will be substantially equivalent to the value of the BMBC common stock at the time RBPI shareholders vote to approve the merger. Because the market value of BMBC common stock fluctuates, the value of the BMBC common stock that RBPI shareholders will receive as merger consideration will fluctuate correspondingly.**

Upon completion of the merger, all shares of BMBC capital stock issued and outstanding as of the completion of the merger will remain outstanding and will be unaffected by the merger. BMBC common stock will continue to trade on NASDAQ under the symbol "BMTC" following the merger. Based on information as of the record date, immediately after the merger is completed, without giving effect to any shares of BMBC common stock held by RBPI shareholders prior to the merger, holders of RBPI voting common stock will own approximately 15.4% all outstanding shares of BMBC common stock, which percentage excludes the right to receive BMBC common stock under outstanding RBPI warrants that will continue after the closing of the merger pursuant to the terms and conditions of the merger agreement.

Immediately after the merger of RBPI into BMBC is completed, BMBC's and RBPI's main operating subsidiaries, BMT, a Pennsylvania chartered bank, and Royal Bank, a Pennsylvania chartered bank, will merge, with BMT being the surviving entity. Royal Bank and BMT shall enter into a separate merger agreement setting forth their agreement to merge and the terms and conditions of the merger. The form of the bank merger agreement is attached as Exhibit B to the merger agreement between BMBC and RBPI.

Table of Contents**Background of the Merger**

RBPI's board of directors engages in regular strategic planning in connection with RBPI's business and operations. Prior to 2016, RBPI's consideration of a broad range of strategic alternatives was constrained due to a number of factors, including significant credit quality issues following the general recession that began in 2008, which substantially impacted many of the real estate loans and commercial loans secured by real estate made by Royal Bank and resulted in substantial operating losses, the existence of regulatory orders executed in 2009 by Royal Bank with the FDIC and the Pennsylvania Department of Banking and Securities (which regulatory orders were replaced with a memorandum of understanding in late 2011) and a written agreement with the Federal Reserve Bank of Philadelphia executed in 2010 by RBPI (which Federal Reserve Bank agreement was replaced with a memorandum of understanding, effective July 17, 2013 and terminated in the first quarter of 2017), and the issuance by RBPI in February 2009 of 30,407 shares of Series A Preferred Stock under the Troubled Asset Relief Program of the United States Department of Treasury ("Treasury") for an aggregate purchase price of approximately \$30.4 million. The regulatory orders and agreements (and subsequent memorandum of understanding with the Federal Reserve Bank), among other things, limited RBPI's ability to declare or pay any dividends on its capital stock or make interest payments related to its outstanding trust preferred securities or subordinate securities without the prior written approval of the Reserve Bank and the Pennsylvania Department of Banking and Securities. In addition, the terms of the Series A Preferred Stock, among other things, prohibited any payment of dividends on RBPI's Class A common stock or Class B common stock unless all dividends were current on the Series A Preferred Stock; in August 2009, the board suspended the regular quarterly cumulative cash dividends on the outstanding 30,407 shares of Series A Preferred Stock.

In late 2013, RBPI received approval from the Federal Reserve Bank to bid up to \$14.0 million, which was raised by RBPI in a private placement transaction, to purchase shares of the Series A Preferred Stock in an auction of such shares conducted by Treasury. In February 2014, the annual cumulative dividend rate on the Series A Preferred Stock increased to 9%. On July 2, 2014, RBPI participated as a bidder in the auction and was allocated 11,551 shares of Series A Preferred Stock for repurchase at a price of \$1,207 per share. At the time of the auction, the dividend in arrears on the remaining 18,856 shares of Series A Preferred Stock was approximately \$6.6 million. RBPI repurchased the remaining 18,856 shares of Series A Preferred Stock from time to time during 2016 as shares became available for purchase and RBPI received the required regulatory approvals to repurchase such shares, completing all of the purchases by early November 2016. As of November 17, 2016 no shares of Series A Preferred Stock were outstanding and no dividend arrearages existed on the Series A Preferred Stock.

In addition to the restrictions and limitations imposed by the regulatory orders or agreements and the outstanding Series A Preferred Stock, RBPI experienced significant operating losses for the years ended December 31, 2008 through December 31, 2012. For the five years prior to 2013, RBPI recorded significant losses totaling \$119.6 million, which were primarily related to charge-offs on the loan and lease portfolio, impairment charges on investment securities, impairment charges on OREO, credit related expenses and the establishment of a deferred tax asset valuation allowance. RBPI returned to modest profitability for 2013 and has experienced increasing net income each year thereafter as a result of a number of corporate initiatives designed to decrease expenses, increase loans and deposits, and re-focus Royal Bank's efforts to a more traditional community banking model. RBPI recorded net



income of \$5.1 million and \$11.0 million for the years ended December 31, 2014 and 2015, respectively, and \$6.3 million for the nine months ended September 30, 2016. The period of improved earnings corresponded with significant improvements in asset quality metrics.

RBPI's improved earnings and performance after 2013, coupled with the completion of the repurchase of all outstanding shares of Series A Preferred Stock in 2016, the termination over the past few years of the formal regulatory agreements to which RBPI and Royal Bank were parties, and the termination of Royal Bank's informal memorandum of understanding with each of the FDIC and the Pennsylvania Department of Banking and Securities in February 2015, provided RBPI more flexibility to consider different strategies and opportunities, and made RBPI a more attractive candidate to a larger institution interested in a potential business combination transaction.

On June 22, 2016, RBPI's President and Chief Executive Officer received a phone call from the President and Chief Executive Officer of another publicly traded regional financial institution holding company ("Company A") who expressed interest in the possibility of exploring a potential business combination between RBPI and Company A.

On July 28, 2016, the President and Chief Executive Officer of BMBC met with RBPI's President and Chief Executive Officer to, among other things, discuss the banking industry and their respective company's business and operations. At that meeting, the President and Chief Executive Officer of BMBC inquired whether RBPI would have any interest in a possible business combination transaction with BMBC. RBPI's President and Chief Executive Officer communicated both this conversation and the conversation with Company A's President and Chief Executive Officer to RBPI's Chairman and also to RBPI's board of directors at the August board meeting.

In September 2016, the President and Chief Executive Officer of Company A, contacted RBPI's President and Chief Executive Officer and requested a meeting. RBPI's Chairman and its President and Chief Executive Officer met with the President and Chief Executive Officer of Company A on October 4, 2016. At this meeting, the President and Chief Executive Officer of Company A inquired whether RBPI would have any interest in considering a potential business combination with Company A.

Table of Contents

In light of these factors, including the preliminary interest expressed by BMBC and Company A, and in anticipation of an off-site strategic planning meeting of RBPI's board of directors scheduled for November 18, 2016, in September 2016, RBPI authorized its financial advisor, Sandler O'Neill, to formally contact each of BMBC and Company A to determine whether they might have interest in a business combination with RBPI and, if so, the preliminary price range and other material terms for such interest. RBPI selected Sandler O'Neill as its financial advisor in connection with a possible business combination transaction based on, among other factors, Sandler O'Neill's experience and reputation in mergers and acquisitions involving financial institutions and its familiarity with the business and operations of RBPI. Representatives of Sandler O'Neill requested that written indication of interest letters be received prior to the date of a previously scheduled strategic planning meeting of RBPI's board on November 18, 2016.

Each of BMBC and Company A executed standard nondisclosure agreements in September 2016, neither of such non-disclosure agreements contained standstill provisions or other provisions to prevent any party from submitting an offer to acquire RBPI at any time. In the period between September 2016 and January 2017, the President and Chief Executive Officer of RBPI had various informal telephone calls with the President and Chief Executive Officer of each of BMBC and Company A regarding due diligence and strategic matters. A data site was populated with materials for preliminary due diligence in October 2016, and each of BMBC and Company A submitted a written preliminary indication of interest letter on or about November 15, 2016, prior to the board's strategic planning meeting on November 18, 2016.

At the November 18 strategic planning meeting, RBPI's board first received a presentation from a representative of The Kafafian Group, Inc., an experienced banking industry consultant and adviser. The Kafafian Group was engaged to assist the RBPI board of directors in a discussion relating to strategic planning, and was paid a fixed fee of \$7,500 for its services. The presentation included a review of RBPI's financial performance, a peer group analysis, a financial services industry overview with an emphasis on emerging trends, a review of the markets in which RBPI operates, and a review of potential core strategies. The presentation offered a number of conclusions, including that, although RBPI's recent loan growth was favorable and exceeded peer averages, growth in deposits was below peer averages over the period. The presentation also noted that, although RBPI's non-interest income grew during the measurement period, its non-interest income as a percentage of average assets and as a percentage of operating revenue was below peer averages. The consultant also reviewed emerging trends in the financial services industry, with an emphasis on branch banking trends, and discussed his view of the continuing importance of size and scale in the financial services industry, particularly as it relates to the ability to generate additional sources of fee income. The consultant's presentation did not address, and the consultant was not aware of, the preliminary indication of interest letters received from BMBC and Company A as part of his presentation. This portion of the November 18, 2016 strategic planning meeting was attended by the Chief Financial Officer of RBPI and a representative of Stevens & Lee, RBPI's counsel, in addition to the board of directors. Representatives of Sandler O'Neill were not present for this portion of the meeting.

Following completion of the presentation by the banking industry consultant and advisor and his exit from the November 18, 2016 strategic planning meeting, representatives of RBPI's financial advisor, Sandler O'Neill, reviewed with the board the two preliminary indication of interest letters received from BMBC and Company A. Both preliminary indications of interest letters contemplated a 100% stock transaction. The BMBC preliminary indication

of interest letter provided for an implied price per share of approximately \$3.35 and stated that BMBC would consider one RBPI director for appointment to the BMBC board of directors with other RBPI independent directors to serve on an advisory board. The preliminary indication of interest letter for Company A provided for an implied price per share of \$3.44 and stated that one RBPI director would be appointed to the board of directors of Company A and its banking subsidiary. Each preliminary indication of interest letter provided for a 90-day exclusivity period. As part of this discussion, Sandler O'Neill also addressed with the board the possibility of a business combination with other financial institutions, and their potential interest based on various factors. No other party had expressed interest in a potential combination either through the Company directly or indirectly through Sandler O'Neill. The board also discussed certain alternative strategies which had been previously discussed by the board, including additional capital raises and potential acquisitions, and noted that each of these strategies was limited by various factors, including potential adverse effects on RBPI's significant deferred tax asset valuation allowance. Following discussion, the board directed Sandler O'Neill to contact each of BMBC and Company A, and advise them that RBPI was interested in continuing discussions of a potential transaction with each of them. The board also directed Sandler O'Neill to advise both BMBC and Company A that RBPI would not agree to any exclusivity period at that point in time. This portion of the November 18, 2016 strategic planning meeting was also attended by the Chief Financial Officer of RBPI and a representative of Stevens & Lee.

During December 2016, each of BMBC and Company A was granted access to additional due diligence materials of RBPI in an electronic data room, and a more complete due diligence investigation was completed. On December 12, 2016, RBPI's President and Chief Executive Officer and Chairman met with Company A's President and Chief Executive Officer to discuss additional details regarding Company A's indication of interest.

Throughout December, the parties conducted in-person senior management interviews as part of their respective due diligence processes.

On January 10, 2017, BMBC submitted a revised indication of interest letter and Company A declined to submit an indication of interest. The board of directors reviewed the revised indication of interest letter with representatives of Sandler O'Neill and Stevens & Lee, counsel to RBPI, at a special meeting held on January 12, 2017. RBPI's Chief Financial Officer also attended this meeting. The revised BMBC indication of interest letter set forth a fixed exchange ratio of 0.1025x for RBPI's Class A shares and a fixed exchange ratio of 0.1179x for Class B shares, an improvement over the prior BMBC preliminary indication of interest. The fixed exchange ratio equated to a then current implied price of \$4.27 per share. The proposed terms, other than the pricing and exchange ratio, were substantially similar to the November 2016 BMBC letter, including that the transaction would be an all-stock transaction with RBPI and Royal Bank being merged into BMBC and BMT, respectively, and that BMBC would agree to appoint one of RBPI's directors to the board of directors of BMBC and BMT at closing, while maintaining an advisory board for all of RBPI's remaining directors. Sandler O'Neill reviewed the proposed transaction pricing and multiples with the board, noting the implied price per Class A equivalent share of \$4.27 and RBPI's pro forma ownership of 15.4% of the combined company. Representatives of Sandler O'Neill also reviewed with the board certain transaction metrics contained in the January 10 BMBC letter and preliminary pro forma financial information. The representatives of Sandler O'Neill also discussed with the board the strategic rationale for a potential transaction with BMBC and other information relating to the combined company.



Table of Contents

Based on the discussion at the January 12, 2017 special meeting of the board of directors, the board authorized President and Chief Executive Officer Kevin Tylus to execute and return the January 10, 2017 BMBC indication of interest letter. The board also authorized the President and Chief Executive Officer and the Chief Financial Officer to begin negotiation of a merger agreement and ancillary documents, in conjunction with RPBI's legal and financial advisors.

On January 17, 2017, Reed Smith LLP, legal counsel for BMBC, provided Stevens & Lee with a draft merger agreement. The parties and their respective advisers negotiated the terms of the merger agreement over the weeks that followed. The terms negotiated by the parties and their respective advisors included, but were not limited to, environmental liabilities, termination provisions and their related fees, the treatment of non-wholly owned subsidiaries, and the determination of which shareholders would execute voting agreements. In addition, in mid-January 2017, during a strategic discussion regarding the post-merger combined company, BMBC's Chief Executive Officer introduced the concept of Mr. Tylus becoming an employee of BMT following the merger to assist BMT in the integration process with Royal Bank's employees, and to provide BMT with knowledge and strategic leadership in certain new markets.

On January 25, 2017, representatives of Sandler O'Neill conducted on-site reverse due diligence on BMBC. Throughout the month of January, representatives of RBPI's management team held discussions with representatives of BMBC's management team and conducted reverse due diligence on BMBC.

On January 30, 2017, RBPI's board of directors met to consider the proposed merger agreement and certain ancillary documents. RBPI's President and Chief Executive Officer, Chief Financial Officer, and representatives from its legal and financial advisors, participated in the meeting. A substantially complete copy of the merger agreement that had been negotiated to date, as well as certain ancillary documents, including a draft of Sandler O'Neill's presentation materials to be reviewed at the meeting, had been sent to board members on January 28, 2017. At the meeting, representatives of Stevens & Lee reviewed in detail the terms of the merger agreement and ancillary documents, including the voting agreements required by BMBC to be executed by the directors and executive officers of RBPI and certain of their affiliates and non-competition and non-solicitation agreements to be entered into by each RBPI director. Representatives of Stevens & Lee also discussed the proposed resolutions that the board would be requested to approve. Representatives of Sandler O'Neill made a presentation, which summarized the transaction terms, the pricing metrics and multiples for the transaction and compared that information against comparable merger transactions. Sandler O'Neill's presentation included an overview of RBPI's historical financial profile, stock price performance and peer group metrics. The representatives of Sandler O'Neill also reviewed the pro forma company's footprint and metrics about the transaction and the pro forma company. At the January 30, 2017 meeting of the board of directors, representatives of Sandler O'Neill delivered to RBPI's directors its oral opinion, which was subsequently confirmed in writing on January 30, 2017, that, as of January 30, 2017, to the effect that the exchange ratio for the Class A common stock provided for in the merger agreement was fair to the holders of Class A common stock and the exchange ratio for Class B common stock provided for in the merger agreement was fair to the holders of Class B common stock from a financial point of view. Representatives of RBC Capital Markets, LLC, which was also engaged to provide financial advisory services to RBPI in connection with the transaction, also made a presentation at the meeting with respect the proposed merger, but did not provide a fairness opinion.

Following these presentations and discussions and review and discussion among the members of RBPI's board of directors, including consideration of the factors described under "*— Recommendation of the RBPI Board of Directors and Reasons for the Merger,*" RBPI's board of directors determined that the merger agreement and the transactions contemplated by the merger agreement, including the merger of RBPI with BMBC, were advisable and in the best interests of RBPI and its shareholders and the directors unanimously voted to adopt the merger agreement and the transactions contemplated thereby and recommended that RBPI's shareholders approve the merger agreement.

On January 30, 2017, Mr. Tylus accepted BMT's offer of employment post-merger, and signed BMT's standard form of employment agreement following minor clarifications of the role and applicability.

At each meeting of the BMBC executive and risk management committees of the BMBC board of directors held in November and December of 2016, the potential transaction with RBPI was discussed and management was authorized to continue the due diligence process in anticipation of submitting an indication of interest in November 2016. On January 10, 2017, at a special meeting of the BMBC board, the board received management presentations regarding the results of due diligence, cost savings estimates, RBPI's loan portfolio, key risks and risk management, operational impact of the transaction, integration matters, legal matters and the impact of the transaction on BMBC's other projects and initiatives. BMBC management was authorized to issue a revised indication of interest to RBPI and, if accepted, to engage in the negotiation process with respect to the merger and the merger agreement. The BMBC board met again at a regularly scheduled meeting on January 19, 2017 and management gave an update regarding key transaction and due diligence matters as well as the progress of the merger negotiations. On January 30, 2017, BMBC's board held another special meeting to review the final merger proposal as set forth in the definitive merger agreement and related documents negotiated by RBPI and BMBC and their respective financial and legal advisors. The BMBC board received an updated management presentation regarding the key transaction areas that were initially presented at the January 10 special meeting, a legal presentation outlining the material elements of the proposed merger agreement, and a presentation by BMBC's financial advisor regarding the financial aspects of the proposed merger. After careful and deliberate consideration of the presentations received as well as the interests of BMBC and of its constituencies, BMBC's board determined that the merger agreement and the transactions contemplated thereby were in the best interests of BMBC, approved and adopted the merger agreement, subject to the final negotiation by management of certain terms of the merger agreement and finalization of the disclosure schedules, and approved the merger and the other transactions contemplated thereby.

Table of Contents

Following the completion of the RBPI and BMBC board meetings, the merger agreement and ancillary documents were executed and delivered by the parties. Prior to the opening of the market on January 31, 2017, BMBC and RBPI issued a joint press release announcing the execution of the merger agreement.

**Recommendation of the RBPI Board of Directors and Reasons for the Merger**

In reaching the conclusion that the merger agreement is in the best interests of and advisable for RBPI and its shareholders, and in approving the merger agreement, RBPI's board of directors consulted with senior management, its legal counsel and financial advisor and considered a number of factors, including, among others, the following, which are not presented in order of priority:

- the business strategy and strategic plan of RBPI, its prospects for the future and projected financial results, particularly in light of RBPI's asset size, scale and product offerings;

• the consideration offered by BMBC, in relation to RBPI's tangible book value at December 31, 2016; trailing twelve-month tax-adjusted earnings; core deposits premium; and publicly traded market value;

• the transaction is an all-stock transaction with a fixed exchange ratio, thereby permitting RBPI shareholders to realize the benefits of any increases in value of BMBC stock before and after closing of the transaction;

- on a pro forma basis, the transaction is estimated to be accretive to earnings per share in the first full year after completion of the transaction;

• on a pro forma basis, the transaction is estimated to be accretive to book value per share in the first full year after completion;

• the understanding of RBPI's board of directors of the strategic options available to RBPI and the board of directors' assessment of those options taking into account a number of factors, including the effects on RBPI's significant deferred tax asset of various strategic alternatives (including acquisitions of other companies by RBPI, additional capital raises by RBPI, and "merger of equal" transactions);

• the challenges facing RBPI's management to grow RBPI's franchise and enhance shareholder value given current market conditions, including increased operating costs resulting from regulatory compliance, continued pressure on net interest margin resulting from the current interest rate environment and competition, and anticipated challenges in funding continued loan growth through deposits or otherwise;

the board's belief that the merger consideration offered by BMBC equaled or exceeded the consideration that could reasonably be expected from other potential acquirers with apparent willingness and ability to acquire RBPI;

the board's view that the relative size of a financial institution and related economies of scale, beyond the level it believed to be reasonably achievable by RBPI on an independent basis, was becoming increasingly important to continued success in the current and future financial services environment;

the strong capital position of the combined company, and the larger scale and more diverse revenue of the combined company particularly given the diversified revenue composition of BMBC's lines of business in commercial banking, insurance, and wealth management and the fact that BMBC's fee income presently represents approximately 34% of BMBC's net operating income;

the ability of BMBC to pay the merger consideration and the perceived relative value of the BMBC stock consideration compared to peers;

the ability of BMBC to execute a merger transaction from a financial and regulatory perspective and its recent history of being able to successfully integrate merged institutions and other fee income businesses into its existing franchise;



Table of Contents

the geographic fit and increased customer convenience of the expanded branch network of the combined company, including the complementary nature of RBPI's existing branch network with that of BMBC;

BMBC's business, operations, financial condition, asset quality, earnings and prospects, taking into account the results of RBPI's due diligence review of BMBC, and information provided by RBPI's financial advisor;

the historical stock market performance for RBPI and BMBC common stock, and historical analyst recommendations with respect to BMBC common stock;

the cash dividend rate payable on BMBC common stock, and the fact that RBPI has not paid a cash dividend for several years due to regulatory and other restrictions;

the significantly greater market capitalization and historical trading volume of BMBC common stock, thereby providing RBPI shareholders greater liquidity for their investment;

the terms of the merger agreement, including the representations and warranties of the parties, the covenants of the parties, the merger consideration, and the benefits to RBPI's employees;

the financial analysis presented by representatives of Sandler to the RBPI board of directors, and the opinion delivered to the RBPI board of directors by Sandler to the effect that, as of January 30, 2017, and subject to and based on the qualifications, limitations, and assumptions set forth in the opinion, the Class A exchange ratio and Class B exchange ratio provided for in the merger agreement were fair, from a financial point of view, to the RBPI Class A common shareholders and RBPI Class B common shareholders, respectively;

the composition of BMBC's share ownership, including the fact that approximately 70% of BMBC common stock is owned by experienced institutional investors;

the commitment by BMBC to elect one current director of RBPI to the board of directors of BMBC and BMT for a period of at least four years from the closing;

the process conducted by RBPI's financial advisor to identify potential merger partners and to solicit proposals as to the terms, structure and other aspects of a potential transaction from potential merger partners; and

the likelihood of expeditiously obtaining the necessary regulatory approval without unusual or burdensome conditions.

RBPI's board of directors also considered a number of potential risks and uncertainties associated with the merger in connection with its deliberation of the proposed transaction, including, without limitation, the following:

• the potential risk of diverting management attention and resources from the operation of RBPI's business and towards the completion of the merger;

• the restrictions on the conduct of RBPI's business before the completion of the merger, which are customary for public company merger agreements involving financial institutions, but which, subject to specific exceptions, could delay or prevent RBPI from undertaking business opportunities that may arise or any other action it would otherwise take with respect to the operations of RBPI absent the pending merger;

• the potential risks associated with achieving anticipated cost synergies and savings and successfully integrating RBPI's business, operations and workforce with those of BMBC;

• the merger-related costs;

• that the interests of certain of RBPI's directors and executive officers may be different from, or in addition to, the interests of RBPI's other shareholders as described under the heading "*Interests of RBPI's Directors and Executive Officers in the Merger*;"

• the risk that the conditions to the parties' obligations to complete the merger agreement may not be satisfied, including the risk that necessary regulatory approvals or the RBPI shareholder approval might not be obtained and, as a result, the merger may not be consummated;

• the risk of potential employee attrition and/or adverse effects on business and customer relationships as a result of the pending merger;

## Table of Contents

that: (1) RBPI would be prohibited from affirmatively soliciting acquisition proposals after execution of the merger agreement; and (2) RBPI would be obligated to pay to BMBC a termination fee if the merger agreement is terminated under certain circumstances, which may discourage other parties potentially interested in a strategic transaction with RBPI from pursuing such a transaction; and

the other risks described under the heading “*Risk Factors.*”

The foregoing discussion of the information and factors considered by the board of directors of RBPI is not intended to be exhaustive, but includes the material factors considered by the board of directors of RBPI. In reaching its decision to approve the merger agreement, the merger and the other transactions contemplated by the merger agreement, the board of directors of RBPI did not quantify or assign any relative weights to the factors considered, and individual directors may have given different weights to different factors. The board of directors of RBPI considered all these factors as a whole, including discussions with, and questioning of RBPI’s management and RBPI’s independent financial and legal advisors, and overall considered the factors to be favorable to, and to support, its determination.

RBPI shareholders should be aware that RBPI’s directors and executive officers have interests in the merger that are different from, or in addition to, those of other RBPI shareholders. The board of directors of RBPI was aware of and considered these interests, among other matters, in evaluating and negotiating the merger agreement, and in recommending that the Merger Proposal be approved by the shareholders of RBPI. See “—*Interests of RBPI’s Directors and Executive Officers in the Merger.*”

This summary of the reasoning of the Board of Directors of RBPI and other information presented in this section is forward-looking in nature and, therefore, should be read in light of the factors discussed under the heading “*Cautionary Statement Regarding Forward-Looking Statements.*”

### ***Recommendation of RBPI’s Board of Directors***

RBPI’s board of directors believes that the terms of the transaction are in the best interests of RBPI and its shareholders and has unanimously approved the merger agreement. **Accordingly, RBPI’s board of directors unanimously recommends that RBPI’s shareholders vote “FOR” approval and adoption of the merger agreement, “FOR” approval of certain compensation arrangements for the named executive officers of RBPI in connection with the merger, and “FOR” an adjournment of the RBPI special meeting, if necessary, to solicit additional proxies.**

## **Opinion of RBPI's Financial Advisor in Connection with the Merger**

RBPI retained Sandler O'Neill, to act as financial advisor to RBPI's board of directors in connection with RBPI's consideration of a possible business combination. Sandler O'Neill is a nationally recognized investment banking firm whose principal business specialty is financial institutions. In the ordinary course of its investment banking business, Sandler O'Neill is regularly engaged in the valuation of financial institutions and their securities in connection with mergers and acquisitions and other corporate transactions.

Sandler O'Neill acted as financial advisor in connection with the proposed transaction and participated in certain of the negotiations leading to the execution of the merger agreement. At the January 30, 2017 meeting at which RBPI's board of directors considered and discussed the terms of the merger agreement and the merger, Sandler O'Neill delivered to RBPI's board of directors its oral opinion, which was subsequently confirmed in writing on January 30, 2017, to the effect that, as of such date, the exchange ratio for RBPI Class A Stock provided for in the merger agreement was fair to the holders of RBPI Class A Stock and the exchange ratio for RBPI Class B Stock provided for in the merger agreement was fair to the holders of RBPI Class B Stock from a financial point of view. **The full text of Sandler O'Neill's opinion is attached as Appendix C to this proxy statement/prospectus. The opinion outlines the procedures followed, assumptions made, matters considered and qualifications and limitations on the review undertaken by Sandler O'Neill in rendering its opinion. The description of the opinion set forth below is qualified in its entirety by reference to the full text of the opinion. Holders of RBPI Class A Stock and RBPI Class B Stock are urged to read the entire opinion carefully in connection with their consideration of the proposed merger.**

**Sandler O'Neill's opinion speaks only as of the date of the opinion. The opinion was directed to RBPI's board of directors in connection with its consideration of the merger agreement and the merger and does not constitute a recommendation to any shareholder of RBPI as to how any such shareholder should vote at any meeting of shareholders called to consider and vote upon the approval of the merger agreement and the merger. Sandler O'Neill's opinion was directed only to the fairness, from a financial point of view, of the exchange ratio for RBPI Class A Stock to the holders of RBPI Class A Stock and to the fairness of the exchange ratio for RBPI Class B Stock to the holders of RBPI Class B Stock, and does not address the underlying business decision of RBPI to engage in the merger, the form or structure of the merger or any other transactions contemplated in the merger agreement, the relative merits of the merger as compared to any other alternative transactions or business strategies that might exist for RBPI or the effect of any other transaction in which RBPI might engage. Sandler O'Neill did not express any opinion as to the fairness of the amount or nature of the compensation to be received in the merger by any officer, director or employee of RBPI or Bryn Mawr (or, for the purposes of this section, "BMBC"), or any class of such persons, if any, relative to the compensation to be received in the merger by any other shareholder, including the holders of Class A and Class B RBPI common stock. Sandler O'Neill's opinion was approved by Sandler O'Neill's fairness opinion committee.**

Table of Contents

In connection with its opinion, Sandler O'Neill reviewed and considered, among other things:

- an execution copy of the merger agreement, dated January 30, 2017;
  
- certain publicly available financial statements and other historical financial information of RBPI that Sandler O'Neill deemed relevant;
  
- certain publicly available financial statements and other historical financial information of BMBC that Sandler O'Neill deemed relevant;
  
- internal financial projections for RBPI for the year ending December 31, 2017 as well as estimated long-term net income and balance sheet growth rates for the years thereafter, as provided by the senior management of RBPI;
  
- publicly available consensus median analyst earnings per share estimates for BMBC for the years ending December 31, 2017 and December 31, 2018, as well as an estimated long-term annual earnings per share growth rate for BMBC for the years thereafter, as discussed with and confirmed by the senior management of BMBC and its representatives;
  
- the pro forma financial impact of the Merger on BMBC based on certain assumptions relating to purchase
- accounting adjustments, cost savings and transaction expenses, as provided by the senior management of BMBC and its representative;
  
- the publicly reported historical price and trading activity for RBPI common stock and BMBC common stock, including a comparison of certain stock market information for RBPI common stock and BMBC common stock and certain stock indices as well as publicly available information for certain other similar companies, the securities of which are publicly traded;
  
- a comparison of certain financial information for RBPI and BMBC with similar institutions for which information is publicly available;
  
- the financial terms of certain recent business combinations in the bank and thrift industry (on a regional and nationwide basis), to the extent publicly available;
  
- the current market environment generally and the banking environment in particular; and
  
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such other information, financial studies, analyses and investigations and financial, economic and market criteria as Sandler O'Neill considered relevant.

Sandler O'Neil also discussed with certain members of the senior management of RBPI the business, financial condition, results of operations and prospects of RBPI and held similar discussions with certain members of the senior management of BMBC regarding the business, financial condition, results of operations and prospects of BMBC.

In performing its review, Sandler O'Neill relied upon the accuracy and completeness of all of the financial and other information that was available to and reviewed by it from public sources, that was provided by RBPI or BMBC, or their respective representatives, or that was otherwise reviewed by Sandler O'Neill, and Sandler O'Neill assumed such accuracy and completeness for purposes of rendering its opinion without any independent verification or investigation. Sandler O'Neill relied on the assurances of the respective managements of RBPI and BMBC that they were not aware of any facts or circumstances that would have made any of such information inaccurate or misleading. Sandler O'Neill was not asked to and did not undertake an independent verification of any of such information and did not assume any responsibility or liability for the accuracy or completeness thereof. Sandler O'Neill did not make an independent evaluation or perform an appraisal of the specific assets, the collateral securing assets or the liabilities (contingent or otherwise) of RBPI or BMBC or any of their respective subsidiaries, nor was Sandler O'Neill furnished with any such evaluations or appraisals. Sandler O'Neill rendered no opinion or evaluation on the collectability of any assets or the future performance of any loans of RBPI or BMBC or any of their respective subsidiaries. Sandler O'Neil did not make an independent evaluation of the adequacy of the allowance for loan losses of RBPI or BMBC, or of the combined entity after the Merger, and Sandler O'Neill did not review any individual credit files relating to RBPI or BMBC. Sandler O'Neill assumed, with RBPI's consent, that the respective allowances for loan losses for both RBPI and BMBC were adequate to cover such losses and would be adequate on a pro forma basis for the combined entity.

Table of Contents

In preparing its analyses, Sandler O'Neill used internal financial projections for RBPI for the year ending December 31, 2017 as well as estimated long-term net income and balance sheet growth rates for the years thereafter, as provided by the senior management of RBPI. In addition, Sandler O'Neill used publicly available consensus median analyst earnings per share estimates for BMBC for the years ending December 31, 2017 and December 31, 2018, as well as an estimated long-term annual earnings per share growth rate for BMBC for the years thereafter, as discussed with and confirmed by the senior management of BMBC and its representatives. Sandler O'Neill also received and used in its pro forma analyses certain assumptions relating to purchase accounting adjustments, cost savings and transaction expenses, as provided by the senior management of BMBC and its representatives. With respect to the foregoing information, the respective senior managements of RBPI and BMBC confirmed to Sandler O'Neill that such information reflected (or, in the case of the publicly available consensus median analyst earnings per share estimates, were consistent with) the best currently available projections, estimates and judgments of those respective senior managements as to the future financial performance of RBPI and BMBC, respectively, and the other matters covered thereby, and Sandler O'Neill assumed that the future financial performance reflected in such information would be achieved. Sandler O'Neill expressed no opinion as to such information, or the assumptions on which such information was based. Sandler O'Neill also assumed that there had been no material change in the respective assets, financial condition, results of operations, business or prospects of RBPI or BMBC since the date of the most recent financial statements made available to Sandler O'Neill. Sandler O'Neill assumed in all respects material to its analysis that RBPI and BMBC would remain as going concerns for all periods relevant to its analysis.

Sandler O'Neill also assumed, with RBPI's consent, that (i) each of the parties to the merger agreement would comply in all material respects with all material terms and conditions of the merger agreement and all related agreements, that all of the representations and warranties contained in such agreements were true and correct in all material respects, that each of the parties to such agreements would perform in all material respects all of the covenants and other obligations required to be performed by such party under such agreements and that the conditions precedent in such agreements were not and would not be waived, (ii) in the course of obtaining the necessary regulatory or third party approvals, consents and releases with respect to the merger, no delay, limitation, restriction or condition would be imposed that would have an adverse effect on RBPI, BMBC or the merger or any related transaction, (iii) the merger and any related transactions would be consummated in accordance with the terms of the merger agreement without any waiver, modification or amendment of any material term, condition or agreement thereof and in compliance with all applicable laws and other requirements, and (iv) the merger would qualify as a tax-free reorganization for federal income tax purposes. Finally, with RBPI's consent, Sandler O'Neill relied upon the advice that RBPI had received from its legal, accounting and tax advisors as to all legal, accounting and tax matters related to the merger and the other transactions contemplated by the merger agreement. Sandler O'Neill expressed no opinion as to any such matters.

Sandler O'Neill's opinion was necessarily based on financial, economic, market and other conditions as in effect on, and the information made available to Sandler O'Neill as of January 30, 2017. Events occurring after January 30, 2017 could materially affect Sandler O'Neill's opinion. Sandler O'Neill has not undertaken to update, revise, reaffirm or withdraw its opinion or otherwise comment upon events occurring after January 30, 2017. Sandler O'Neill expressed no opinion as to the trading values of RBPI common stock or BMBC common stock at any time or what the value of BMBC common stock would be once it was actually received by the holders of RBPI common stock.

In rendering its opinion, Sandler O'Neill performed a variety of financial analyses. The summary below is not a complete description of the analyses underlying Sandler O'Neill's opinion or the presentation made by Sandler O'Neill to RBPI's board of directors, but is a summary of all material analyses performed and presented by Sandler O'Neill. The summary includes information presented in tabular format. **In order to fully understand the financial analyses, these tables must be read together with the accompanying text. The tables alone do not constitute a complete description of the financial analyses.** The preparation of a fairness opinion is a complex process involving subjective judgments as to the most appropriate and relevant methods of financial analysis and the application of those methods to the particular circumstances. The process, therefore, is not necessarily susceptible to a partial analysis or summary description. Sandler O'Neill believes that its analyses must be considered as a whole and that selecting portions of the factors and analyses to be considered without considering all factors and analyses, or attempting to ascribe relative weights to some or all such factors and analyses, could create an incomplete view of the evaluation process underlying its opinion. Also, no company included in Sandler O'Neill's comparative analyses described below is identical to RBPI or BMBC and no transaction is identical to the merger. Accordingly, an analysis of comparable companies or transactions involves complex considerations and judgments concerning differences in financial and operating characteristics of the companies and other factors that could affect the public trading values or merger transaction values, as the case may be, of RBPI and BMBC and the companies to which they are being compared. In arriving at its opinion, Sandler O'Neill did not attribute any particular weight to any analysis or factor that it considered. Rather, Sandler O'Neill made qualitative judgments as to the significance and relevance of each analysis and factor. Sandler O'Neill did not form an opinion as to whether any individual analysis or factor (positive or negative) considered in isolation supported or failed to support its opinion, rather, Sandler O'Neill made its determination as to the fairness of the exchange ratios for RBPI Class A Stock and RBPI Class B Stock on the basis of its experience and professional judgment after considering the results of all its analyses taken as a whole.



Table of Contents

In performing its analyses, Sandler O’Neill also made numerous assumptions with respect to industry performance, business and economic conditions and various other matters, many of which are beyond the control of RBPI, BMBC and Sandler O’Neill. The analyses performed by Sandler O’Neill are not necessarily indicative of actual values or future results, both of which may be significantly more or less favorable than suggested by such analyses. Sandler O’Neill prepared its analyses solely for purposes of rendering its opinion and provided such analyses to RBPI’s board of directors at its January 30, 2017 meeting. Estimates on the values of companies do not purport to be appraisals or necessarily reflect the prices at which companies or their securities may actually be sold. Such estimates are inherently subject to uncertainty and actual values may be materially different. Accordingly, Sandler O’Neill’s analyses do not necessarily reflect the value of RBPI common stock or the prices at which RBPI common stock or BMBC common stock may be sold at any time. The analyses of Sandler O’Neill and its opinion were among a number of factors taken into consideration by RBPI’s board of directors in making its determination to approve the merger agreement and should not be viewed as determinative of the RBPI Class A Stock and RBPI Class B Stock exchange ratios or the decision of RBPI’s board of directors or management with respect to the fairness of the merger. The type and amount of consideration payable in the merger were determined through negotiation between RBPI and BMBC.

**Summary of Proposed Exchange Ratio and Implied Transaction Metrics.** Sandler O’Neill reviewed the financial terms of the proposed merger. Using the closing price of BMBC Class A common stock on January 27, 2017 of \$41.45 for valuing BMBC common stock issuable in the merger and assuming 1,924,629 shares of RBPI Class B Stock are converted to shares of RBPI Class A Stock, 1,368,040 RBPI warrants are converted into BMBC warrants, and 182,000 outstanding RBPI in-the-money options that are cashed-out in connection with the merger, Sandler O’Neill calculated an aggregate implied transaction value of approximately \$129.7 million, or an implied transaction price per share of Class A equivalent RBPI common stock of \$4.25. Based upon historical financial information for RBPI as or for the last twelve months (“LTM”) ended December 31, 2016, Sandler O’Neill calculated the following implied transaction metrics.

Transaction Price / Last Twelve Months Stated Earnings Per Share:	13.7x
Transaction Price / Tax Adjusted Last Twelve Months Earnings Per Share <sup>1</sup> :	26.6x
Transaction Price / Tangible Book Value Per Share:	247%
Transaction Price / Adjusted Tangible Book Value Per Share <sup>2</sup> :	166%
Core Deposit Premium <sup>3</sup> :	14.6%
Adjusted Tangible Book Premium <sup>2</sup> / Core Deposits <sup>3</sup>	9.8%
One Day Market Premium to January 27, 2017 Closing Stock Price:	6.8%
One Month Market Premium to December 27, 2016 Closing Stock Price:	22.1%

Tax adjusted EPS assumes a 34% tax rate on pre-tax earnings of \$9.2mm less the \$1.2mm of BOLI income, prior to 1) the inclusion of after-tax costs relating to non-controlling interest of \$0.6mm and preferred dividends of \$1.1mm, divided by the diluted shares outstanding

Adjusted tangible book value is calculated as tangible book value per share as of December 31, 2016 of \$1.72, 2) adjusted to include the estimated allowable reversal of the valuation allowance against the deferred tax asset of \$0.84 per share

3) Core deposits defined as total deposits less Jumbo CDs (> \$100,000)

**Stock Trading History.** Sandler O'Neill reviewed the historical stock price performance of RBPI common stock and BMBC common stock for the one-year and three-year periods ended January 27, 2017. Sandler O'Neill then compared the relationship between the stock price performance of RBPI's common stock and BMBC's common stock, respectively, to movements in their respective peer groups (as described below) as well as certain stock indices.

Table of Contents**RBPI One-Year Stock Price Performance**

	Beginning January 27, 2016	Ending January 27, 2017	
RBPI	100.0	% 197.0	%
RBPI Peer Group	100.0	% 146.0	%
SNL U.S. Bank	100.0	% 146.3	%
S&P 500 Index	100.0	% 121.9	%

**BMBC One-Year Stock Price Performance**

	Beginning January 27, 2016	Ending January 27, 2017	
BMBC	100.0	% 163.6	%
BMBC Peer Group	100.0	% 140.4	%
SNL U.S. Bank	100.0	% 146.3	%
S&P 500 Index	100.0	% 121.9	%

**RBPI Three-Year Stock Price Performance**

	Beginning January 27, 2014	Ending January 27, 2017	
RBPI	100.0	% 255.1	%
RBPI Peer Group	100.0	% 181.3	%
SNL U.S. Bank	100.0	% 139.6	%
S&P 500 Index	100.0	% 128.8	%

**BMBC Three-Year Stock Price Performance**

Beginning	Ending
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	January 27, 2014		January 27, 2017	
BMBC	100.0	%	141.2	%
BMBC Peer Group	100.0	%	143.8	%
SNL U.S. Bank	100.0	%	139.6	%
S&P 500 Index	100.0	%	128.8	%

Table of Contents

**Comparable Company Analyses.** Sandler O’Neill used publicly available information to compare selected financial information for RBPI with a group of financial institutions selected by Sandler O’Neill (the “RBPI Peer Group”). The RBPI Peer Group consisted of banks and thrifts whose securities are publicly traded on the NYSE or NASDAQ and headquartered in the Mid-Atlantic U.S., with assets between \$725 million and \$1.1 billion, excluding announced merger targets. The RBPI Peer Group consisted of the following companies:

1st Constitution Bancorp	Mid Penn Bancorp, Inc.
CB Financial Services, Inc.	Parke Bancorp, Inc.
DNB Financial Corporation	Severn Bancorp, Inc.
First Bank	Stewardship Financial Corporation
Howard Bancorp, Inc.	Sussex Bancorp
Malvern Bancorp, Inc.	Two River Bancorp

The analysis compared financial information for RBPI, as provided by the senior management of RBPI, as of or for the twelve months ended December 31, 2016 with the corresponding publicly available data for the RBPI Peer Group as of or for the twelve months ended December 31, 2016 (unless otherwise noted), with pricing data as of January 27, 2017. The table below sets forth the data for RBPI and the high, low, median and mean data for the RBPI Peer Group.

**RBPI Comparable Company Analysis**

	RBPI	RBPI Peer Group	RBPI Peer Group	RBPI Peer Group	RBPI Peer Group
	RBPI	Median	Mean	High	Low
Total Assets (in millions)	\$832	\$974	\$938	\$1,071	\$758
Loans/Deposits	95.6 %	98.6 %	97.6 %	110.0 %	84.2 %
Non-performing Assets <sup>1</sup> /Total Assets	1.36 %	1.05 %	1.50 %	5.01 %	0.37 %
Tangible Common Equity/Tangible Assets	6.20 %	8.69 %	8.69 %	10.89 %	6.78 %
Leverage Ratio	8.49 %	8.96 %	9.62 %	15.38 %	6.70 %
Total RBC Ratio	13.30 %	12.72 %	13.51 %	18.43 %	10.83 %
CRE / Total Risk-Based Capital	407.3 %	259.4 %	280.8 %	431.5 %	149.2 %
Last Twelve Months Return On Average Assets	1.29 %	0.82 %	1.00 %	2.01 %	0.55 %
Last Twelve Months Return On Average Equity	15.19 %	9.02 %	10.06 %	17.36 %	6.15 %
Last Twelve Months Net Interest Margin	3.44 %	3.45 %	3.45 %	3.96 %	2.63 %
Last Twelve Months Efficiency ratio	71.5 %	66.9 %	67.5 %	83.3 %	43.6 %
Price/Tangible Book Value	232 %	147 %	143 %	174 %	103 %
Price/Last Twelve Months Earnings Per Share	25.4 x	14.7 x	15.4 x	23.8 x	6.2 x
Current Dividend Yield	0.0 %	1.0 %	1.1 %	3.4 %	0.0 %
Last Twelve Months Dividend Ratio	0.0 %	13.7 %	13.6 %	49.2 %	0.0 %
Market Value (in millions)	\$114	\$128	\$118	\$156	\$59

Publicly available financial data as of September 30, 2016 for the following companies: 1<sup>st</sup> Constitution  
Note: Bancorp, Mid Penn Bancorp Inc., First Bank, CB Financial Services Inc., Severn Bancorp Inc., and Stewardship  
Financial Corporation

1) Nonperforming assets defined as nonaccrual loans and leases, real estate owned, performing TDRs, and repossessed  
assets.

Tax adjusted EPS assumes a 34% tax rate on pre-tax earnings of \$9.2mm less the \$1.2mm of BOLI income, prior to  
2) the inclusion of after-tax costs relating to non-controlling interest of \$0.6mm and preferred dividends of \$1.1mm,  
divided by the diluted shares outstanding

Table of Contents

Sandler O’Neill used publicly available information to perform a similar analysis for BMBC and a group of financial institutions selected by Sandler O’Neill (the “BMBC Peer Group”). The BMBC Peer Group consisted of banks and thrifts whose securities are publicly traded, headquartered in the Mid-Atlantic U.S., with total assets between \$2.2 billion and \$4.5 billion, and that were profitable over the twelve month period ending December 31, 2016, excluding announced merger targets. The BMBC Peer Group consisted of the following companies:

Arrow Financial Corporation	First of Long Island Corporation
Bridge Bancorp, Inc.	Northfield Bancorp, Inc.
Canandaigua National Corporation	Oritani Financial Corp.
CNB Financial Corporation	Peapack-Gladstone Financial Corporation
ConnectOne Bancorp, Inc.	TriState Capital Holdings, Inc.
Financial Institutions, Inc.	Univest Corporation of Pennsylvania

The analysis compared the publicly available financial information for BMBC as of or for the twelve months ended December 31, 2016 with the corresponding publicly available data for the BMBC Peer Group as of or for the twelve months ended December 31, 2016 (unless otherwise noted), with pricing data as of January 27, 2017. The table below sets forth the data for BMBC and the high, low, median and mean data for the BMBC Peer Group.

**BMBC Comparable Company Analysis**

	BMBC	BMBC Peer Group	BMBC Peer Group Mean	BMBC Peer Group High	BMBC Peer Group Low
Total assets (in millions)	\$3,422	\$3,812	\$3,583	\$4,426	\$2,430
Loans/Deposits	98.3 %	97.6 %	97.6 %	131.7 %	77.1 %
Non-performing assets <sup>1</sup> /Total assets	0.44 %	0.62 %	0.59 %	1.83 %	0.09 %
Tangible common equity/Tangible assets	7.76 %	8.10 %	8.86 %	15.25 %	6.25 %
Leverage Ratio	8.74 %	8.86 %	9.70 %	15.48 %	7.36 %
Total RBC Ratio	12.36 %	13.64 %	14.44 %	19.58 %	11.78 %
CRE / Total Risk-Based Capital	302.6 %	291.1 %	310.9 %	572.1 %	110.4 %
Last Twelve Months Return on average assets	1.16 %	0.90 %	0.86 %	1.20 %	0.56 %
Last Twelve Months Return on average equity	9.75 %	9.15 %	8.72 %	12.17 %	4.26 %
Last Twelve Months Net interest margin	3.76 %	3.17 %	3.18 %	3.82 %	2.23 %
Last Twelve Months Efficiency ratio	61.0 %	60.3 %	57.4 %	71.2 %	40.3 %
Price/Tangible book value	274 %	216 %	203 %	241 %	148 %
Price/Last Twelve Months Earnings per share	19.6 x	19.9 x	21.5 x	34.8 x	12.2 x
Price / 2017E <sup>2</sup> Earnings per share	17.9 x	17.5 x	18.3 x	29.4 x	15.7 x
Price / 2018E <sup>2</sup> Earnings per share	15.8 x	14.8 x	16.5 x	30.4 x	13.6 x

Current Dividend Yield	2.0	%	2.5	%	2.1	%	4.0	%	0.0	%
Market value (in millions)	\$702		\$652		\$623		\$886		\$272	

Publicly available financial data as of September 30, 2016 for the following companies: Peapack-Gladstone

Note: Financial Corporation, First Long Island Corporation, CNB Financial Corporation, and Canandaigua National Corporation

1) Nonperforming assets defined as nonaccrual loans and leases, real estate owned, performing TDRs, and repossessed assets.

2) Based on publicly available median analyst earnings per share estimates

***Analysis of Selected Merger Transactions.*** Sandler O’Neill reviewed two groups of selected merger and acquisition transactions involving U.S. banks and thrifts. The first group consisted of nationwide bank and thrift transactions with disclosed deal value announced between January 1, 2016 and January 27, 2017 where the targets had total assets between \$500 million and \$1.5 billion at announcement, excluding section 363 bankruptcy transactions and merger of equals (MOE) transactions (the “Nationwide Precedent Transactions”). The Nationwide Precedent Transactions group was composed of the following transactions:

<u>Acquiror</u>	<u>Target</u>
Midland States Bancorp Inc.	Centrue Financial Corporation
Renasant Corp.	Metropolitan BancGroup Inc.
MainSource Financial Group	FCB Bancorp Inc.
Veritex Holdings Inc.	Sovereign Bancshares Inc.
CenterState Banks	Gateway Financial Holdings of FL Inc.
Access National Corp.	Middleburg Financial Corp.



Table of Contents

CenterState Banks	Platinum Bank Holding Co.
Enterprise Financial Services	Jefferson County Bancshares Inc.
First Commonwealth Financial	DCB Financial Corp.
OceanFirst Financial Corp.	Ocean Shore Holding Co.
Cathay General Bancorp	SinoPac Bancorp
Berkshire Hills Bancorp Inc.	First Choice Bank
First Bancorp	Carolina Bank Holdings Inc.
QCR Holdings Inc.	Community State Bank
Simmons First National Corp.	Citizens National Bank
Revere Bank	Monument Bank
First Mid-Illinois Bancshares	First Clover Leaf Fin Corp.
Westfield Financial Inc.	Chicopee Bancorp Inc.
Guaranty Bancorp	Home State Bancorp
Horizon Bancorp	La Porte Bancorp Inc.
Midland Financial Co.	1st Century Bancshares Inc.
Triumph Bancorp Inc.	ColoEast Bankshares Inc.
Hampton Roads Bankshares Inc.	Xenith Bankshares Inc.
Pinnacle Financial Partners	Avenue Financial Holdings Inc.

Using the latest publicly available information prior to the announcement of the relevant transaction, Sandler O'Neill reviewed the following transaction metrics: transaction price to last-twelve-months earnings per share, transaction price to tangible book value per share, tangible book premium to core deposits, and 1-day market premium. Sandler O'Neill compared the indicated transaction multiples for the merger to the high, low, mean and median multiples of the Nationwide Precedent Transactions group.

	RBPI / BMBC	Nationwide Precedent Transactions Median	Nationwide Precedent Transactions Mean	Nationwide Precedent Transactions High	Nationwide Precedent Transactions Low
Transaction Price/Last Twelve Months Earnings Per Share:	26.6 x <sup>1</sup>	21.5	x 25.4	x 57.8	x 4.1
Transaction Price/Tangible book Value Per Share:	247% / 166	% <sup>2</sup> 150	% 156	% 226	% 116
Core Deposit Premium:	9.8	% <sup>2</sup> 7.0	% 7.8	% 17.1	% 2.4
1-Day Market Premium:	6.8	% 32.1	% 38.5	% 91.5	% 9.8

EPS is adjusted and assumes a 34% tax rate on pre-tax earnings of \$9.2mm less the \$1.2mm of BOLI income, prior 1) to the inclusion of after-tax costs relating to non-controlling interest of \$0.6mm and preferred dividends of \$1.1mm, divided by the diluted shares outstanding

Adjusted tangible book value is calculated as tangible book value per share as of December 31, 2016 of \$1.72, 2) adjusted to include the estimated allowable reversal of the valuation allowance against the deferred tax asset of \$0.84 per share

The second group of selected merger and acquisition transactions consisted of bank and thrift transactions with disclosed deal value announced between January 1, 2014 and January 27, 2017 where the targets were headquartered in the Mid-Atlantic U.S., and had total assets at announcement between \$500 million and \$1.5 billion, excluding 363 bankruptcy transactions and merger of equals (MOE) transactions (the “Regional Precedent Transactions”). The Regional Precedent Transactions group was composed of the following transactions:

<u>Acquiror</u>	<u>Target</u>
OceanFirst Financial Corp.	Ocean Shore Holding Co.
Berkshire Hills Bancorp Inc.	First Choice Bank
Revere Bank	Monument Bank
Univest Corp. of Pennsylvania	Fox Chase Bancorp Inc.
WSFS Financial Corp.	Penn Liberty Financial Corp.
United Bankshares Inc.	Bank of Georgetown
Beneficial Bancorp Inc.	Conestoga Bank
Community Bank System Inc.	Oneida Financial Corp.
Bridge Bancorp Inc.	Community National Bank
S&T Bancorp Inc.	Integrity Bancshares Inc.
Cape Bancorp Inc.	Colonial Financial Services
National Penn Bancshares Inc.	TF Financial Corp.
Bryn Mawr Bank Corp.	Continental Bank Holdings Inc.

Table of Contents

Using the latest publicly available information prior to the announcement of the relevant transaction, Sandler O'Neill reviewed the following transaction metrics: transaction price to last-twelve-months earnings per share, transaction price to tangible book value per share, tangible book premium to core deposits, and 1-day market premium. Sandler O'Neill compared the indicated transaction multiples for the merger to the high, low, mean and median multiples of the Regional Precedent Transactions group.

	RBPI / BMBG	Regional Precedent Transactions Median	Regional Precedent Transactions Mean	Regional Precedent Transactions High	Regional Precedent Transactions Low
Transaction Price/Last Twelve Months Earnings Per Share:	26.6 x <sup>1</sup>	26.0 x	28.5 x	57.8 x	16.8 x
Transaction Price/Tangible book Value Per Share:	247% / 166 % <sup>2</sup>	161 %	167 %	263 %	88 %
Core Deposit Premium:	9.8 % <sup>2</sup>	10.0 %	10.2 %	20.5 %	2.4 %
1-Day Market Premium:	6.8 %	32.1 %	37.9 %	99.4 %	10.9 %

EPS is adjusted and assumes a 34% tax rate on pre-tax earnings of \$9.2mm less the \$1.2mm of BOLI income, prior 1) to the inclusion of after-tax costs relating to non-controlling interest of \$0.6mm and preferred dividends of \$1.1mm, divided by the diluted shares outstanding

Adjusted tangible book value is calculated as tangible book value per share as of December 31, 2016 of \$1.72, 2) adjusted to include the estimated allowable reversal of the valuation allowance against the deferred tax asset of \$0.84 per share

**Net Present Value Analyses.** Sandler O'Neill performed an analysis that estimated the net present value per share of RBPI common stock assuming RBPI performed in accordance with internal financial projections for the year ending December 31, 2017, as well as estimated long-term net income and balance sheet growth rates for the years thereafter, as provided by the senior management of RBPI. To approximate the terminal value of a share of RBPI common stock at December 31, 2021, Sandler O'Neill applied price to 2021 earnings per share multiples ranging from 13.0x to 18.0x and price to December 31, 2021 tangible book value per share multiples ranging from 110% to 160%. The terminal values were then discounted to present values using different discount rates ranging from 10.0% to 15.0% which were chosen to reflect different assumptions regarding required rates of return of holders or prospective buyers of RBPI common stock. As illustrated in the following tables, the analysis indicated an imputed range of values per share of RBPI common stock of \$1.42 to \$2.46 when applying multiples of earnings per share and \$1.93 to \$3.50 when applying multiples of tangible book value per share.

Earnings Per Share Multiples

Discount Rate	13.0x	14.0x	15.0x	16.0x	17.0x	18.0x
10.0%	\$1.78	\$1.92	\$2.05	\$2.19	\$2.33	\$2.46
11.0%	\$1.70	\$1.83	\$1.96	\$2.09	\$2.22	\$2.35
12.0%	\$1.63	\$1.75	\$1.88	\$2.00	\$2.13	\$2.25
13.0%	\$1.56	\$1.67	\$1.79	\$1.91	\$2.03	\$2.15
14.0%	\$1.49	\$1.60	\$1.72	\$1.83	\$1.95	\$2.06
15.0%	\$1.42	\$1.53	\$1.64	\$1.75	\$1.86	\$1.97

### **Tangible Book Value Per Share Multiples**

Discount Rate	110%	120%	130%	140%	150%	160%
10.0%	\$2.41	\$2.62	\$2.84	\$3.06	\$3.28	\$3.50
11.0%	\$2.30	\$2.51	\$2.72	\$2.93	\$3.14	\$3.34
12.0%	\$2.20	\$2.40	\$2.60	\$2.80	\$3.00	\$3.20
13.0%	\$2.10	\$2.29	\$2.48	\$2.68	\$2.87	\$3.06
14.0%	\$2.01	\$2.19	\$2.38	\$2.56	\$2.74	\$2.93
15.0%	\$1.93	\$2.10	\$2.28	\$2.45	\$2.63	\$2.80

Sandler O’Neill also considered and discussed with the RBPI board of directors how this analysis would be affected by changes in the underlying assumptions, including variations with respect to net income. To illustrate this impact, Sandler O’Neill performed a similar analysis assuming RBPI’s net income varied from 15% above projections to 15% below projections. This analysis resulted in the following range of per share values for RBPI common stock, applying the price to 2021 earnings per share multiples range of 13.0x to 18.0x referred to above and a discount rate of 12.78%.

Table of Contents**Earnings Per Share Multiples**

Annual						
Budget Variance	13.0x	14.0x	15.0x	16.0x	17.0x	18.0x
(15.0%)	\$1.33	\$1.44	\$1.54	\$1.64	\$1.75	\$1.85
(10.0%)	\$1.41	\$1.52	\$1.63	\$1.74	\$1.85	\$1.96
(5.0%)	\$1.49	\$1.61	\$1.72	\$1.84	\$1.95	\$2.07
0.0%	\$1.57	\$1.69	\$1.81	\$1.93	\$2.05	\$2.17
5.0%	\$1.65	\$1.78	\$1.90	\$2.03	\$2.16	\$2.28
10.0%	\$1.73	\$1.86	\$1.99	\$2.13	\$2.26	\$2.39
15.0%	\$1.81	\$1.94	\$2.08	\$2.22	\$2.36	\$2.50

Sandler O'Neill also performed an analysis that estimated the net present value per share of BMBC common stock assuming that BMBC performed in accordance with publicly available consensus median analyst earnings per share estimates for the years ending December 31, 2017 and December 31, 2018, as well as an estimated long-term annual earnings per share growth rate for BMBC for the years thereafter, as discussed with and confirmed by the senior management of BMBC and its representatives. To approximate the terminal value of BMBC common stock at December 31, 2021, Sandler O'Neill applied price to 2021 earnings per share multiples ranging from 17.0x to 22.0x and price to December 31, 2021 tangible book value per share multiples ranging from 170% to 270%. The terminal values were then discounted to present values using different discount rates ranging from 9.0% to 13.0% chosen to reflect different assumptions regarding required rates of return of holders or prospective buyers of BMBC common stock. As illustrated in the following tables, the analysis indicated an imputed range of values per share of BMBC common stock of \$33.71 to \$50.80 when applying multiples of earnings per share and \$26.94 to \$48.65 when applying multiples of tangible book value per share.

**Earnings Per Share Multiples**

Discount Rate	17.0x	18.0x	19.0x	20.0x	21.0x	22.0x
9.0%	\$40.08	\$42.22	\$44.37	\$46.51	\$48.66	\$50.80
10.0%	\$38.36	\$40.40	\$42.45	\$44.50	\$46.55	\$48.60
11.0%	\$36.72	\$38.68	\$40.64	\$42.60	\$44.56	\$46.52
12.0%	\$35.18	\$37.05	\$38.92	\$40.79	\$42.67	\$44.54
13.0%	\$33.71	\$35.50	\$37.29	\$39.08	\$40.87	\$42.67

**Tangible Book Value Per Share Multiples**

Discount Rate	170%	190%	210%	230%	250%	270%
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9.0%	\$31.97	\$35.31	\$38.64	\$41.98	\$45.31	\$48.65
10.0%	\$30.61	\$33.80	\$36.99	\$40.17	\$43.36	\$46.54
11.0%	\$29.33	\$32.37	\$35.42	\$38.46	\$41.51	\$44.55
12.0%	\$28.10	\$31.01	\$33.93	\$36.84	\$39.75	\$42.66
13.0%	\$26.94	\$29.73	\$32.51	\$35.30	\$38.08	\$40.87

Sandler O’Neill also considered and discussed with the RBPI board of directors how this analysis would be affected by changes in the underlying assumptions, including variations with respect to net income. To illustrate this impact, Sandler O’Neill performed a similar analysis assuming BMBC’s net income varied from 15% above estimates to 15% below estimates. This analysis resulted in the following range of per share values for BMBC common stock, applying the price to 2021 earnings per share multiples range of 17.0x to 22.0x referred to above and a discount rate of 10.90%.

### Earnings Per Share Multiples

Annual Budget Variance	17.0x	18.0x	19.0x	20.0x	21.0x	22.0x
(15.0%)	\$31.86	\$33.54	\$35.21	\$36.88	\$38.55	\$40.23
(10.0%)	\$33.54	\$35.31	\$37.08	\$38.85	\$40.62	\$42.39
(5.0%)	\$35.21	\$37.08	\$38.95	\$40.82	\$42.69	\$44.56
0.0%	\$36.88	\$38.85	\$40.82	\$42.79	\$44.75	\$46.72
5.0%	\$38.55	\$40.62	\$42.69	\$44.75	\$46.82	\$48.89
10.0%	\$40.23	\$42.39	\$44.56	\$46.72	\$48.89	\$51.05
15.0%	\$41.90	\$44.16	\$46.43	\$48.69	\$50.95	\$53.22

Table of Contents

Sandler O'Neill noted that the net present value analysis is a widely used valuation methodology, but the results of such methodology are highly dependent upon the numerous assumptions that must be made, and the results thereof are not necessarily indicative of actual values or future results.

**Pro Forma Merger Analysis.** Sandler O'Neill analyzed certain potential pro forma effects of the merger, assuming the merger closes on July 1, 2017. In performing this analysis, Sandler O'Neill utilized the following information: (i) internal financial projections for RBPI for the year ending December 31, 2017 as well as estimated long-term net income and balance sheet growth rates for the years thereafter, as provided by the senior management of RBPI; (ii) publicly available consensus median analyst earnings per share estimates for BMBC for the years ending December 31, 2017 and December 31, 2018, as well as an estimated long-term annual earnings per share growth rate for BMBC for the years thereafter, as discussed with and confirmed by the senior management of BMBC and its representatives; and (iii) certain assumptions relating to purchase accounting adjustments, cost savings and transaction expenses, as provided by the senior management of BMBC and its representative. The analysis indicated that the merger could be accretive to BMBC's earnings per share (excluding one-time transaction costs and expenses) in the years ended December 31, 2018 and December 31, 2019, and accretive to BMBC's estimated tangible book value per share at close.

In connection with this analysis, Sandler O'Neill considered and discussed with the RBPI board of directors how the analysis would be affected by changes in the underlying assumptions, including the impact of final purchase accounting adjustments determined at the closing of the transaction, and noted that the actual results achieved by the combined company may vary from projected results and the variations may be material.

**Sandler O'Neill's Relationship.** Sandler O'Neill is acting as RBPI's financial advisor in connection with the merger and will receive a fee for its services. Sandler O'Neill's fee is equal to 1.60% of the aggregate purchase price, will vary based on the market value of BMBC common stock at the time of closing and is contingent upon the closing of the merger. Sandler O'Neill also received a \$150,000 fee upon rendering its opinion to the board of directors of RBPI, which opinion fee will be credited in full towards the transaction fee which will become payable to Sandler O'Neill on the day of closing of the merger. RBPI has also agreed to indemnify Sandler O'Neill against certain claims and liabilities arising out of its engagement and to reimburse Sandler O'Neill for certain of its out-of-pocket expenses incurred in connection with Sandler O'Neill's engagement.

Sandler O'Neill has not provided any other investment banking services to RBPI in the two years preceding the date of its opinion for which it has received compensation. As Sandler O'Neill previously advised the board of directors of RBPI, in the two years preceding the date of its opinion, Sandler O'Neill provided certain investment banking services to BMBC and received compensation for such services. Most recently, Sandler O'Neill acted as placement agent to BMBC in connection with its offer and sale of \$30 million of subordinated notes on August 6, 2015. Sandler O'Neill has advised the RBPI board of directors that it may provide, and receive compensation for, investment banking services to BMBC in the future, including during the pendency of the merger. In addition, in the ordinary course of Sandler O'Neill's business as a broker-dealer, Sandler O'Neill may purchase securities from and sell securities to RBPI

and BMBC and their respective affiliates. Sandler O'Neill may also actively trade the equity and debt securities of RBPI and BMBC or their respective affiliates for its own account and for the accounts of its customers.

**Certain Non-Public, Unaudited, Forward-Looking Information Provided by RBPI**

In connection with Sandler O'Neill providing its opinion regarding the fairness of the exchange ratios for the RBPI Class A Stock and RBPI Class B Stock from a financial point of view, RBPI provided Sandler O'Neill with internal financial projections for RBPI for the year ending December 31, 2017 and estimated net income and balance sheet growth rates.

A summary of the projected year-end assets and results of operations of RBPI as set forth in the projections provided by RBPI to Sandler O'Neill is set forth below for the sole purpose of describing the projections Sandler O'Neill received. The inclusion of the summary in this document should not be interpreted as an indication that RBPI considers this information to be a reliable prediction of its future results of operations, and this information should not be relied upon for that purpose or for any other purpose. Additionally, it should be noted that the net income projection shown below excludes any potential tax benefit that might result from a further reversal of the valuation allowance for deferred tax assets.

	For the Year Ending December 31, 2017
<i>Dollars in thousands (\$000)</i>	
Total assets	\$ 874,608
Net interest income	\$ 28,458
Provision for loan losses	\$ 2,010
Net Income	\$ 6,974



## Table of Contents

The RBPI projections that are summarized above were not prepared for the purpose, or with any expectation, of public disclosure, nor were they intended to comply with the guidelines for financial forecasts established by the American Institute of Certified Public Accountants or any other established guidelines regarding projections or forecasts. In addition, they were not reviewed or compiled by any accounting firm or Sandler O’Neill, either in connection with their preparation or for the purpose of providing any opinion with respect thereto. The report of the independent registered public accounting firm of RBPI included in this document relates solely to the historical financial information of RBPI as referred to therein. Such report does not extend to the above summary of the RBPI projections and should not be read as doing so.

The internal financial projections for RBPI for the year ending December 31, 2017 and estimated net income and balance sheet growth rates provided by the management of RBPI in or underlying Sandler O’Neill’s analyses, are not necessarily indicative of actual values or actual future results, which may be significantly more or less favorable than those estimates or those suggested by Sandler O’Neill’s analyses. While presented with numeric specificity, the unaudited prospective financial information reflects numerous estimates and assumptions made with respect to business, economic, market, competition, regulatory and financial conditions and matters specific to RBPI’s business, all of which are difficult to predict and many of which are beyond RBPI’s control.

Sandler O’Neill’s analyses were prepared solely as part of Sandler O’Neill’s analysis of the fairness of the exchange ratios for RBPI Class A Stock and RBPI Class B Stock from a financial point of view provided for in the merger and were provided to RBPI in connection with the delivery of Sander O’Neill’s opinion. The analyses do not purport to be appraisals or to reflect the prices at which a company might actually be sold or the prices at which any securities have traded or may trade at any time in the future. Accordingly, the estimates used in, and the ranges of valuations resulting from, any particular analysis described above are inherently subject to substantial uncertainty and should not be taken to be Sandler O’Neill’s view of the actual value of RBPI.

## **Interests of RBPI’s Directors and Executive Officers in the Merger**

In considering the recommendation of the RBPI board that you vote to approve the merger, you should be aware that RBPI’s directors and executive officers have interests in the merger that are different from, or in addition to, those of RBPI’s shareholders generally. The RBPI board was aware of and considered those interests, among other matters, in reaching its decisions to (i) approve the merger and (ii) resolve to recommend the approval of the merger to RBPI shareholders. See the section entitled “*The Merger -- Background of the Merger*” and the section entitled “*The Merger -- Recommendation of the RBPI Board of Directors and Reasons for the Merger*” beginning on page 74 and page 77 of this proxy statement/prospectus, respectively. RBPI’s shareholders should take these interests into account in deciding whether to vote “FOR” the proposal to approve the merger. These interests are described in more detail below, and certain of them are quantified in the narrative below and, for the named executive officers, in the tables included in the section entitled “*The Merger -- Merger-Related Compensation for RBPI’s Named Executive Officers*,” including the footnotes to the table.

In considering the recommendation of the RBPI board of directors that you vote to approve the merger agreement, RBPI shareholders should be aware that RBPI's directors and executive officers have interests in the merger that are different from, or in addition to, those of RBPI shareholders generally. The RBPI board was aware of and considered those interests, among other matters, in reaching its decisions to (1) approve and adopt the merger agreement and the transactions contemplated thereby and (2) resolve to recommend the approval of the merger agreement to RBPI shareholders. RBPI's shareholders should take these interests into account in deciding whether to vote "FOR" the proposal to approve the merger agreement and whether to vote "FOR" the proposal to approve, by advisory (non-binding) vote, certain compensation arrangements for RBPI's named executive officers in connection with the merger. These interests are described in more detail below, and certain of them are quantified in the narrative below and the table below.

#### ***Employment Agreement between F. Kevin Tylus and RBPI***

RBPI previously entered into an employment agreement with F. Kevin Tylus, President and Chief Executive Officer of RBPI and Royal Bank, which provides for a lump-sum cash payment upon termination of his employment without cause or his resignation for good reason, in each case during the term of Mr. Tylus' employment agreement and in connection with a change in control of RBPI, equal to three times his annual salary. Mr. Tylus's employment agreement also includes noncompetition and nonsolicitation provisions.

In connection with the merger agreement, BMT entered into an employment agreement with Mr. Tylus, which provides that Mr. Tylus will be employed as Managing Director of New Markets for BMT. Mr. Tylus will receive an annual salary of \$100,000 and the opportunity to qualify for incentive or bonus awards.

#### ***Non-Solicitation and Change in Control Agreements between Executive Officers and RBPI***

RBPI previously entered into non-solicitation and change in control agreements with its named executive officers, Michael S. Thompson, Executive Vice President and Chief Financial Officer of RBPI and Royal Bank, Mark W. Biedermann, Executive Vice President and Chief Lending Officer of Royal Bank, and Lars B. Eller, Executive Vice President and Chief Retail Officer of Royal Bank, that provide for a lump-sum cash payment in the event of a termination of employment by RBPI without cause or a resignation by the executive for good reason within one year after a change in control. The lump-sum payment is equal to two times the executive officer's highest base salary for the three most recent calendar years preceding the change in control.

Table of Contents

***Noncompetition and Nonsolicitation Agreements with BMT***

In connection with RBPI's entry into the merger agreement with BMBC, Messrs. Thompson, Biedermann, and Eller will enter into noncompetition and nonsolicitation agreements with BMT that will be effective as of the effective time of the merger. Under these agreements, such officers agree (1) not to engage in certain competitive activities with respect to BMT in any county in which a branch location, office, loan production office, or trust or asset and wealth management office of BMT or any of its subsidiaries are located, (2) not to solicit or provide services to customers of BMT or any of its affiliates, and (3) not to solicit for employment any employees of BMT or any of its affiliates. The restrictions contained in the noncompetition and nonsolicitation agreements apply during such officers' employment with BMT and will expire after a specified period following the effective time of the merger. In consideration of the covenants included in the noncompetition and nonsolicitation agreements, BMT will pay cash consideration in an amount to be determined to each of such officers within fifteen days of the effective time of the merger.

***Treatment of RBPI Equity Awards***

*Treatment of Stock Options.* At the effective time, each RBPI stock option will fully vest and be converted into the right to receive cash equal to the amount by which \$4.19 exceeds the exercise price per share of the RBPI stock option multiplied by the number of shares of RBPI common stock previously subject to such RBPI stock option, without interest. From and after the effective time, any RBPI stock option so converted will be cancelled and no longer exercisable by the former holder.

*Treatment of Restricted Stock Awards.* At the effective time, each RBPI restricted stock award will fully vest and be converted into the right to receive, without interest, the merger consideration payable under the merger agreement.

*Quantification of Value of Unvested Equity Awards.* For an estimate of the value to be received by each of RBPI's named executive officers in respect of their unvested RBPI equity awards outstanding as of the date hereof, assuming all such awards vested at the effective time, see "*Merger-Related Compensation for RBPI's Named Executive Officers*" below. None of the options held by RBPI's eight non-employee directors have an exercise price below \$4.14 per share. The estimated aggregate value that such non-employee directors would receive for their unvested shares of RBPI restricted stock outstanding as of the date hereof assuming all such awards vested at the effective time of the merger is \$0.00.

***Indemnification; Directors' and Officers' Insurance***

The merger agreement provides that for a period of six years after the effective time, BMBC will indemnify and hold harmless all present and former directors, officers and employees of RBPI and its subsidiaries against all costs and liabilities arising out of the fact that such person is or was a director, officer, or employee of RBPI or any of its subsidiaries and pertaining to matters, actions, or omissions existing or occurring at or prior to the effective time, to the fullest extent permitted by applicable law, and will also advance expenses to such persons to the fullest extent permitted by applicable law, provided such person provides an undertaking to repay such advances if it is ultimately determined that such person is not entitled to indemnification.

The merger agreement also requires BMBC to maintain, for a period of six years after the completion of the merger, RBPI's existing directors' and officers' liability insurance policy, or policies with a substantially comparable insurer of at least the same coverage and amounts and containing terms and conditions that are no less advantageous to the insured, with respect to claims arising from facts or events that occurred at or prior to the completion of the merger. However, BMBC will not be required to spend annually in the aggregate an amount in excess of 150% of the annual premium currently paid by RBPI under its current policy. For additional information see the section entitled "*The Merger Agreement—Indemnification and Insurance*" beginning on page 107 of this proxy statement/prospectus.

#### **Merger-Related Compensation for RBPI's Named Executive Officers**

This section sets forth the information required by Item 402(t) of Regulation S-K of the SEC rules regarding the compensation for each named executive officer of RBPI that is based on or otherwise relates to the merger. This compensation is referred to as "golden parachute" compensation by the applicable SEC disclosure rules. Additional information regarding these payments and benefits is also summarized in the section entitled "*The Merger -- Interests of RBPI's Directors and Executive Officers in the Merger*" beginning on page 90 of this proxy statement/prospectus, which information is incorporated by reference into this section.

Table of Contents***Quantification of Payments and Benefits to RBPI's Named Executive Officers***

The information set forth in the table below is intended to comply with SEC rules that require disclosure of information about certain compensation for each named executive officer of RBPI that is based on, or otherwise relates to, the merger (which we refer to as “merger-related compensation”).

As described above in “*Interests of RBPI's Directors and Executive Officers in the Merger*” and “*Employment Agreement between F. Kevin Tylus and RBPI*,” F. Kevin Tylus, President and Chief Executive Officer of BMT, has entered into an employment agreement with BMBC that will become effective upon the effective time of the merger. The merger-related compensation described below payable by RBPI is based on the existing agreements between RBPI and each officer upon the occurrence of certain events following the effective time of the merger.

The table below sets forth the amount of payments and benefits that each of RBPI's named executive officers would receive in connection with the merger, based on multiple assumptions that may or may not actually occur or be accurate on the relevant date, including the assumptions described below and in the footnotes to the table. The table also reflects the vesting of certain equity awards held by the named executive officers as a result of the merger that otherwise would not vest in accordance with their terms prior to the effective time, and does not reflect certain compensation actions that may occur before the effective time. For purposes of calculating such amounts, in addition to the assumptions described in the footnotes to the table below, the following assumptions were used:

the amounts below are determined using a price per share of BMBC common stock of \$40.61, the average closing price per share over the first five business days following the announcement of the merger agreement; and

the effective time of the merger is assumed to occur on July 1, 2017 solely for purposes of the disclosure in this section, and each named executive officer is assumed to experience a qualifying termination on such date.

Name	Cash (\$) (1)	Equity (\$) (2)	Perquisites/ Benefits (\$)	Tax Reimbursement (\$)	Total (\$)
F. Kevin Tylus	\$1,351,875	\$19,668	—	—	\$1,371,543
Michael S. Thompson	\$440,000	\$7,868	—	—	\$447,868
Mark W. Biedermann	\$463,500	\$124,731	—	—	\$588,231
Lars B. Eller	\$448,800	\$7,868	—	—	\$456,668

(1) *Cash*. The employment agreements or change in control agreements between RBPI and each named executive provide for a lump-sum cash payment upon consummation of a change in control of RBPI equal to two times his

base salary at the highest annual amount during the prior three calendar years (for Mr. Tylus, the payment is equal to three times his current base salary).

Under the employment agreements or change in control agreements with each of the named executive officers, cash payments would be made in the event that the executive's employment were terminated without "cause" or the executive resigned for some specified event of "good reason" following the effective time of the merger (a so-called "double trigger" arrangement).

*Equity.* As described above, all unvested equity-based awards held by RBPI's named executive officers will become vested at the effective time of the merger (i.e., "single-trigger" vesting). Restricted stock awards will be settled for the merger consideration and stock options will be cashed out at a price equal to \$4.19 less the option exercise (2)price multiplied by the number of options held. Set forth below are the values of each type of equity-based award outstanding as of the date hereof that would become vested upon the effective time, based on a price per share of BMBC common stock of \$40.61, the average closing price per share over the first five business days following the announcement of the merger agreement.

<b>Name</b>	<b>Stock Options (\$)</b>	<b>Restricted Stock (\$)</b>
F. Kevin Tylus	\$ 19,668	\$ 0
Michael S. Thompson	\$ 7,868	\$ 0
Mark W. Biedermann	\$ 20,668	\$ 104,063
Lars B. Eller	\$ 7,868	\$ 0

### **Regulatory Approvals Required for the Merger and the Bank Merger**

Completion of the merger between BMBC and RBPI and the bank merger between BMT and Royal Bank are each subject to several federal and state regulatory agency filings and approvals. The merger and the bank merger cannot be completed unless and until BMBC and RBPI, on the one hand, and BMT and Royal Bank, on the other hand, have received all necessary prior approvals, waivers or exemptions from the applicable bank regulatory authorities and any applicable waiting periods have expired. We cannot predict whether or when BMBC and RBPI and their bank subsidiaries will obtain the required regulatory approvals, waivers or exemptions necessary for the merger of RBPI with and into BMBC and the merger of Royal Bank with and into BMT.

Table of Contents

*Federal Reserve Board.* BMBC and RBPI are both registered under the BHCA. As a result, the merger of RBPI with and into BMBC is subject to prior approval of the Federal Reserve Board under the BHCA, unless an exemption from the prior approval requirement is available. We intend to apply for a waiver from the prior approval requirement pursuant to Section 12 of the Federal Reserve Board's Regulation Y.

The merger of Royal Bank with and into BMT is also subject to the prior approval of the Federal Reserve Board under the Bank Merger Act. BMT and Royal Bank plan to file their Bank Merger Act Application for approval of the bank merger with the Federal Reserve Board during the second quarter of 2017. In reviewing applications under the Bank Merger Act, the Federal Reserve Board must consider, among other factors: the financial and managerial resources (including consideration of the competence, experience and integrity of the officers, directors and principal shareholders) and future prospects of the existing and proposed institutions; the convenience and needs of the communities to be served; safety and soundness considerations; the capital adequacy of the combined bank after the merger; and the effectiveness of both institutions in combating money laundering; and the extent to which the proposal would result in greater or more concentrated risks to the stability of the United States banking or financial system. In addition, the Federal Reserve Board may not approve a merger:

that will result in a monopoly or be in furtherance of any combination or conspiracy to monopolize or attempt to monopolize the business of banking in any part of the United States;

if the effect of the merger in any section of the country may be substantially to lessen competition or tend to create a monopoly; or

if the merger would in any other manner be a restraint of trade unless the Federal Reserve Board finds that the anticompetitive effects of the merger are clearly outweighed by the public interest and the probable effect of the merger in meeting the convenience and needs of the communities to be served.

Under the Community Reinvestment Act of 1977, the Federal Reserve Board must also take into account the records of performance of Royal Bank and BMT in meeting the credit needs of their respective markets, including low and moderate income neighborhoods served by each institution and the bank's credit practices under the federal fair lending laws. As part of the merger review process, the Federal Reserve Board may receive comments from community groups and others as to their views on the propriety of the proposed merger. Royal Bank and BMT each received a "Satisfactory" rating in their most recent CRA evaluations.

The Federal Reserve Board is also authorized to, but generally does not, hold a public hearing or meeting in connection with an application under the Bank Merger Act. A decision by the Federal Reserve Board that such a hearing or meeting would be appropriate regarding any application could prolong the period during which the application is subject to review.

Mergers approved by the Federal Reserve Board under the Bank Merger Act, with certain exceptions, may not be consummated until 30 days after the date of approval, during which time the U.S. Department of Justice may challenge the merger on antitrust grounds and may require the divestiture of certain assets and liabilities. With approval of the Federal Reserve Board and the Department of Justice, that waiting period may be, and customarily is, reduced to no less than 15 days. There can be no assurance that the Department of Justice will not challenge the merger or, if such a challenge is made, that the result of that challenge will be favorable to BMBC and RBPI.

*Pennsylvania Department of Banking and Securities.* The merger of RBPI with and into BMBC is subject to the prior approval of the Pennsylvania Department of Banking and Securities under Section 115 of the Pennsylvania Banking Code of 1965 relating to business combinations involving the holding company of a Pennsylvania-chartered bank. Additionally, the merger of Royal Bank with and into BMT is subject to the prior approval of the Pennsylvania Department of Banking and Securities under Chapter 16 of the Pennsylvania Banking Code of 1965. Generally, in determining whether to approve the bank merger, the Pennsylvania Department of Banking and Securities considers the same factors that are considered by the Federal Reserve Board under the Bank Merger Act. BMBC expects to file its applications for approval of the merger between BMBC and RBPI, and the bank merger between MBMT and Royal Bank with the Pennsylvania Department of Banking and Securities during the second quarter of 2017.

*Other Regulatory Submissions or Approvals.* Notices and/or applications requesting approval may be submitted to other federal and state regulatory authorities and self-regulatory organizations.



## Table of Contents

There can be no assurance that the regulatory authorities described above will approve the merger of RBPI with and into BMBC or the bank merger, and even if those mergers are approved, there can be no assurance as to the date on which the approvals will be received. The mergers cannot proceed unless all required regulatory approvals have been received. See “*The Merger Agreement -- Conditions to Completion of the Merger*” and “*The Merger Agreement -- Termination of the Merger Agreement.*”

The approval of a merger application by a regulatory authority only means that the regulatory criteria for approval have been satisfied. The process of obtaining regulatory approval would not include a review of the adequacy of the merger consideration. Further, regulatory approvals do not constitute an endorsement or recommendation of the merger.

## **Public Trading Markets**

BMBC common stock is listed on NASDAQ under the symbol “BMTC.” RBPI Class A Stock is traded on NASDAQ under the symbol “RBPAA.” RBPI Class B Stock is not listed on any national securities exchange, such as NYSE or NASDAQ. Upon completion of the merger, RBPI Class A Stock will cease to be traded on NASDAQ, and BMBC as the surviving company in the merger will cause RBPI’s Class A Stock and Class B Stock to be deregistered under the Exchange Act. BMBC will list the BMBC common stock issuable pursuant to the merger agreement on NASDAQ upon receipt of NASDAQ approval and subject to official notice of issuance.

As reported on NASDAQ, the closing price per share of BMBC common stock on January 30, 2017 was \$40.35. As reported by NASDAQ, the closing price per share of RBPI Class A Stock on January 30, 2017 was \$3.89. Based on the BMBC closing price per share on NASDAQ and the exchange ratio, the pro forma equivalent per share value of RBPI Class A Stock was \$4.14 on that date. On April 10, 2017, the last practical day before we printed and mailed this proxy statement/prospectus, the closing price per share of BMBC common stock on NASDAQ was \$39.15, resulting in a pro forma equivalent per share value of RBPI Class A Stock of \$4.01 as of that date. On April 10, 2017, the closing price per share of RBPI Class A Stock on NASDAQ was \$3.91.

## **Delisting and Deregistration of RBPI Common Stock Following the Merger**

If the merger is completed, RBPI Class A Stock will be delisted from NASDAQ and RBPI Class A Stock and RBPI Class B Stock will be deregistered under the Exchange Act.

## **RBPI Shareholders Dissenters' Rights or Appraisal Rights**

### ***RBPI Class B Stock***

Holders of RBPI Class B Stock, under the PBCL have the right to dissent from the merger agreement and obtain the "fair value" of their shares of RBPI Class B Stock in cash as determined by an appraisal process in accordance with the procedures under the PBCL. Following is a summary of the rights of dissenting shareholders. The summary is qualified in its entirety by reference to Appendix D which sets forth the applicable dissenters' rights provisions of Pennsylvania law. If you are considering exercising your dissenters' rights, you should read carefully the summary below and the full text of the law set forth in Appendix D.

In the discussion of dissenters' rights, the term "fair value" means the value of a share of RBPI Class B Stock immediately before the day of the effective date of the merger, taking into account all relevant factors, but excluding any appreciation or depreciation in anticipation of the merger.

Before the effective date of the merger, holders of RBPI Class B Stock who wish to exercise dissenters' rights must send written notice of their intent to exercise dissenters' rights to Royal Bancshares of Pennsylvania, Inc., One Bala Plaza, Suite 522, 231 St. Asaph's Road, Bala Cynwyd, PA 19004 (Attn: Michael Thompson). After the effective date of the merger, any correspondence relating to the exercise of dissenters' rights should be sent to Bryn Mawr Bank Corporation, 801 Lancaster Avenue, Bryn Mawr PA 19010 (Attn: Lori A. Goldman).

### **Notice of Intention to Dissent**

If you wish to dissent from the merger, you must do the following:

prior to the vote on the merger agreement by RBPI shareholders at the RBPI special meeting, file with RBPI a written notice of your intention to demand payment of the fair value of your shares of RBPI Class B Stock if the merger with BMBC is completed;

make no change in your beneficial ownership of RBPI Class B Stock from the date you give notice of your intention to demand fair value of your shares of RBPI Class B Stock through the day of the merger; and

not vote your RBPI Class B Stock to adopt the merger agreement at the special meeting.



## Table of Contents

Simply providing a proxy against or voting against the proposed merger at the special meeting of shareholders will not constitute notice of your intention to dissent. Further, if you submit a proxy but do not indicate how you wish to vote, you will be deemed to have voted in favor of the merger and your right to dissent will be lost.

## Notice to Demand Payment

If the merger is adopted by the required vote of RBPI shareholders, RBPI and BMBC will mail a notice to all those dissenting shareholders who gave due notice of their intention to demand payment of the fair value of their shares and who did not vote to adopt the merger agreement. The notice will state where and when dissenting RBPI shareholders must deliver a written demand for payment and where such dissenting shareholder must deposit certificates for RBPI Class B Stock in order to obtain payment. The notice will include a form for demanding payment and a copy of the relevant provisions of Pennsylvania law. The time set for receipt of the demand for payment and deposit of stock certificates will be not less than 30 days from the date of mailing of the notice.

## Failure to Comply with Required Steps to Dissent

You must take each step in the indicated order and in strict compliance with Pennsylvania law in order to maintain your dissenters' rights. If you fail to follow these steps, you will lose the right to dissent and you will receive the same merger consideration as those RBPI shareholders who do not dissent.

## Payment of Fair Value of Shares

Promptly after the effective date of the merger, or upon timely receipt of demand for payment if the closing of the merger has already taken place, BMBC will send each dissenting shareholder who has deposited his, her or its stock certificates, the amount that BMBC estimates to be the fair value of the RBPI Class B Stock held by such dissenting shareholder. The remittance or notice will be accompanied by:

a closing balance sheet and statement of income of RBPI for the fiscal year ending not more than 16 months before the date of remittance or notice, together with the latest available interim financial statements;

a statement of BMBC's estimate of the fair value of RBPI Class B Stock; and

a notice of the right of the dissenting shareholder to demand supplemental payment, accompanied by a copy of the relevant provisions of Pennsylvania law.

Estimate by Dissenting Shareholder of Fair Value of Shares

If a dissenting shareholder believes that the amount stated or remitted by BMBC is less than the fair value of the RBPI Class B Stock, the dissenting shareholder must send its estimate of the fair value (deemed a demand for the deficiency) of the RBPI Class B Stock to BMBC within 30 days after BMBC mails its remittance. If the dissenting shareholder does not file its estimated fair value within 30 days after the mailing by BMBC of its remittance, the dissenting shareholder will be entitled to no more than the amount remitted by BMBC.

Valuation Proceedings

If any demands for payment remain unsettled within 60 days after the latest to occur of:

the effective date of the merger;

timely receipt by RBPI or BMBC, as the case may be, of any demands for payment; or

timely receipt by RBPI or BMBC, as the case may be, of any estimates by dissenters' of the fair value,

then, BMBC may file an application, in the Court of Common Pleas of Montgomery County, Pennsylvania, requesting that the court determine the fair value of the RBPI Class B Stock. If this happens, all dissenting shareholders whose demands have not been settled, no matter where they reside, will become parties to the proceeding. In addition, a copy of the application will be delivered to each dissenting shareholder.

## Table of Contents

If BMBC were to fail to file the application, then any dissenting shareholder, on behalf of all dissenting shareholders who have made a demand and who have not settled their claim against BMBC, may file an application in the name of BMBC at any time within the 30-day period after the expiration of the 60-day period and request that the Montgomery County Court of Common Pleas determine the fair value of the shares. The fair value determined by the Montgomery County Court of Common Pleas may, but need not, equal the dissenting shareholders' estimates of fair value. If no dissenter files an application, then each dissenting shareholder entitled to do so shall be paid no more than BMBC's estimate of the fair value of the RBPI Class B Stock, and may bring an action to recover any amount not previously remitted, plus interest at a rate the Montgomery County Court of Common Pleas finds fair and equitable.

BMBC intends to negotiate in good faith with any dissenting shareholder. If, after negotiation, a claim cannot be settled, then BMBC will file an application requesting that the fair value of the RBPI Class B Stock be determined by the Montgomery County Court of Common Pleas.

## Cost and Expenses

The costs and expenses of any valuation proceedings performed by the Montgomery County Court of Common Pleas, including the reasonable compensation and expenses of any appraiser appointed by such court to recommend a decision on the issue of fair value, will be determined by such court and assessed against BMBC, except that any part of the costs and expenses may be apportioned and assessed by such court against any or all of the dissenting shareholders who are parties and whose action in demanding supplemental payment is dilatory, obdurate, arbitrary, vexatious or in bad faith, in the opinion of such court.

Holders of RBPI Class B Stock wishing to exercise their dissenters' rights should consult their own counsel to ensure that they fully and properly comply with applicable requirements.

## ***RBPI Class A Stock***

Dissenters' rights or appraisal rights will not be available to holders of RBPI Class A Stock in connection with the merger.

Under the PBCL, which is the statutory corporation law under which RBPI is incorporated, holders of RBPI Class A Stock will not be entitled to any appraisal rights or dissenters' rights in connection with the merger because, on the RBPI record date, RBPI Class A Stock was listed on NASDAQ, a national securities exchange.

### **Litigation Related to the Merger**

In March 2017, RBPI has received a letter from attorneys representing a purported shareholder, demanding that the RBPI board investigate alleged breaches of fiduciary duty in connection with the merger. This demand was subsequently withdrawn on April 10, 2017.

On April 11, 2017, the same shareholder filed a lawsuit in the United States District Court, Eastern District of Pennsylvania, against members of the RBPI board, BMBC and RBPI. The lawsuit, which is captioned Parshall v. Royal Bancshares of Pennsylvania, Inc., et al., Case No. 2:17-cv-01641-PBT alleges class claims on behalf of all RBPI shareholders and based on allegations of material misstatements and omissions in this proxy statement/prospectus and violations of the Exchange Act. The lawsuit seeks, among other remedies, to enjoin the merger or, in the event the merger is completed, rescission of the merger or rescissory damages; to direct defendants to account for unspecified damages; and costs of the lawsuit, including attorneys' and experts' fees.

Table of Contents

**THE MERGER AGREEMENT**

*The following section is a summary of the material provisions of the merger agreement. The following description of the merger agreement is subject to, and qualified in its entirety by reference to, the merger agreement, which we include as Appendix A to this proxy statement/prospectus and incorporate by reference in this proxy statement/prospectus. This summary may not contain all of the information about the merger agreement that may be important to you. We encourage you to read the merger agreement carefully and in its entirety.*

**Explanatory Note Regarding the Merger Agreement**

This summary and the copy of the merger agreement attached to this document as Appendix A are included solely to provide investors with information regarding the terms of the merger agreement. The merger agreement contains representations and warranties by BMBC and RBPI, which were made to the other contracting party only for purposes of that agreement and as of specific dates. The representations, warranties and covenants in the merger agreement may be subject to limitations agreed upon by the contracting parties, including being qualified by confidential disclosures made for the purposes of allocating contractual risk between the parties to the merger agreement instead of establishing these matters as facts, and may be subject to standards of materiality applicable to the contracting parties that differ from those generally applicable to investors. For the foregoing reasons, the representations, warranties and covenants, and any descriptions of those provisions, should not be relied on by any persons as characterizations of the actual state of facts about RBPI or BMBC at the time they were made or otherwise. They should be read in conjunction with the other information contained in the reports, statements and filings that BMBC and RBPI publicly file with the SEC. For more information regarding these documents, see the section entitled “*Where You Can Find More Information*” on page 130.

**The Merger and the Bank Merger**

The merger agreement provides for the merger of RBPI with and into BMBC. The parties will take the necessary steps to complete the merger once the conditions in the merger agreement are satisfied. Upon completion of the merger, BMBC will be the surviving corporation and the separate corporate existence of RBPI will cease.

The merger agreement provides that BMBC may at any time change the structure of the merger, unless the change would do any of the following:



alter or change the amount or kind of merger consideration to be provided to the RBPI common shareholders,

adversely affect the U.S. federal income tax consequences to RBPI common shareholders, or

impede or delay consummation of the merger or otherwise adversely affect RBPI or the RBPI common shareholders in any material respect.

As soon as practicable after the merger of RBPI into BMBC is completed, Royal Bank will merge with and into BMT. BMT will be the surviving entity in the merger and continue its existence as a Pennsylvania chartered bank, and Royal Bank's separate existence will cease.

## **Merger Consideration**

### ***Treatment of RBPI common stock***

At the time BMBC and RBPI entered into the merger agreement, RBPI had two classes of common stock outstanding: RBPI Class A Stock and RBPI Class B Stock (collectively, the "RBPI common stock"). The merger consideration payable by BMBC in exchange for each class of common stock is described below.

**RBPI Class A Stock.** At the time the merger is completed, each share of RBPI Class A Stock that was issued and outstanding immediately prior to the effective time of the merger will automatically be converted into the right to receive 0.1025 shares of BMBC common stock (the "RBPI Class A Exchange Ratio") and cash in lieu of any fractional share of BMBC common stock. In other words, each holder of RBPI Class A Stock will have the right to receive 0.1025 shares of BMBC common stock in exchange for each share of RBPI Class A Stock that he or she owns.

Table of Contents

RBPI Class B Stock. At the time the merger is completed, each share of RBPI Class B Stock that was issued and outstanding immediately prior to the effective time of the merger will automatically be converted into the right to receive 0.1179 shares of BMBC common stock (the “RBPI Class B Exchange Ratio” and together with the RBPI Class A Exchange Ratio, the “Exchange Ratios”) and cash in lieu of any fractional shares of BMBC common stock. In other words, each holder of RBPI Class B Stock will have the right to receive 0.1179 shares of BMBC common stock in exchange for each share of RBPI Class B Stock that he or she owns.

Treasury Shares. Any shares of RBPI common stock that RBPI holds as treasury shares and any shares of RBPI common stock held by BMBC (other than shares held in a fiduciary capacity or as a result of debts previously contracted) will not be converted into merger consideration and will be cancelled without receipt of any consideration.

If BMBC makes a change in its capitalization before the merger is completed, then BMBC will make proportionate adjustments to the Exchange Ratios to give RBPI shareholders the same economic effect as contemplated by the merger agreement prior to such change. Examples of changes in the capitalization of BMBC that would trigger an adjustment are:

a stock dividend or distribution on BMBC common stock with a record date prior to the effective time of the merger;  
and

stock splits and reverse stock splits involving BMBC common stock.

BMBC will not issue any fractional shares of BMBC common stock in the merger. For each fractional share that RBPI shareholders would otherwise have the right to receive, BMBC will pay an amount in cash, without interest, rounded to the nearest cent, that will be calculated by multiplying (1) the fractional share issuable to that shareholder and (2) the average closing price of BMBC common stock for the 5 consecutive trading-day period immediately preceding the fifth calendar day prior to the closing date of the merger. RBPI shareholders will not have the right to receive dividends or other rights with respect to those fractional shares.

*Treatment of RBPI Equity Awards and Warrants*

Stock Options. Upon completion of the merger, each outstanding option to purchase shares of RBPI Class A Stock pursuant to RBPI’s equity-based compensation plans will be cancelled by RBPI in exchange for a cash payment equal to the positive difference, if any, between \$4.19 and the corresponding exercise price of such outstanding option. The cancellation of such option will be considered a release of any and all rights the holder of such option had or may have had in respect to such option. As of the date of the merger agreement, there were no outstanding options to purchase

shares of RBPI Class B Stock.

Restricted Stock Awards. Upon completion of the merger, each outstanding RBPI restricted stock award will become fully-vested and will be converted into the right to receive, without interest, the same merger consideration as the RBPI Class A Stock (*i.e.*, the shares of RBPI Class A Stock subject to the restricted stock award will be converted into merger consideration in the same manner as the RBPI Class A Stock).

Warrants. Pursuant to the merger agreement, RBPI will diligently attempt to repurchase and retire all warrants to purchase shares of RBPI Class A Stock, as disclosed to BMBC under the merger agreement, prior to the closing date of the merger for an amount mutually acceptable to RBPI and BMBC, after consultation with each other.

Upon completion of the merger, all RBPI warrants which are outstanding and unexercised shall become fully vested and exercisable and be converted, in their entirety, automatically into Continuing Warrants in an amount and at an exercise price determined as follows: (i) The number of shares of BMBC common stock to be subject to the Continuing Warrants shall be equal to the product of the number of shares of RBPI common stock subject to the RBPI warrants, and the applicable exchange ratio; provided that any fractional shares of BMBC common stock resulting from such multiplication shall be rounded down to the nearest share; and (ii) the exercise price per share of BMBC common stock under the Continuing Warrants shall be equal to the exercise price per share of RBPI common stock under the RBPI warrants, as applicable, divided by the applicable exchange ratio; provided that such exercise price shall be rounded up to the nearest cent. The duration and other terms of the Continuing Warrants shall be the same as the RBPI warrants, except all references to RBPI shall instead be references to BMBC.

### **Effect of Merger on BMBC Stock**

The merger will have no effect on BMBC's capital stock. Each share of BMBC capital stock that was issued and outstanding immediately before the merger will remain issued and outstanding after the merger is completed.

Table of Contents

**Articles of Incorporation and Bylaws of the Surviving Corporation**

The BMBC articles of incorporation and the BMBC bylaws as in effect immediately prior to the completion of the merger will be the articles of incorporation and the bylaws of the surviving corporation.

**Board of Directors and Executive Officers of the Surviving Corporation; BMT Advisory Board**

At the time the merger is completed, BMBC will increase the size of its board of directors by one and appoint one current RBPI director, who will be selected by BMBC in its sole discretion, to the BMBC board of directors. The board of directors of the surviving corporation will consist of the BMBC board of directors as increased to include the appointed RBPI director. Additionally, BMT will increase the size of its board of directors by one and appoint one current RBPI director, who will be selected by BMBC in its sole discretion, to the BMT board of directors. The persons who are the executive officers of BMBC immediately before the merger will continue as the executive officers of the surviving corporation.

Additionally, at the time the merger is completed, BMT will form an advisory board comprised of certain members of RBPI's and/or Royal Bank's boards of directors who did not become directors of BMBC and BMT pursuant to the merger agreement and were acting in such capacities immediately prior to the effective time of the merger. Such directors who agree in writing at or prior to the effective time of the merger, will serve on such advisory board immediately following the effective time of the merger.

**Closing and Effective Time of the Merger**

The closing of the merger will take place within fifteen calendar days after all of the closing conditions specified in the merger agreement have been satisfied or waived, other than those conditions which by their nature must be satisfied at the closing; however, the parties may agree in writing to hold the closing of the merger on another date. The merger will become effective when filed or at another time specified by BMBC and RBPI in the statement of merger filed with the Pennsylvania Department of State.

**Exchange and Payment Procedures**

At least two business days prior to the effective date of the merger, BMBC will deposit the merger consideration with its exchange agent, Computershare, Inc., or such other company designated by BMBC, and reasonably acceptable to RBPI. Specifically, the deposit will consist of:

book entry shares representing the shares of BMBC common stock issuable in exchange for the shares of RBPI common stock which will be cancelled in the merger;

cash consideration payable in exchange for each outstanding option to purchase shares of RBPI Class A Stock pursuant to RBPI's equity-based compensation plans;

cash in an amount equal to pay any dividends or distributions which are payable to RBPI shareholders under the merger agreement; and

cash to be paid to RBPI shareholders in lieu of fractional shares of BMBC common stock.

Within ten business days after the merger is completed, the exchange agent will mail each holder of record of RBPI common stock a letter of transmittal which will contain instructions for surrendering their stock certificates for the merger consideration. Each holder of a RBPI stock certificate, who surrenders his or her stock certificates to the exchange agent together with properly signed transmittal materials, will be entitled to receive, for each share of RBPI common stock he or she holds:

0.1025 shares of BMBC common stock for each share of RBPI Class A Stock or 0.1179 shares of BMBC common stock for each share of RBPI Class B Stock, as applicable, in book entry form;

Table of Contents

cash in lieu of any fractional shares of BMBC common stock to which the holder would otherwise be entitled; and

any cash dividends which are payable to former RBPI shareholders according to the merger agreement.

After the completion of the merger, shares of RBPI common stock held in book-entry form automatically will be exchanged for the merger consideration, including shares of BMBC common stock in book-entry form and any cash to be paid in exchange for fractional shares in the merger.

BMBC will have no obligation to issue any merger consideration or cash consideration or any cash in lieu of fractional shares until the former RBPI shareholder has surrendered the stock certificates representing his or her shares of RBPI common stock with properly signed transmittal materials to the exchange agent.

If a RBPI stock certificate has been lost, stolen or destroyed, the exchange agent will issue the BMBC common stock payable under the merger agreement to the shareholder upon receipt of an affidavit by the shareholder regarding the loss of his or her stock certificate. BMBC or the exchange agent may require the shareholder to post a bond in a reasonable amount as indemnity against any claim that may be made against BMBC or the exchange agent with respect to the shareholder's lost, stolen or destroyed RBPI stock certificate.

Former RBPI shareholders may exchange their RBPI stock certificates through the exchange agent for up to 12 months after the completion of the merger. At the end of that period, the exchange agent will return any remaining BMBC shares and cash to BMBC, and former RBPI shareholders who did not previously exchange their RBPI stock certificates for the merger consideration must apply to BMBC for payment of the merger consideration. Neither RBPI nor BMBC will be liable to any former holder of RBPI common stock for any merger consideration that is paid to a public official pursuant to any applicable abandoned property, escheat or similar laws.

BMBC or the exchange agent will be entitled to deduct and withhold from any cash amounts payable to any holder of RBPI common stock the amounts that the exchange agent or BMBC is required to deduct and withhold under the Code or any state, local or foreign tax law or regulation. Any amounts that BMBC or the exchange agent withholds will be treated as having been paid to such the holder of the RBPI common stock.

Once the merger is completed, no transfers on the stock transfer books of RBPI will be permitted other than to settle transfers of shares of RBPI common stock that occurred prior to the effective time of the merger.

## **Dividends and Distributions**

Upon surrender of their RBPI stock certificates to the exchange agent, former RBPI shareholders will be paid, without interest:

any dividends or distributions that were declared by RBPI on its common stock with a record date prior to the date on which the merger was completed, and that remained unpaid at the time the merger was completed; and

any dividends or distributions that were declared on the BMBC common stock with a record date after the date on which the merger was completed, and that became payable before the date of surrender.

Shares of RBPI common stock held in book-entry form will be automatically exchanged for shares of BMBC common stock and cash in lieu of any fractional share of BMBC common stock.

While the merger is pending, RBPI may not pay any dividends on its common stock, except for payments from (i) Royal Bank to RBPI, (ii) any subsidiary of Royal Bank to Royal Bank or (iii) Royal Investments of Delaware, Inc. to RBPI.

## **Representations and Warranties**

The merger agreement contains generally reciprocal and customary representations and warranties of BMBC and RBPI relating to their respective businesses. The representations and warranties of RBPI and BMBC are subject, in some cases, to exceptions and qualifications contained in the merger agreement and the matters contained in the disclosure schedules that RBPI and BMBC delivered to each other at the time they entered into the merger agreement. The representations and warranties in the merger agreement only remain in effect until the merger is completed.

Table of Contents

A summary of the matters which each of RBPI and BMBC covered in its representations and warranties is provided below.

corporate matters, such as its organization and existence, its corporate power and authority to conduct their businesses, and its subsidiaries;

its capitalization;

its corporate power and authority to enter into and perform the merger agreement;

that entering into the merger agreement and completing the merger will not cause a violation of its organizational documents or applicable laws, a breach of contract or acceleration of indebtedness;

the governmental filings and consents, authorizations, approvals and exemptions that are required to be completed or obtained in order to enter into the merger agreement and complete the merger;

reports filed with bank regulatory authorities and other regulatory entities;

its filings with the SEC, the conformity of its financial statements with U.S. generally accepted accounting principles, and the maintenance of its books and records and its subsidiaries' books and records in accordance with applicable legal and accounting requirements;

any investment bankers' fees which it is required to pay in connection with the merger;

the general manner in which its businesses are conducted, and the absence of any material adverse effect (as defined below) affecting it or its subsidiaries;

legal proceedings;

tax matters;

employee benefit  
plans;



compliance with applicable laws and the listing and corporate governance requirements of NASDAQ;

regulatory matters, including those under the purview of the Federal Reserve Board, the Federal Deposit Insurance Corporation and its primary banking regulator;

the absence of any unresolved violation that could be reasonably likely to prevent or materially delay the receipt of the regulatory approvals needed to complete the merger;

undisclosed liabilities;

environmental liabilities; and

the real property and assets it owns or leases.

RBPI made additional representations and warranties regarding:

the absence of any material breach or default under its contracts;

the loans, delinquent loans and nonperforming and classified loans and investments and other assets which are reflected on its books and records;

allowances for loan losses;

insurance coverages;

its investment securities;

its intellectual property;

its fiduciary accounts;

its employees and labor matters;



Table of Contents

the receipt of an opinion from its financial advisor;

the non-applicability of state anti-takeover laws;

transactions it has entered into with affiliates; and

its risk management arrangements and instruments.

BMBC made additional representations and warranties regarding ownership of shares of RBPI common stock by BMBC and its affiliates or associates (as those terms are defined under the Exchange Act) and the non-applicability of provisions relating to “interested shareholders” under the PBCL.

Certain representations and warranties of BMBC and RBPI are qualified as to “materiality” or “material adverse effect.” A “material adverse effect,” when used in reference to BMBC or RBPI, means any circumstance, development, change or effect that (1) is, or would reasonably be expected to be, materially adverse to the business, results of operations or financial condition of that party and its subsidiaries taken as a whole, or (2) does, or would reasonably be expected to, materially impair the ability of that party to complete the transactions contemplated by the merger agreement, including the merger, on a timely basis or materially impede the consummation of the transactions contemplated by the merger agreement.

In determining whether a material adverse effect has occurred with respect to the business, results of operations or financial condition of a party and its subsidiaries, the parties will disregard any effects resulting from:

changes in U.S. generally accepted accounting principles or regulatory accounting requirements applicable to banks or bank holding companies generally;

changes in laws, rules or regulations affecting banks or bank holding companies generally, or their interpretation by courts or any governmental entity;

actions or omissions taken by either party with the prior written consent of the other party;

the announcement or public disclosure of the transactions contemplated by the merger agreement, and compliance with the merger agreement on the business, financial condition or results of operations of the parties and their subsidiaries in consummating the transactions contemplated by the merger agreement,

including related expenses;

changes in national or international political or social conditions, including engagement by the U.S. in hostilities, whether or not pursuant to the declaration of a national emergency or war, or the occurrence of any military or terrorist attack upon or within the U.S.;

economic, financial market or geographic conditions affecting banks or bank holding companies generally and not disproportionately affecting the parties and their subsidiaries as compared to similarly situated banks and bank holding companies, including changes in interest rates; and

any action taken at the direction of any federal or state bank regulator, or in compliance with or in furtherance of any agreement with a federal or state bank regulator, and the direct costs, consequences, or effects thereof.

### **Conduct of Business While the Merger is Pending**

BMBC and RBPI agreed to generally customary covenants that place restrictions on them and their respective subsidiaries until the merger is completed. For example, BMBC and RBPI each agreed to:

refrain from taking any actions that may adversely affect its ability to perform its covenants and agreements under the merger agreement; and

refrain from taking any action that would adversely affect either party's ability to obtain the regulatory approvals needed to complete the merger or increase the time necessary to obtain such approvals.

RBPI also agreed to provide BMBC with regular updates and certain other information about its lending operations.

Table of Contents

RBPI further agreed that RBPI and its subsidiaries would refrain from taking certain actions while the merger is pending, unless permitted by the merger agreement or BMBC has consented in advance (such consent not to be unreasonably withheld, conditioned or delayed). For example, RBPI and its subsidiaries will not:

make, declare, pay or set aside for payment of dividends payable in cash, stock or property, or declare or make any distribution on any shares of its capital stock, except for payments from (1) Royal Bank to RBPI or from any subsidiary of Royal Bank to Royal Bank, or (2) Royal Investments of Delaware, Inc. to RBPI;

issue, sell, grant, dispose of, encumber or otherwise permit to become outstanding, or authorize the creation of, any additional shares of its capital stock, any rights related to its capital stock, any award or grant under its benefit plans or otherwise, or any other securities of RBPI or any of its subsidiaries, except as provided for under the merger agreement;

accelerate the vesting of any existing warrants, options, rights, convertible securities, stock appreciation rights or other arrangements which obligate RBPI to issue or dispose of its capital stock or other ownership interests, or which provide for compensation based on equity appreciation of its capital stock, except as provided for under the merger agreement;

directly or indirectly change (or establish a record date for changing), adjust, split, combine, redeem, reclassify, exchange, purchase or otherwise acquire any shares of its capital stock, or any other securities convertible into any additional shares of its stock or any of its warrants, options, rights or other similar arrangements issued prior to the closing of the merger, except as provided for under the merger agreement;

hire any person as an employee of RBPI or its subsidiaries except for non-officer, at-will employees at an annual salary not to exceed \$50,000 to fill vacancies that may arise from time to time in the ordinary course of business;

amend its articles of incorporation or bylaws or the comparable organizational documents of its subsidiaries;

acquire, other than by way of foreclosures or acquisitions of control in a bona fide fiduciary capacity or in satisfaction of debts in the ordinary course of business, all or a material portion of the assets, debt, business, deposits or properties of any other entity or person;

file any application or make any contract or commitment for the opening, relocation or closing of, or open, relocate or close, any branch office, loan production or servicing facility, except as required by applicable law or as provided for under the merger agreement;

sell, license, lease, transfer, mortgage, pledge, encumber or otherwise dispose of or discontinue any of its rights, assets, deposits, business or properties or cancel or release any indebtedness owed to RBPI or its subsidiaries, except in the ordinary course of business;

enter into, establish, adopt, amend, modify or terminate, any of its or its subsidiaries' stock benefit, pension, retirement, stock option, stock purchase, stock grant, savings, profit sharing, deferred compensation, consulting, bonus, group insurance or other employee benefit plans or arrangements, except as may be required by applicable law or as provided for under the merger agreement;

(1) pay, loan or advance any amount to, (2) sell, transfer or lease any assets or properties to, (3) buy, acquire or lease any properties or assets from, or (4) enter into, renew, extend or modify any agreement or arrangement with any of its officers, directors or holders of RBPI Class B Stock, or any of their respective immediate family members, affiliates or associates, except in the ordinary course of business, pursuant to such persons' employment or service as a director with RBPI or its subsidiaries or deposits held by Royal Bank in the ordinary course of business;

implement or adopt any change in its accounting principles, practices or methods, except as may be required by applicable law, U.S. generally accepted accounting principles or applicable regulatory accounting requirements;

enter into, amend, modify, extend or waive any material provision of RBPI's material contracts, leases or insurance policies, or make any change in any instrument or agreement governing the terms of its securities, except for normal renewals pursuant to such agreements, provided that such renewals may not impose a material adverse change on the terms of such agreements;

enter into any contract (1) that would constitute a material contract under the merger agreement, (2) for over \$25,000, or (3) that has a term of more than one year;

incur any capital or other discretionary expenditure in excess of \$25,000 individually or \$50,000 in the aggregate, except as set forth in any of RBPI's material contracts or leases;

Table of Contents

institute any new litigation or other legal or regulatory proceedings, except as provided for under the merger agreement or for the settlement of foreclosure actions or deficiency judgment settlements in the ordinary course of business;

except as provided for under the merger agreement or for the settlement of foreclosure actions or deficiency judgment settlements in the ordinary course of business, enter into any settlement or similar agreement with respect to any action, suit, proceeding, order or investigation to which RBPI or its subsidiaries is or becomes a party, which (1) involves payment by RBPI or its subsidiaries exceeding \$25,000 individually or \$50,000 in the aggregate or (2) would impose any material restriction on the business of RBPI or its subsidiaries;

waive or release any material rights or claims, or agree or consent to the issuance of any injunction, decree, order or judgment materially restricting or otherwise affecting the business or operations of RBPI and its subsidiaries, except as provided for under the merger agreement or for the settlement of foreclosure actions or deficiency judgment settlements in the ordinary course of business;

enter into any material new line of business or introduce any material new products or services, material marketing campaigns or material new sales compensation or incentive programs or arrangements;

change in any material respect its lending, credit, reserve, charge-off, investment, underwriting, risk and asset liability management and other banking and operating policies, except as required by applicable law or guidance imposed by any governmental entity;

enter into any swap transaction, option, warrant, forward purchase or sale transaction, futures transaction, cap transaction, floor transaction or collar transaction or combination of any of these transactions, including collateralized mortgage obligations or other similar instruments or any debt or equity instruments evidencing or embedding any such types of transactions, and any related credit support, collateral or other similar agreements related to such transactions;

except for overnight loans or loans with a maturity less than 60 days, incur, modify, extend or renegotiate any indebtedness of RBPI or Royal Bank;

assume, guarantee, endorse or otherwise become responsible for the obligations of any other person, except for the creation of deposit liabilities, purchases of federal funds and sales of certificates of deposit, or sixty day advances, in each case in the ordinary course of business;

acquire, sell or otherwise dispose of any debt security or equity investment or any certificates of deposits issued by other banks, except (1) by way of foreclosures, deficiency, judgment settlements or acquisitions in a bona fide fiduciary capacity or (2) in satisfaction of debts previously contract for in good faith;

change the classification method for any of the RBPI investment securities from “held to maturity” to “available for sale” or from “available for sale” to “held to maturity”, as those terms are used in ASC 320, except for certain securities under the merger agreement;

enter into, amend, renew or take any action that would give rise to or accelerate a right of payment under any employment, consulting, severance or similar agreements or arrangements with any director, officer or employee of RBPI or its subsidiaries, or grant any fee, wage or salary increase or increase any employee benefit or pay any incentive or bonus payments, except as provided for under the merger agreement, such as the following:

RBPI may make normal increases in the base salaries of its employees in the ordinary course of business and pursuant to any policies currently in effect, provided that, such increases will not result in an annual adjustment in base compensation (which includes base salary and any other compensation other than bonus payments) of more than 3% for any individual;

To satisfy contractual obligations existing or contemplated as of the date of the merger agreement, as previously disclosed to BMBC; and

Bonus payments in the ordinary course of business and pursuant to plans in effect as of the date of the merger agreement, provided that such payments will not exceed an aggregate amount budgeted pursuant to such plans as disclosed to BMBC and that such payments will not be paid to any individual for whom such payment would be an “excess parachute payment” as defined in the Code.

make any increases to deposit pricing for deposit products, except for certificates of deposit and increases at a rate consistent with, but not greater than, the average increase in the then-current average rate paid by the following banks in Philadelphia, Pennsylvania, as provided by BMT on at least a weekly basis: BMT, Beneficial Bank, Firsttrust Bank and Uninvest;



Table of Contents

make any increases to deposit pricing for certificates of deposit in excess of 20 basis points above RBPI's rates for such products in effect on the date of the merger agreement;

make, renew, renegotiate, increase, extend or modify loans which exceed specified dollar thresholds and have characteristics described in the merger agreement;

make any material investment or commitment to invest in real estate or in any real estate development project other than by way of foreclosure or deed in lieu or make any investment or commitment to develop, or otherwise take any actions to develop any real estate owned by RBPI or its subsidiaries, except for loans or extensions of credit made in compliance with the merger agreement or as required by any material contracts or leases;

except as required by law, make or change any tax election, file any material amended tax return, enter into any closing agreement with respect to taxes, settle or compromise any liability with respect to taxes, agree to any adjustment of any tax attribute, file any claim for a refund of taxes or consent to any extension or waiver of the limitation period applicable to any tax claims or assessment;

commit any act or omission which constitutes a material breach of default by RBPI or its subsidiaries under any agreement with any governmental entity or under any material contract that would reasonably be expected to prevent the satisfaction of any of the closing conditions under the merger agreement;

foreclose on or take a deed or title to any real estate that upon such foreclosure or acceptance of such deed or title will become classified as property acquired by RBPI (1) if an environmental assessment of such property reveals environmental hazards or liabilities on the property or (2) without first conducting an environmental assessment on such property;

knowingly take any action, or fail to take any action, not contemplated by this agreement that is intended or is reasonably likely to (1) make any or the representations and warranties of RBPI or Royal Bank under the merger agreement untrue on any date following the date of the merger agreement, (2) prevent, delay or impair RBPI's ability to consummate the transactions contemplated under the merger agreement, or (3) prevent the merger of RBPI with and into BMBC or the merger of Royal Bank with and into BMT from qualifying as a reorganization under the Code;

except as a result of foreclosure or deficiency judgment settlement, directly or indirectly repurchase, redeem or otherwise acquire any shares of its capital stock or any securities convertible into or exercisable for any shares of its capital stock;

merge or consolidate itself or any of its subsidiaries with any other person, or restructure, reorganize or completely or partially liquidate or dissolve itself or any of its subsidiaries;

compromise, resolve, or otherwise “workout” any delinquent or troubled loan unless any such loan workout is done in the ordinary course of business; and

agree to take, make any commitment to take or adopt any board of directors’ resolutions in support of any of the prohibited actions listed in the merger agreement.

BMBC also agreed that while the merger is pending, it will not take or permit its subsidiaries to take certain actions, unless permitted by the merger agreement or RBPI has consented in advance (such consent not to be unreasonably withheld, conditioned or delayed). For example, BMBC and its subsidiaries will not:

take any action that would, or would be reasonably likely to, result in its representations and warranties contained in the merger agreement to not be true and correct on the date of the merger agreement or at any time prior to the closing date of the merger agreement.

### **Regulatory Matters**

BMBC agreed to prepare and file with the SEC, as soon as practicable after the date of the merger agreement, a registration statement on Form S-4, of which this proxy statement/prospectus is a part. RBPI will prepare and furnish any information about itself and its directors, officers and shareholders to BMBC, as BMBC may reasonably request, to include in the registration statement. BMBC and RBPI will use their commercially reasonable efforts to have the registration statement declared effective under the Securities Act. RBPI will promptly mail the proxy statement/prospectus to their respective shareholders once the registration statement is declared effective.

## Table of Contents

BMBC and RBPI agreed to cooperate with each other and use all reasonable efforts to promptly prepare and file all necessary documentation to effect all necessary filings as soon as practicable after the date of the merger agreement, and to obtain all necessary permits, consents, waivers, approvals and authorizations of all third parties, regulatory agencies and governmental entities as may be necessary or advisable to complete the merger.

Each of BMBC and RBPI also agreed to allow the other party to review in advance all information relating to the other party which appears in a filing or other submission made with any regulatory agency or governmental entity in connection with the merger.

### **Access to Information**

BMBC and RBPI each agreed to cause one or more of its representatives to confer with the representatives of the other to report on the general status of the other's ongoing operations at such times and in such manner as the other party may reasonably request. RBPI has agreed to provide BMBC, upon reasonable notice, reasonable access during normal business hours to its books, papers and records relating to its assets, properties, operations, obligations and liabilities in which BMBC may have a reasonable interest. RBPI will also permit BMBC to conduct environmental assessments on RBPI's real property, at BMBC's sole expense and subject to certain restrictions under the merger agreement. RBPI will also regularly provide to BMBC certain financial reports and other information regarding its loan portfolio and business operations, as described in the merger agreement. All information so provided will be subject to the terms of the pre-existing confidentiality agreements between BMBC and RBPI.

### **Shareholder Approvals**

RBPI agreed to hold a special meeting of its shareholders within 45 days following the date on which the registration statement on the Form S-4 becomes effective, subject to extension with the consent of BMBC (not to be unreasonably withheld or conditioned), for the purpose of obtaining the necessary RBPI shareholder vote to approve the adoption of the merger agreement and the merger. In addition, the merger agreement provides that (1) subject to the board's exercise of its fiduciary duties if RBPI receives a superior proposal, RBPI's board of directors will make a recommendation for the RBPI shareholders to approve the adoption of the merger agreement and the merger, (2) the board's recommendation in favor of the merger agreement and the merger will be included in this proxy statement/prospectus, and (3) subject to the board's exercise of its fiduciary duties if RBPI receives a superior proposal, as discussed later in this summary, RBPI will use its commercially reasonable efforts to obtain the RBPI shareholders' vote in favor of the merger and the merger agreement.

### **Listing on NASDAQ**

BMBC will take all necessary steps to cause the shares of BMBC common stock that will be issued in the merger to be approved for listing on NASDAQ, subject to official notice of issuance, prior to the completion of the merger.

### **Employee Benefit Plans**

BMBC will take all reasonable action to entitle each employee of RBPI or any of its subsidiaries who become employees of BMBC or any of its subsidiaries to participate as soon as administratively practicable after the merger is completed in each of BMBC's employee compensation and benefit plans, as generally applicable, to the same extent as similarly situated employees of BMBC and its subsidiaries. BMBC will recognize the length of service credited to each such RBPI employee under any RBPI employee compensation and benefit plans for purposes of determining eligibility to participate in, and vesting of benefits under, such BMBC employee compensation and benefit plans. BMBC has agreed to recognize such length of service credited to each such RBPI employee for credit for benefit accrual purposes related to vacation, leave policies, and severance benefits, subject to the severance benefits being calculated as set forth in the merger agreement. BMBC may also (1) continue any of RBPI's or its subsidiaries' employee compensation and benefit plans, in lieu of offering participation in the BMBC employee compensation and benefit plans providing similar benefits (2) terminate any such RBPI employee compensation and benefit plans, or (3) merge any such RBPI compensation and benefit plans with the corresponding BMBC employee compensation and benefit plans, provided that in each case such plans are substantially similar to benefits provided to employees of BMBC and its subsidiaries generally. If, prior to the effective time of the merger, BMBC notifies RBPI that it wishes to terminate any of the RBPI employee compensation and benefit plans, RBPI will take all steps necessary to comply with such request prior to the effective time of the merger, so long as BMBC has certified that all closing conditions of BMBC to consummate the transactions under the merger agreement have been satisfied or waived.

BMT will also honor all employment and change of control agreements provided for under the merger agreement, subject to limitations under applicable law or by any regulatory authority. BMBC will pay to any employee of RBPI or its subsidiaries, who is not a party to an employment, consulting, change in control or severance agreement and is terminated after the date of the merger agreement and within twelve (12) months after the effective time of the merger, severance pay equal to two (2) weeks of such employee's regular pay for each year such employee was employed at RBPI or its subsidiary, up to a maximum of twenty-six (26) weeks.

## Table of Contents

In the event of any termination, or the consolidation, of any medical, dental, health or disability plans of RBPI or its subsidiaries, BMBC will make available to continuing RBPI employees and their dependents coverage under the corresponding BMBC benefit plans, as applicable, and on the same basis as BMBC provides coverage to its or its subsidiaries' employees. BMBC will also cause each such plan to, in each case to the extent the applicable employee or dependent has satisfied any similar limitations or requirements under the analogous plan of RBPI or its subsidiaries prior to the effective time of the merger:

waive any pre-existing condition limitations to the extent such conditions would be covered under the applicable medical, health and dental plans of RBPI;

honor under such plans any deductible, co-payment and out-of-pocket expenses incurred by the employees and their dependents under the applicable mental, health and dental plans of RBPI or its subsidiaries during the portion of the plan year prior to participation in the corresponding plan of BMBC or its subsidiaries; and

waive any period limitation or evidence of insurability requirement which would otherwise be applicable to such employees and their dependents on or after the effective time of the merger.

## **Indemnification and Insurance**

For a period of six (6) years following the effective time of the merger, BMBC will be obligated to indemnify and hold harmless each current and former director and officer of RBPI and its subsidiaries against any losses, claims, liabilities and fees and expenses incurred in connection with any claim, suit, proceeding or investigation that is initiated or threatened against any of those persons because of his or her service to RBPI or its subsidiaries, if such claim pertains to any matter of fact arising, existing or occurring at or prior to the effective time of the merger, including the transactions contemplated by the merger agreement. BMBC will also advance expenses as incurred by those persons prior to the final disposition of the claim, suit, proceeding or investigation, to the fullest extent permitted by RBPI under applicable law and RBPI's articles of incorporation; however, the person receiving the advanced expenses must provide an undertaking to repay such advanced expenses to BMBC if it is ultimately determined that he or she was not entitled to indemnification.

For a period of six (6) years following the effective time of the merger, BMBC also agreed to maintain, or cause BMT to maintain, the current directors' and officers' liability insurance policies covering RBPI's directors and officers as of the date of the merger agreement for all matters occurring at or prior to the effective time of the merger. BMBC may substitute such insurance policies with policies of at least the same coverage containing terms and conditions which are not materially less favorable. However, BMBC will not be required to pay annual premiums in excess of 150% of the annual premium currently paid by RBPI for such insurance. If BMBC is unable to maintain RBPI's existing policies or obtain a substitute policy for that amount, BMBC will use its commercially reasonable best efforts to obtain the most advantageous coverage available for such amount.

### **BMT Advisory Board**

Upon the effective time of the merger, BMT will form an advisory board comprised of certain members of RBPI's and/or Royal Bank's boards of directors who did not become directors of BMBC and BMT pursuant to the merger agreement and were acting in such capacities immediately prior to the effective time of the merger. Such directors, if agreed to in writing at or prior to the effective time of the merger, will serve on such advisory board immediately following the effective time of the merger.

### **RBPI/Royal Bank Director and Employee Agreements**

Concurrently with the execution of the merger agreement, every director of RBPI or Royal Bank serving on the date of the merger agreement executed a non-solicitation and restrictive covenant agreement with a two (2) year term with BMBC and BMT.

RBPI will cause certain employees to execute non-solicitation agreements as provided for under the merger agreement, and, until the effective time of the merger, will use commercially reasonable efforts to enforce such non-solicitation agreements. RBPI will also notify BMBC in writing if it learns that any party to such agreements is in violation of any terms or conditions set forth therein and will take steps as BMBC reasonably requests in order to enforce such agreements. RBPI will also use commercially reasonable efforts to cause each employment, consulting, change in control or severance agreement providing severance payments to any employee or consultant, whose employment or services are terminated on or after the date of the merger agreement, to be subject to an amendment or provision that (1) requires the execution of a release in a form satisfactory to RBPI as a precondition to the payment of severance (or similar) benefits thereunder and (2) imposes non-solicitation and non-competition restrictions on the applicable counterparty(ies) satisfactory to BMBC and RBPI.

Table of Contents

**Conversion of Information Systems**

RBPI will cause one or more representatives of Royal Bank to meet with representatives of BMT on a regular basis to discuss and plan for the conversion of Royal Bank's data processing and related electronic informational systems to those used by BMT. Such planning will include discussions of possible termination by Royal Bank of third-party service provider arrangements, non-renewal of personal property leases or software licenses and retention of outside consultants and additional employees to assist with the conversion; provided, however, that Royal Bank will not be obligated to take any such actions, and the conversion will not take place, prior to the effective time of the merger.

**Divestment of Non-Volcker Compliant Securities**

RBPI will divest from its investment portfolio, prior to July 1, 2017, any securities that, were they to remain in Royal Bank's investment portfolio through July 1, 2017, would fail to comply with the Volcker Rule (§ 619 (12 U.S.C. §1851)).

**Agreement Not to Solicit Other Offers**

RBPI agreed to certain restrictions that may discourage a third party from submitting an acquisition proposal to RBPI that might result in greater value to RBPI's shareholders than the merger with BMBC, or may result in a potential acquirer proposing to pay a lower per share price to acquire RBPI than it might otherwise have proposed to pay. Specifically, subject to the exceptions described below, RBPI agreed:

that it will promptly, and in any event within 24 hours, notify BMBC in writing if it receives another acquisition proposal (as defined below) or offer to negotiate or discuss terms in connection with any acquisition proposal; such notice will indicate the name of the person making, and the terms and conditions of, such proposal, including copies of any written materials relating to such proposal, except to the extent providing such written materials would violate binding confidentiality, privilege or other restrictions under applicable law, and RBPI agrees that it will keep BMBC informed, on a current basis, of the status and terms of any such proposal; and

that it and its officers, directors, employees, agents and representatives will not, directly or indirectly:

initiate, solicit, induce, knowingly encourage or facilitate an acquisition proposal or inquiries relating to a potential acquisition proposal;

enter into or participate in any discussions or negotiations with, or furnish any information to another party that is seeking to make, or has already made, an acquisition proposal;

release any person from, waive any provision of, or fail to enforce any confidentiality agreement or standstill agreement to which RBPI or its subsidiaries is a party; or

approve, endorse, recommend or enter into a letter of intent, agreement or other commitment with any party relating to an acquisition proposal.

As used in the merger agreement, an “acquisition proposal” means any inquiry, proposal or offer, whether or not in writing and other than from BMBC, of an intention to enter into any transaction:

or series of transactions involving any merger, consolidation, recapitalization, share exchange, liquidation, dissolution, or similar transaction involving RBPI or any of its subsidiaries;

to acquire, directly or indirectly, any assets of RBPI or any of its subsidiaries representing, in the aggregate, 15% or more of the assets of RBPI and its subsidiaries on a consolidated basis;

pursuant to which there is any issuance, sale or other disposition of securities representing 15% or more of the votes attached to the outstanding securities of RBPI or any of its subsidiaries;

pursuant to which any tender offer or exchange offer that, if consummated, would result in any third party or group beneficially owning 15% or more of any class of equity securities of RBPI or any of its subsidiaries; or

which is similar in form, substance or purpose to any of the previously listed transactions, or any combination thereof.



Table of Contents

However, the merger agreement allows RBPI to consider and participate in discussions and negotiations with respect to a bona fide, unsolicited, written acquisition proposal from a party other than BMBC if:

the RBPI board of directors concludes in good faith, after consultation with its outside legal counsel and its independent financial advisor, that such acquisition proposal constitutes a superior proposal (as defined below) and that the failure to take any such actions would be reasonably likely to violate its fiduciary duties under applicable law;

RBPI has provided BMBC with at least three (3) business days prior notice of such determination to consider and participate in discussions and negotiations related to such proposal; and

RBPI enters into a confidentiality agreement with the party that made the acquisition proposal before providing it with any information or data about RBPI, and the confidentiality agreement contains confidentiality terms that are no less favorable to RBPI than those contained in its confidentiality agreement with BMBC.

**Definition of “Superior Proposal”**

“Superior proposal” means any bona fide, unsolicited, written acquisition proposal made by a third party which the RBPI board of directors has determined in good faith would:

if consummated, result in the acquisition of all of the issued and outstanding shares of RBPI common stock or all, or substantially all, of the assets of RBPI and its subsidiaries on a consolidated basis;

result in a transaction that involves consideration to the holders of shares of RBPI common stock that is more favorable than the consideration provided for under the merger agreement, and is, in light of the other terms of such proposal, more favorable to RBPI than the merger and transactions contemplated by the merger agreement; and

is reasonably likely to be completed on the terms proposed.

Additionally, the RBPI board of directors’ conclusion that an acquisition proposal is a superior proposal must be based on the information then available after consultation with its financial advisors and outside counsel and must take into account, among other things, all legal, financial, regulatory and other aspects of the proposal.

## **Ability of the RBPI Board of Directors to Change Its Recommendation of the Merger**

In any case, the merger agreement allows the RBPI board of directors to (1) withdraw, modify or qualify its recommendation of the merger in a manner adverse to BMBC, (2) approve or recommend any acquisition proposal or (3) resolve to take, or publicly announce an intention to take either of the foregoing actions, if the RBPI board of directors determines, within the time period provided for under the merger agreement, that such acquisition proposal constitutes a superior proposal and has reasonably determined, in good faith, after consultation with outside legal counsel and a financial advisor, that the failure to take such actions would be reasonably likely to violate its fiduciary duties under applicable law.

Even if the RBPI board of directors withdraws or qualifies its recommendation of the merger with BMBC or makes a determination to recommend an acquisition proposal, RBPI will use commercially reasonable efforts to solicit and obtain the required shareholder approval to consummate the merger and the other transactions contemplated by the merger agreement.

## **Conditions to Completion of the Merger**

The merger agreement contains a number of closing conditions. RBPI and BMBC are required to complete the merger only if those conditions are satisfied or, in the alternative (and if legally permissible), the requirement to satisfy the condition is waived by the other party.

The following closing conditions apply to both RBPI and BMBC. In other words, neither party will be required to complete the merger unless the conditions listed below are satisfied (or waived):

the RBPI common shareholders have approved the merger and adoption of the merger agreement;

the shares of BMBC common stock to be issued in the merger have been approved for listing on NASDAQ;

all regulatory approvals that the parties are required to obtain to complete the merger have been received and none of the regulatory approvals will have included any condition or requirement that would, in the reasonable judgment of the BMBC board of directors, materially or adversely affect the business, operations, assets or financial condition of the combined enterprise of RBPI and BMBC or materially impair the value of RBPI or Royal Bank to BMBC;

Table of Contents

the registration statement for the BMBC common stock to be issued in the merger has been declared effective under the Securities Act and no stop order or proceedings for issuance of a stop order have been initiated or threatened by the SEC;

BMBC and RBPI shall each have received tax opinions from their legal counsel, each reasonably acceptable in form and substance to BMBC and RBPI, substantially to the effect that for federal income tax purposes the merger will qualify as a reorganization within the meaning of Section 368(a) of the Code; and

no law, statute, code or regulation, or judgment, decree, injunction or order from a court or other governmental entity is in effect, or applicable to RBPI or BMBC, that prevents, prohibits or makes illegal the completion of the merger.

In addition, the merger agreement contains separate closing conditions of RBPI which must be satisfied in order for RBPI to be obligated to close the merger, and separate closing conditions of BMBC which must be satisfied in order for BMBC to be obligated to close the merger. Certain of these closing conditions, as listed below, are based on whether the representations and warranties made by the other party are true and correct and whether the other party has performed all of its obligations under the merger agreement. Individually, RBPI or BMBC will not be obligated to close the merger unless:

the representations and warranties in the merger agreement from the other party are true and correct both as of the date of the merger agreement and as of all times up to and including the effective time of the merger (except to the extent such representations and warranties speaks as of a specified date), and the other party has delivered an officer's certificate certifying that this condition has been met;

the other party has performed all of its obligations under the merger agreement in all material respects and has delivered an officer's certificate certifying that this condition has been met;

the other party shall have obtained any and all material permits, authorizations, consents, waivers, clearances or approvals required for the lawful consummation of the transactions contemplated under the merger agreement; and

the other party's outside auditors will have issued an unqualified audit opinion with respect to the other party's 2016 audited financial statements.

In addition, the merger agreement contains specific closing conditions of BMBC which must be satisfied in order for BMBC to be obligated to close the merger:

the average of certain RBPI loan portfolios and delinquencies must be below certain threshold amounts for certain periods as set forth under the merger agreement;

holders of no more than 8.5% of the issued and outstanding shares of RBPI Class B Stock will have exercised their statutory appraisal or dissenters' rights pursuant to the merger agreement;

prior to July 1, 2017, Royal Bank will have divested from its investment portfolio any securities that, were they to remain in Royal Bank's investment portfolio through July 1, 2017, would fail to comply with the Volcker Rule (§ 619 (12 U.S.C. § 1851));

RBPI will have accrued reserves in an amount satisfactory to BMBC for, or settlement of, the litigation matters described under the merger agreement;

RBPI will have completed certain actions related to its subsidiaries as set forth under the merger agreement;

RBPI will have delivered to BMBC evidence that each and every employment, consulting, change in control or severance agreement providing severance payments to any employee or consultant, whose employment or services are terminated on or after the date of the merger agreement, are subject to the amendments or provisions required by the merger agreement;

RBPI's outside legal counsel will have delivered to BMBC a legal opinion, dated as of the closing date of the merger, in substantially the form and substance of the legal opinion delivered to BMBC by RBPI's outside legal counsel as of the date of the merger agreement; and

to the extent RBPI or Royal Bank is subject to any outstanding supervisory action involving a bank regulator, the applicable bank regulator will have terminated or lifted such outstanding supervisory action, or provided assurances acceptable to BMBC that such action will not be binding upon BMBC or BMT following the merger and no obligations arising under such action will be transferred to BMBC or BMT.

Table of Contents

Neither party can provide assurance as to when, or if, all of the conditions to the merger can or will be satisfied or waived by the appropriate party. As of the date of this proxy statement/prospectus, neither party has any reason to believe that those conditions will not be satisfied.

**Termination of the Merger Agreement**

*Right of Either BMBC or RBPI to Terminate the Merger Agreement.* The merger agreement may be terminated at any time before the merger is completed by mutual written consent of BMBC and RBPI. Also, either party, acting alone, has the right to terminate the merger agreement in any of the following circumstances:

the approval of a governmental entity, which is required for completion of the merger or the transactions contemplated under the merger agreement, has been denied by final and non-appealable action, or an application for such approval has been withdrawn at the request of the governmental entity, unless the denial was caused by the failure of the terminating party to perform or perform its obligations under the merger agreement;

the merger is not completed on or before December 31, 2017, unless the failure to complete the merger by that date was caused by a material breach of the terminating party under the merger agreement, provided that the parties shall have an additional three (3) month period following December 31, 2017 to obtain necessary regulatory approvals;

the other party has breached its representations and warranties or any of its performance obligations under the merger agreement to such a degree that the closing conditions cannot be satisfied, and the breach has not been cured within 30 days after such party has received notice of its breach (such cure period shall be 60 days after receiving such notice if the other party cannot reasonably cure its breach within the 30 day period); or

RBPI convened a special meeting of its shareholders for the purpose of obtaining their approval of the merger agreement and the merger, but failed to obtain such approval, provided that RBPI must have performed in accordance with the merger agreement in its attempt obtain such approval.

*Right of BMBC to Terminate.* In addition to the other termination rights of BMBC above, BMBC may terminate the merger agreement at any time before the merger agreement and the merger have been approved by RBPI shareholders (and RBPI would be obligated to pay BMBC the termination fee described below) if:

RBPI has materially breached its agreement not to solicit, negotiate or enter into an acquisition proposal and does not cure such breach by the fifth (5<sup>th</sup>) business day after the occurrence of such breach;

the RBPI board of directors has failed to recommend approval of the merger agreement and the merger to the RBPI shareholders, or changed, withdrew, modified, qualified or conditioned its recommendation of the merger in a manner adverse to BMBC;

the RBPI board of directors has approved, recommended or endorsed an acquisition proposal from a party other than BMBC; or

if any Phase II environmental site assessment, performed in accordance with ASTM E1903-11 and/or the “all appropriate inquiry standards set forth at 40 C.F.R. Part 312, on RBPI’s real property confirms the existence of any spilling, leaking or disposing in the environment of any regulated substances which (1) violates applicable environmental law or are present in concentrations exceeding applicable standards under applicable environmental law and (2) are estimated to cost more than \$1,000,000 to remedy (less certain costs as set forth in the merger agreement).

*Right of RBPI to Terminate.* In addition to the other termination rights of RBPI above, RBPI may terminate the merger agreement under the following circumstances:

RBPI may terminate the merger agreement at any time before the adoption of the merger agreement and the merger have been approved by RBPI shareholders, if RBPI has concluded in good faith, after consultation with its financial and legal advisors, that it must agree to endorse a superior proposal. Additionally, the superior proposal must be bona fide, in writing and unsolicited, and otherwise have been obtained by RBPI in compliance with the terms of the merger agreement. However, RBPI is not entitled to exercise this termination right until it has met the following conditions: (1) RBPI has given notice to BMBC of its intention to accept a superior proposal and, for a period of at least three business days, negotiated with BMBC in good faith to make adjustments to the terms and conditions of the merger agreement with BMBC, (2) RBPI’s board of directors has considered all of the adjustments proposed by BMBC and concluded in good faith, based upon consultation with its financial and legal advisors, that the acquisition proposal of the other party remains a superior proposal even after giving effect to the adjustments proposed by BMBC, and (3) RBPI has paid BMBC the termination fee described below.

Table of Contents

RBPI also may terminate the merger agreement if there has been a substantial decline in BMBC's stock price that is not generally experienced by comparable banks, as described in detail below.

The operation of the conditions permitting RBPI to terminate the merger agreement based on a decrease in the market price of BMBC common stock reflects the parties' agreement that RBPI's shareholders will assume the risk of a decline in value of BMBC common stock and will assume the risk of a more significant decline in value of BMBC's common stock, unless the percentage decline from \$41.45 (which was the closing value of a share of BMBC common stock on the last trading day before the date of the merger agreement (such date, the "Starting Date")) to the average closing price of BMBC common stock during the twenty (20) consecutive trading day period immediately preceding the, and ending on, the later of (1) the date of the RBPI shareholder meeting or (2) the date on which the last regulatory approval required by the merger agreement is obtained (such date, the "Determination Date") is more than 20% greater than the percentage decrease, if any, in the average closing price of the ABA Community Bank Index from the Starting Date to the Determination Date, using closing price of the ABA Community Bank Index as of the Starting Date and the twenty (20) trading days preceding the Determination Date to determine the average closing price of the ABA Community Bank Index. The purpose of this agreement is that a decline in the value of BMBC common stock which is comparable to the decline in the value of an index of comparable publicly-traded stocks is indicative of a broad-based change in market and economic conditions that affect the financial services industry generally instead of factors which affect the value of BMBC common stock in particular.

Specifically, RBPI may terminate the merger agreement, if the RBPI board of directors determines, at any time during the five business day period beginning with the Determination Date if all of the following occur:

- (i) the average daily closing price of a share of BMBC common stock during the 20 trading days immediately preceding the Determination Date (the "BMBC Market Value") is less than \$33.16; and
- (ii) the number obtained by dividing the BMBC Market Value by \$41.45 is less than the quotient obtained by dividing the average closing price of the ABA Community Bank Index during the 20 trading day period immediately preceding the Determination Date by \$352.23 (which was the average closing value of the ABA Community Bank Index as of the Starting Date) (the "Index Ratio"), minus 0.20.

If RBPI elects to exercise its termination rights pursuant to these provisions, it will give prompt notice to BMBC, and BMBC will, for a period of five (5) business days following such notice, have the option of increasing the exchange ratio, by adjusting the exchange ratio amount which, when multiplied by the BMBC Market Value, equals the lesser of (1) \$3.35 or (2) the product of the Index Ratio and the closing value of a share of BMBC common stock on the Starting Date multiplied by the exchange ratio. If BMBC delivers written notice to RBPI of its intention to provide such additional consideration, then no termination shall occur and the merger agreement shall remain in full force and effect with its terms, except that the merger consideration shall have been so modified.

The operation and effect of the provisions of the merger agreement dealing with a decline in the market price of BMBC common stock may be illustrated by the following three scenarios:

- (1) One scenario is that the BMBC Market Value is above \$33.16. In this event, RBPI would not have the right to terminate the merger agreement due to a decline in the market price of BMBC common stock.

- (2) A second scenario is that the BMBC Market Value is less than \$33.16 but that the percentage decline in the price of BMBC common stock from the initial measurement price of \$41.45 is not more than 20% greater than the percentage decline, if any, in the closing price of the ABA Community Bank Index. Under this scenario, RBPI would not have the right to terminate the merger agreement.

- (3) A third scenario is that the BMBC Market Value is less than \$33.16 and the percentage decline in the price of BMBC common stock from the initial measurement price is more than 20% greater than the decline in the closing price of the ABA Community Bank Index. Under this scenario, RBPI would have the right, but not the obligation, to terminate the agreement and plan of merger.

#### **Effect of Termination**

If the merger agreement is terminated, it will become void and have no effect, except that the designated provisions of the merger agreement will continue to be in force after the termination, including those relating to payment of the termination fee and expenses and the confidential treatment of information.



Table of Contents

**Termination Fee**

Under any of the following circumstances, RBPI must pay BMBC a termination fee of \$5 million:

BMBC has terminated the merger agreement due to RBPI's material breach of its agreement not to solicit, negotiate or enter into an acquisition proposal;

BMBC has terminated the merger agreement, because the RBPI board of directors failed to recommend approval of the merger agreement and the merger to the RBPI shareholders, or changed, withdrew, modified, qualified or conditioned its recommendation of the merger in a manner adverse to BMBC;

BMBC has terminated the merger agreement, because the RBPI board of directors approved, recommended or endorsed an acquisition proposal from a party other than BMBC;

RBPI has terminated the merger agreement, because RBPI, prior to the adoption of the merger agreement and the merger having been approved by RBPI shareholders, has concluded in good faith, after consultation with its financial and legal advisors, that it must agree to endorse a superior proposal; and

during any time that an acquisition proposal made by a party other than BMBC has not been withdrawn, and the merger agreement is terminated for any of the reasons given below, and within 12 months after such termination, RBPI has entered into an agreement to consummate an acquisition transaction relating to such acquisition proposal:

by either BMBC or RBPI because the requisite RBPI shareholder approval has not been obtained by reason of the failure to obtain the required vote at a duly held meeting;

by either BMBC or RBPI because the merger was not completed on or before December 31, 2017; or

by BMBC if RBPI has breached its representations and warranties or any of its performance obligations under the merger agreement to such a degree that the closing conditions cannot be satisfied.

**Expenses**

In general, BMBC and RBPI each are responsible for the expenses which it incurs in connection with the negotiation and completion of the merger. BMBC and RBPI will share equally in the cost of the SEC registration fee and costs and expenses associated with filing the Form S-4 registration statement and printing this proxy statement/prospectus.

In addition, if a party breaches any of its representations and warranties or performance obligations to a degree that would prevent a closing condition from being satisfied, and the other party terminates the merger agreement as a result, the breaching party must pay the out-of-pocket expenses incurred by the terminating party in connection with the merger (including fees of legal counsel, financial advisors and accountants), up to a maximum amount of \$1.8 million. However, if RBPI becomes liable for payment of the termination fee, it will not also be liable for the payment of BMBC's out-of-pocket expenses.

#### **Amendment of the Merger Agreement; Waiver**

The parties may amend the merger agreement and either party may waive a requirement for the other party to comply with any provision in the merger agreement. However, once RBPI's shareholders have approved the merger agreement and the merger, the merger agreement may not be amended, and no waiver may be granted, except with further approval of the RBPI shareholders to reduce the amount or value, or change the form of consideration to be received by RBPI's shareholders pursuant to the merger agreement.

Table of Contents

**OTHER MATERIAL AGREEMENTS RELATING TO THE MERGER**

**Voting Agreements**

*The following description of the voting agreements is subject to, and qualified in its entirety by reference to, the form of voting agreement, which we include as Appendix B to this proxy statement/prospectus. We encourage you to read the forms of voting agreements carefully and in their entirety.*

In connection with the merger agreement, certain shareholders of RBPI, including all directors and executive officers of RBPI and certain of their family members or affiliates have entered into voting agreements with BMBC. In the voting agreements, each of these shareholders has agreed to vote all shares of RBPI common stock that they own of record or beneficially, and that they subsequently acquire, in favor of approval of the adoption of the merger agreement and the merger.

In addition, except under limited circumstances, these shareholders agreed not to sell, assign, transfer or otherwise dispose of or encumber their shares of RBPI common stock prior to the record date for the special meeting of RBPI shareholders called for the purpose of voting on the approval of the adoption of the merger agreement and the merger. Additionally, these shareholders agree not to exercise dissenters' or appraisal rights with respect to the merger. The voting agreements terminate immediately upon the earliest to occur of: the effective date of the merger; the termination of the merger agreement in accordance with its terms; or the mutual written agreement of BMBC and the individual shareholder.

As of January 30, 2017, there were 5,954,810 shares of RBPI Class A Stock, which represents approximately 21.3% of the outstanding shares of RBPI Class A Stock, and 1,362,717 shares of RBPI Class B Stock, which represents 70.8% of the outstanding shares of RBPI Class B Stock, subject to the voting agreements (excluding options), which represented approximately 41.5% of the total outstanding voting power of the RBPI common stock as of that date.

**Employment Agreement between F. Kevin Tylus and BMT**

In connection with the merger agreement, BMT entered into an employment agreement with Mr. Tylus, which provides that Mr. Tylus will be employed as Managing Director of New Markets for BMT. Mr. Tylus will receive an annual salary of \$100,000 and the opportunity to qualify for incentive or bonus awards.



Table of Contents

**ACCOUNTING TREATMENT**

BMBC will account for the merger as an “acquisition,” as that term is used under U.S. generally accepted accounting principles, or GAAP, for accounting and financial reporting purposes. Under acquisition accounting, RBPI’s assets, including identifiable intangible assets, and liabilities, including executory contracts and other commitments, as of the effective time of the merger will be recorded at their respective fair values and added to the balance sheet of BMBC. Any excess of the purchase price over the fair values will be recorded as goodwill. Financial statements of BMBC issued after the merger will include these fair values and RBPI’s results of operations from the effective time of the merger.

Table of Contents

**U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE MERGER**

The following is a discussion of the U.S. federal income tax consequences of the merger that apply generally to "U.S. holders" (as defined below) of RBPI common stock. This discussion is based on the Code, Treasury Regulations promulgated under the Code, judicial and administrative authorities, rulings and decisions, all as in effect as of the date of this proxy statement/prospectus, all of which are subject to change, possibly with retroactive effect. Accordingly, the U.S. federal income tax consequences of the merger to the holders of RBPI common stock could differ from those described below.

For purposes of this discussion, a U.S. holder is a beneficial owner of RBPI common stock who for United States federal income tax purposes is:

a citizen or resident of the United States;

a corporation, or an entity treated as a corporation, created or organized in or under the laws of the United States or any state or political subdivision thereof;

a trust that (1) is subject to (A) the primary supervision of a court within the United States and (B) the authority of one or more United States persons to control all substantial decisions of the trust or (2) has a valid election in effect under applicable U.S. Department of Treasury regulations to be treated as a United States person; or

an estate that is subject to United States federal income tax on its income regardless of its source.

If a partnership (including for this purpose any entity or arrangement treated as a partnership for U.S. federal income tax purposes) holds shares of RBPI common stock, the tax treatment of a partner generally will depend on the status of the partner and the activities of the partnership. If you are a partner of a partnership holding shares of RBPI common stock, you should consult your tax advisor.

This discussion assumes that you hold your shares of RBPI common stock as a capital asset within the meaning of Section 1221 of the Code. This discussion does not address all aspects of U.S. federal income taxation that may be relevant to U.S. holders of RBPI common stock in light of their particular circumstances, nor does it address the U.S. federal income tax consequences to U.S. holders of RBPI common stock that are subject to special rules, including:

dealers in securities or foreign currencies;

tax-exempt organizations;

financial institutions;

retirement plans;

insurance companies;

expatriates or holders who have a "functional currency" other than the U.S. dollar;

pass-through entities and investors in those entities;

holders who acquired their shares in connection with the exercise of stock options or other compensatory transactions or through exercise of warrants;

holders who hold their shares as a hedge or as part of a straddle, constructive sale, conversion transaction or other risk management transaction; and

traders in securities that elect to use the mark-to-market method of accounting.

In addition, this discussion does not address any alternative minimum tax, unearned income Medicare contribution tax pursuant to the Health Care and Education Reconciliation Act of 2010, U.S. federal estate or gift tax, or foreign, state or local tax consequences. Neither BMBC nor RBPI has obtained or sought to obtain a ruling from the IRS regarding any matter relating to the merger and no assurance can be given that the IRS will not assert, or that a court will not sustain, a position contrary to any aspect of this discussion. We urge holders to consult their own tax advisors as to the U.S. federal income tax consequences of the merger, as well as the effects of state, local and foreign tax laws in light of their own situations.

Table of Contents

The closing of the merger is conditioned on the delivery of opinions of Reed Smith LLP and Stevens & Lee, P.C., dated the closing date of the merger, to the effect that, based on U.S. federal income tax law in effect as of the date of such opinions, the merger will be treated as a reorganization within the meaning of Section 368(a) of the Code. In the opinion of Reed Smith LLP and Stevens & Lee, P.C., the merger will be treated as a reorganization within the meaning of Section 368(a) of the Code, with the tax consequences described below. An opinion of counsel is not binding on the IRS or any court. In rendering their respective opinions, Reed Smith LLP and Stevens & Lee, P.C. will rely on certain assumptions, including assumptions regarding the absence of changes in existing facts and the completion of the merger strictly in accordance with the merger agreement and this proxy statement/prospectus. The opinions will also rely upon certain representations and covenants made by the management of BMBC and RBPI, will assume that these representations are true, correct and complete, and that BMBC and RBPI, as the case may be, will comply with these covenants. If any of these assumptions or representations is inaccurate in any way, or any of the covenants are not satisfied, the U.S. federal income tax consequences of the merger could be adversely affected.

*Exchange of RBPI common stock for BMBC common stock.* Each holder of RBPI common stock who receives BMBC common stock in the merger generally will not recognize gain or loss (except to the extent of cash received in lieu of fractional shares, as discussed below).

In general, the aggregate tax basis in the shares of BMBC common stock that RBPI shareholders will receive upon the merger will equal such holders' aggregate tax basis in the shares of RBPI common stock surrendered, decreased by the amount of basis allocated to any fractional share such holder was deemed to receive and subsequently sell. A RBPI shareholder's holding period for the shares of BMBC common stock that are received in the merger, including any fractional share deemed received and sold as described below, generally will include such holder's holding period for the shares of RBPI common stock surrendered in the merger. The amount of BMBC common stock received in the merger includes any fractional share of BMBC common stock deemed to be received prior to the deemed exchange of such fractional share for cash. See "*U.S. Federal Income Tax Consequences of the Merger -- Cash Received in Lieu of a Fractional Share*" below.

If U.S. holders of RBPI common stock acquired different blocks of shares of RBPI common stock at different times or at different prices, such holders' basis and holding period in their shares of BMBC common stock may be determined with reference to each block of shares of RBPI common stock. Any such holders should consult their tax advisors regarding the manner in which shares of BMBC common stock received in the exchange should be allocated among different blocks of shares of RBPI common stock and with respect to identifying the bases or holding periods of the particular shares of BMBC common stock received in the merger. Because these rules are complex, we recommend that each RBPI shareholder who may be subject to these rules consult his, her, or its own tax advisor.

*Cash Received in Lieu of a Fractional Share.* RBPI shareholders who receive cash instead of fractional shares of BMBC common stock will be treated as having received the fractional shares in the merger and then as having exchanged the fractional shares for cash. These holders will generally recognize gain or loss equal to the difference between the amount of cash received and the tax basis allocable to the fractional shares. The gain or loss will be



capital gain or loss and long-term capital gain or loss if the holder has held the shares of RBPI common stock exchanged for more than one year at the effective time of the merger. The deductibility of capital losses is subject to limitations.

*Reporting Requirements.* A “significant holder” of shares of RBPI stock for U.S. federal income tax purposes who receives shares of BMBC common stock upon completion of the merger will be required to retain records pertaining to the merger and to file with such holder's U.S. federal income tax return for the year in which the merger takes place a statement setting forth certain facts relating to the merger. For this purpose, a RBPI shareholder is only a “significant holder” if the person, immediately before the merger, owns at least 5% of the outstanding stock of RBPI or has a basis of \$1,000,000 or more in securities of RBPI. Such statement must include the holder's tax basis in and fair market value of the RBPI shares surrendered in the merger.

*Dissenting Shareholders.* The receipt of solely cash in exchange for RBPI Class B Stock by holders of RBPI Class B Stock that exercise dissenters' rights is treated as a distribution in redemption (i.e., a taxable exchange), subject to the special provisions and limitations of Section 302 of the Internal Revenue Code. In general, the determination of whether the gain recognized in the exchange will be treated as capital gain or has the effect of a distribution of a dividend depends upon whether and to what extent the exchange reduces the RBPI dissenting shareholder's deemed percentage stock ownership of BMBC. For purposes of this determination, holders of RBPI Class B Stock will be treated as if they first exchanged all of their RBPI Class B Stock solely for BMBC common stock, and then BMBC immediately redeemed (the “deemed redemption”) a portion of the BMBC common stock in exchange for the cash actually received. The gain recognized in the deemed redemption will be treated as capital gain if the deemed redemption (1) is in “complete redemption” of all of the BMBC common stock treated as owned by the holder of RBPI Class B Stock, (2) is “substantially disproportionate” with respect to the holder of RBPI Class B Stock (and the shareholder actually or constructively owns after the deemed redemption less than 50% of the voting power of the outstanding BMBC common stock), or (3) is “not essentially equivalent to a dividend.” In applying the above tests, holders of RBPI Class B Stock may, under the constructive ownership rules, be deemed to own stock that is owned by other persons or otherwise in addition to the stock actually owned by the shareholder.

Table of Contents

*Holders of Warrants and Options to Purchase RBPI Common Stock.* Holders of RBPI warrants and stock options should discuss with their tax advisors the tax results of each course of action available to them.

*Backup Withholding.* Non-corporate shareholders of RBPI common stock may be subject to backup withholding at a rate of 28% on cash payments received in the merger. Backup withholding will not apply, however, to a shareholder who (1) furnishes a correct taxpayer identification number and certifies that he or she is not subject to backup withholding on the substitute Form W-9 included in the letter of transmittal, (2) who provides a certificate of foreign status on an appropriate Form W-8, or (3) who is otherwise exempt from backup withholding. A shareholder who fails to provide the correct taxpayer identification number on Form W-9 may be subject to a \$50 penalty imposed by the IRS.

**THE FOREGOING SUMMARY IS NOT A SUBSTITUTE FOR AN INDIVIDUAL ANALYSIS OF THE TAX CONSEQUENCES OF THE MERGER TO YOU. WE URGE YOU TO CONSULT A TAX ADVISOR REGARDING THE PARTICULAR FEDERAL, STATE, LOCAL AND FOREIGN TAX CONSEQUENCES OF THE MERGER TO YOU.**

Table of Contents

**DESCRIPTION OF BMBC CAPITAL STOCK**

As a result of the merger, RBPI shareholders who receive shares of BMBC common stock in the merger will become shareholders of BMBC. The following summary of BMBC capital stock, including the common stock to be issued in the merger, is not complete and is qualified by reference to the BMBC articles of incorporation and the BMBC bylaws. You are encouraged to read the applicable provisions of Pennsylvania law, the BMBC articles of incorporation and the BMBC bylaws and U.S. federal law governing bank holding companies carefully and in their entirety.

**Authorized Common Stock**

As of April 11, 2017, BMBC's authorized common stock, \$1.00 stated value per share, was 100,000,000 shares, of which 16,968,960 shares were issued and outstanding. Shares of BMBC's common stock to be issued pursuant to the merger agreement, when issued in accordance with the terms of the merger agreement, will be duly authorized, validly issued, fully paid and nonassessable and subject to no preemptive rights.

**General**

The holders of BMBC's common stock are entitled to:

one vote for each share of common stock held;

receive dividends if and when declared by BMBC's board of directors from BMBC's unreserved and unrestricted earned surplus or BMBC's unreserved and unrestricted net earnings for the current fiscal year; and

share ratably in BMBC's net assets legally available to BMBC's shareholders in the event of BMBC's liquidation, dissolution or winding up, after payment in full of all amounts required to be paid to creditors and preferred shareholders, if any, or provision for such payment.

BMBC common stock is neither redeemable nor convertible into another security of BMBC. Because BMBC is a holding company, BMBC's rights and the rights of BMBC's creditors and shareholders to participate in the distribution

of assets of a subsidiary on its liquidation or recapitalization may be subject to prior claims of the subsidiary's creditors, except to the extent that BMBC itself may be a creditor having recognized claims against the subsidiary.

Holders of BMBC's common stock have no preemptive, subscription, redemption, conversion or cumulative voting rights. BMBC's outstanding common stock is fully paid and nonassessable.

BMBC's common stock is listed on NASDAQ under the symbol "BMTC." The transfer agent for BMBC's common stock is ComputerShare, Inc., 259 Royall Street, Canton, MA 02021.

BMBC's board of directors consists of ten (10) directors divided into four classes. The directors in the divided classes each serve staggered four-year terms unless selected to fill a vacancy (in which case, such director serves for a term expiring with the next annual meeting of shareholders), and until their successors are elected and take office.

#### **Anti-Takeover Provisions and Other Shareholder Protections**

*Pennsylvania Law Considerations.* The Pennsylvania Business Corporations Law (the "PBCL") contains certain provisions applicable to BMBC that may have the effect of deterring or discouraging an attempt to take control of BMBC. These provisions, among other things:

require that, following any acquisition by any person or group of 20% of a public corporation's voting power, the remaining shareholders have the right to receive payment for their shares, in cash, from such person or group in an amount equal to the "fair value" of the shares, including an increment representing a proportion of any value payable for control of the corporation (Subchapter 25E of the PBCL);

prohibit for five years, subject to certain exceptions, a "business combination" (which includes a merger or consolidation of the corporation or a sale, lease or exchange of assets) with a person or group beneficially owning 20% or more of a public corporation's voting power (Subchapter 25F of the PBCL);

expand the factors and groups (including shareholders) which a corporation's board of directors can consider in determining whether an action is in the best interests of the corporation;

Table of Contents

eliminates the preemptive right to subscribe to purchase, on a pro rata basis, additional shares of stock issued or sold by the corporation, unless provided for in the corporation's articles of incorporation;

provide that a corporation's board of directors need not consider the interests of any particular group as dominant or controlling;

provide that a corporation's directors, in order to satisfy the presumption that they have acted in the best interests of the corporation, need not satisfy any greater obligation or higher burden of proof with respect to actions relating to an acquisition or potential acquisition of control;

provide that actions relating to acquisitions of control that are approved by a majority of "disinterested directors" are presumed to satisfy the directors' standard, unless it is proven by clear and convincing evidence that the directors did not assent to such action in good faith after reasonable investigation; and

provide that the fiduciary duty of a corporation's directors is solely to the corporation and may be enforced by the corporation or by a shareholder in a derivative action, but not by a shareholder directly.

The PBCL explicitly provides that the fiduciary duty of directors does not require them to:

redeem any rights under, or to modify or render inapplicable, any shareholder rights plan;

render inapplicable, or make determinations under, provisions of the PBCL relating to control transactions, business combinations, control-share acquisitions or disgorgement by certain controlling shareholders following attempts to acquire control; or

act as the board of directors, a committee of the board or an individual director, solely because of the effect such action might have on an acquisition or potential acquisition of control of BMBC or the consideration that might be offered or paid to shareholders in such an acquisition.

For more information regarding the rights of holders of BMBC common stock, please see the description captioned "*Comparison of Shareholder Rights*," commencing below.

Table of Contents**COMPARISON OF SHAREHOLDERS' RIGHTS**

After the merger, the RBPI shareholders will become shareholders of BMBC and their rights will be governed by BMBC's articles of incorporation, BMBC's bylaws and the PBCL. The following is a summary of the material differences between (1) the current rights of RBPI shareholders under the PBCL and RBPI's articles of incorporation and bylaws, and (2) the current rights of BMBC shareholders under the PBCL and BMBC's articles of incorporation and bylaws. For information as to how to get the full text of each party's respective articles of incorporation or bylaws, see "*Where You Can Find More Information*" beginning on page 130.

The following summary is not intended to be a complete statement of the differences affecting the rights of RBPI's shareholders who become BMBC shareholders, but rather as a summary of the more significant differences affecting the rights of those shareholders and certain important similarities. The following summary is qualified in its entirety by reference to the articles of incorporation and bylaws of BMBC and the articles of incorporation and bylaws of RBPI. BMBC and RBPI encourage you to read BMBC's articles of incorporation and bylaws, RBPI's articles of incorporation and bylaws, and the Pennsylvania Business Corporation Law, and federal law governing bank holding companies.

	<b>BMBC Shareholder Rights</b>	<b>RBPI Shareholder Rights</b>
<b>Authorized Capital Stock</b>	BMBC's articles of incorporation authorizes it to issue up to 100,000,000 shares of common stock, par value \$1.00 per share. As of March 7, 2017, there were 16,969,451 shares of BMBC common stock issued and outstanding.	RBPI's articles of incorporation authorizes it to issue up to 43,000,000 shares of common stock consisting of 40,000,000 shares of RBPI Class A Stock, par value \$2.00 per share, 3,000,000 million shares of RBPI Class B Stock, par value \$0.10 per share, and 500,000 shares of preferred stock, having such par value as the Board of Directors shall fix and determine. As of February 28, 2017, there were 27,913,024 shares of RBPI Class A Stock issued and outstanding, 1,924,629 shares of RBPI Class B Stock issued and outstanding, and 0 shares of preferred stock issued and outstanding.
<b>Size of Board of Directors</b>	BMBC's amended and restated bylaws provide that its board of directors shall consist of at least 8 and no more than 13 directors. The exact number of directors may be determined from time to time by a majority of the entire BMBC board of directors. At the time of the special meeting, the BMBC board of directors will have 10 directors.	RBPI's bylaws provide that its board of directors shall consist of at least 5 and no more than 25 directors. The exact number of directors may be determined from time to time by a majority of the entire RBPI board of directors. The RBPI board of directors current has 9 directors.

<b>Classes of Directors</b>	BMBC's board of directors is classified. BMBC's amended and restated bylaws provide that the board shall be divided into four classes, as nearly equal in number as possible, with the divided classes to hold office in staggered four-year terms.	RBPI's board of directors is classified. RBPI's bylaws provide that the board shall be divided into three classes, as nearly equal in number as possible, with the divided classes to hold office in staggered three-year terms.
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Table of Contents

<b>Vacancies and Removal of Directors</b>	<b>BMBC Shareholder Rights</b>	<b>RBPI Shareholder Rights</b>
	<p>BMBC’s amended and restated bylaws provide that unexcused absence for six months, conviction of a felony, adjudication of incompetence, and any other grounds set forth in the PBCL will create a vacancy on the board of directors. Pursuant to Section 1726(a)(1) of the PBCL, the entire board of directors, any class of the board, or any individual director may be removed from office for cause by a majority of the votes cast by all BMBC shareholders entitled to vote. Additionally, pursuant to Section 1726(b) of the PBCL, the board of directors may declare vacant the office of a director who has been judicially declared of unsound mind, or who has been convicted of an offense punishable by imprisonment for a term of more than one year. BMBC’s amended and restated bylaws provide that the board of directors, by majority vote, is to be the sole judge as to when a vacancy in the board has occurred.</p>	<p>RBPI’s bylaws provide that the board of directors may declare vacant the office of a director who has been judicially declared of unsound mind or who has been convicted of an offense punishable by imprisonment or for any other proper cause set forth in the bylaws.</p>
<b>Filling Vacancies on the Board of Directors</b>	<p>Under BMBC’s amended and restated bylaws, vacancies may be filled by a majority of the directors then in office, whether or not a quorum exists. Directors who fill vacancies occurring before the record date preceding the annual meeting will remain in office until the next annual meeting, at which time a director is to be elected by the shareholders to fill the unexpired term. Directors who fill vacancies occurring on or after the record date preceding the annual meeting shall continue until a successor is duly chosen and qualified. Each director filling a vacancy shall remain in office for the remainder of the unexpired term. Pursuant to BMBC’s amended and restated articles of incorporation, BMBC shareholders are not entitled to cumulative voting rights in the election of directors.</p>	<p>Under RBPI’s bylaws, vacancies shall be filled by the decision of a majority of the remaining members of the board of directors, though less than a quorum, and each person so appointed shall be a director until the expiration of the term of office of the class of directors to which he or she was appointed.</p>



Table of Contents**BMBC Shareholder Rights**

Pursuant to BMBC's Nominating Committee Policies, BMBC will consider written proposals from shareholders for nominees for director received not less than 120 days before the date its proxy statement was released to shareholders in connection with the previous year's annual meeting, provided that any written proposal sets forth: (1) the name and address of the shareholder nominating a candidate; (2) the number of BMBC shares beneficially owned by the shareholder (and if the shares are held in street name, the name of the brokerage firm holding the shares); (3) the name, age, business address and residence address of each proposed nominee; (4) the principal occupation or employment of the proposed nominee; (5) the number of shares of BMBC common stock beneficially owned by the proposed nominee; (6) a description of all arrangements or understandings between the shareholder and each proposed nominee and any other persons pursuant to which the shareholder is making the nomination; and (7) any other information required to be disclosed in solicitation of proxies for election of directors or other information required pursuant to Regulation 14A under the Exchange Act, relating to the proposed nominee, including the proposed nominee's written consent to being named in the proxy statement as a nominee and to serving as a director, if elected.

**Nomination of Director Candidates by Shareholders****RBPI Shareholder Rights**

Pursuant to RBPI's bylaws, RBPI will consider written proposals from shareholders for nominees for director received not less than 90 days prior to the regular date fixed for the annual meeting of shareholders. If the annual meeting is to be held on a date other than the third Wednesday in May, any proposal must be received by the close of business on the tenth day following the first public disclosure of the date of such meeting, but in any case, not later than 7 days after the date on which notice was given for any other meeting of shareholders called for the election of one or more directors. Such written proposal shall contain the following information: (1) the name and address of each proposed nominee; (2) the age of each proposed nominee; (3) the principal occupation of each proposed nominee; (4) the number and class of shares of RBPI owned by each proposed nominee; (5) the total number of votes that, to the knowledge of the notifying shareholder, will be cast for each proposed nominee; (6) the name and residence address of the notifying shareholder; (7) the number and class of shares of RBPI owned by the notifying shareholder; (8) a representation that the shareholder is a beneficial owner of stock of RBPI entitled to vote at such meeting and intends to be present at the meeting in person or by proxy to make such nomination; (9) a description of all arrangements or understandings between the shareholder and the nominee and any other person or persons (naming such person or persons) pursuant to which the nomination is to be made by the shareholder; (10) such other information regarding the nominee as would be required to be included in proxy materials filed under applicable rules of the Securities Exchange Commission had the nominee been nominated by the board of directors; and (11) the written consent of the nominee to serve as director if so elected.

Table of Contents

<b>Calling Special Meetings of Shareholders</b>	<p><b>BMBC Shareholder Rights</b> Under BMBC’s amended and restated bylaws, a special meeting of shareholders may be called by a majority of BMBC’s board of directors or by written request of shareholders representing at least 20% of the outstanding BMBC shares entitled to vote.</p>	<p><b>RBPI Shareholder Rights</b> Under RBPI’s bylaws, a special meeting of the shareholders may be called at any time by the President or a majority of the board of directors or of its Executive Committee, or by written request of any person who has called a special meeting.</p>
<b>Shareholder Proposals</b>	<p>BMBC’s amended and restated bylaws provide that any BMBC shareholder making a proposal to be included in BMBC’s proxy statement must give notice in accordance with applicable law at least 120 days prior to the annual meeting date. Pursuant to Rule 14a-8 of the Exchange Act and subject to certain limitations and eligibility requirements, a shareholder desiring to submit a proposal to BMBC for inclusion in the proxy statement for an annual shareholder meeting must submit the proposal in writing not less than 120 calendar days before the anniversary of the date BMBC’s proxy statement was mailed to shareholders in connection with the previous year’s annual meeting. The notice is to be mailed to the Corporate Secretary at BMBC’s executive office at 801 Lancaster Avenue, Bryn Mawr, Pennsylvania 19010. With respect to shareholder proposals to be considered at the annual meeting of shareholders but not included in BMBC’s proxy materials, pursuant to Rule 14a-4(c)(1) of the Exchange Act and subject to certain limitations and eligibility requirements, the shareholder’s notice must be received at BMBC’s executive office at least 45 days before the anniversary of the date on which BMBC first sent its proxy materials for the prior year’s annual meeting of shareholders (or the date specified by an advance notice provision).</p>	<p>RBPI’s bylaws provide that any RBPI shareholder making a proposal to be included in RBPI’s proxy statement must give notice in accordance with applicable law at least 90 days prior to the annual meeting date. Pursuant to Rule 14a-8 of the Exchange Act and subject to certain limitations and eligibility requirements, a shareholder desiring to submit a proposal to RBPI for inclusion in the proxy statement for an annual shareholder meeting must submit the proposal in writing not less than 120 calendar days before the anniversary of the date RBPI’s proxy statement was mailed to shareholders in connection with the previous year’s annual meeting. The notice is to be mailed to the Corporate Secretary at RBPI’s executive office at One Bala Plaza, Suite 522, 231 St. Asaph’s Road, Bala Cynwyd, PA 19004. With respect to shareholder proposals to be considered at the annual meeting of shareholders but not included in RBPI’s proxy materials, pursuant to Rule 14a-4(c)(1) of the Exchange Act and subject to certain limitations and eligibility requirements, the shareholder’s notice must be received at RBPI’s executive office at least 45 days before the anniversary of the date on which RBPI first sent its proxy materials for the prior year’s annual meeting of shareholders (or the date specified by an advance notice provision).</p>

Table of Contents**BMBC Shareholder Rights**

BMBC's amended and restated bylaws provide that BMBC must give notice at least 5 days prior to a meeting of shareholders unless a greater period of notice is required by law. Section 1704(b) of the PBCL requires notice to be given at least ten days prior to the date of a meeting that will consider a fundamental change (including amendment to the articles of incorporation, merger, consolidation, share exchanges and sale of assets, division, conversion, voluntary dissolution and winding up, involuntary liquidation and dissolution, and post-dissolution provision for liabilities), or five days prior to the date of the meeting in any other case. Section 1702(a)(2) and 1704(c) of the PBCL provide that the notice shall state the place, date and hour, and in the case of a special meeting, the general nature of the business to be transacted at the meeting

**Notice of Shareholder Meetings****Indemnification of Directors and Officers**

BMBC's amended and restated articles of incorporation and amended and restated bylaws provide that BMBC shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, including an action by or in the right of BMBC, because such person is or was a director, officer, employee or agent of BMBC, or is or was serving at the request of BMBC as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise. Such indemnification is furnished to the full extent provided by Pennsylvania law against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred in connection with such action, suit or proceeding unless the act giving rise to the claim for indemnification is determined by a court to have constituted willful misconduct or recklessness. The indemnification provisions also permit BMBC to pay reasonable expenses in advance of the final disposition of any action, suit or proceeding as authorized by the BMBC's board of directors, provided that the indemnified person

**RBPI Shareholder Rights**

RBPI's bylaws provide that RBPI must give not less than 10 days, or in the case of bulk mail, not less than 20 days' notice before the date of the meeting of shareholders. Section 1704(b) of the PBCL requires notice to be given at least ten days prior to the date of a meeting that will consider a fundamental change (including amendment to the articles of incorporation, merger, consolidation, share exchanges and sale of assets, division, conversion, voluntary dissolution and winding up, involuntary liquidation and dissolution, and post-dissolution provision for liabilities), or five days prior to the date of the meeting in any other case. Section 1702(a)(2) and 1704(c) of the PBCL provide that the notice shall state the place, date and hour, and in the case of a special meeting, the general nature of the business to be transacted at the meeting.

RBPI's bylaws provide that RBPI shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending, or completed action, suit or proceeding, whether civil, criminal, administrative or investigative by reason of the fact that he is or was a director (including a member of any advisory board), officer, employee, or agent of RBPI, Royal Bank, or any other direct or indirect subsidiary of RBPI or Royal Bank designated by the board of directors or is or was serving at the request of RBPI as a director (including a member of any advisory board), officer, employee, agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorney fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him or her in connection with such action, suit or proceeding, to the fullest extent authorized or permitted by the laws of the Commonwealth of Pennsylvania. Expenses incurred in defending any action, suit or proceeding shall be paid by RBPI in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or

undertakes to repay BMBC if it is ultimately determined that such person was not entitled to indemnification. Any amendment to the bylaws which adversely affects the rights of indemnification or advancement of expenses set forth in the bylaws will only be effective with regard to indemnification or advancement of expenses arising from transactions, acts or omissions occurring on or after the effective date of such amendment.

on behalf of the director (including a member of any advisory board), officer, employee, or agent to repay such amount if it is ultimately determined that he or she is not entitled to be indemnified by RBPI. Such indemnification and advancement of expenses is furnished to the full extent provided by Pennsylvania law unless the act giving rise to the claim for indemnification is determined by a court to have constituted willful misconduct or recklessness.

Table of Contents

	<b>BMBC Shareholder Rights</b>	<b>RBPI Shareholder Rights</b>
<b>Amendments to Articles/Articles of Incorporation and Bylaws</b>	<p>BMBC's amended and restated articles of incorporation generally provide that any amendment to BMBC's articles of incorporation or bylaws requires the affirmative vote of at least a majority of the outstanding shares of BMBC common stock entitled to vote. BMBC's amended and restated bylaws indicate that BMBC's board of directors may amend the bylaws, except to change the qualifications required or the classification or the term of office of a director, or if the amendment would take place within thirty days prior to an annual meeting of shareholders. Any amendment to the bylaws adopted by BMBC's board of directors must be ratified by BMBC's shareholders at the first meeting of shareholders after the adoption of the amendment in order for the amendment to be effective.</p>	<p>RBPI's bylaws generally provide that any amendment to RBPI's bylaws requires the affirmative vote of at least a majority of the outstanding total votes entitled to be cast by the holders of all the outstanding shares of common stock of RBPI, or by a majority vote of the members of the board of directors, subject to the powers of the shareholders to change such action of the board of directors by the affirmative vote of a majority of the total votes entitled to be cast by the holders of all the outstanding shares of common stock of RBPI.</p>

Table of Contents

**LEGAL MATTERS**

Reed Smith LLP, Philadelphia, Pennsylvania, has passed upon the validity of the BMBC common stock being registered in connection with the merger for BMBC. Reed Smith LLP and Stevens & Lee, P.C., Reading, Pennsylvania, have delivered their opinions to BMBC and RBPI, respectively, as to certain U.S. federal income tax consequences of the merger and will deliver updated opinions in connection with the closing of the merger. See “*U.S. Federal Income Tax Consequences of the Merger*” beginning on page 116.

Table of Contents

**EXPERTS**

The consolidated financial statements of BMBC and subsidiaries as of December 31, 2016 and 2015, and for each of the years in the three-year period ended December 31, 2016, and management's assessment of the effectiveness of internal control over financial reporting as of December 31, 2016 have been incorporated by reference herein and in the registration statement in reliance upon the reports of KPMG LLP, independent registered public accounting firm, incorporated by reference herein, and upon the authority of said firm as experts in accounting and auditing.

The consolidated financial statements of RBPI appearing in its Annual Report on Form 10-K as of December 31, 2016, and for the two year period ended December 31, 2016, have been audited by BDO USA, LLP, independent registered public accounting firm, as set forth in its report thereon, included therein, and included in this proxy statement/prospectus. Such consolidated financial statements are included herein in reliance upon the report given on the authority of such firm as experts in accounting and auditing.

Table of Contents

**OTHER MATTERS**

As of the date of this proxy statement/prospectus, RBPI does not know of any matter that an RBPI shareholder will present for consideration at its special meeting other than the matters described in this document. However, if any other matter properly comes before the RBPI special meeting or any adjournment or postponement of the special meeting, all executed proxy cards will be deemed to confer discretionary authority on the individuals named as proxies on those proxy cards to vote the shares represented by those proxy cards as to any such matters. The proxies will vote such shares in accordance with their best judgment.

This proxy statement/prospectus does not cover any resales of the BMBC common stock issued as common stock consideration pursuant to this proxy statement/prospectus by any shareholder deemed to be an affiliate of BMBC upon the consummation of the merger. BMBC has not authorized any person to make use of this proxy statement/prospectus in connection with any such resales.



Table of Contents

**WHERE YOU CAN FIND MORE INFORMATION**

BMBC has filed with the SEC a registration statement on Form S-4 to register the shares of BMBC common stock to be issued pursuant to the merger agreement. This proxy statement/prospectus is part of that registration statement and constitutes the prospectus of BMBC in addition to being a proxy statement of RBPI for its special meeting. The registration statement, including the attached exhibits and schedules, contains additional relevant information about BMBC and BMBC common stock. As permitted by SEC rules, BMBC and RBPI have omitted from this proxy statement/prospectus certain information that is included in the registration statement.

BMBC and RBPI also file reports, proxy statements and other information with the SEC under the Exchange Act. You may read and copy this information at the SEC's public reference room at 100 F Street, NE, Washington, DC 20549. Please call the SEC at 1-800-SEC-0330 for further information on the public reference room. In addition, the SEC maintains an Internet website at <http://www.sec.gov> that contains reports, proxy statements and other information about issuers who file electronically with the SEC, such as BMBC and RBPI. You may also find the reports and other information filed by BMBC and RBPI with the SEC at the respective Internet websites of BMBC and RBPI, which are <http://www.bmtc.com> and <http://www.royalbankamerica.com>. Information on these Internet websites is not part of this proxy statement/prospectus.

The SEC allows BMBC to incorporate by reference information in this proxy statement/prospectus. This means that BMBC can disclose important information to you by referring you to another document filed separately with the SEC.

The following documents filed by BMBC with the SEC (File No. 001-35746) are hereby incorporated by reference:

Annual Report on Form 10-K for the year ended December 31, 2016, filed on March 10, 2017, as amended by Form 10-K/A filed on March 17, 2017, and including the Part III information incorporated by reference from the definitive proxy statement on Schedule 14A filed on March 10, 2017;

Current Reports on Form 8-K filed on January 31, 2017, February 10, 2017, and March 9, 2017 (in each case except to the extent furnished and not filed); and

The description of BMBC common stock contained in the Form 8-A Registration Statement filed with the SEC on December 18, 1986, as amended from time to time, including any amendment or report filed with the SEC for the purpose of updating such description.

BMBC incorporates by reference any additional documents filed with the SEC under Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act between the date of this proxy statement/prospectus and the effective date of the Merger (other than, in each case, those documents, or the portions of those documents or exhibits thereto, deemed to be furnished and not filed in accordance with SEC rules). Those documents include periodic reports such as Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K, as well as proxy statements.

Any statement contained in a document incorporated by reference herein shall be deemed to be modified or superseded for purposes of this proxy statement/prospectus to the extent that a statement contained herein or in any subsequently filed document which is deemed to be incorporated by reference herein modifies or supersedes such statement. Any such statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a party of this proxy statement/prospectus.

Documents incorporated by reference are available from BMBC without charge, excluding any exhibits to those documents unless the exhibit is specifically incorporated by reference as an exhibit in this proxy statement/prospectus. You can obtain documents incorporated by reference in this proxy statement/prospectus by requesting them in writing or by telephone from the applicable company at the following address and phone number:

**BRYN MAWR BANK CORPORATION**

801 Lancaster Avenue

Bryn Mawr, PA 19010

Attention: Lori A. Goldman

Telephone: (610) 525-1700

Table of Contents

**RBPI shareholders requesting documents must do so no later than May 17, 2017, in order to receive them before the special meeting. You will not be charged for any of these documents that you request.**

You should rely only on the information contained in or incorporated by reference into this proxy statement/prospectus. Neither BMBC nor RBPI has authorized anyone to give any information or make any representation about the merger or the companies that is different from, or in addition to, that contained in this proxy statement/prospectus or in any of the materials that have been incorporated into this proxy statement/prospectus.

This proxy statement/prospectus does not constitute an offer to exchange or sell, or a solicitation of an offer to exchange or purchase, the BMBC common stock this proxy statement/prospectus offers, nor does it constitute the solicitation of a proxy in any jurisdiction in which RBPI or BMBC is not authorized to make such offer or solicitation or to or from any person to whom it is unlawful to make such offer or solicitation.

The information contained in this proxy statement/prospectus speaks as of the date of this proxy statement/prospectus unless we specifically indicate otherwise. The delivery of this proxy statement/prospectus shall not, under any circumstances, create any implication that there has been no change in the affairs of BMBC or RBPI since the date of this proxy statement/prospectus or that the information in this proxy statement/prospectus or in the documents BMBC incorporates by reference into this proxy statement/prospectus is correct at any time subsequent to the date of such information.

Table of Contents

**INDEX TO FINANCIAL STATEMENTS**

**Royal Bancshares of Pennsylvania, Inc. and Subsidiaries**

Consolidated Financial Statements as of and for the years ended December 31, 2016 and 2015.

<u>Report of Independent Registered Public Accounting Firm</u>	F-2
<u>Consolidated Balance Sheets</u>	F-3
<u>Consolidated Statements of Income</u>	F-4
<u>Statements of Consolidated Comprehensive Income</u>	F-5
<u>Consolidated Statements of Changes in Shareholders' Equity</u>	F-6
<u>Consolidated Statements of Cash Flows</u>	F-7
<u>NOTES TO CONSOLIDATED FINANCIAL STATEMENTS</u>	F-8

F-1

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Table of Contents

**Report of Independent Registered Public Accounting Firm**

Board of Directors and Shareholders

Royal Bancshares of Pennsylvania, Inc. and Subsidiaries

Bala Cynwyd, Pennsylvania

We have audited the accompanying consolidated balance sheets of Royal Bancshares of Pennsylvania, Inc. and subsidiaries (the "Company") as of December 31, 2016 and 2015, and the related consolidated statements of income, comprehensive income, changes in shareholders' equity, and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Royal Bancshares of Pennsylvania, Inc. and subsidiaries at December 31, 2016 and 2015, and the results of their operations and their cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

/s/ BDO USA, LLP

Philadelphia, Pennsylvania

March 22, 2017

F-2

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Table of Contents**ROYAL BANCSHARES OF PENNSYLVANIA, INC. AND SUBSIDIARIES****Consolidated Balance Sheets**

	<b>December 31,</b>	<b>December 31,</b>
	<b>2016</b>	<b>2015</b>
	(Dollars in thousands, except share data)	
<b>ASSETS</b>		
Cash and due from banks	\$13,146	\$10,394
Interest-earning deposits	8,084	15,026
Total cash and cash equivalents	21,230	25,420
Investment securities available for sale (“AFS”), at fair value	169,854	224,067
Other investment, at cost	2,250	2,250
Federal Home Loan Bank (“FHLB”) stock	3,216	2,545
Loans and leases (“LHFI”)	602,009	499,103
Less allowance for loan and lease losses	10,420	9,689
Net loans and leases	591,589	489,414
Company owned life insurance	20,781	19,899
Accrued interest receivable	3,968	4,149
Other real estate owned (“OREO”), net	3,536	7,435
Premises and equipment, net	5,398	3,959
Other assets	10,663	9,145
Total assets	\$832,485	\$788,283
<b>LIABILITIES AND SHAREHOLDERS’ EQUITY</b>		
<b>Liabilities</b>		
<b>Deposits</b>		
Non-interest bearing	\$97,859	\$83,529
Interest-bearing	531,687	494,363
Total deposits	629,546	577,892
Short-term borrowings	19,000	9,000
Long-term borrowings	85,000	81,970
Subordinated debentures	25,774	25,774
Accrued interest payable	711	709
Other liabilities	20,181	20,640
Total liabilities	780,212	715,985
<b>Shareholders’ equity</b>		
<b>Royal Bancshares of Pennsylvania, Inc. equity:</b>		
Preferred stock, Series A perpetual, \$1,000 liquidation value per share, 500,000 shares authorized, 0 and 18,856 shares outstanding at December 31, 2016 and December 31, 2015, respectively	—	18,856

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Class A common stock, par value \$2 per share, authorized 40,000,000 shares; issued 28,242,055 and 28,204,182 at December 31, 2016 and December 31, 2015, respectively, and outstanding of 27,887,024 and 27,828,849 at December 31, 2016 and December 31, 2015, respectively	56,484	56,408
Class B common stock, par value \$ 0.10 per share, authorized 3,000,000 shares; issued and outstanding, 1,924,629 and 1,928,289 at December 31, 2016 and December 31, 2015, respectively	193	193
Additional paid in capital	99,667	110,494
Accumulated deficit	(94,512 )	(104,879 )
Accumulated other comprehensive loss	(5,219 )	(3,919 )
Treasury stock - at cost, shares of Class A, 355,031 and 375,333 at December 31, 2016 and December 31, 2015, respectively	(4,965 )	(5,249 )
Total Royal Bancshares of Pennsylvania, Inc. shareholders' equity	51,648	71,904
Noncontrolling interest	625	394
Total equity	52,273	72,298
Total liabilities and shareholders' equity	\$832,485	\$788,283

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



Table of Contents**ROYAL BANCSHARES OF PENNSYLVANIA, INC. AND SUBSIDIARIES****Consolidated Statements of Income**

	<b>For the year ended December 31,</b>	
	<b>2016</b>	<b>2015</b>
(In thousands, except per share data)		
Interest Income		
Loans and leases, including fees	\$28,825	\$24,344
Investment securities	4,528	5,617
Deposits in banks	63	32
Total Interest Income	33,416	29,993
Interest Expense		
Deposits	4,325	3,806
Short-term borrowings	88	14
Long-term borrowings	2,902	2,664
Total Interest Expense	7,315	6,484
Net Interest Income	26,101	23,509
Provision (credit) for loan and lease losses	1,242	(748 )
Net Interest Income after Provision (Credit) for Loan and Lease Losses	24,859	24,257
Non-interest Income		
Service charges and fees	1,361	1,126
Net gains on sales of loans and leases	165	—
Income from company owned life insurance	1,166	497
Gains on sales of premises and equipment	—	324
Net gains on the sale of AFS investment securities	1,431	900
Total other-than-temporary impairment on AFS investment securities	(190 )	(14 )
Other income	374	280
Total Non-interest Income	4,307	3,113
Non-interest Expense		
Employee salaries and benefits	10,398	10,441
Loss contingency	(200 )	—
Occupancy and equipment	2,876	2,950
Professional and legal fees	1,977	1,731
Net OREO expenses	77	504
Pennsylvania shares tax expense	547	450
FDIC and state assessments	594	688
Communications and data processing	1,004	798
(Credit) provision for credit losses on off-balance sheet credit exposures	(333 )	425
Directors' fees	434	459
Marketing and advertising	243	190
Insurance	363	335
Loan collection expenses	216	422
Other operating expenses	1,801	1,592

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Total Non-interest Expense	19,997	20,985
Income Before Tax Benefit	9,169	6,385
Income Tax Benefit	(1,796 )	(5,139 )
Net Income	\$10,965	\$11,524
Less Net Income Attributable to Noncontrolling Interest	\$590	\$531
Net Income Attributable to Royal Bancshares of Pennsylvania, Inc.	\$10,375	\$10,993
Less Preferred Stock Series A Accumulated Dividend and Accretion	\$1,133	\$1,721
Net Income Available to Common Shareholders	\$9,242	\$9,272
Per Common Share Data:		
Net Income — Basic and Diluted	\$0.31	\$0.31

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

F-4

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Table of Contents**ROYAL BANCSHARES OF PENNSYLVANIA, INC. AND SUBSIDIARIES****Statements of Consolidated Comprehensive Income**

(In thousands)	<b>For the year ended</b>	
	<b>December 31, 2016</b>	<b>2015</b>
Net income	\$10,965	\$11,524
Other comprehensive loss, net of tax		
Unrealized (losses) gains on investment securities:		
Unrealized holding gains (losses) arising during period, net of tax (1)	91	(824 )
Less adjustment for impaired investments, net of tax (2)	(125 )	(9 )
Less reclassification adjustment for gains realized in net income, net of tax (3)	1,095	594
Unrealized losses on investment securities	(879 )	(1,409 )
Unrecognized benefit obligation:		
Actuarial (loss) gain	(634 )	73
Reclassification adjustment for amortization (4)	173	275
Unrecognized benefit obligation	(461 )	348
Unrealized gain (loss) on derivative instrument, net of tax (5)	40	(366 )
Other comprehensive loss	(1,300 )	(1,427 )
Comprehensive income	9,665	10,097
Less net income attributable to noncontrolling interest	590	531
Comprehensive income attributable to Royal Bancshares of Pennsylvania, Inc.	\$9,075	\$9,566

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

1. Net of \$47 thousand tax expense and \$603 thousand tax benefit for 2016 and 2015, respectively.

Amounts are included in total other-than-temporary impairment on AFS investment securities on the Consolidated Statements of Income in total non-interest income, net of a \$65 thousand and \$5 thousand tax benefit for 2016 and 2015, respectively.

Amounts are included in net gains on the sale of AFS investment securities on the Consolidated Statements of Income in total non-interest income, net of \$336 thousand and \$306 thousand in taxes for 2016 and 2015, respectively.

4. Amounts are included in salaries and benefits on the Consolidated Statements of Income in non-interest expense.

5. Net of \$21 thousand tax expense and \$189 thousand tax benefit for 2016 and 2015, respectively.

F-5

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Table of Contents**ROYAL BANCSHARES OF PENNSYLVANIA, INC. AND SUBSIDIARIES****Consolidated Statements of Changes in Shareholders' Equity****Years ended December 31, 2016 and 2015**

(In thousands, except share data)	Preferred	Class A common stock Shares	Amount	Class B common stock Shares	Amount	Additional paid in capital	Accumulated deficit	Accumulated other comprehensive loss	Treasury stock	Noncontrolling Interest	Total Shareholder Equity
	Series A										
Balance at January 1, 2015	\$18,856	28,200	\$56,400	1,932	\$193	\$110,697	\$(115,864)	\$(2,492)	\$(5,571)	\$387	\$62,606
Net income							10,993			531	11,524
Other comprehensive income, net of reclassifications and taxes								(1,427)			(1,427)
Distributions to noncontrolling interests										(524)	(524)
Common stock conversion from Class B to Class A		4	8	(4)	—		(8)				—
Treasury shares issued for compensation (23,032 shares)						(281)			322		41
Stock compensation expense						78					78
Balance at December 31, 2015	18,856	28,204	56,408	1,928	193	110,494	(104,879)	(3,919)	(5,249)	394	72,298
Net income							10,375			590	10,965
Other comprehensive loss, net of reclassifications and taxes								(1,300)			(1,300)

Distributions to noncontrolling interests						(359)	(359)
Common stock conversion from Class B to Class A	4	8	(3 )	—		(8 )	—
Repurchase of 18,856 shares of preferred stock	(18,856)				(10,653 )		(29,509)
Treasury shares issued for compensation (20,302 shares)					(243 )	284	41
Stock options exercised (33,666 shares)	34	68			(16 )		52
Stock compensation expense					85		85
Balance at December 31, 2016	\$—	28,242	\$				