BRYN MAWR BANK CORP
Form 424B3
April 20, 2017
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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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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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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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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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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.

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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?

A. Holders 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.

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.

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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?

A. 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, 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.

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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.

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Q. What vote is required to approve each 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.

Q. Are there any voting agreements in 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.

Q. What should RBPI shareholders do if they hold their 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.

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

A. If you are unable to locate your original RBPI stock certificate(s), you should contact Broadridge Corporate Issuer Solutions, Inc., RBPI's transfer agent at, 2 Journal Square Plaza, Jersey City, NJ 07306; telephone number (201) 714-3970.

Q. 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?

A. Under SEC rules, RBPI is required to seek an advisory (non-binding) vote with respect to compensation that will or may be paid by RBPI to its named executive officers in connection with the completion of the merger.

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

A. 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."

Q. Which state is BMBC incorporated in?

A. BMBC is a corporation incorporated under the laws of Pennsylvania.

Q. Who can answer my questions about the merger?

A. If you have additional questions about the merger you should contact Michael Thompson, Chief Financial Officer of RBPI, at (610) 677-2216.

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

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

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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: BMTC) 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*. 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;

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.

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;

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- 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.

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.

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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.

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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.

	BMBC Common Stock	**RBPI Class A Stock**	**Pro Forma Equivalent Value of One Share of RBPI Class A Stock**
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.

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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.

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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.

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.

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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.

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.

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.

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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.

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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.

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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.

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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 or 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.

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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,” “intenc “might,” “outlook,” “plan,” potential,” “predict,” “probable,” “project,” “seek,” “should,” “view,” or “will,” or other similar ter 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;

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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.

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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.

Earnings	**As of or for the Twelve Months Ended December 31,**				
(dollars in thousands)	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
Per Share Data					
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 %

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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 **(in thousands, except share data)**	**For the years ended December 31,**				
	2016	2015	2014	2013	2012
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)

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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.

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BRYN MAWR BANK CORPORATION

UNAUDITED CONSOLIDATED PRO FORMA BALANCE SHEET

as of December 31, 2016

(Dollars in thousands, except per share data)

(dollars in thousands)	**BMBC December 31, 2016**	**RBPI December 31, 2016**	**Adjustments December 31, 2016**		**Combined December 31, 2016**
Assets					
Cash and due from banks	$16,559	$13,146	$(15,654)	(1)	$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)	(2)	3,116,818
Less: Allowance for loan and lease losses	(17,486)	(10,420)	10,420	(3)	(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	(4)	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	(5)	160,217
Intangible assets	20,405		3,962	(6)	24,367
Other real estate owned	1,017	3,536	-		4,553
Other assets	20,263	5,024	-		25,287
Total assets	$3,421,530	$832,485	$60,069		$4,314,084
Liabilities					
Deposits:					
Non-interest-bearing	$736,180	$97,859	$-		$834,039
Interest-bearing	1,843,495	531,687	4,469	(7)	2,379,651
Total deposits	2,579,675	629,546	4,469		3,213,690
Short-term borrowings	204,151	19,000	-		223,151
Long term FHLB advances and other borrowings	189,742	85,000	415	(8)	275,157
Subordinated notes	29,532	25,774	(7,325)	(9)	47,981

Other liabilities	37,303	20,892	(15,263)(5)	42,932
Total liabilities	3,040,403	780,212	(17,704)	3,802,911
Shareholders' equity				
Common stock	21,111	56,677	(53,592)(10)	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 (11)	(27,015,013)(12)	20,025,049

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

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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.

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BRYN MAWR BANK CORPORATION

UNAUDITED CONSOLIDATED PRO FORMA INCOME STATEMENT

For the Year Ended December 31, 2016

(Dollars in thousands, except per share data)

	Twelve Months Ended December 31, 2016			
	BMBC	**RBPI**	**Adjustments[1]**	**Pro Forma**
(dollars in thousands, except per share data)				
Interest income:				
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
Interest expense on:				-
Deposits	5,833	4,325	(1,720)(2)	8,438
Short-term borrowings	93	88	-	181
Long-term FHLB advances and other borrowings	3,353	2,315	(853)(2)	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
Provision for loan and lease losses	4,326	1,242	-	5,568
Net interest income after provision for loan and lease losses	101,910	24,859	3,261	130,030
Non-interest income:				
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
Non-interest expenses:				-
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

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
Net income (loss)	$36,036	$10,375	(9)	$(2,435)		$43,976
Less: Preferred Stock Series A Accumulated Dividend and Accretion	-	1,133		(1,133)	(8)	-
Net income (loss) available to common shareholders	36,036	9,242		(1,302)		43,976
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)	(5)	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)	(6)	20,113,456

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

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NOTES TO UNAUDITED PRO FORMA COMBINED INCOME STATEMENT

Footnote

(1)	Assumes the merger with RBPI was completed at the beginning of the period presented.
(2)	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.
(3)	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.
(4)	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.
(5)	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.
(6)	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.
(7)	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.
(8)	Adjustment assumes no Preferred Stock Series A in the combined entity.
(9)	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.

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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 Historical	RBPI Historical	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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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.

	BMBC Common Stock			RBPI Class A Stock		
Quarter Ended	High	Low	Dividend	High	Low	Dividend
2015:						
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	-
2016:						
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	-
2017:						
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.

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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 RPBI 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.

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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.

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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.

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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.

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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.

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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.

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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: BMTC) 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*. 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.

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*. 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.

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.

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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.

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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 Polices" 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.

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 then 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).

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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.

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 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 .

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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.

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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** Average Balance	Interest	Yield	**For the year ended December 31, 2015** Average Balance	Interest	Yield	**For the year ended December 31, 2014** Average Balance	Interest	Yield
Assets									
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 %
Loans and leases (1)									
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 %
Non-earning assets									
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		
Interest-bearing deposits									
NOW and money markets	$222,626	$811	0.36 %	$211,271	$716	0.34 %	$208,688	$653	0.31 %
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 %
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			$22,300	
Net interest margin			3.44 %			3.38 %			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.

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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.

	For the year ended December 31, 2016 vs. 2015 Increase (decrease)			For the year ended December 31, 2015 vs. 2014 Increase (decrease)		
(In thousands)	Volume	Rate	Total	Volume	Rate	Total
Interest income						
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
Interest expense						
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.

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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:

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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 correspondant 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.

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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)	Amortized Cost	Gross unrealized gains	Gross unrealized loss	Fair Value
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)	Amortized Cost	Gross unrealized gains	Gross unrealized loss	Fair Value
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

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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.

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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.

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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	%

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.

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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:

	As of December 31,				
(Dollars in thousands)	**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:

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

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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** Number of loans	**Accrual Status**	**Non-Accrual Status**	**Total TDRs**
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

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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.

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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:

	For the years ended December 31,				
(In thousands, except percentages)	**2016**	**2015**	**2014**	**2013**	**2012**
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)

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 %

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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.

	For the year ended December 31, 2016		
(In thousands)	**Loans**	**Tax Liens**	**Total**
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

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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)	As of December 31, 2016 Average Balance	Rate	2015 Average Balance	Rate	2014 Average Balance	Rate
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)	As of December 31, 2016	2015
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

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Short and Long Term Borrowings

	As of December 31,				
(In thousands)	**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.

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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.

	As of December 31, 2016				
(In thousands)	**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	-	-	-