BRYN MAWR BANK CORP
Form 424B3
January 25, 2010
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FIRST KEYSTONE FINANCIAL, INC.

MERGER PROPOSED YOUR VOTE IS VERY IMPORTANT

Dear First Keystone Financial, Inc. shareholders:

On November 3, 2009, First Keystone Financial, Inc. (which we refer to herein as **FKF**) and Bryn Mawr Bank Corporation (which we refer to herein as **BMBC**) agreed to a strategic business combination in which FKF will be merged into BMBC. If the merger is completed, FKF shareholders will have the right to receive $2.06 in cash and 0.6973 of a share of BMBC common stock for each share of FKF common stock held immediately prior to the merger, subject to adjustment as provided for in the Agreement and Plan of Merger dated as of November 3, 2009 that FKF entered into with BMBC (which we refer to herein as the **merger agreement**). We are sending you this proxy statement/prospectus to notify you of and invite you to the special meeting of FKF shareholders being held to consider the merger agreement and related matters and to ask you to vote at the special meeting in favor of the merger agreement and the transactions contemplated thereby, including the merger.

The special meeting of FKF s shareholders will be held at the Towne House Restaurant, 117 Veterans Square, Media, Pennsylvania on March 2, 2010 at 2:00 p.m. local time.

At the special meeting, you will be asked to approve the merger agreement, and the transactions contemplated thereby, including the merger. In the merger, FKF will merge into BMBC and First Keystone Bank, a federally chartered savings bank and wholly owned subsidiary of FKF, will be merged into a newly chartered interim Pennsylvania stock savings bank to be formed as a wholly owned subsidiary of BMBC. The interim bank will subsequently be merged into The Bryn Mawr Trust Company, a Pennsylvania chartered bank and wholly owned subsidiary of BMBC. You will also be asked to approve the adjournment or postponement of the special meeting, if necessary, to solicit additional proxies in favor of the merger agreement and the transactions contemplated thereby, including the merger.

The market value of the merger consideration will fluctuate with the market price of BMBC common stock. The following table shows the closing sale prices of BMBC common stock and FKF common stock as reported on the NASDAQ Global Market, on November 2, 2009, the trading day on which the per share merger consideration was calculated, and on January 19, 2010, the last practicable trading day before the distribution of this proxy statement/prospectus. This table also shows the implied value of the per share merger consideration proposed for each share of FKF common stock, which we calculated by multiplying the closing price of BMBC common stock on those dates by the per share stock consideration of 0.6973 and adding the per share cash consideration of $2.06 in cash, assuming no adjustment to such consideration pursuant to the merger agreement.

	BMBC Common Stock (NASDAQ: BMTC)	**FKF Common Stock (NASDAQ: FKFS)**	**Implied Value of One Share of FKF Common Stock**
At November 2, 2009	$16.30	$ 8.85	$13.43
At January 19, 2010	$15.30	$11.85	$12.73

The market prices of the BMBC common stock and the FKF common stock will fluctuate between now and the closing of the merger. We urge you to obtain current market quotations. FKF common stock trades on the NASDAQ Global Market under the symbol FKFS and the BMBC common stock trades on the NASDAQ Global Market under the symbol BMTC.

The merger consideration is subject to downward adjustment based upon, among other factors, the amount of FKF Delinquencies, as defined in the merger agreement, as of the month-end immediately prior to the closing of the merger. FKF Delinquencies is defined generally in the merger agreement to mean loans delinquent 30 days or more, non-accruing loans, other real estate owned, troubled debt restructurings and loan charge-offs after September 30, 2008 in excess of certain thresholds, as more fully described in this proxy statement/prospectus under the heading The Agreement and Plan of Merger Terms of the Merger. Depending on the amount of FKF Delinquencies as of the month-end preceding the merger, the consideration to be received upon consummation of the merger for each share of FKF common stock may be reduced in incremental amounts down to 0.6485 shares of BMBC common stock and $1.92 in cash. The actual amount of merger consideration will not be determined until the month-end prior to closing, which is expected to occur late in the second quarter or early in the third quarter of 2010.

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FKF s board of directors unanimously approved the merger agreement and the transactions contemplated thereby, including the merger, and recommends that FKF shareholders vote FOR approval of the merger agreement and the transactions contemplated thereby, including the merger, and FOR the approval of the adjournment or postponement of the special meeting, if necessary, to solicit additional proxies in favor of the merger agreement and the transactions contemplated thereby, including the merger. If you fail to vote, or you do not instruct your broker how to vote any shares held for you in street name, it will have the same effect as voting AGAINST the merger agreement and the transactions contemplated thereby, and AGAINST the adjournment or postponement of the special meeting.

To complete the merger, the merger agreement and the transactions contemplated thereby must be approved by the affirmative vote of a majority of the votes cast by all FKF shareholders entitled to vote, in person or by proxy, at the special meeting. **Your vote is very important.** Whether or not you plan to attend the special meeting, FKF s board of directors urges you to complete, sign, date and return the enclosed proxy card as soon as possible in the enclosed postage-paid envelope or by telephone or by Internet if those options are available to you. This will not prevent you from voting in person at the special meeting, but will assure that your vote is counted if you are unable to attend. If you abstain from voting or do not vote (either in person or by proxy), it will have the practical effect of a vote against the merger agreement (assuming a quorum is present at the FKF special meeting) in determining whether the merger agreement and merger will be approved and adopted. If you are a shareholder whose shares are not registered in your own name, you will need additional documentation from your record holder in order to vote in person at the special meeting.

This proxy statement/prospectus provides you with detailed information about the merger. In addition to being a proxy statement of FKF, this proxy statement/prospectus is also the prospectus of BMBC for shares of BMBC common stock that will be issued in connection with the merger. We encourage you to read the entire document carefully. Please pay particular attention to Risk Factors beginning on page 21 for a discussion of the risks related to the merger and owning BMBC common stock after the merger.

We look forward to seeing you on March 2, 2010 in Media.

Sincerely,

Donald S. Guthrie	**Hugh J. Garchinsky**
Chairman of the Board	***President and Chief Executive Officer***

Please read this proxy statement/prospectus carefully because it contains important information about the merger. Read carefully the risk factors relating to the merger beginning on page 21. You can also obtain information about BMBC and FKF from documents that each of us has filed with the Securities and Exchange Commission.

Neither the Securities and Exchange Commission nor any state securities commission or bank regulatory agency has approved or disapproved the securities to be issued in the merger or determined if this proxy statement/prospectus is accurate or adequate. Any representation to the contrary is a criminal offense.

The securities to be issued in the merger are not savings or deposit accounts or other obligations of any bank or non-bank subsidiary of either BMBC or FKF, and they are not insured by the Federal Deposit Insurance Corporation or any other governmental agency.

This proxy statement/prospectus is dated January 20, 2010 and will be first mailed or otherwise delivered to FKF shareholders on or about January 25, 2010.

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FIRST KEYSTONE FINANCIAL, INC.

NOTICE OF SPECIAL MEETING OF SHAREHOLDERS

TO BE HELD ON MARCH 2, 2010

Dear FKF shareholder:

You are cordially invited to attend a special meeting of the shareholders of First Keystone Financial, Inc., a Pennsylvania corporation (**FKF**), on March 2, 2010 at 2:00 p.m. local time at the Towne House Restaurant located at 117 Veterans Square, Media, Pennsylvania, for the purpose of considering and voting upon the following matters:

To approve the Agreement and Plan of Merger dated as of November 3, 2009 that FKF has entered into with Bryn Mawr Bank Corporation, a Pennsylvania corporation (**BMBC**), which we refer to herein as the **merger agreement.** Pursuant to the merger agreement, FKF will merge into BMBC, and First Keystone Bank, a federally chartered savings bank and wholly owned subsidiary of FKF, will be merged into a newly chartered interim Pennsylvania stock savings bank to be formed as a wholly owned subsidiary of BMBC, which interim bank will subsequently 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; and

To adjourn or postpone the special meeting, if necessary, to solicit additional proxies in favor of the merger agreement and the transactions contemplated thereby, including the merger.

We have fixed the close of business on January 8, 2010 as the record date for determining those FKF shareholders entitled to notice of and to vote at the special meeting and any adjournments or postponements of the special meeting. Only FKF shareholders of record at the close of business on that date are entitled to, and are being requested to, vote at the special meeting and any adjournments or postponements of the special meeting.

Please vote as soon as possible. To complete the merger, the merger agreement and the transactions contemplated thereby must be approved by the affirmative vote of a majority of the votes cast by all FKF shareholders entitled to vote at the special meeting. If you fail to vote, abstain from voting or if you do not instruct your broker or other nominee how to vote shares held in street name, it will have the same effect as voting against approval of the merger agreement and the transactions contemplated thereby. **Whether or not you intend to attend the special meeting, please vote as promptly as possible by signing and returning the enclosed proxy card in the postage-paid envelope provided. If your shares are held in the name of a broker, bank or other fiduciary, please follow the instructions on the voting instruction card provided by such person. If you attend the special meeting, you may vote in person if you wish, even if you have previously returned your proxy card. If you wish to attend the special meeting and vote in person and your shares are held in the name of a broker, trust, bank or other nominee, you must bring with you a proxy or letter from the broker, trustee, bank or nominee to confirm your beneficial ownership of the shares**.

We encourage you to read the attached proxy statement/prospectus carefully. If you have any questions or need assistance voting your shares, please call Regan & Associates toll free at (800) 737-3426.

FKF s board of directors has unanimously approved the merger agreement and the transactions contemplated thereby, including the merger, and recommends that FKF shareholders vote FOR approval of the merger agreement and the transactions contemplated thereby, including the merger, and FOR the approval of the adjournment or postponement of the special meeting, if necessary, to solicit additional proxies in favor of the merger agreement and the transactions contemplated thereby, including the merger.

By Order of the Board of Directors

Hugh J. Garchinsky
President and Chief Executive Officer

Media, Pennsylvania

January 25, 2010

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ADDITIONAL INFORMATION

This proxy statement/prospectus incorporates by reference important business and financial information about BMBC from other documents that are not included in or delivered with this proxy statement/prospectus. This information is available to you without charge upon your written or oral request. You can obtain those documents incorporated by reference into this proxy statement/prospectus by accessing the Securities and Exchange Commission s website maintained at http://www.sec.gov or by requesting copies in writing or by telephone from the appropriate company:

Bryn Mawr Bank Corporation

Attention: Robert J. Ricciardi, Secretary

801 Lancaster Avenue

Bryn Mawr, Pennsylvania 19010

(610) 526-2059

You will not be charged for any of these documents that you request. If you would like to request documents from BMBC, please do so by February 16, 2010 in order to receive them before FKF s special meeting. BMBC s Internet address is http://www.bmtc.com and FKF s Internet address is http://www.firstkeystoneonline.com. The information on our Internet sites is not a part of this proxy statement/prospectus.

See Where You Can Find More Information on page 85 and Recent Developments on page 11.

ABOUT THIS DOCUMENT

This document, which forms part of a registration statement on Form S-4 filed with the Securities and Exchange Commission (the **SEC**) by BMBC (File No. 333-163874), constitutes a prospectus of BMBC under Section 5 of the Securities Act of 1933, as amended, which we refer to as the Securities Act, with respect to the BMBC common shares to be issued to FKF shareholders as required by the merger agreement. This document also constitutes a proxy statement of FKF under Section 14(a) of the Securities Exchange Act of 1934, as amended, which we refer to as the Exchange Act. It also constitutes a notice of meeting with respect to the special meeting of FKF shareholders at which FKF shareholders will be asked to vote upon a proposal to approve the merger agreement and the transactions contemplated thereby.

You should rely only on the information contained or incorporated by reference into this document. We have not authorized anyone to provide you with information that is different from that contained in, or incorporated by reference into, this document. This document is dated January 20, 2010. You should not assume that the information contained in, or incorporated by reference into, this document is accurate as of any date other than that date. Neither the mailing of this document to FKF shareholders nor the issuance by BMBC of 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. Except where the context otherwise indicates, information contained in this document regarding FKF has been provided by FKF and information contained in this document regarding BMBC has been provided by BMBC.

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QUESTIONS AND ANSWERS ABOUT THE MERGER AND SPECIAL MEETING

The questions and answers below highlight only selected procedural information from this proxy statement/prospectus. They do not contain all of the information that may be important to you. You should read carefully the entire document and the additional documents incorporated by reference into this proxy statement/prospectus to fully understand the merger agreement and the transactions contemplated thereby, including the merger, and the voting procedures for the special meeting. We generally refer to Bryn Mawr Bank Corporation as BMBC, First Keystone Financial, Inc. as FKF, First Keystone Bank, a wholly owned subsidiary of FKF, as FKB, and The Bryn Mawr Trust Company, a wholly owned subsidiary of BMBC, as BMT throughout this proxy statement/prospectus.

Q: What is the proposed transaction for which I am being asked to vote?

A: FKF s shareholders are being asked to approve the Agreement and Plan of Merger (the **merger agreement**), dated as of November 3, 2009, between BMBC and FKF, and the transactions contemplated thereby, including the merger of FKF into BMBC, with BMBC surviving, which we refer to as the merger within this proxy statement/prospectus.

Q: What do I need to do now?

A: After you have carefully read this proxy statement/prospectus and have decided how you wish to vote your shares, please vote your shares promptly. If you hold common stock in your name as a shareholder of record, you must complete, sign, date and mail your proxy card in the enclosed postage paid return envelope as soon as possible. If you hold your stock in street name through a bank or broker, you must direct your bank or broker to vote in accordance with the instructions you have received from your bank or broker. Submitting your proxy card, or directing your bank or broker to vote your shares will ensure that your shares are represented and voted at the special meeting.

Q: If I am an FKF shareholder, should I send my FKF stock certificates with my proxy card?

A: No. Please DO NOT send your FKF stock certificates with your proxy card. After the merger, BMBC will send you instructions for exchanging FKF stock certificates for the merger consideration. The shares of BMBC common stock FKF shareholders receive in the merger will be issued in book-entry form unless requested by the shareholder to be issued in certificated form.

Q: Why is my vote important?

A: If you do not vote by proxy or vote in person at the special meeting, it will be more difficult for us to obtain the necessary quorum to hold our special meeting. In addition, your failure to vote, by proxy or in person, will have the same effect as a vote against the merger agreement and the transactions contemplated thereby. The merger agreement and the transactions contemplated thereby must be approved by the affirmative vote of a majority of the votes cast, in person or by proxy, by all FKF shareholders entitled to vote at the special meeting. **FKF s board of directors unanimously recommends that you vote FOR approval of the merger agreement and the transactions contemplated thereby, including the merger.**

Q: If my shares of common stock are held in street name by my broker, will my broker automatically vote my shares for me?

A: No. Your broker cannot vote your shares without instructions from you. You should instruct your broker as to how to vote your shares, following the directions your broker provides to you. Please check the voting form used by your broker.

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Q: What if I fail to instruct my broker?

A: If you do not provide your broker with instructions and your broker submits an unvoted proxy, referred to as a broker non-vote, the broker non-vote will be counted toward a quorum at the special meeting, but it will have the same effect as a vote against the merger agreement and the transactions contemplated thereby. With respect to the proposal to adjourn the special meeting if necessary or appropriate to solicit additional proxies, an abstention will have the same effect as a vote against the proposal.

Q: Can I attend the special meeting and vote my shares in person?

A: Yes. All FKF shareholders, including FKF shareholders of record and FKF shareholders who hold their shares through banks, brokers, nominees or any other holder of record, may attend the special meeting. Holders of record of FKF common stock can vote in person at the special meeting. If you are not an FKF shareholder of record, you must obtain a proxy, executed in your favor, from the record holder of your shares of common stock, 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 of common stock in your own name or have a letter from the record holder of your shares of common stock confirming your ownership and you must bring a form of personal photo identification with you in order to be admitted.

Q: Can I change my vote?

A: Yes. An FKF shareholder who has given a proxy may revoke it at any time before its exercise at the special meeting by (i) giving written notice of revocation to FKF s Corporate Secretary, (ii) properly submitting to FKF a duly executed proxy bearing a later date, or (iii) attending the special meeting and voting in person. Any FKF shareholder entitled to vote in person at the special meeting may vote in person regardless of whether a proxy has been previously given, and such vote will revoke any previous proxy, but the mere presence (without notifying the Corporate Secretary) of an FKF shareholder at the special meeting will not constitute revocation of a previously given proxy.

All written notices of revocation and other communications with respect to revocation of proxies should be addressed to FKF as follows: Carol Walsh, Corporate Secretary, 22 West State Street, Media, Pennsylvania 19063.

Q: Will FKF be required to submit the merger agreement to its shareholders?

A: Yes. Under the terms of the merger agreement, unless the merger agreement is terminated before the FKF special meeting, FKF is required to submit the merger agreement to its shareholders.

Q: When do you expect to complete the merger?

A: We expect to complete the merger late in the second quarter or early in the third quarter of 2010. However, we cannot assure you when or if the merger will occur. Among other things, we cannot complete the merger until we obtain the approval of FKF shareholders at the special meeting and until we obtain certain regulatory approvals.

Q: Whom should I call with questions about the special meeting or the merger?

A: FKF shareholders should call FKF s proxy solicitor, Regan & Associates, Inc., toll free at (800) 737-3426, with any questions about the special meeting or the merger and related transactions.

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SUMMARY

This summary highlights selected information from this proxy statement/prospectus. It may not contain all the information that is important to you. We urge you to read carefully this entire document and the other documents we refer you to for a more complete understanding of the merger between BMBC and FKF. In addition, we incorporate by reference into this proxy statement/prospectus important business and financial information about BMBC. You may obtain the information incorporated by reference into this proxy statement/prospectus without charge by following the instructions in the section entitled Where You Can Find More Information on page 85. Each item in this summary includes a page reference directing you to a more complete description of that item. Unless otherwise indicated in this proxy statement/prospectus or the context otherwise requires, all references in the proxy statement/prospectus to BMBC, we, our or us refer to Bryn Mawr Bank Corporation. All references to FKF refer to First Keystone Financial, Inc.

The Parties to the Merger (Page 67)

Bryn Mawr Bank Corporation

801 Lancaster Avenue

Bryn Mawr, Pennsylvania 19010

(610) 525-1700

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. BMBC is the sole stockholder of BMT, a Pennsylvania chartered bank. As of September 30, 2009, BMBC and its subsidiaries had consolidated total assets of $1.2 billion, deposits of $899 million and stockholders equity of $132 million. As of September 30, 2009, BMBC and its subsidiaries had 249 full time and 29 part time employees, equaling 263.5 full time equivalent staff.

First Keystone Financial, Inc.

22 West State Street

Media, Pennsylvania 19063

(610) 565-6210

FKF is a Pennsylvania corporation incorporated in September 1989 and is registered as a savings and loan holding company under the Home Owners Loan Act, as amended. FKF is the sole stockholder of FKB, a federally chartered stock savings bank. As of September 30, 2009, FKF and its subsidiaries had consolidated total assets of $528.4 million, deposits of $347.1 million and stockholders equity of $33.6 million. As of September 30, 2009, FKF and its subsidiaries had 88 full-time and 13 part-time employees.

We Propose a Merger of FKF and BMBC (Page 32)

We propose that FKF merge into BMBC, with BMBC as the surviving corporation. Upon completion of the merger, the separate existence of FKF will terminate and FKF common stock will no longer be publicly traded. Immediately following the merger, FKF s wholly owned direct bank subsidiary, FKB, will merge into a newly formed BMBC wholly owned interim stock savings bank subsidiary (referred to herein as the **Interim Bank**), which will then merge into BMT. We currently expect to complete these mergers late in the second quarter or early in the third quarter of 2010.

In the Merger, FKF Shareholders Will Have a Right to Receive $2.06 in Cash and 0.6973 of a Share of BMBC Common Stock per Share of FKF Common Stock, Subject to Adjustment (Page 48)

Under the terms of the merger agreement, FKF shareholders will have a right to receive $2.06 in cash and 0.6973 of a share of BMBC common stock for each share of FKF common stock held immediately prior to the

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merger, subject to adjustment as provided for in the merger agreement. The per share stock consideration of 0.6973 and the amount of per share cash consideration to be received by FKF shareholders in the merger are subject to downward adjustment in the event that the amount of FKF Delinquencies, as defined in the merger agreement, exceed $10.5 million as of the month-end immediately preceding the closing date for the merger. The term FKF Delinquencies is defined generally in the merger agreement to mean all FKF loans delinquent 30 days or more, non-accruing loans, other real estate owned, troubled debt restructurings and the aggregate amount of net loans charged-off by FKF between October 1, 2008 and the month-end immediately preceding closing in excess of $2.5 million. Under the terms of the merger agreement, Administrative Delinquencies, as defined, are not included in the calculation of FKF Delinquencies. Administrative Delinquencies generally are defined in the merger agreement as loans which are current and have matured but, pursuant to the terms of the supervisory agreements which FKF and FKB previously entered into with the OTS, have not yet been extended, and loans secured by deposit accounts at FKB or marketable securities in the possession of FKB that have been properly margined at 70% or less. Below is a tabular presentation of the potential adjustments to the merger consideration based upon the amount of FKF Delinquencies as of the month-end preceding the merger.

Amount of FKF Delinquencies as of month-end preceding closing	Adjusted amount of BMBC stock to be received for each FKF share	Adjusted Per Share cash consideration to be received for each FKF share
$10.5 million $12.5 million	0.6834	$2.02
$12.5 million $14.5 million	0.6718	$1.98
$14.5 million $16.5 million	0.6589	$1.95
$16.5 million or more	0.6485	$1.92

In addition, if the amount of FKF Delinquencies as of the month-end immediately preceding the closing date of the merger exceeds $16.5 million, BMBC has the right not to proceed with the merger. As of December 31, 2009, the amount of FKF Delinquencies was $12.4 million and, if December 31, 2009 were the month-end immediately preceding the closing of the merger, based on such amount of FKF Delinquencies at such date, the merger consideration to be received for each share of FKF common stock would be 0.6834 of a share of BMBC common stock and $2.02 in cash. Because the merger is not expected to close until late in the second quarter or early in the third quarter of 2010, shareholders will not know with certainty at the time of the FKF special meeting of shareholders the exact amount of merger consideration to be received. For additional information, see The Agreement and Plan of Merger Terms of the Merger on page 48 of this proxy statement/prospectus.

BMBC will not issue any fractional shares of BMBC common stock in the merger. FKF shareholders who would otherwise be entitled to a fractional share of BMBC common stock will instead receive an amount in cash, rounded to the nearest cent and without interest, equal to the product of (i) the fraction of a share to which such holder would otherwise have been entitled (rounded to the nearest thousandth when expressed in decimal form), and (ii) the average of the daily closing sales prices of a share of BMBC common stock as reported on the NASDAQ Global Market for the five consecutive trading days immediately preceding the closing date of the merger.

What Holders of FKF Stock Options Will Receive (Page 49)

Under the terms of the merger agreement, upon completion of the merger, the outstanding and unexercised stock options to acquire FKF common stock will fully vest and be converted automatically into stock options to acquire BMBC common stock adjusted to reflect the exchange ratio applicable to FKF stock options (which we refer to as the **option exchange ratio**) generally as follows:

- the number of shares of BMBC common stock subject to the converted FKF stock option will equal: (1) the number of shares of FKF common stock subject to the FKF stock options immediately prior to the completion of the merger, multiplied by (2) the option exchange ratio of 0.8204, rounded down to the nearest whole share and subject to adjustment as provided for in the merger agreement; and the exercise price per share of the converted FKF stock option will equal: (1) the exercise price per share of the FKF stock option immediately prior to the completion of the merger, divided by (2) the option exchange ratio of 0.8204, rounded up to the nearest whole cent and subject to adjustment as provided for in the merger agreement.

Holders of FKF stock options should discuss with their tax advisors the tax implications of each course of action available to them.

The Merger Is Intended to Be Tax-Free to FKF Shareholders as to the Shares of BMBC Common Stock They Receive, but not as to the Cash Consideration They Receive (Page 62)

The merger is intended to be treated as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code of 1986, as amended (Internal Revenue Code), and it is a condition to the respective obligations of BMBC and FKF to complete the merger that each of BMBC and FKF receives a legal opinion to that effect. Accordingly, the merger generally will be tax-free to an FKF shareholder for United States federal income tax purposes as to the shares of BMBC common stock he or she receives in the merger. However, an FKF shareholder generally will recognize gain (but not loss) in an amount equal to the lesser of (i) the amount of gain realized (i.e., the excess of the sum of the amount of cash and the fair market value of the BMBC common stock received pursuant to the merger over such shareholder s adjusted tax basis in the shares of FKF common stock surrendered), and (ii) the amount of cash received pursuant to the merger. In addition, cash received by an FKF shareholder instead of a fractional share of BMBC common stock generally will be treated as received in exchange for the fractional share, and gain or loss generally will be recognized based on the difference between the amount of cash received instead of the fractional share and the portion of the shareholder s aggregate adjusted tax basis of the shares of FKF common stock surrendered that is allocable to the fractional share.

The United States federal income tax consequences described above may not apply to all holders of FKF common stock. Your tax consequences will depend on your individual situation. Accordingly, we strongly urge you to consult your tax advisor for a full understanding of the particular tax consequences of the merger to you. You should consult your tax advisor about the state and local tax consequences to you, if any, of the merger because this discussion only relates to the U.S. federal income tax consequences.

Comparative Market Prices of Securities (Page 65)

BMBC common stock and FKF common stock are each listed on the NASDAQ Global Market (**NASDAQ**), under the symbols BMTC and FKFS, respectively. The following table presents the closing prices of BMBC common stock and FKF common stock on November 2, 2009, the trading day on which the per share merger consideration of 0.6973 plus $2.06 in cash was calculated, and on January 19, 2010, the last practicable date before our printing of this proxy statement/prospectus. This table also shows the implied value of the per share merger consideration proposed for each share of FKF common stock, which we calculated by multiplying the closing price of BMBC common stock on those dates by the per share merger consideration of 0.6973 and adding the per share cash consideration of $2.06 in cash, assuming no adjustment.

	BMBC Common Stock (NASDAQ: BMTC)	FKF Common Stock (NASDAQ: FKFS)	Implied Value of One Share of FKF Common Stock
At November 2, 2009	$ 16.30	$ 8.85	$ 13.43
At January 19, 2010	$ 15.30	$ 11.85	$ 12.73

For each share of your FKF common stock, you will receive 0.6973 of a share of BMBC common stock plus $2.06 in cash, subject to adjustment. The market prices of both BMBC common stock and FKF common stock will fluctuate prior to the merger. You should obtain current stock price quotations for BMBC common stock and FKF common stock. You can get these quotations from the Internet or by calling your broker.

Dividends (Page 50)

Pursuant to the merger agreement, FKF and its subsidiaries may not declare or pay any dividend, other than dividends paid by any wholly owned FKF subsidiary to FKF consistent with past practice, prior to the completion of the merger. BMBC has historically paid a dividend each quarter, the most recent of which was $0.14 per share for the quarter ended September 30, 2009. The payment, timing and amount of dividends by BMBC or FKF on their common stock in the future, either before or after the merger is completed, are subject to the determination of the respective BMBC and FKF boards of directors and depend on cash requirements, the financial condition and earnings of BMBC and FKF, legal and regulatory considerations and other factors.

The Merger Will Be Accounted for as a Business Combination (Page 61)

The merger will be treated as a business combination using the acquisition method of accounting with BMBC treated as the acquirer under United States Generally Accepted Accounting Principles, or GAAP.

Special Meeting of FKF Shareholders (Page 30)

FKF plans to hold its special meeting of FKF shareholders on March 2, 2010, at 2:00 p.m., local time, at the Towne House Restaurant located at 117 Veterans Square, Media, Pennsylvania. At the special meeting you will be asked to approve the merger agreement and the transactions contemplated thereby, to adjourn or postpone the special meeting, if necessary, to solicit additional proxies in favor of the merger agreement, and to transact such other business as may properly come before the special meeting and any adjournments or postponements thereof.

You can vote at the FKF special meeting of shareholders if you owned FKF common stock at the close of business on January 8, 2010. As of that date, there were approximately 2,432,998 shares of FKF common stock outstanding and entitled to vote, approximately 501,014 of which, or 20.6%, were owned beneficially or of record by directors and executive officers of FKF and their affiliates. You can cast one vote for each share of FKF common stock that you owned on that date.

Sandler O Neill & Partners, L.P. Has Provided an Opinion to FKF s Board of Directors Regarding the Merger Consideration (Page 35)

Sandler O Neill & Partners, L.P. (**Sandler O Neill**) delivered its opinion to FKF s board of directors that, as of November 3, 2009 and based upon and subject to the factors and assumptions set forth therein, the per share merger consideration of 0.6973 of a share of BMBC common stock plus $2.06 in cash for each share of FKF common stock held immediately prior to the merger is fair to the holders of FKF s common stock from a financial point of view.

The full text of the written opinion of Sandler O Neill, dated November 3, 2009, which sets forth assumptions made, procedures followed, matters considered and limitations on the review undertaken in connection with the opinion, is attached as Annex C. Sandler O Neill provided its opinion for the information and assistance of FKF s board of directors in connection with its consideration of the merger. The Sandler O Neill opinion is not a recommendation as to how any holder of FKF s common stock should vote with respect to the merger or any other matter. Pursuant to an engagement letter between FKF and Sandler O Neill, FKF has agreed to pay Sandler O Neill a transaction fee. For further information, please see the discussion under the caption The Merger Opinion of FKF s Financial Advisor, commencing on page 35.

FKF s Board of Directors Unanimously Recommends That FKF Shareholders Vote FOR Approval of the Merger Agreement and the Transactions Contemplated Thereby, Including the Merger (Page 30)

FKF s board of directors has unanimously approved the merger agreement and the transactions contemplated thereby, including the merger, and recommends that FKF shareholders vote FOR approval of the merger agreement and the transactions contemplated thereby, including the merger, and FOR the approval of the adjournment or postponement of the special meeting, if necessary, to solicit additional proxies in favor of the merger agreement and the transactions contemplated thereby, including the merger.

For more information concerning the background of the merger, the recommendation of FKF s board of directors and the reasons for the merger and the recommendation, please see the discussions under The Merger Background of the Merger and The Merger FKF s Reasons for the Merger; Recommendation of FKF s Board of Directors, commencing on page 32 and page 33, respectively.

FKF s Directors and Executive Officers May Have Interests in the Merger that Differ From Your Interests (Page 46)

In considering the information contained in this proxy statement/prospectus, you should be aware that FKF s and FKB s executive officers and directors have financial interests in the merger that may be different from, or in addition to, the interests of FKF shareholders. These additional interests of FKF s executive officers and directors may create potential conflicts of interest and cause these persons to view the proposed transaction differently than you may view it as a shareholder.

FKF s board of directors was aware of these interests and took them into account in its decision to declare advisable the merger agreement and the transactions contemplated thereby, including the merger. For information concerning these interests, please see the discussion under the caption The Merger Interests of FKF s Directors and Executive Officers in the Merger, commencing on page 46.

FKF Shareholders Do Not Have Dissenters Rights in the Merger (Page 44)

Under Pennsylvania law, shareholders of a Pennsylvania corporation are not entitled to exercise dissenters rights with respect to a merger if shares of the corporation are listed on a national securities exchange on the record date for determining shareholders entitled to vote on the merger. Because FKF common stock is quoted on NASDAQ (and is expected to continue to be so quoted through the record date for the special meeting and completion of the merger), FKF shareholders do not have the right to exercise dissenters rights with respect to the merger. If the merger agreement and the transactions contemplated thereby are approved and the merger is completed, FKF shareholders who voted against the approval of the merger agreement and the transactions contemplated thereby will be treated the same as FKF shareholders who voted for the approval of the merger agreement and the transactions contemplated thereby and their shares will automatically be converted into the right to receive the merger consideration.

For further information as to the special meeting and the proxy solicited by FKF s board of directors for purposes of the special meeting, please see the discussion under the caption Questions and Answers About the Merger and Special Meeting and The Merger Interests of FKF s Directors and Executive Officers in the Merger, commencing on pages 1 and 46, respectively.

BMBC and FKF Have Agreed When and How FKF Can Consider Third-Party Acquisition Proposals (Page 56)

BMBC and FKF have agreed that FKF will not solicit or encourage proposals from third parties regarding certain acquisitions of FKF, its shares, or its businesses, or engage in related discussions, negotiations or agreements. However, FKF may (1) provide information in response to a request from a person who makes an unsolicited acquisition proposal, subject to such person entering into a confidentiality agreement that is no less favorable to FKF than its confidentiality agreement with BMBC, or (2) engage or participate in discussions or negotiations with a person who makes such an unsolicited acquisition proposal; if, but only if, (A) FKF has received a bona fide unsolicited written acquisition proposal that did not result from a breach of the merger agreement, (B) prior to taking any such action, FKF s board of directors determines, in good faith, after consultation with its outside legal and financial advisors, that the acquisition proposal constitutes a superior proposal compared to the transactions contemplated by the merger agreement, (C) FKF has provided BMBC with at least one (1) business day prior notice of such determination, and (D) prior to furnishing or affording access to any information or data with respect to FKF or any of its subsidiaries or otherwise relating to the unsolicited acquisition proposal, FKF receives a confidentiality agreement with terms no less favorable to FKF than those contained in the confidentiality agreement between BMBC and FKF.

Additionally, prior to the approval of the merger agreement by FKF s shareholders, upon the determination by FKF s board of directors that an unsolicited acquisition proposal constitutes a superior proposal compared to the transactions contemplated by the merger agreement, the board of directors of FKF may change its recommendation in favor of the merger agreement (but not terminate the merger agreement) if, prior to changing its recommendation, (1) FKF s board of directors determines, in good faith, after consultation with its outside legal and financial advisors, that failure to change its recommendation would be reasonably likely to be inconsistent with its fiduciary duties to FKF s shareholders, (2) FKF provides BMBC with notice that FKF s board of directors intends to or may change its recommendation and provides an opportunity for BMBC to make an improved proposal, and (3) FKF s board of directors determines, in good faith, after consultation with its outside legal and financial advisors, that the acquisition proposal constitutes a superior proposal compared to any such improved proposal by BMBC.

Unless the merger agreement is terminated before the FKF special meeting, FKF is required to submit the merger agreement to its shareholders.

Merger Requires the Approval of Holders of a Majority of Votes Cast (Page 30)

The merger agreement and the transactions contemplated thereby must be approved by the affirmative vote of a majority of the votes cast by all FKF shareholders entitled to vote at the special meeting. FKF s board of directors has fixed the close of business on January 8, 2010 as the record date for determining the FKF shareholders entitled to receive notice of and to vote at the special meeting. As of that date, FKF directors and executive officers and their affiliates beneficially owned approximately 501,014, or 20.6%, of the shares entitled to vote at the FKF special meeting.

FKF is calling a special meeting of the FKF shareholders to consider and vote on the proposal to approve the merger agreement and the transactions contemplated thereby, including the merger.

Conditions That Must Be Satisfied or Waived for the Merger to Occur (Page 59)

Currently, we expect to complete the merger late in the second quarter or early in the third quarter of 2010. As more fully described in this proxy statement/prospectus and in the merger agreement, the completion of the merger depends on a number of conditions being satisfied or, where legally permissible, waived. These conditions include, among others:

- approval by the requisite vote of FKF shareholders;
- the receipt of all regulatory consents and approvals required in connection with the merger of FKF into BMBC and the merger of FKB into the Interim Bank, and the Interim Bank into BMT, which we refer to collectively as the bank merger (in each case unless the failure to obtain such consents and approvals would not reasonably be expected to have a material adverse effect on the combined enterprise of FKF, FKB and BMBC or materially impair the value of FKF or FKB to BMBC);
- the receipt by each of BMBC and FKF of a legal opinion with respect to certain United States federal income tax consequences of the merger;

- the absence of any law, statute, rule, regulation, order, decree, injunction or other order by any court or other governmental entity, which enjoins or prohibits completion of the transactions contemplated by the merger agreement;
- the effectiveness of the registration statement of which this proxy statement/prospectus is a part with respect to the BMBC common stock to be issued in the merger under the Securities Act and the absence of any stop order or proceedings initiated or threatened by the SEC or any applicable state securities commissioner for that purpose;
- the authorization for listing on the NASDAQ of the shares of BMBC common stock to be issued in the merger;
- the amount of FKF Delinquencies, as defined, do not exceed $16.5 million;
- FKF and FKB meeting certain requirements relating to risk-based capital and environmental testing as more fully described in the merger agreement;
- the truth and correctness of the representations and warranties of each other party in the merger agreement, subject to the materiality standards provided in the merger agreement; and
- the performance by each party in all material respects of their obligations under the merger agreement and the receipt by each party of certificates from the other party to that effect.

We cannot be certain when, or if, the conditions to the merger will be satisfied or waived, or that the merger will be completed.

Termination of the Merger Agreement (Page 60)

The merger agreement can be terminated at any time prior to completion by mutual consent, if authorized by each of the BMBC and FKF boards of directors, or by either party in the following circumstances:

- if the other party breaches the merger agreement in a way that would entitle the party seeking to terminate the agreement not to consummate the merger, unless the breach is capable of being cured by July 31, 2010, and is cured within 30 days of notice of the breach;
- if the merger has not been completed by July 31, 2010, unless the failure to complete the merger by that date is due to the breach of the merger agreement by the party seeking to terminate the merger agreement;
- if the FKF shareholders fail to approve the merger agreement and the transactions contemplated thereby at the special meeting; or
- if there is any final, non-appealable order permanently enjoining or prohibiting the completion of the merger or any consent, registration, approval, permit or authorization is denied such that the regulatory approval condition to the merger cannot be satisfied as of the closing date.

In addition, BMBC may terminate the merger agreement if FKF s board of directors (1) submits the merger agreement to shareholders without a recommendation for approval, or otherwise withdraws or modifies its recommendation in any manner adverse to BMBC, (2) enters into an acquisition agreement with respect to an acquisition proposal determined to be a superior proposal compared to the transactions contemplated by the merger agreement, or (3) terminates the merger agreement. BMBC may also terminate the merger agreement if FKF fails to substantially comply with its obligations with respect to acquisition proposals.

FKF may terminate the merger agreement if FKF has received an acquisition proposal determined to be a superior proposal compared to the transactions contemplated by the merger agreement, and FKF s board of directors has made a determination, in accordance with the merger agreement, to accept such superior proposal.

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If the merger agreement is terminated, it will become void, and there will be no liability on the part of BMBC or FKF, except that (1) in the event of willful breach of the merger agreement, the breaching party will remain liable for any damages, costs and expenses, including without limitation, reasonable attorneys fees incurred by the non-breaching party in connection with the enforcement of its rights under the merger agreement, and (2) designated provisions of the merger agreement, including the payment of fees and expenses and the confidential treatment of information, will survive the termination.

Termination Fee (Page 61)

FKF will pay BMBC a $1.675 million termination fee if:

- an acquisition proposal has been made or proposed to FKF and (1) BMBC terminates the merger agreement either because (A) FKF s board of directors withdraws or changes its recommendation in any manner adverse to BMBC or (B) FKF enters into an acquisition agreement with respect to a superior proposal, or (2) FKF terminates the merger agreement because its board of directors has made a determination, in accordance with the merger agreement, to accept a superior proposal; or

- FKF enters into a definitive agreement relating to an acquisition proposal within twelve (12) months after the occurrence of any of the following: (1) the termination of the merger agreement by BMBC due to FKF s willful breach, subject to the materiality standards provided in the merger agreement, of its representations, warranties, covenants or agreements under the merger agreement, or (2) the failure of FKF s shareholders to approve the merger agreement after the public disclosure or public awareness of an acquisition proposal.

Regulatory Approvals Required for the Merger (Page 44)

Each of BMBC and FKF has agreed to use its reasonable best efforts to obtain all regulatory approvals required to complete the transactions contemplated by the merger agreement, including the merger and the bank merger. These approvals include approval from the Board of Governors of the Federal Reserve System and the Pennsylvania Department of Banking as well as various other regulatory authorities. BMBC and FKF have completed, or will complete, the filing of applications and notifications to obtain the required regulatory approvals. Although we do not know of any reason why we cannot obtain these regulatory approvals in a timely manner, we cannot be certain when or if we will obtain them.

The Rights of FKF Shareholders Following the Merger Will Be Different (Page 71)

The rights of BMBC shareholders are governed by Pennsylvania law and by BMBC s amended and restated articles of incorporation and amended and restated bylaws. The rights of FKF shareholders are governed by Pennsylvania law, and by FKF s amended and restated articles of incorporation, as amended (referred to hereinafter as amended and restated articles of incorporation), and amended and restated bylaws. Upon the completion of the merger, the rights of FKF shareholders will be governed by Pennsylvania law, BMBC s amended and restated articles of incorporation and amended and restated bylaws.

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RECENT DEVELOPMENTS

BMBC. On October 29, 2009, BMBC announced its results of operations for the third quarter ended September 30, 2009. Diluted earnings per share were $0.30 in the third quarter of 2009, up from $0.26 in the year-earlier period. Net income for the third quarter of 2009 totaled $2.6 million, up from $2.3 million in the third quarter of 2008. Return on average equity (ROE) and return on average assets (ROA) for the third quarter ended September 30, 2009 were 10.39% and 0.89%, respectively. ROE was 9.55% and ROA was 0.83% for the same period last year.

Diluted earnings per share for the nine month period ended September 30, 2009 were $0.88 compared with $0.97 in the same period of 2008. Net income for the nine months ended September 30, 2009 was $7.7 million, down from $8.3 million in the same period of 2008.

Total portfolio loans and leases at September 30, 2009 were $886.5 million, a decrease of $13.1 million or 1.5% from the 2008 year-end balance of $899.6 million. Non-performing loans and leases represented 78 basis points or $6.9 million of portfolio loans and leases at September 30, 2009 and the provision for loan and lease losses for the quarter-ended September 30, 2009 was $2.3 million.

BMBC management was generally pleased with third quarter 2009 financial performance, especially given the overall softness in the economy and the difficulties many community banks experienced. BMBC s investment portfolio, loan asset quality, capital position, deposit growth and liquidity position continue to be sources of strength. Additionally, BMBC has seen steady improvement in its net interest margin and growth in wealth assets under management, administration, brokerage and supervision.

FKF. On December 8, 2009, FKF announced its results of operations for the fourth quarter and fiscal year ended September 30, 2009. FKF recorded a net loss of $359,000, or ($0.15) per diluted share, for the fourth quarter of 2009, compared with a net loss of $1.7 million, or ($0.73) per diluted share, for the same period of the prior year. The net loss recorded in the fourth quarter of 2009 was primarily due to a $1.5 million provision for loan losses recorded during the fourth quarter. For the full-year 2009, FKF recorded a net loss of $1.6 million, or ($0.68) per diluted share, compared to a net loss of $1.0 million, or ($0.43) per diluted share, for fiscal 2008. For additional information, reference is made to Item 7, Management s Discussion and Analysis of Financial Condition and Results of Operations in FKF s Annual Report on Form 10-K attached to this proxy statement/prospectus as Annex B.

FKF recently determined that it expects to record non-cash charges for the quarter ended December 31, 2009 due to other-than-temporary impairments (OTTI) of certain pooled trust preferred securities and private label collateralized mortgage obligations (CMO) held by FKF.

At September 30, 2009, FKF s pooled trust preferred securities portfolio had an aggregate recorded book value and an estimated fair value of $8.5 million and $5.6 million, respectively, and was comprised of five different pooled securities. Pooled trust preferred securities are long-term (usually 30-year maturity) instruments with characteristics of both debt and equity, mainly issued by banks or their holding companies. FKF expects to record a pre-tax, credit-related OTTI charge of approximately $520,000 in the first quarter of fiscal 2010 with respect to one of its pooled trust preferred securities which had a recorded book value and an estimated fair value at September 30, 2009 of $2.1 million and $1.3 million, respectively, and which recently began to defer interest payments rather than making interest payments in cash. In addition, FKF expects to record pre-tax credit-related OTTI charges aggregating approximately $145,000 in the first quarter of fiscal 2010 with respect to two other pooled trust preferred securities which had an aggregate recorded book value and an estimated fair value at September 30, 2009 of $1.6 million and $718,000, respectively, due to the increasing levels of deferrals and defaults by the underlying issuers. The anticipated OTTI charges described above with respect to all three of the

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specified pooled trust preferred securities reflect management s assessment of the estimated future cash flows of the subject securities. FKF has not yet determined what non-credit-related OTTI charges related to the three pooled trust preferred securities may be necessary and would be recorded as a component of FKF s other comprehensive income at December 31, 2009.

At September 30, 2009, FKF s private label CMO portfolio had an aggregate recorded book value and an estimated fair value of $14.2 million and $13.9 million, respectively. FKF expects that its investment in one private label CMO which had a recorded book value and an estimated fair value at September 30, 2009 of $1.9 million and $1.7 million, respectively, likely will be deemed to be other-than-temporarily impaired at December 31, 2009. Based on current information, FKF estimates that the amount of OTTI to be recorded with respect to this CMO will be approximately $180,000 for the quarter ended December 31, 2009. However, FKF is unable at this time to estimate what portion of such OTTI, if any, is credit-related and will be recognized as a charge to income in the quarter ended December 31, 2009 and what portion of such OTTI is non-credit-related and will be recorded as an adjustment to other comprehensive income at December 31, 2009.

FKF has not yet completed its review of the fair values of its trust preferred securities and other investment securities held in its portfolio at December 31, 2009. It is possible that additional OTTI charges may be recognized with respect to FKF s securities for the quarter ended December 31, 2009 or thereafter, which charges could be material.

FKF also has recently determined that, while it has not completed preparation of its financial statements at and for the three months ended December 31, 2009, it currently expects to report a net loss for the quarter. The primary factors for FKF s anticipated net loss for the quarter are the OTTI charges described above, the anticipated amount of FKF s provision for loan losses, which is estimated to be in the range of approximately $650,000 to $1.1 million, and the additional expenses related to the proposed merger of FKF into BMBC.

Market Developments and Economic Conditions. In recent periods, United States and global markets have experienced severe disruption and volatility, and general economic conditions have declined significantly. Adverse developments in credit quality, asset values and revenue opportunities throughout the financial services industry, as well as general uncertainty regarding the economy, industry and regulatory environment, have had a marked negative impact on the industry. These developments and conditions have also negatively impacted the financial position of FKF and results of operations of both BMBC and FKF.

The United States and the governments of other countries have taken steps to try to stabilize the financial system, including investing in certain financial institutions, and have also been working to design and implement programs to improve general economic conditions. Notwithstanding the actions of the United States and other governments, there can be no assurances that these efforts will be successful in restoring industry, economic or market conditions and that they will not result in adverse unintended consequences. Factors that could continue to pressure financial services companies, including BMBC and FKF, are numerous and include (1) continued or worsening credit quality, leading among other things to increases in loan losses and reserves, (2) continued or worsening disruption and volatility in financial markets, leading among other things to continuing reductions in assets values, (3) capital and liquidity concerns regarding financial institutions generally and our counterparties specifically, (4) limitations resulting from or imposed in connection with governmental actions intended to stabilize or provide additional regulation of the financial system, and (5) recessionary conditions that are deeper or last longer than currently anticipated. See Risk Factors beginning on page 21 for more information.

FDIC Developments. On October 11, 2009, the FDIC adopted a final rule to require insured institutions to prepay their estimated quarterly risk-based assessments for the fourth quarter of 2009, and for all of 2010, 2011, and 2012. The prepaid assessment was due on December 30, 2009, along with each institution s regular quarterly risk-based deposit insurance assessment for the third quarter of 2009. For purposes of calculating the prepaid

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assessment, each institution s assessment rate was its total base assessment rate in effect on September 30, 2009. On September 29, 2009, the FDIC increased annual assessment rates uniformly by 3 basis points beginning in 2011. As a result, an institution s total base assessment rate for purposes of calculating the prepayment will be increased by an annualized 3 basis points beginning in 2011. For purposes of calculating the amount that an institution was required to pre-pay on December 30, 2009, an institution s third quarter 2009 assessment base was increased quarterly at a 5 percent annual growth rate through the end of 2012. The FDIC will begin to draw down an institution s prepaid assessments on March 30, 2010, representing payment for the regular quarterly risk-based assessment for the fourth quarter of 2009. BMBC and FKF paid to the FDIC $4.5 million and $3.5 million, respectively, on December 30, 2009. The portions of these amounts which pertain to periods beginning January 1, 2010 were recorded as prepaid expenses and drawn down by the FDIC on a quarterly basis over the next three years. Upon the completion of the merger, FKF s remaining prepaid balance with the FDIC will be credited to BMBC.

UNAUDITED CONDENSED PRO FORMA FINANCIAL INFORMATION

The following table shows information about the financial condition and results of operations, including per share data and financial ratios, after giving effect to the merger. We refer to this information as unaudited condensed pro forma financial information. The information under Pro Forma Condensed Combined Income Statement in the table below gives effect to the pro forma results for the nine months ended September 30, 2009 and for the twelve months ended December 31, 2008 as if the merger occurred at the beginning of each of the respective income statement periods. The information under Pro Forma Condensed Combined Balance Sheet in the table below assumes the merger was completed on September 30, 2009. The pro forma financial information presented herein, including per share data and financial ratios, assumes that no vested options to purchase FKF shares of common stock are exercised and that there is no adjustment in the per share merger consideration.

The pro forma data in the table assumes that the merger is accounted for using the business combination acquisition method of accounting and that BMBC is the acquirer. The historical amounts are derived from, and should be read in conjunction with the historical consolidated financial statements and related notes of BMBC and FKF which are incorporated in this document by reference (see Where You Can Find More Information on page 85 for a description of where you can find this historical information; see also Recent Developments on page 11), and the other pro forma financial information, including the related notes, appearing elsewhere in this document (see Unaudited Pro Forma Combined Financial Information, beginning on page 76).

The unaudited pro forma combined financial information includes adjustments to reflect the assets and liabilities of FKF at their estimated fair values as of September 30, 2009, and statements of income for the nine months ended September 30, 2009 and the twelve months ended December 31, 2008 as if the merger had occurred at the beginning of each reported period. Since FKF has a September 30 fiscal year end and BMBC has a December 31 fiscal year end, FKF s nine months ended September 30, 2009 information was calculated using FKF s financial information for the twelve months ended September 30, 2009 less the three months ended December 31, 2008, and FKF s twelve months ended December 31, 2008 information was calculated using FKF s financial information for the three months ended December 31, 2008 and the twelve months ended September 30, 2008 less the three months ended December 31, 2007. The pro forma financial adjustments record the assets and liabilities of FKF at their estimated fair values and are subject to adjustment as additional information becomes available and as additional analyses are performed. The pro forma information, while helpful in illustrating the financial characteristics of the combined company under one set of assumptions, does not reflect the impact of factors that may result as a consequence of the merger or consider any potential impacts of current market conditions or the merger on revenues, expense efficiencies, asset dispositions, and share repurchases, among other factors, nor the impact of possible business model changes. As a result, the pro forma

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results are not necessarily indicative of what would have occurred had the acquisition taken place on the assumed dates, nor do they represent an attempt to predict or suggest future results.

In addition, as explained in more detail in the accompanying notes to the unaudited pro forma financial information found elsewhere in this proxy statement/prospectus, the allocation of the purchase price reflected in the Unaudited Pro Forma Condensed Combined Financial Information is subject to adjustment and will vary from the actual purchase price allocation that will be recorded upon completion of the merger based upon changes in the balance sheet including fair value estimates.

UNAUDITED PRO FORMA CONDENSED COMBINED INCOME STATEMENT

NINE MONTH PERIOD[(5)]

	BMBC Nine Months Ended September 30, 2009	FKF Nine Months Ended September 30, 2009	Nine Month Period Adjustments(1)	Combined Nine Months
Net interest income	$ 29,868	$ 8,962	$ (1,725)(2)	$ 37,105
Provision for loan and lease losses	$ 5,582	$ 2,925	$	$ 8,507
Non-interest income	$ 21,929	$ 1,476	$	$ 23,405
Non-interest expense	$ 34,444	$ 9,966	$ 4,677(3)	$ 49,087
Net income (loss)	$ 7,700	$ (1,518)	$ (4,161)(4)	$ 2,021
Earnings per share:				
Basic	$ 0.88	$ (0.65)	$	$ 0.20
Diluted	$ 0.88	$ (0.65)	$	$ 0.20

(1) Assumes the merger of FKF was completed at the beginning of the period presented.
(2) The pro forma acquisition adjustment reflects the amortization/accretion of fair value adjustment related to loans, investment securities, deposits and borrowings utilizing the interest method over the estimated lives of the related assets or liabilities.
(3) The non-interest expense adjustment reflects the net amortization of core deposit intangibles, professional fees, integration costs and merger related expenses while not reflecting anticipated cost savings.
(4) The net income adjustment reflects the tax impact of the pro forma acquisition adjustments at BMBC s statutory income tax rate of 35%.
(5) See the Unaudited Pro Forma Combined Income Statements and related notes on page 79 for additional information.

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UNAUDITED PRO FORMA CONDENSED COMBINED INCOME STATEMENT

FISCAL YEAR 2008[5]

	BMBC Twelve Months Ended December 31, 2008	FKF Twelve Months Ended December 31, 2008	Twelve Month Period Adjustments(1)	Combined Twelve Months
Net interest income	$ 37,138	$ 10,756	$ (2,299)(2)	$ 45,595
Provision for loan and lease losses	$ 5,596	$ 329	$	$ 5,925
Non-interest income	$ 21,472	$ 639	$	$ 22,111
Non-interest expense	$ 38,676	$ 12,560	$ 4,811(3)	$ 56,047
Net income (loss)	$ 9,325	$ (1,303)	$ (4,622)(4)	$ 3,400
Earnings per share:				
Basic	$ 1.09	$ (0.56)	$	$ 0.33
Diluted	$ 1.08	$ (0.56)	$	$ 0.33

(1) Assumes the merger of FKF was completed at the beginning of the period presented.
(2) The pro forma acquisition adjustment reflects the net amortization/accretion of fair value adjustment related to loans, investment securities, deposits and borrowings utilizing the interest method over the estimated lives of the related assets or liabilities.
(3) The non-interest expense adjustment reflects the net amortization of core deposit intangibles, professional fees, integration costs and other merger related costs, while excluding anticipated cost savings.
(4) The net income adjustement reflects the tax impact of the pro forma acquisition adjustements at BMBC s statutory income tax rate of 35%.
(5) See the Unaudited Pro Forma Combined Income Statement and related notes on page 79 for additional information.

UNAUDITED PRO FORMA CONDENSED COMBINED BALANCE SHEETS

As of September 30, 2009

(dollars in thousands)	BMBC	FKF	Adjustments(1)	Combined
Total assets	$ 1,195,525	$ 528,401	$ (3,003)	$ 1,720,923
Loans, net	$ 876,180	$ 306,600	$ (1,838)	$ 1,180,942
Goodwill	$ 4,824	$	$ 1,933	$ 6,757
Deposits	$ 899,476	$ 347,124	$ 2,460	$ 1,249,060
FHLB and other borrowed funds	$ 147,386	$ 130,048	$ 4,607	$ 282,041
Subordinated debt/junior subordinated debentures	$ 22,500	$ 11,646	$ (1,996)	$ 32,150
Total shareholders equity	$ 102,047	$ 33,616	$ (8,074)	$ 127,589

(1) These adjustments assume the merger was completed on September 30, 2009 and included pro forma fair value adjustments and the pro forma issuance of BMBC common stock in connection with the merger, elimination of FKF s equity and other pro forma merger adjustments. See the Unaudited Pro Forma Combined Balance Sheets and related notes on page 77 for additional information.

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Comparative Per Share Data

(Unaudited)

	For the Nine Months ended September 30, 2009(2)		For the Twelve Months ended December 31, 2008(2)	
Basic net income (loss) per share:				
Byrn Mawr Bank Corporation historical	$	0.88	$	1.09(1)
First Keystone Financial, Inc. historical		(0.65)		(0.56)
Combined Company pro forma		0.20		0.33
Diluted net income (loss) per share:				
Byrn Mawr Bank Corporation historical	$	0.88	$	1.08(1)
First Keystone Financial, Inc. historical		(0.65)		(0.56)
Combined Company pro forma		0.20		0.33
Cash dividends per share:				
Byrn Mawr Bank Corporation historical	$	0.42	$	0.54(1)
First Keystone Financial, Inc. historical				
Combined Company pro forma		0.35		0.45

	As of September 30, 2009	
Book value per share:		
Byrn Mawr Bank Corporation historical	$	11.62
First Keystone Financial, Inc. historical		13.82
Combined Company pro forma		12.17
Tangible book value per share:		
Byrn Mawr Bank Corporation historical	$	10.44
First Keystone Financial, Inc. historical		13.82
Combined Company pro forma		10.65

(1) Represents the audited data from BMBC s Annual Report on Form 10-K for the year ended December 31, 2008.

(2) See Unaudited Pro Forma Combined Financial Information later in this proxy statement/prospectus for an explanation of the method of calculation and additional information.

Comparative Share Prices at Quarter End

	Bryn Mawr Bank Corporation (BMTC)			First Keystone Financial, Inc. (FKFS)		
Quarter ended	**High**	**Low**	**Dividend Declared**	**High**	**Low**	**Dividend Declared**
September 30, 2009	$ 19.05	$ 17.23	$ 0.14	$ 10.49	$ 8.16	N/A
June 30, 2009	21.22	16.28	0.14	9.25	6.50	N/A
March 31, 2009	20.99	12.50	0.14	7.86	6.30	N/A
December 31, 2008	$ 24.99	$ 15.50	$ 0.14	$ 10.25	$ 7.00	N/A
September 30, 2008	28.21	16.35	0.14	10.79	7.73	N/A
June 30, 2008	22.49	17.05	0.13	10.54	8.11	N/A
March 31, 2008	23.81	19.00	0.13	13.90	8.50	N/A
December 31, 2007	$ 23.24	$ 20.50	$ 0.13	$ 14.01	$ 9.35	N/A
September 30, 2007	24.94	21.02	0.13	19.90	12.55	N/A

June 30, 2007	25.34	22.02	0.12	20.25	18.87	N/A
March 31, 2007	24.99	22.78	0.12	20.61	19.00	N/A

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SELECTED CONSOLIDATED HISTORICAL FINANCIAL DATA OF BMBC

The following table summarizes financial results achieved by BMBC for the periods and at the dates indicated and should be read in conjunction with BMBC s consolidated financial statements and the notes to the consolidated financial statements contained in reports that BMBC has previously filed with the SEC. Historical financial information for BMBC can be found in its Quarterly Report on Form 10-Q for the quarter ended September 30, 2009 and its Annual Report on Form 10-K for the year ended December 31, 2008. See Where You Can Find More Information on page 85 for instructions on how to obtain the information that has been incorporated by reference. See also Recent Developments on page 11. Financial amounts as of and for the nine months ended September 30, 2009 and 2008 are unaudited (and are not necessarily indicative of the results of operations for the full year or any other interim period), but management of BMBC believes that such amounts reflect all adjustments (consisting only of normal recurring adjustments) necessary for a fair presentation of its results of operations and financial position as of the dates and for the periods indicated. You should not assume the results of operations for past periods and for the nine months ended September 30, 2009 and 2008 indicate results for any future period.

	Unaudited Nine Months ended September 30,		Audited for the Years ended December 31,				
	2009	2008	2008	2007	2006	2005	2004
Interest income	$ 42,701	$ 43,096	$ 57,934	$ 54,218	$ 45,906	$ 37,908	$ 31,347
Interest expense	12,833	15,489	20,796	19,976	12,607	6,600	4,553
Net interest income	29,868	27,607	37,138	34,242	33,299	31,308	26,794
Provision for loan and lease losses	5,582	2,698	5,596	891	832	762	900
Net interest income after loan loss provision	24,286	24,909	31,542	33,351	32,467	30,546	25,894
Non-interest income	21,929	16,207	21,472	21,781	18,361	18,305	19,828
Non-interest expense	34,444	28,230	38,676	34,959	31,423	31,573	31,625
Income before income taxes	11,771	12,886	14,338	20,173	19,405	17,278	14,097
Applicable income taxes	4,071	4,568	5,013	6,573	6,689	5,928	4,752
Net income	$ 7,700	$ 8,318	$ 9,325	$ 13,600	$ 12,716	$ 11,350	$ 9,345
Per share data:							
Earnings per common share:							
Basic	$ 0.88	$ 0.97	$ 1.09	$ 1.59	$ 1.48	$ 1.33	$ 1.09
Diluted	$ 0.88	$ 0.97	$ 1.08	$ 1.58	$ 1.46	$ 1.31	$ 1.07
Dividends declared	$ 0.42	$ 0.40	$ 0.54	$ 0.50	$ 0.46	$ 0.42	$ 0.40
Weighted-average shares outstanding	8,710,909	8,560,566	8,566,938	8,539,904	8,578,050	8,563,027	8,610,171
Dilutive potential common shares	19,254	31,892	34,233	93,638	113,579	101,200	110,854
Adjusted weighted-average shares	8,730,163	8,592,458	8,601,171	8,633,542	8,691,629	8,664,227	8,721,025
Selected financial ratios:							
Tax equivalent net interest margin	3.64%	3.94%	3.84%	4.37%	4.90%	5.05%	4.60%
Net income/average total assets (ROA)	0.88%	1.09%	0.89%	1.59%	1.72%	1.66%	1.45%
	10.66%	11.99%	10.01%	15.87%	15.71%	15.50%	13.73%

Net income/average shareholders equity (ROE)							
Average shareholders equity to average total assets	8.24%	9.11%	8.91%	10.04%	10.93%	10.72%	10.59%
Dividends declared per share to net income per basic common share	47.5%	41.2%	49.5%	31.4%	31.1%	31.6%	36.7%

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At December 31,	2009	2008	2008	2007	2006	2005	2004
Total assets	$ 1,195,525	$ 1,132,364	$ 1,151,346	$ 1,002,096	$ 826,817	$ 727,383	$ 683,103
Earning assets	1,131,173	1,014,814	1,061,139	874,661	733,781	664,073	627,258
Portfolio loans and leases	886,479	878,194	899,577	802,925	681,291	595,165	555,889
Deposits	899,476	856,317	869,490	849,528	714,489	636,260	600,965
Shareholders equity	102,047	94,122	92,413	90,351	82,092	77,222	70,947
Ratio of tangible common equity to assets	7.74%	7.13%	7.13%	9.02%	9.97%	10.66%	10.43%
Ratio of equity to assets	8.54%	8.31%	8.03%	9.02%	9.97%	10.66%	10.43%
Loans serviced for others	499,503	353,833	350,199	357,363	382,141	417,649	507,421
Assets under management, administration and supervision(1)	$ 2,710,867	$ 2,666,321	$ 2,146,399	$ 2,277,091	$ 2,178,777	$ 2,042,613	$ 1,887,181
Book value per share	$ 11.62	$ 10.97	$ 10.76	$ 10.60	$ 9.59	$ 9.03	$ 8.25
Tangible asset book value per share	$ 10.44	$ 10.29	$ 9.55	$ 10.60	$ 9.59	$ 9.03	$ 8.25
Allowance as a percentage of portfolio loans and leases	1.16%	1.03%	1.15%	1.01%	1.19%	1.24%	1.23%
Efficiency ratio	66.5%	64.4%	66.0%	62.4%	60.8%	63.6%	67.8%

(1) Excluded assets under management from community banks.

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SELECTED CONSOLIDATED HISTORICAL FINANCIAL DATA OF FKF

The following table summarizes financial results achieved by FKF for the periods and at the dates indicated and should be read in conjunction with FKF s consolidated financial statements and the notes to the consolidated financial statements contained in reports that FKF has previously filed with the SEC. Historical financial information for FKF can be found in its Annual Report on Form 10-K for the fiscal year ended September 30, 2009 attached hereto as Annex B. You should not assume the results of operations for past periods indicate results for any future period.

	At or For the Year Ended September 30,				
	2009	2008	2007	2006	2005
(Dollars in thousands, except per share data)					
Selected Financial Data:					
Total assets	$ 528,401	$ 522,056	$ 524,881	$ 522,960	$ 518,124
Loans receivable, net	306,600	286,106	292,418	323,220	301,979
Mortgage-related securities held to maturity	19,158	25,359	31,294	38,355	46,654
Investment securities held to maturity	2,805	3,255	3,256	3,257	4,267
Assets held for sale:					
Mortgage-related securities	86,197	102,977	79,178	70,030	67,527
Investment securities	27,564	26,545	29,284	33,386	37,019
Loans				1,334	41
Real estate owned				2,450	760
Deposits	347,124	330,864	353,708	358,816	349,694
Borrowings	130,048	141,159	115,384	107,241	113,303
Junior subordinated debentures	11,646	11,639	15,264	21,483	21,520
Stockholders equity	33,616	32,296	34,694	28,659	28,193
Non-performing assets	5,417	2,420	4,685	2,727	5,812
Selected Operations Data:					
Interest income	$ 24,169	$ 26,377	$ 28,381	$ 27,493	$ 27,076
Interest expense	12,386	15,976	18,225	16,415	15,768
Net interest income	11,783	10,401	10,156	11,078	11,308
Provision for loan losses	3,000	296	375	1,206	1,780
Net interest income after provision for loan losses	8,783	10,105	9,781	9,872	9,528
Service charges and other fees	1,441	1,642	1,661	1,560	1,577
Net gain (loss) on sales of interest-earning assets	777	(6)	283	338	802
Other-than-temporary impairments	(1,177)	(1,905)			
Other non-interest income	791	1,192	1,069	1,614	1,210
Non-interest expense	13,038	12,307	12,549	12,708	12,820
Income (loss) before income taxes	(2,423)	(1,279)	245	676	297
Income tax (benefit) expense	(842)	(271)	(220)	(359)	(313)
Net income (loss)	$ (1,581)	$ (1,008)	$ 465	$ 1,035	$ 610
Per Share Data:					
Basic earnings (loss) per share	$ (0.68)	$ (0.43)	$ 0.21	$ 0.55	$ 0.33
Diluted earnings (loss) per share	(0.68)	(0.43)	0.21	0.54	0.33
Cash dividends per share				0.11	0.44

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	At or For the Year Ended September 30,				
(Dollars in thousands, except per share data)	**2009**	**2008**	**2007**	**2006**	**2005**
Selected Operating Ratios:					
Average yield earned on interest-earning assets	5.18%	5.63%	6.01%	5.72%	5.06%
Average rate paid on interest-bearing liabilities	2.70	3.46	3.90	3.40	2.96
Average interest rate spread	2.48	2.16	2.11	2.32	2.10
Net interest margin	2.53	2.22	2.15	2.30	2.11
Ratio of interest-earning assets to interest-bearing liabilities	101.55	101.58	101.05	99.67	100.52
Efficiency ratio(1)	95.76	108.68	95.29	87.10	86.06
Non-interest expense as a percent of average assets	2.61	2.44	2.47	2.46	2.26
Return on average assets	(0.32)	(0.20)	0.09	0.20	0.11
Return on average equity	(4.80)	(2.89)	1.40	3.73	2.08
Ratio of average equity to average assets	6.59	6.92	6.53	5.37	5.18
Full-service offices at end of period	8	8	8	8	8
Asset Quality Ratios:(2)					
Non-performing loans as a percent of gross loans receivable	1.74%	0.84%	1.55%	0.08%	1.65%
Non-performing assets as a percent of total assets	1.03	0.46	0.89	0.52	1.12
Allowance for loan losses as a percent of adjusted gross loans receivable(3)	1.50	1.19	1.12	1.03	1.14
Allowance for loan losses as a percent of non-performing loans	85.96	142.67	70.91	1,215.61	68.79
Net loans charged-off to average loans receivable	0.60	0.06	0.13	0.42	0.11
Capital Ratios:(2) (4)					
Tangible capital ratio	8.22%	8.45%	9.37%	9.15%	8.85%
Core capital ratio	8.23	8.46	9.38	9.15	8.85
Risk-based capital ratio	13.77	14.99	16.49	14.94	15.13

(1) Reflects non-interest expense as a percent of the aggregate of net interest income and non-interest income.

(2) Asset Quality Ratios and Capital Ratios are end of period ratios except for the ratio of loan charge-offs to average loans. With the exception of end of period ratios, all ratios are based on average daily balances during the indicated periods. Gross loans receivable are net of loans in process.

(3) Gross loans receivable includes loans receivable as well as loans held for sale, less construction and land loans in process and deferred loan origination fees and discounts.

(4) Reflects regulatory capital ratios of FKF s wholly owned subsidiary, First Keystone Bank.

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RISK FACTORS

In addition to general investment risks and the other information contained in or incorporated by reference into this proxy statement/prospectus, including the matters addressed under the heading Cautionary Statement Regarding Forward-Looking Statements commencing on page 27 and the matters discussed under the caption Risk Factors in FKF s Annual Report on Form 10-K for the year ended September 30, 2009, and BMBC s Annual Report on Form 10-K for the year ended December 31, 2008 as updated by subsequently filed Forms 10-Q, you should carefully consider the following risk factors in deciding how to vote on the merger agreement and the transactions contemplated thereby, including the merger.

Risk Factors Related to the Merger

FKF shareholders cannot be certain of the exact amount of merger consideration they will receive as it is subject to downward adjustment in the event that FKF Delinquencies, as defined in the merger agreement, exceed $10.5 million.

Upon completion of the merger, each share of FKF common stock will be converted into the right to receive 0.6973 of a share of BMBC common stock plus $2.06 in cash. However, the amount of merger consideration to be paid for each share of FKF common stock is subject to downward adjustment if the amount of FKF Delinquencies, as defined in the merger agreement, as of the month-end immediately preceding the closing of the merger exceed $10.5 million. Depending on the amount of FKF Delinquencies as of the month-end preceding the merger, the consideration to be received upon consummation of the merger for each share of FKF common stock may be reduced in incremental amounts down to 0.6845 of a share of BMBC common stock and $1.92 in cash. The potential adjustments to the merger consideration as a result of FKF Delinquencies exceeding $10.5 million are discussed in more detail at page 48 of this proxy statement/prospectus under The Agreement and Plan of Merger Terms of the Merger.

Because the amount of merger consideration to be received by FKF shareholders is subject to change and will not be determined until the month-end immediately preceding the closing of the merger, at the time of the special meeting, shareholders will not know with certainty the exact amount of merger consideration they will receive upon consummation of the merger. As of December 31, 2009, the month-end immediately preceding the date of this proxy statement/prospectus, the amount of FKF Delinquencies, as calculated under the merger agreement, was $12.4 million and, if that date were the month-end immediately preceding the closing of the merger, based on such amount of FKF Delinquencies, the merger consideration to be received for each share of FKF common stock would be 0.6834 of a share of BMC common stock and $2.02 in cash. The merger is expected to close late in the second quarter or early in the third quarter of 2010.

Because the market price of BMBC common stock will fluctuate, FKF shareholders cannot be sure of the exact market value of the merger consideration they will receive.

Upon completion of the merger, each share of FKF common stock will be converted into the right to receive merger consideration consisting of $2.06 in cash and 0.6973 of a share of BMBC common stock, subject to adjustment pursuant to the terms of the merger agreement. The market value of the BMBC common stock included in the merger consideration may vary from the closing price of BMBC common stock on the date we announced the merger, on the date that this proxy statement/prospectus was mailed to FKF shareholders, on the date of the special meeting of the FKF shareholders and on the date we complete the merger and thereafter. Any change in the market price of BMBC common stock prior to completion of the merger will affect the market value of the merger consideration that FKF shareholders will receive upon completion of the merger. Accordingly, at the time of the special meeting, FKF shareholders will not know or be able to calculate the market value of the BMBC common stock included in the merger consideration they would receive upon completion of the merger. Neither BMBC nor FKF is permitted to terminate the merger agreement or re-solicit the vote of FKF shareholders solely because of changes in the market prices of either company s stock. There will be no adjustment to the merger consideration for changes in the market price of either shares of BMBC common stock or shares of FKF common stock. Stock price changes may result from a variety of factors, including general market and economic conditions, changes in our respective businesses, operations and prospects, and regulatory considerations. Many of these factors are beyond our control. You should obtain current market quotations for shares of BMBC common stock and for shares of FKF common stock.

FKF will be subject to business uncertainties and contractual restrictions while the merger is pending.

Uncertainty about the effect of the merger on employees and customers may have an adverse effect on FKF and consequently on BMBC. These uncertainties may impair FKF s ability to attract, retain and motivate key personnel until the merger is consummated, and could cause customers and others that deal with FKF to seek to change existing business relationships with FKF. Retention of certain employees may be challenging during the pendency of the merger, as certain employees may experience uncertainty about their future roles with BMBC. If key employees depart because of issues relating to the uncertainty and difficulty of integration or a desire not to remain with BMBC, BMBC s business following the merger could be harmed. In addition, the merger agreement restricts FKF from making certain acquisitions and taking other specified actions until the merger occurs without the consent of BMBC. These restrictions may prevent FKF from pursuing attractive business opportunities that may arise prior to the completion of the merger. Please see the section entitled The Agreement and Plan of Merger Covenants and Agreements commencing on page 52 of this proxy statement/prospectus for a description of the restrictive covenants to which FKF is subject.

The opinion obtained by FKF from its financial advisor will not reflect changes in circumstances between signing the merger agreement and completion of the merger.

FKF has not obtained an updated opinion as of the date of this proxy statement/prospectus from its financial advisor. Changes in the operations and prospects of FKF or BMBC, general market and economic conditions and other factors that may be beyond the control of FKF or BMBC, and on which FKF s financial advisor s opinion was based, may significantly alter the value of FKF or the prices of shares of BMBC common stock or FKF common stock by the time the merger is completed. The opinion does not speak as of the time the merger will be completed or as of any date other than the date of such opinion. Because FKF does not currently anticipate asking its financial advisor to update its opinion, the opinion will not address the fairness of the merger consideration from a financial point of view at the time the merger is completed. FKF s board of directors recommendation that FKF shareholders vote FOR approval of the merger agreement and the transactions contemplated thereby, including the merger, however, is as of the date of this proxy statement/prospectus. For a description of the opinion that FKF received from its financial advisor, please refer to The Merger Opinion of FKF s Financial Advisor, commencing on page 35. For a description of the other factors considered by FKF s board of directors in determining to declare the merger and the other transactions contemplated by the merger agreement to be advisable, please refer to The Merger Background of the Merger, and The Merger FKF s Reasons for the Merger; Recommendation of FKF s Board of Directors, commencing on page 32 and page 33, respectively.

Combining the two companies may be more difficult, costly or time-consuming than we expect.

BMBC and FKF have operated and, until the completion of the merger, will continue to operate, independently. It is possible that the integration process could result in the loss of key employees or disruption of each company s ongoing business or inconsistencies in standards, controls, procedures and policies that adversely affect our ability to maintain relationships with customers and employees or to achieve the anticipated benefits of the merger. As with any merger of banking institutions, there also may be business disruptions that cause us to lose customers or cause customers to take their deposits out of our banks. The success of the combined company following the merger may depend in large part on the ability to integrate the two businesses, business models and cultures. If we are not able to integrate our operations successfully and in a timely manner, the expected benefits of the merger may not be realized.

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

Before the transactions contemplated by the merger agreement, including the merger and the bank merger, may be completed, various approvals or consents must be obtained from the Federal Reserve Board, the Pennsylvania Department of Banking, and various bank regulatory and other authorities. These governmental entities, including the Federal Reserve Board and the Pennsylvania Department of Banking, may impose conditions on the completion of the merger or the bank merger or require changes to the terms of the merger agreement. Although BMBC and FKF do not currently expect that any such conditions or changes would be imposed, there can be no assurance that they will not be, and such conditions or changes could have the effect of delaying completion of the transactions contemplated by the merger agreement or imposing additional costs on or limiting the revenues of BMBC, any of which might have a material adverse effect on BMBC following the merger.

There can be no assurance as to whether the regulatory approvals will be received, the timing of those approvals, whether any non-standard and/or non-customary conditions will be imposed.

The merger agreement limits FKF s ability to pursue alternatives to the merger.

The merger agreement contains provisions that limit FKF s ability to discuss competing third-party proposals to acquire all or a significant part of FKF. These provisions, which include a $1.675 million termination fee payable under certain circumstances, might discourage a potential competing acquiror that might have an interest in acquiring all or a significant part of FKF from considering or proposing that acquisition even if it were prepared to pay consideration with a higher per share market price than that proposed in the merger, or might result in a potential competing acquiror proposing to pay a lower per share price to acquire FKF than it might otherwise have proposed to pay.

If the merger is not consummated by July 31, 2010, either BMBC or FKF may choose not to proceed with the merger.

Either BMBC or FKF may terminate the merger agreement if the merger has not been completed by July 31, 2010, unless the failure of the merger to be completed has resulted from the material failure of the party seeking to terminate the merger agreement to perform its obligations.

Termination of the merger agreement could negatively impact FKF.

If the merger agreement is terminated, there may be various consequences. For example, FKF s businesses may have been adversely impacted 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, or the market price of FKF common stock could decline to the extent that the current market price reflects a market assumption that the merger will be completed. If the merger agreement is terminated and FKF s board of directors seeks another merger or business combination, FKF shareholders cannot be certain that FKF will be able to find a party willing to pay an equivalent or more attractive price than the price BMBC has agreed to pay in the merger. Additionally, the restrictions currently imposed upon FKF and FKB pursuant to the supervisory agreements in place with the Office of Thrift Supervision (**OTS**) would remain in place and continue to be binding upon FKF and FKB. Furthermore, FKF will be required to pay a termination fee of $1.675 million if the merger agreement is terminated in certain instances. See The Agreement and Plan of Merger Termination of the Merger Agreement and The Agreement and Plan of Merger Termination Fee.

Some of the directors and executive officers of FKF may have interests and arrangements that may have influenced their decisions to support or recommend that you approve the merger.

The interests of some of the directors and executive officers of FKF may be different from those of FKF shareholders, and directors and officers of FKF may be participants in arrangements that are different from, or in addition to, those of FKF shareholders. These interests are described in more detail in the section of this proxy

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statement/prospectus entitled The Merger Interests of FKF s Directors and Executive Officers in the Merger beginning on page 46.

The shares of BMBC common stock to be received by FKF shareholders as a result of the merger will have different rights from the shares of FKF common stock currently held by them.

The rights associated with FKF common stock are different from the rights associated with BMBC common stock. See the section of this proxy statement/prospectus entitled Comparison of BMBC and FKF Shareholder Rights commencing on page 71.

The market price of BMBC common stock after the merger may be affected by factors different from those affecting FKF common stock or BMBC common stock currently.

The businesses of BMBC and FKF differ in some respects and, accordingly, the results of operations of the combined company and the market price of BMBC s shares of common stock after the merger may be affected by factors different from those currently affecting the independent results of operations of each of BMBC or FKF. For a discussion of the businesses of BMBC and FKF and of certain factors to consider in connection with those businesses, with respect to BMBC, see the documents incorporated by reference into this proxy statement/prospectus and referred to under Where You Can Find More Information on page 85, and with respect to FKF, see FKF s Annual Report on Form 10-K for the year ended September 30, 2009 attached hereto as Annex B.

We may fail to realize the cost savings estimated for the merger.

BMBC expects to achieve cost savings from the merger when the two companies have been fully integrated. While BMBC continues to be comfortable with these expectations as of the date of this proxy statement/prospectus, it is possible that the estimates of the potential cost savings could turn out to be incorrect. The cost savings estimates also assume our ability to combine the businesses of BMBC and FKF in a manner that permits those cost savings to be realized. If the estimates are incorrect, integration is delayed, or BMBC is not able to combine successfully the two companies, the anticipated cost savings may not be fully realized or realized at all, or may take longer to realize than expected.

FKF shareholders will have a reduced ownership and voting interest after the merger and will exercise less influence over management.

FKF s shareholders currently have the right to vote in the election of the board of directors of FKF and on other matters affecting FKF. Upon the completion of the merger, each FKF shareholder that receives shares of BMBC common stock will become a shareholder of BMBC with a percentage ownership of the combined organization that is much smaller than the shareholder s percentage ownership of FKF. The former shareholders of FKF as a group will receive shares in the merger constituting less than 20% of the outstanding shares of BMBC common stock immediately after the merger. Because of this, FKF s shareholders may have less influence on the management and policies of BMBC than they now have on the management and policies of FKF.

A continuation of recent turmoil in the financial markets could have an adverse effect on the financial position or results of operations of BMBC, FKF and/or the combined company.

In recent periods, United States and global markets, as well as general economic conditions, have been disrupted and volatile. Concerns regarding the financial strength of financial institutions have led to distress in credit markets and issues relating to liquidity among financial institutions. Some financial institutions around the world have failed; others have been forced to seek acquisition partners. The United States and other governments have taken steps to try to stabilize the financial system, including investing in financial institutions. BMBC and FKF s businesses and financial condition and results of operations could be adversely affected by (1) continued disruption and volatility in financial markets, (2) continued capital and liquidity concerns regarding financial institutions generally and our counterparties specifically, (3) limitations resulting from governmental action in an effort to stabilize or provide additional regulation of the financial system, or (4) recessionary conditions that are deeper or last longer than currently anticipated. Further, there can be no assurance that action by Congress, governmental agencies and regulators, including the enacted legislation authorizing the U.S. government to invest in financial institutions, or changes in tax policy, will help stabilize the U.S. financial system and any such action, including changes to existing legislation or policy, could have an adverse effect on the financial position or results of operation of BMBC, FKF and/or the combined company.

Impairments in the value of BMBC and FKF s respective securities portfolios or other assets could further affect each of their results of operations or the results of operations of the combined company.

Under accounting principles generally accepted in the United States, each of BMBC and FKF is required to review its investment portfolio periodically for the presence of other-than-temporary impairment, taking into consideration current market conditions, the extent and nature of change in fair value, issuer rating changes and trends, volatility of earnings, current analysts evaluations, as well as other factors. Adverse developments with respect to one or more of the foregoing factors may require BMBC and FKF to deem particular securities to be other-than-temporarily impaired, with the reduction in the value recognized as a charge to BMBC and FKF s respective earnings as it relates to the credit portion of the impairment. Recent market volatility has made it extremely difficult to value certain securities. In addition, FKF recently determined that it expects to record pre-tax credit-related OTTI charges of approximately $665,000 in the aggregate for the quarter ended December 31, 2009 with respect to certain pooled trust preferred securities. FKF also recently determined that a private label CMO owned by FKF likely will be deemed to be other-than-temporarily impaired at December 31, 2009 and, based on current information, will require an OTTI of approximately $180,000 at such date. See Recent Developments FKF on page 11. Subsequent valuations, in light of factors prevailing at that time, may result in significant changes in the values of these securities in future periods. Any of these factors could require either BMBC or FKF to recognize other-than-temporary impairments in the value of its securities portfolio, which may have an adverse effect on its results of operations in future periods. Similarly, either BMBC or FKF may be required to recognize other-than-temporary impairments in the value of other intangibles or goodwill, any of which may have an adverse effect on its results of operations in future periods.

The merger may fail to qualify as a tax-free reorganization under the Internal Revenue Code.

The merger of FKF into BMBC has been structured to qualify as a tax-free reorganization under Section 368(a) of the Internal Revenue Code. The closing of the merger is conditioned upon the receipt by each of BMBC and FKF of an opinion of its respective tax advisor, each dated as of the effective date of the merger, substantially to the effect that, on the basis of facts, representations and assumptions set forth or referred to in that opinion (including factual representations contained in certificates of officers of FKF and BMBC) which are consistent with the state of facts existing as of the effective date of the merger, the merger constitutes a reorganization under Section 368(a) of the Internal Revenue Code. The tax opinions to be delivered in connection with the merger are not binding on the Internal Revenue Service (**IRS**) or the courts, and neither FKF nor BMBC intends to request a ruling from the IRS with respect to the United States federal income tax consequences of the merger. If the merger fails to qualify as a tax-free reorganization, an FKF shareholder would likely recognize gain or loss on each share of FKF surrendered in the amount of the difference between the shareholder s basis in the FKF shares and the fair market value of the BMBC common stock and cash received by the FKF shareholder in exchange. For a more detailed discussion of the federal income tax consequences of the transaction, see United States Federal Income Tax Consequences of the Merger on page 62.

The FKF shareholders may recognize a gain with respect to the cash portion of the merger consideration.

The merger consideration to an FKF shareholder consists of a combination of cash and BMBC common stock. Accordingly, an FKF shareholder generally will not recognize loss but will recognize gain, if any, to the extent of the lesser of (i) the amount of gain realized (i.e., the excess of the sum of the amount of cash and the fair market value of the BMBC common stock received pursuant to the merger over such shareholder s adjusted tax basis in the shares of FKF common stock surrendered) and (ii) the amount of cash received pursuant to the merger. In addition, FKF shareholders generally will have to recognize gain or loss in connection with cash received instead of a fractional share of BMBC common stock.

Holders of FKF stock options should discuss with their tax advisors the tax results of each course of action available to them.

For a more detailed discussion of the federal income tax consequences of the transaction to you, see United States Federal Income Tax Consequences of the Merger on page 62.

Risk Factors Related to the Operations of FKF on a Stand-Alone Basis

If the merger with BMBC is not completed, FKF will continue to face certain risk factors related to its on-going operations.

In the event that the proposed merger with BMBC is not completed, FKF will continue its operations as an independent entity and, as such, would continue to face certain risks in its on-going operations, as described below. Even if the merger is completed as expected in the second quarter or early in the third quarter of 2010, FKF will face these risks on an independent basis until the time of the merger.

If the merger is not completed, FKF will have incurred substantial expenses without realizing the expected benefits of the merger.

FKF has incurred substantial expenses in connection with the merger. The completion of the merger depends on the satisfaction of specified conditions and the receipt of regulatory approvals and the approval of FKF s shareholders. FKF cannot guarantee that these conditions will be met. If the merger is not completed, these expenses could have a material adverse impact on FKF s financial condition and results of operations on a stand-alone basis. In addition, the market price of FKF s common stock could decline in the event that the merger is not consummated as FKF s current market price may reflect an assumption that the merger will be completed.

If the merger is not completed, we may have to revise our business strategy.

During the past several months, management of FKF has been focused on, and has devoted significant resources to, the merger. This focus is continuing and FKF has not pursued certain business opportunities which may have been beneficial to FKF on a stand-alone basis. If the merger is not completed, FKF will have to revisit its business strategy in an effort to determine what changes may be required in order for FKF to operate on an independent, stand-alone basis. We may need to consider raising additional capital in order to continue as an independent entity if the merger is not completed. No assurance can be given whether we would be able to successfully raise capital in such circumstances or, if so, under what terms.

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CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

Certain statements contained in this filing that are not statements of historical fact constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 (the **Act**), notwithstanding that such statements are not specifically identified. In addition, certain statements may be contained in the future filings of BMBC and FKF with the SEC, in press releases and in oral and written statements made by or with the approval of BMBC or FKF that are not statements of historical fact and constitute forward-looking statements within the meaning of the Act. Examples of forward-looking statements include, but are not limited to:

- statements about the benefits of the merger between BMBC and FKF, including future financial and operating results, cost savings, enhanced revenues and accretion to reported earnings that may be realized from the merger;
- statements of plans, objectives and expectations of BMBC or FKF or their managements or boards of directors;
- statements of future economic performance; and
- statements of assumptions underlying such statements.

Words such as expect, intend, project, estimate, anticipate, will, plan, believe, continue, predict, contemplate, forecast, t probably, outlook or similar expressions or future or conditional verbs such as may, will, should, would, could, and other similar expre intended to identify forward-looking statements but are not the exclusive means of identifying such statements.

Forward-looking statements are not guarantees of future performance and involve certain risks, uncertainties and assumptions which are difficult to predict. Therefore, actual outcomes and results may differ materially from what is expressed or forecasted in such forward-looking statements. Factors that could cause actual results to differ from those discussed in the forward-looking statements include, but are not limited to:

- the businesses of BMBC and FKF will not be integrated successfully or such integration may be more difficult, time-consuming or costly than expected;
- material differences in the actual financial results of merger and acquisition activities compared with expectations, such as with respect to the full realization of anticipated cost savings and revenue enhancements within the expected time frame, including as to the merger;
- revenues following the merger may be lower than expected;
- deposit attrition, operating costs, customer loss and business disruption following the merger, including, without limitation, difficulties in maintaining relationships with employees, may be greater than expected;
- the ability to obtain governmental approvals required for the transactions contemplated by the merger agreement, including the merger and the bank merger, on the proposed terms and schedule;
- the failure of FKF s shareholders to approve the merger agreement and the transactions contemplated thereby;

local, regional, national and international economic conditions and the impact they may have on BMBC and FKF and their customers and BMBC s and FKF s assessment of that impact;

the significant downturn in the residential real estate market that began in 2007 has continued in 2008 and in 2009, and may continue in 2010, resulting in declining home prices, higher foreclosures and loan charge-offs, and lower market prices on investment securities backed by residential real estate, all of which could negatively impact BMBC s and FKF s results of operations;

a downturn in the commercial real estate and retail space markets could negatively impact BMBC s and FKF s results of operations;

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lower demand for BMBC s and FKF s products and services and lower revenues and earnings could result from an economic recession;

lower earnings could result from other-than-temporary impairment charges related to BMBC s and FKF s investment securities portfolios or other assets;

higher FDIC insurance costs due to bank failures that have caused the FDIC Deposit Insurance Fund to fall below minimum;

absence of any assurance that the Emergency Economic Stabilization Act of 2008 will improve the condition of the financial markets;

changes in the level of non-performing assets and charge-offs;

changes in estimates of future reserve requirements based upon the periodic review thereof under relevant regulatory and accounting requirements;

other changes in accounting requirements or interpretations;

the accuracy of assumptions underlying the establishment of provisions for loan and lease losses and estimates in the value of collateral, and various financial assets and liabilities;

inflation, securities market and monetary fluctuations;

changes in the securities markets with respect to the market values of financial assets and the stability of particular securities markets;

changes in interest rates, spreads on earning assets and interest-bearing liabilities, and interest rate sensitivity;

changes the value of loan collateral and securities;

prepayment speeds, loan originations and credit losses;

sources of liquidity and financial resources in the amounts, at the times and on the terms required to support BMBC s and FKF s or the combined company s future businesses;

legislation or other governmental action affecting the financial services industry as a whole, participants in the Troubled Asset Relief Program (**TARP**) Capital Purchase Program or other programs, BMBC, FKF and/or BMBC or FKF s subsidiaries individually or collectively, including changes in laws and regulations (including laws and regulations concerning taxes, banking, securities and insurance) with which BMBC and FKF must comply;

results of examinations by the Federal Reserve Board, including the possibility that the Federal Reserve Board may, among other things, require us to increase our allowance for loan losses or to write down assets;

BMBC s and FKF s common shares outstanding and common stock price volatility;

fair value of and number of stock-based compensation awards to be issued in future periods;

BMBC s and FKF s success in continuing to generate new business in their respective existing markets, as well as their success in identifying and penetrating targeted markets and generating a profit in those markets in a reasonable time;

BMBC s ability to continue to generate investment results for customers and the ability to continue to develop investment products in a manner that meets customers needs;

changes in consumer and business spending, borrowing and savings habits and demand for financial services in the relevant market areas;

rapid technological developments and changes;

- the effects of competition from other commercial banks, thrifts, mortgage companies, finance companies, credit unions, securities brokerage firms, insurance companies, money-market and mutual funds and other institutions operating in BMBC s and FKF s market areas and elsewhere including institutions operating locally, regionally, nationally and internationally together with such competitors offering banking products and services by mail, telephone, computer and the internet;

- BMBC s and FKF s ability to continue to introduce competitive new products and services on a timely, cost-effective basis and the mix of those products and services;

- containing costs and expenses;

- protection and validity of intellectual property rights;

- reliance on large customers;

- technological, implementation and cost/financial risks in contracts;

- the outcome of pending and future litigation and governmental proceedings;

- any extraordinary event (such as the September 11, 2001 events, the war on terrorism and the U.S. Government s response to those events including the war in Iraq);

- ability to retain key employees and members of senior management;

- the ability of key third-party providers to perform their obligations to BMBC, BMT, FKF and FKB; and

- success in managing the risks involved in the foregoing.

Additional factors that could cause BMBC s or FKF s results to differ materially from those described in the forward-looking statements can be found in BMBC s and FKF s Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K filed with the SEC. See Where You Can Find More Information on page 85 for a description of where you can find this information. All subsequent written and oral forward-looking statements concerning the proposed transaction or other matters and attributable to BMBC or FKF or any person acting on their behalf are expressly qualified in their entirety by the cautionary statements contained or referred to within this proxy statement/prospectus. Forward-looking statements speak only as of the date on which such statements are made. BMBC and FKF undertake no obligation to update any forward-looking statement to reflect events or circumstances after the date on which such statement is made, or to reflect the occurrence of unanticipated events.

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FKF SPECIAL MEETING

This section contains information from FKF for FKF shareholders about the special meeting FKF has called for its shareholders to consider and approve the merger agreement and the transactions contemplated thereby. We are mailing this proxy statement/prospectus to you, as an FKF shareholder, on or about January 25, 2010. Together with this proxy statement/prospectus, we are also sending to you a notice of the special meeting of FKF shareholders and a form of proxy card that FKF s board of directors is soliciting for use at the special meeting and at any adjournments or postponements of the special meeting. The special meeting will be held on March 2, 2010, at 2.00 p.m. local time, at the Towne House Restaurant located at 117 Veterans Square, Media, Pennsylvania.

This proxy statement/prospectus is also being furnished by BMBC to FKF shareholders as a prospectus in connection with the issuance of shares of BMBC common stock upon completion of the merger.

Matters to Be Considered

The only matter to be considered at the FKF special meeting is the approval of the merger agreement and the transactions contemplated thereby. You are also being asked to vote upon a proposal to adjourn or postpone the special meeting, if necessary. FKF could use any adjournment or postponement of the special meeting for the purpose, among others, of allowing more time to solicit votes in favor of the merger agreement.

Recommendation of FKF s Board of Directors

FKF s board of directors has unanimously approved the merger agreement and the transactions contemplated thereby, including the merger, and recommends that FKF shareholders vote FOR approval of the merger agreement and the transactions contemplated thereby, including the merger, and FOR the approval of the adjournment or postponement of the special meeting, if necessary, to solicit additional proxies in favor of the merger agreement and the transactions contemplated thereby, including the merger.

Record Date

FKF s board of directors has fixed the close of business on January 8, 2010 as the record date for determining the FKF shareholders entitled to receive notice of and to vote at the special meeting. Only FKF shareholders of record as of the record date are entitled to and are being requested to vote at the special meeting. As of the record date, 2,432,998 shares of FKF common stock were issued and outstanding and held by approximately 369 record holders. FKF shareholders are entitled to one vote on each matter considered and voted on at the special meeting for each share of FKF common stock held of record at the close of business on the record date. The presence, in person or by properly executed proxy, of the holders of a majority of the shares of FKF common stock entitled to vote at the special meeting is necessary to constitute a quorum at the special meeting. For purposes of determining the presence of a quorum, abstentions and broker non-votes will be counted as shares present. Abstentions and broker non-votes will have the same effect as votes against approval of the merger agreement and the transactions contemplated thereby, including the merger.

Action Required

The merger agreement and the transactions contemplated thereby must be approved by the affirmative vote of a majority of the votes cast by all FKF shareholders entitled to vote at the special meeting. The merger agreement and the consummation of the transactions contemplated therein will not require the approval of the holders of BMBC common stock under the Pennsylvania Business Corporation Law or the rules of the NASDAQ.

As of the record date, FKF directors and executive officers and their affiliates beneficially held approximately 501,014 shares (or 20.6% of the outstanding shares) of FKF common stock entitled to vote at the special meeting. See The Merger Interests of FKF s Directors and Executive Officers in the Merger.

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As of the record date, BMBC and its subsidiaries held no shares of FKF common stock (other than shares held as fiduciary, custodian or agent as described below) and its directors and executive officers or their affiliates held no shares of FKF common stock. As of the record date, subsidiaries of BMBC, as fiduciaries, custodians or agents, held a total of approximately 1,000 shares of FKF common stock, representing less than 1% of the shares entitled to vote at the FKF special meeting, and maintained no voting power over those shares.

Solicitation of Proxies

The cost of the solicitation of proxies will be borne by FKF. FKF has retained Regan & Associates, Inc., a professional proxy solicitation firm, to assist in the solicitation of proxies. Such firm will be paid a fee not to exceed approximately $8,000. FKF will reimburse brokerage firms and other custodians, nominees and fiduciaries for reasonable expenses incurred by them in sending the proxy materials to the beneficial owners of FKF s common stock. In addition to solicitations by mail, directors, officers and employees of FKF may solicit proxies personally or by telephone without additional compensation.

Shares of FKF common stock represented by properly executed proxies will be voted in accordance with the instructions indicated on the enclosed proxy cards. If proxy cards are signed and returned, but no instructions are indicated, such proxies will be voted FOR approval of the merger agreement and the transactions contemplated thereby, including the merger, and FOR the proposal to adjourn or postpone the special meeting, if necessary, to another time and/or place for the purpose of soliciting additional proxies or otherwise.

Revocation of Proxies

An FKF shareholder who has given a proxy may revoke it at any time before its exercise at the special meeting by (i) giving written notice of revocation to FKF s Corporate Secretary, (ii) properly submitting to FKF a duly executed proxy bearing a later date, or (iii) attending the special meeting and voting in person (note that the mere presence, without notifying the Corporate Secretary, of an FKF shareholder at the special meeting will not constitute revocation of a previously given proxy). All written notices of revocation and other communications with respect to revocation of proxies should be addressed to FKF as follows: Carol Walsh, Corporate Secretary, 22 West State Street, Media, Pennsylvania 19063.

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THE MERGER

Terms of the Merger

Each of the BMBC board of directors and FKF board of directors has approved and adopted or declared advisable the merger agreement, which provides for the merger of FKF into BMBC, with BMBC being the surviving corporation in the merger. Each share of FKF common stock, par value $0.01 per share, issued and outstanding immediately prior to the completion of the merger, except for specified shares of FKF common stock held by FKF or BMBC, will be converted into the right to receive $2.06 in cash and 0.6973 of a share of BMBC common stock, subject to adjustment pursuant to the terms of the merger agreement.

FKF shareholders are being asked to approve the merger agreement and the transactions contemplated thereby.

Background of the Merger

Over the past several years, the board of directors and executive officers of FKF have periodically discussed and reviewed FKF s business, performance and prospects, including its strategic alternatives. The strategic alternatives considered by the board have included, among other things, continuing its on-going operation as an independent institution, selling off a portion of its branch operations, and entering into a merger or acquisition transaction with a similarly sized or larger institution. In recent periods, the board also considered the effects on its operating results of the significant operating restrictions imposed on FKF and FKB by virtue of the supervisory agreements entered into with the OTS in February 2006. The FKF board of directors also considered the prospect of having to raise additional capital in view of FKF s financial condition either through a possible private placement or by participating in the Capital Purchase Program under the TARP operated by the United States Department of the Treasury. The board of directors and management have also been aware in recent years of changes in the financial services industry and the regulatory environment as well as the competitive challenges facing a financial institution such as FKF. These challenges have included increasing government regulations, increasing expense burdens and commitments for technology and training, an interest rate environment which has resulted in a significant compression in the interest rate spread and margin, a deep and long recession which has created issues with respect to FKF s asset quality, and increasing competition in the delivery of financial products and services combined with increased customer expectations for the availability of sophisticated financial products and services from financial institutions.

As a result of several discussions conducted during the early part of 2009 with Sandler O Neill, FKF s financial advisor, concerning FKF s strategic alternatives, the FKF board of directors directed Sandler O Neill in May 2009 to identify those banks that might have an interest in entering into a business combination transaction with FKF. At that time, the board had not made a determination whether or not to remain independent or undertake a merger or acquisition transaction involving FKF. In June 2009, a list of potential business combination partners was presented to and discussed with the FKF board by Sandler O Neill. As a result of such discussion, in early July 2009, the FKF board authorized Sandler O Neill to contact eight institutions on FKF s behalf to determine whether any of these institutions were interested in conducting discussions about engaging in a business combination transaction with FKF. As a result of such inquiries, eight institutions were sent information packages containing public information about FKF. Sandler O Neill also facilitated introductory meetings or calls between representatives of the interested institutions and FKF, including a meeting with representatives of BMBC on July 20, 2009.

In early August 2009, FKF entered into confidentiality agreements with three of these institutions, including BMBC, based upon preliminary expressions of interest by these parties. Over the next several weeks, FKF provided these institutions with confidential information to assist them in conducting a confidential preliminary due diligence review of FKF. FKF asked each party to submit specific written indications of interest by the second week of

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September 2009. To facilitate the bid process, FKF invited the parties to conduct a limited on-site due diligence review of FKF s loan portfolio. During late August and early September, on-site due diligence of the loan portfolio was conducted by BMBC and one other interested institution. The third potential interested party decided at such time to withdraw from the process. Written indications of interest were received from BMBC and the other institution by September 10, 2009. BMBC s indication of interest letter set forth a specific price per share and provided that the merger consideration would be all stock with the per share merger consideration to be established upon execution of a definitive agreement. The other party s indication of interest stated the merger consideration for the transaction would be all cash and that per share consideration would be determined upon completion of its due diligence review based upon a mutually agreed to definition of tangible equity.

On September 15, 2009, the FKF board met to discuss and evaluate the two indications of interest. Representatives of Sandler O Neill and Elias, Matz, Tiernan & Herrick L.L.P., FKF s legal counsel, were present telephonically or in person at this meeting. As a result of these discussions, the FKF board determined to invite BMBC to conduct further due diligence of FKF. The other institution was informed that it was not being invited to conduct further due diligence due to significant uncertainty with respect to the proposed consideration to be paid and uncertainty as to the structure of the transaction set forth in its indication of interest. From late September to late October 2009, BMBC conducted extensive due diligence of FKF. In late October 2009, FKF conducted on-site due diligence of BMBC.

On October 9, 2009, BMBC presented FKF with a draft of the proposed merger agreement. Over the next three weeks, FKF, BMBC and their respective financial and legal advisors negotiated the terms of the merger agreement. In connection with such negotiation, it was determined to adjust the composition of the merger consideration from 100% stock to a mixture of approximately 85% stock and 15% cash.

On November 3, 2009, FKF s board of directors held a special meeting to review the merger proposal as set forth in the definitive merger agreement and related documents negotiated by FKF and BMBC and their respective financial and legal advisors. The FKF board received presentations regarding the merger from its financial advisor, Sandler O Neill, and the merger agreement from its legal counsel, Elias, Matz Tiernan & Herrick L.L.P. Management of FKF also briefed the board on the results of the due diligence conducted on BMBC. Representatives of Elias, Matz, Tiernan & Herrick L.L.P. and Sandler O Neill responded to questions from FKF s board. At the meeting, Sandler O Neill provided its oral opinion that the merger consideration, including as potentially adjusted under the terms of the merger agreement, was fair to the shareholders of FKF from a financial point of view (which opinion was subsequently confirmed in writing by Sandler O Neill). After careful and deliberate consideration of these presentations as well as the interests of FKF s shareholders, customers, employees and communities served by FKF, the FKF board unanimously approved the merger agreement and the related documents.

After the transaction was approved by both the FKF board and the BMBC board, FKF and BMBC signed the merger agreement and the related voting agreements and non-solicitation agreements. The transaction was publicly announced after the close of the market on November 3, 2009.

FKF s Reasons for the Merger; Recommendation of FKF s Board of Directors

After careful consideration, the FKF board of directors determined that it was advisable and in the best interests of FKF and its shareholders for FKF to enter into the merger agreement with BMBC. Accordingly, FKF s board unanimously recommends that FKF s shareholders vote FOR the adoption of the merger agreement.

The board of directors of FKF has considered the terms and provisions of the merger agreement and concluded that they are fair to the shareholders of FKF and that the merger is in the best interests of FKF and its shareholders. FKF s board believes that the merger will provide FKF shareholders the opportunity to realize increased long-term value.

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The board of directors of FKF believes that the merger will provide the resulting institution with additional resources necessary to compete more effectively in the southeastern Pennsylvania market. In addition, the board of FKF believes that the customers and communities served by FKF will benefit from the resulting institution s enhanced abilities to meet their banking needs.

In reaching its decision to approve the merger agreement, the FKF board consulted with management, as well as with FKF s financial and legal advisors, and considered a variety of factors, including the following:

The consideration (including the premium) being offered to FKF s shareholders in relation to the market value, dividend rate, earnings per share and projected earnings per share of FKF;

The current and prospective environment in which FKF operates, including national, regional and local economic conditions, the competitive environment for financial institutions, the increased regulatory burdens on financial institutions, the effects of the expected continued operation under extensive regulatory restrictions imposed by the supervisory agreements, and the uncertainties in the regulatory climate going forward;

The results that could be expected to be obtained by FKF if it continued to operate independently and the trading value of FKF common stock compared to the value of the merger consideration offered by BMBC;

The process conducted by Sandler O Neill, FKF s financial advisor, to identify potential merger partners and to assist the FKF board of directors in structuring the proposed merger with BMBC;

The form of merger consideration offered by BMBC, including the opportunity for FKF shareholders to receive shares of BMBC common stock on a tax-free basis for a significant portion of their shares of FKF common stock;

The anticipated accretion for FKF shareholders of the projected dividend rate and earnings per share;

The scale, scope, strength and diversity of operations, product lines and delivery systems that could be achieved by combining FKF and BMBC;

The complementary geographic locations of the FKF and BMBC branch networks in southeastern Pennsylvania;

BMBC s assets size and capital position, which would give the resulting institution approximately $1.7 billion in assets;

The additional products offered by BMBC to its customers, particularly trust and wealth management services, and the ability of the resulting institution to provide comprehensive financial services to its customers;

The potential for operating synergies and cross marketing of products in light of the fact that FKF and BMBC serve contiguous market areas with similar and complementary customer bases;

FKF s and BMBC s shared community banking philosophies; and

The presentation by Sandler O Neill, FKF s financial advisor, as to the fairness of the merger consideration, from a financial point of view, to FKF s shareholders. In this regard, FKF s board of directors has received from Sandler O Neill a written opinion dated November 3, 2009 that, as of such date, the merger consideration was fair to FKF s shareholders from a financial point of view. The opinion is attached as Annex C to this document. For a summary of the presentation of Sandler O Neill, see Opinion of FKF s Financial Advisor below.

Other factors considered by FKF s board of directors included:

The reports of FKF s management and the financial presentation by Sandler O Neill to FKF s board of directors concerning the operations, financial condition and prospects of BMBC and the expected financial impact of the merger on the combined company, including pro forma assets, earnings, deposits and capital ratios;

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The proposed board arrangements of the combined company, including the inclusion of one of FKF s directors on BMBC s board and the creation of an advisory board composed of FKF s other directors;

The likelihood of successful integration and the successful operation of the combined company;

The likelihood that the regulatory approvals needed to complete the transaction will be obtained;

The potential cost-saving opportunities;

The effects of the merger on FKF s employees, including the prospects for continued employment and the severance and other benefits agreed to be provided to FKF employees; and

Review by the FKF board of directors with its legal and financial advisors of the structure of the merger and the financial and other terms of the merger, including the per share merger consideration and the condition to the transaction that the merger qualify as a transaction of a type that will permit FKF shareholders to receive BMBC shares in exchange for a substantial portion of their FKF shares on a tax-free basis for federal income tax purposes.

The FKF board of directors also considered potential risks associated with the merger in connection with its deliberation of the proposed transaction, including the risk that the amount of FKF Delinquencies, as defined, may increase, the challenges of integrating FKF s businesses, operations and employees with those of BMBC, the need to obtain FKF shareholder approval as well as regulatory approvals in order to complete the transaction, and the risks associated with achieving the anticipated cost savings. FKF s board also considered that the fixed per share merger consideration, by its nature, would not adjust upwards to compensate for declines, or downwards to compensate for increases, in BMBC s stock price prior to completion of the merger. The board also considered the structural protections included in the merger agreement such as the ability of FKF to terminate the merger agreement in the event of any change or development affecting BMBC which has, or is reasonably likely to have, a material adverse effect on BMBC and which is not cured within 30 days after notice or cannot be cured prior to consummation of the merger.

The foregoing discussion of the information and factors considered by FKF s board of directors is not exhaustive, but includes all material factors considered by FKF s board. In view of the wide variety of factors considered by the FKF board of directors in connection with its evaluation of the merger and the complexity of these matters, the FKF board of directors did not consider it practical to, and did not attempt to, quantify, rank or otherwise assign relative weights to the specific factors that it considered in reaching its decision. FKF s board of directors evaluated the factors described above, including asking questions of FKF s management and FKF s legal and financial advisors. In considering the factors described above, individual members of FKF s board of directors may have given different weights to different factors. The FKF board of directors relied on the experience and expertise of its financial advisors for quantitative analysis of the financial terms of the merger. See Opinion of FKF s Financial Advisor below. It should also be noted that this explanation of the reasoning of FKF s board of directors and all other information presented in this section is forward-looking in nature and, therefore, should be read in light of the factors discussed under the heading Cautionary Statement Regarding Forward-Looking Statements on page 27.

Opinion of FKF s Financial Advisor

By letter dated August 12, 2009, FKF retained Sandler O Neill to act as its financial advisor in connection with FKF s consideration with a possible business combination. Sandler O Neill is a nationally recognized investment banking firm whose principal business specialty is financial institutions. In the ordinary course of its investment banking business, Sandler O Neill is regularly engaged in the valuation of financial institutions and their securities in connection with mergers and acquisitions and other corporate transactions.

Sandler O Neill acted as financial advisor to FKF in connection with the proposed transaction and participated in certain of the negotiations leading to the execution of the merger agreement. At the November 3, 2009 meeting at which FKF s board considered and approved the merger agreement, Sandler O Neill delivered

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to the board its oral opinion, that, as of such date, the merger consideration was fair to FKF from a financial point of view. Sandler O Neill subsequently provided the FKF board of directors its written opinion dated as November 3, 2009. **The full text of Sandler O Neill s opinion is attached as Annex C to this proxy statement/prospectus. The opinion outlines the procedures followed, assumptions made, matters considered and qualifications and limitations on the review undertaken by Sandler O Neill in rendering its opinion. The description of the opinion set forth below is qualified in its entirety by reference to the opinion. Sandler O Neill urges FKF s shareholders 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 FKF s board and is directed only to the fairness of the merger consideration to FKF from a financial point of view. It does not address the underlying business decision of FKF to engage in the merger or any other aspect of the merger and is not a recommendation to any FKF shareholder as to how such shareholder should vote at the special meeting with respect to the merger or any other matter.

In connection with rendering its November 3, 2009 opinion, Sandler O Neill reviewed and considered, among other things:

(1) the merger agreement;

(2) certain publicly available financial statements and other historical financial information of FKF that Sandler O Neill deemed relevant;

(3) certain publicly available financial statements and other historical financial information of BMBC that Sandler O Neill deemed relevant;

(4) internal financial projections for FKF for the calendar years ending December 31, 2009 through December 31, 2014 as prepared by and discussed with senior management of FKF;

(5) consensus analyst estimates for BMBC for the years ending December 31, 2009 through 2010 and financial projections for BMBC for the years ending December 31, 2011 through 2014 as discussed with senior management of BMBC;

(6) the pro forma financial impact of the merger on BMBC based on assumptions relating to transaction expenses, purchase accounting adjustments, cost savings and other synergies as discussed with the senior management of BMBC and FKF;

(7) the publicly reported historical price and trading activity for FKF s and BMBC s common stock, including a comparison of certain financial and stock market information for FKF and BMBC with similar publicly available information for certain other companies the securities of which are publicly traded;

(8) to the extent publicly available, the financial terms of certain recent business combinations in the commercial banking industry;

(9) the current market environment generally and the commercial banking environment in particular; and

(10) such other information, financial studies, analyses and investigations and financial, economic and market criteria as Sandler O Neill considered relevant.

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

In performing its review, Sandler O Neill has relied upon the accuracy and completeness of all of the financial and other information that was available to us from public sources, that was provided to us by FKF and BMBC or its respective representatives or that was otherwise reviewed by us and have assumed such accuracy and completeness for purposes of rendering this opinion. Sandler O Neill has further relied on the assurances of

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management of each of FKF and BMBC that it is not aware of any facts or circumstances that would make any of such information inaccurate or misleading. Sandler O Neill has not been asked to and has not undertaken an independent verification of any of such information and we do not assume any responsibility or liability for the accuracy or completeness thereof. Sandler O Neill did not make an independent evaluation or appraisal of the specific assets, the collateral securing assets or the liabilities (contingent or otherwise) of FKF and BMBC or any of their subsidiaries, or the collectibility of any such assets, nor have we been furnished with any such evaluations or appraisals.

Sandler O Neill did not make an independent evaluation of the adequacy of the allowance for loan losses of FKF and BMBC and has not reviewed any individual credit files relating to FKF and BMBC. Sandler O Neill has assumed, with FKF s consent, that the respective allowances for loan losses for both FKF and BMBC are adequate to cover such losses and will be adequate on a pro forma basis for the combined entity.

With respect to the internal financial projections prepared by the senior management of FKF and BMBC, respectively, and the anticipated transaction costs, purchase accounting adjustments, expected cost savings and other synergies and other information prepared by and/or reviewed with the management of FKF and BMBC and, in each case, used by Sandler O Neill in its analyses, FKF and BMBC management confirmed to Sandler O Neill that they reflected the best currently available estimates and judgments of such management with respect thereto and Sandler O Neill assumed that such performances would be achieved. Sandler O Neill expresses no opinion as to such financial projections or the assumptions on which they are based. Sandler O Neill has also assumed that there has been no material change in FKF s and BMBC s assets, financial condition, results of operations, business or prospects since the date of the most recent financial statements and other financial information made available to Sandler O Neill. Sandler O Neill has assumed in all respects material to its analysis that FKF and BMBC will remain as going concerns for all periods relevant to the analyses, that each party to the merger agreement will perform all of the material covenants required to be performed by such party under the merger agreement, that the conditions precedent in the merger agreement are not waived and that the merger will qualify as a tax-free reorganization for federal corporate income tax purposes. Sandler O Neill expresses no opinion as to any of the legal, accounting and tax matters relating to the merger and the other transactions contemplated by the merger agreement.

Sandler O Neill s opinion is necessarily based on financial, economic, market and other conditions as in effect on, and the information made available to Sandler O Neill as of, the date of its opinion. Events occurring after the date thereof could materially affect the opinion. Sandler O Neill has not undertaken to update, revise, reaffirm or withdraw the opinion or otherwise comment upon events occurring after the date thereof. Sandler O Neill is expressing no opinion herein as to what the value of BMBC s common stock will be when issued to FKF s shareholders pursuant to the merger agreement or the prices at which FKF s and BMBC s common stock may trade at any time.

Sandler O Neill s opinion is directed to the board of directors of FKF in connection with its consideration of the merger and does not constitute a recommendation to any shareholder of FKF as to how such shareholder should vote at any meeting of shareholders called to consider and vote upon the merger. Sandler O Neill s opinion is directed only to the fairness, from a financial point of view, of the merger consideration to holders of FKF common stock and does not address the underlying business decision of FKF to engage in the merger, the relative merits of the merger as compared to any other alternative business strategies that might exist for FKF or the effect of any other transaction in which FKF might engage. Sandler O Neill does not express any opinion as to the fairness of the amount or nature of the compensation to be received in the merger by FKF s officers, directors, or employees, or class of such persons, relative to the compensation to be received in the merger by any other shareholders of FKF. Sandler O Neill s opinion was approved by Sandler O Neill s fairness opinion committee.

Summary of Proposal. Sandler O Neill reviewed the financial terms of the proposed transaction. Using the fixed exchange ratio of 0.6973 shares of BMBC common stock for each share of FKF common stock and $2.06

per share in cash, with a minimum exchange ratio of 0.6485 and $1.92 per share in cash, based upon BMBC s 20 day average stock price as of October 30, 2009 of $16.76, Sandler O Neill calculated a transaction value of $13.75 per share, or an aggregate transaction value of $33.5 million, with a minimum of $12.79 per share and $31.1 million in aggregate. The minimum per share and aggregate transaction values are based on the amount of FKF Delinquencies, as such term is defined in merger agreement, at the month-end immediately preceding the month in which the merger is closed, whereby if the FKF Delinquencies exceed $16.5 million (the amount of delinquencies at which the transaction value would be the minimum $12.79 per share and $31.1 million in aggregate), BMBC has the option to terminate the transaction. Based upon financial information for FKF as or for the three month period ended June 30, 2009, Sandler O Neill calculated the following transaction ratios:

Transaction Ratios

Transaction value/Tangible book value	102%
Transaction value/Stated book value per share	102%
Transaction value/LTM EPS	NM*
Tangible book premium/ Core deposits	0.2%
Transaction value/ Current market value	55.4%

* NM means not meaningful.

The aggregate transaction value was approximately $33.5 million, based upon the offer price per share of $13.75 and 2,432,998 FKF common shares outstanding.

Comparable Company Analysis. Sandler O Neill used publicly available information to perform a comparison of selected financial and market trading information for FKF and BMBC.

Sandler O Neill also used publicly available information to compare selected financial and market trading information for FKF and a group of financial institutions selected by Sandler O Neill. The FKF peer group consisted of the following publicly traded Mid Atlantic thrifts between $250 million and $1.0 billion in total assets:

BCSB Bancorp, Inc.	Rome Bancorp, Inc
Elmira Savings Bank, FSB	TF Financial Corporation
Fidelity Bancorp, Inc.	WSB Holdings, Inc.
Harleysville Savings Financial Corporation	WVS Financial Corp.

The analysis compared publicly available financial information for FKF and the high, low, mean, and median financial and market trading data for the FKF peer group as of and for the quarter ended September 30, 2009. The table below sets forth the data for FKF as of and for the quarter ended June 30, 2009 and the median data for the FKF peer group as of and for the quarter ended September 30, 2009, with pricing data as of October 30, 2009.

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Comparable Group Analysis

	FKF	Comparable Group Median Result
Total Assets *(in millions)*	$ 525	$ 538
Tangible Common Equity/Tangible Assets	6.22%	8.46%
Total Risk Based Capital Ratio[(1)]	13.6%	14.9%
Non-performing Assets/Loans + OREO	1.05%	1.00%
Loan Loss Reserve/Gross Loans	1.14%	0.90%
Loan Loss Reserve/Non-performing Assets	109%	99%
Net Interest Margin	2.55%	2.82%
Efficiency Ratio	102.6%	68.3%
Return on Average Assets	(0.28%)	0.54%
Price/Tangible Book Value	66%	80%
Price/LTM Core Earnings per Share	NM	12.1x
Price/52 Week High	84.4%	79.3%
Dividend Yield	0.00%	4.14%
Market Capitalization *(in millions)*	$ 21.5	$ 29.4

(1) Risk-based capital of FKB.

BMBC peer group consisted of publicly traded banks and thrifts between $1.0 billion and $2.0 billion in total assets with Non-interest Income/ Operating Revenue greater than 30% and Non-performing Assets/Assets less than 1.25%:

Alliance Financial Corporation	Security National Corporation
Cardinal Financial Corporation	Simmons First National Corporation
City Holding Company	S.Y. Bancorp, Inc
Orrstown Financial Services, Inc.	Washington Trust Bancorp, Inc.

The analysis compared publicly available financial and market trading information for BMBC and the median data for BMBC peer group as of and for the quarter ended September 30, 2009. The table below sets forth the data for BMBC and the median data for BMBC peer group as of and for the quarter ended September 30, 2009, with pricing data as of October 30, 2009.

Comparable Group Analysis

	BMBC	Comparable Group Median Result
Total Assets *(in millions)*	$ 1,196	$ 1,828
Tangible Equity/Tangible Assets	7.74%	8.46%
Tangible Common Equity/Tangible Assets	7.74%	8.46%
Total Risk Based Capital Ratio	12.4%	13.6%
Non-performing Assets/Assets	0.71%	0.64%
Loan Loss Reserve/Gross Loans	1.16%	1.28%
Loan Loss Reserve/Non-performing Assets	149%	151%
Net Interest Margin	3.64%	3.55%
Efficiency Ratio	67.2%	61.9%
Return on Average Assets	0.75%	0.96%
Return on Average Equity	9.1%	10.3%
Price/Tangible Book Value	153%	160%
Price/52 Week High	72.3%	79.6%
Price/LTM Core Earnings per Share	16.1x	15.3x
Price/2009 Estimated Earnings per Share	13.9x	15.8x

Market Capitalization *(in millions)*	$ 140.5	$ 237.3

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Stock Trading History. Sandler O Neill reviewed the history of the publicly reported trading prices of BMBC s common stock for the one-year period ended October 30, 2009. Sandler O Neill also reviewed the relationship between the movements in the price of BMBC s common stock and the movements in the prices of the Standard & Poor s Bank Index, the NASDAQ Bank Index, and the median performance of a composite peer group of publicly traded commercial banks selected by Sandler O Neill for BMBC. The composition of the respective peer groups for BMBC is discussed under the relevant section under Comparable Group Analysis above.

During the one-year period ended October 30, 2009, BMBC s common stock outperformed the Standard & Poor s Bank Index and the NASDAQ Bank Index, and underperformed the composite peer group.

BMBC s One-Year Stock Performance

	Beginning Index Value October 30, 2008	Ending Index Value October 30, 2009
BMBC	100.00%	(13.5%)
Selected Peer Group(1)	100.00	(11.2)
S&P Bank Index	100.00	(22.2)
NASDAQ Bank Index	100.00	(27.6)

(1) Refers to the peer group outlined in the Comparable Group Analysis section above.

Net Present Value Analysis. Sandler O Neill performed an analysis that estimated the present value per share of BMBC common stock through December 31, 2013. Sandler O Neill based the analysis on BMBC s projected earnings and dividend stream. To approximate the terminal value of BMBC s common stock at December 31, 2013, Sandler O Neill applied price to last twelve month s earnings multiples of 12.0x to 20.0x and multiples of tangible book value ranging from 130% to 200%. The dividend income streams and terminal values were then discounted to present values using different discount rates ranging from 9.5% to 12.5% chosen to reflect different assumptions regarding required rates of return of holders or prospective buyers of BMBC common stock. In addition, the terminal value of BMBC s common stock at December 31, 2013 was calculated using the same range of price to last twelve month s earnings multiples (12.0x 20.0x) applied to a range of discounts and premiums to management s budget projections. The range applied to the budgeted net income was 25% under budget to 25% over budget, using a discount rate of 11.05% for the analysis.

As illustrated in the following tables, the analysis indicated an imputed range of values per share for BMBC s common stock of $16.72 to $29.39 when applying the price/earnings multiples to the matched budget, $13.96 to $22.49 when applying multiples of tangible book value to the matched budget, and $13.92 to $33.89 when applying the price/earnings multiples to the -25% / +25% budget range.

Earnings Per Share Multiples

Discount Rate	12.0x	13.6x	15.2x	16.8x	18.4x	20.0x
9.50%	$ 18.75	$ 20.88	$ 23.01	$ 25.13	$ 27.26	$ 29.39
10.00%	18.39	20.47	22.56	24.64	26.73	28.81
10.50%	18.04	20.08	22.12	24.17	26.21	28.25
11.00%	17.70	19.70	21.70	23.70	25.70	27.71
11.50%	17.36	19.32	21.29	23.25	25.21	27.17
12.00%	17.04	18.96	20.88	22.80	24.73	26.65
12.50%	16.72	18.60	20.49	22.37	24.26	26.14

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Earnings Per Share Multiples

Budget Variance	12.0x	13.6x	15.2x	16.8x	18.4x	20.0x
-25.0%	$ 13.92	$ 15.42	$ 16.91	$ 18.41	$ 19.91	$ 21.41
-20.0%	14.67	16.26	17.86	19.46	21.06	22.66
-15.0%	15.42	17.11	18.81	20.51	22.21	23.91
-10.0%	16.16	17.96	19.76	21.56	23.36	25.15
-5.0%	16.91	18.81	20.71	22.61	24.51	26.40
0.0%	17.66	19.66	21.66	23.66	25.65	27.65
5.0%	18.41	20.51	22.61	24.70	26.80	28.90
10.0%	19.16	21.36	23.56	25.75	27.95	30.15
15.0%	19.91	22.21	24.51	26.80	29.10	31.40
20.0%	20.66	23.06	25.45	27.85	30.25	32.65
25.0%	21.41	23.91	26.40	28.90	31.40	33.89

Tangible Book Value Per Share Multiples

Discount Rate	130%	144%	158%	172%	186%	200%
9.50%	$ 15.63	$ 17.00	$ 18.38	$ 19.75	$ 21.12	$ 22.49
10.00%	15.34	16.68	18.02	19.37	20.71	22.06
10.50%	15.05	16.36	17.68	19.00	20.32	21.63
11.00%	14.77	16.06	17.35	18.64	19.93	21.22
11.50%	14.49	15.76	17.02	18.29	19.55	20.82
12.00%	14.22	15.46	16.70	17.94	19.18	20.42
12.50%	13.96	15.18	16.39	17.61	18.82	20.04

Sandler O Neill performed an analysis that estimated the future stream of after-tax dividend flows of FKF through December 31, 2013, assuming FKF s projected dividend stream and that FKF performed in accordance with the 2009 net income projection and earnings per share growth rate projections for 2009 through 2013 provided by management. To approximate the terminal value of FKF s common stock at December 31, 2013, Sandler O Neill applied price to last twelve month s earnings multiples of 10.0x to 17.0x and multiples of tangible book value ranging from 70% to 150%. The dividend income streams and terminal values were then discounted to present values using different discount rates ranging from 9.5% to 12.5% chosen to reflect different assumptions regarding required rates of return of holders or prospective buyers of FKF common stock. In addition, the terminal value of FKF s common stock at December 31, 2013 was calculated using the same range of price to last twelve month s earnings multiples (10.0x 17.0x) applied to a range of discounts and premiums to management s budget projections. The range applied to the budgeted net income was 25% under budget to 25% over budget, using a discount rate of 11.05% for the tabular analysis. As illustrated in the following tables, this analysis indicated an imputed range of values per share for FKF s common stock of $5.07 to $9.74 when applying the price/earnings multiples to the matched budget, $6.78 to $16.40 when applying multiples of tangible book value to the matched budget, and $4.03 to $11.43 when applying the price/earnings multiples to the -25% / +25% budget range.

Earnings Per Share Multiples

Discount Rate	10.0x	11.4x	12.8x	14.2x	15.6x	17.0x
9.50%	$ 5.73	$ 6.53	$ 7.33	$ 8.14	$ 8.94	$ 9.74
10.00%	5.61	6.40	7.18	7.97	8.76	9.54
10.50%	5.50	6.27	7.04	7.81	8.58	9.35
11.00%	5.39	6.14	6.90	7.65	8.41	9.16
11.50%	5.28	6.02	6.76	7.50	8.24	8.98
12.00%	5.18	5.90	6.62	7.35	8.07	8.80
12.50%	5.07	5.78	6.49	7.20	7.91	8.62

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Earnings Per Share Multiples

Budget Variance	10.0x	11.0x	12.0x	13.0x	14.0x	15.0x
-25.0%	$ 4.03	$ 4.60	$ 5.16	$ 5.73	$ 6.29	$ 6.86
-20.0%	4.30	4.90	5.51	6.11	6.71	7.31
-15.0%	4.57	5.21	5.85	6.49	7.13	7.77
-10.0%	4.84	5.52	6.20	6.87	7.55	8.23
-5.0%	5.11	5.82	6.54	7.25	7.97	8.69
0.0%	5.38	6.13	6.88	7.64	8.39	9.14
5.0%	5.65	6.44	7.23	8.02	8.81	9.60
10.0%	5.92	6.74	7.57	8.40	9.23	10.06
15.0%	6.18	7.05	7.92	8.78	9.65	10.51
20.0%	6.45	7.36	8.26	9.16	10.07	10.97
25.0%	6.72	7.66	8.60	9.55	10.49	11.43

Tangible Book Value Per Share Multiples

Discount Rate	70%	86%	102%	118%	134%	150%
9.50%	$ 7.65	$ 9.40	$ 11.15	$ 12.90	$ 14.65	$ 16.40
10.00%	7.50	9.21	10.92	12.64	14.35	16.06
10.50%	7.35	9.02	10.70	12.38	14.06	15.74
11.00%	7.20	8.84	10.49	12.13	13.78	15.42
11.50%	7.05	8.67	10.28	11.89	13.50	15.11
12.00%	6.91	8.49	10.07	11.65	13.23	14.81
12.50%	6.78	8.32	9.87	11.42	12.97	14.52

In connection with its analyses, Sandler O Neill considered and discussed with the FKF board how the present value analyses would be affected by changes in the underlying assumptions, including variations with respect to net income. Sandler O Neill noted that the discounted dividend stream and terminal value analysis is a widely used valuation methodology, but the results of such methodology are highly dependent upon the numerous assumptions that must be made, and the results thereof are not necessarily indicative of actual values or future results.

Analysis of Selected Merger Transactions. Sandler O Neill reviewed 10 merger transactions announced from June 30, 2008 through October 30, 2009 involving nationwide banks and thrifts with announced transaction values greater than $10.0 million and transaction values less than $400.0 million and with the target s non performing assets to total assets greater than or equal to 1%. Sandler O Neill reviewed the following multiples: transaction price at announcement to last twelve months earnings per share, transaction price to stated book value, transaction price to stated tangible book value, tangible book premium to core deposits, and current market price premium. As illustrated in the following table, Sandler O Neill compared the proposed merger multiples to the median multiples of comparable transactions.

Comparable Transaction Multiples

	BMBC / FKF	Median Group Multiple
Transaction price/LTM EPS	NM	23.8x
Transaction price/Book value	102%, minimum 95%	103%
Transaction price/Tangible book value	102%, minimum 95%	115%
Tangible book premium/Core deposits	0.2%, minimum (0.5%)	1.1%
Premium to current market	55.4%, minimum 44.5%	17.5%

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Pro Forma Merger Analysis. Sandler O Neill analyzed certain potential pro forma effects of the merger, assuming the following: (1) the merger closes in the second quarter of 2010; (2) 85.0% of FKF shares are exchanged for BMBC common stock at a fixed exchange ratio of 0.6973 and approximately 15% cash for $2.06 per share, with a minimum exchange ratio of 0.6485 and $1.92 per share in cash; (3) internal financial projections for FKF for the years ending December 31, 2009 through 2013 as prepared by senior management of FKF and discussed with senior management of BMBC and FKF; (5) financial projections for BMBC for the years ending December 31, 2009 through 2013 as discussed with senior management of BMBC; (6) accounting adjustments, including a preliminary $14.0 million credit mark against FKF s loan portfolio in aggregate, including the reversal of FKF s loan loss reserve, cost savings of 35%, or $11.7 million, fully phased in by 2011 and approximately $4.6 million in pre-tax transaction costs and expenses associated with the merger, determined by the senior management of each of BMBC and FKF.

For each of the years 2010, 2011, 2012 and 2013, Sandler O Neill compared the earnings per share of BMBC common stock to the earnings per share, as calculated in accordance with generally accepted accounting principles, of the combined company common stock using the foregoing assumptions. The following table sets forth the results of the analysis:

	GAAP Basis Accretion / (Dilution)
2011 Estimated EPS	8.06%
2012 Estimated EPS	8.55%
2013 Estimated EPS	6.90%

The analyses indicated that the merger would be accretive to BMBC s projected 2010, 2011 and 2012 earnings per share. The actual results achieved by the combined company may vary from projected results and the variations may be material.

Sandler O Neill s Cooperation and Other Relationships with FKF and BMBC. FKF has agreed to pay Sandler O Neill a transaction fee in connection with the merger of 1.5% of the aggregate transaction value**,** of which $100,000 has been paid, and the balance of which is contingent, and payable, upon closing of the merger. FKF has also agreed to reimburse certain of Sandler O Neill reasonable out-of-pocket expenses incurred in connection with its engagement and to indemnify Sandler O Neill and its affiliates and their respective partners, directors, officer, employees, agents and controlling persons against certain expenses and liabilities, including liabilities under the securities laws.

Sandler O Neill has provided certain other investment banking services to FKF in the past and has received compensation for such services.

In the ordinary course of their respective broker and dealer businesses, Sandler O Neill may purchase securities from and sell securities to FKF and BMBC and their affiliates. Sandler O Neill may also actively trade the debt and/or equity securities of FKF or BMBC or their affiliates for their own accounts and for the accounts of their customers and, accordingly, may at any time hold a long or short position in such securities.

Board of Directors and Management of BMBC Following Completion of the Merger

Upon completion of the merger, the current directors and officers of BMBC are expected to continue in their current positions. At the closing of the merger, BMBC will expand and cause BMT to expand the size of each of their respective boards by one member and will appoint Mr. Donald S. Guthrie as a director on each such board in the class of directors whose terms expire at the 2011 annual meeting of shareholders of BMBC. Pursuant to the Merger Agreement, at the end of his initial term on each board, Mr. Guthrie is to be re-nominated for an additional four-year term on each of BMBC s and BMT s board, subject to the fiduciary duties of the board of directors and any applicable eligibility requirements set forth in BMBC s or BMT s amended and restated articles of incorporation or amended and restated bylaws. In the event that Mr. Guthrie is unable or unwilling to serve as a director pursuant to the terms of the merger agreement, the board of directors of FKF (or the members of the BMT advisory board (described below) after consummation of the merger) shall substitute another member of the board of directors of FKF or FKB (or the BMT advisory board if this occurs after the merger), who shall be reasonably acceptable to BMBC and BMT, to serve as a member of the BMBC and BMT boards of directors under the same terms and conditions described immediately above.

Upon the completion of the merger, BMT will also form an advisory board comprised of those members of FKF s and FKB s boards of directors immediately prior to the closing who do not become directors of BMBC and BMT.

Information about the current BMBC directors and executive officers can be found in BMBC s proxy statement dated March 17, 2009, which is incorporated by reference into this proxy statement/prospectus and information about Mr. Guthrie can be found in FKF s Annual Report on Form 10-K for the year ended September 30, 2009, which is attached to this proxy statement/prospectus as Annex B. See Where You Can Find More Information on page 85.

Public Trading Markets

BMBC common stock is listed on NASDAQ under the symbol BMTC. FKF common stock is quoted on NASDAQ under the symbol FKFS. Upon completion of the merger, FKF common stock will be delisted from NASDAQ and thereafter will be deregistered under the Exchange Act. The BMBC common stock issuable in the merger will be listed on NASDAQ.

FKF Shareholders Do Not Have Dissenters Rights in the Merger

Under Pennsylvania law, shareholders of a Pennsylvania corporation are not entitled to exercise dissenters rights with respect to a merger if shares of the corporation are listed on a national securities exchange on the record date for determining shareholders entitled to vote on the merger. Because FKF common stock is quoted on NASDAQ (and is expected to continue to be so quoted through the record date for the special meeting and completion of the merger), FKF shareholders do not have the right to exercise dissenters rights with respect to the merger. If the merger agreement and the transactions contemplated thereby are approved and the merger is completed, FKF shareholders who voted against the approval of the merger agreement and the transactions contemplated thereby will be treated the same as FKF shareholders who voted for the approval of the merger agreement and the transactions contemplated thereby and their shares will automatically be converted into the right to receive the merger consideration.

For further information as to the special meeting and the proxy solicited by FKF s board of directors for purposes of the special meeting, please see the discussion under the caption Questions and Answers About the Merger and Special Meeting and The Merger Interests of FKF s Directors and Executive Officers in the Merger, commencing on pages 1 and 46, respectively.

Regulatory Approvals Required for the Merger

We have agreed to use our reasonable best efforts to obtain all regulatory approvals required to complete the merger and the other transactions contemplated by the merger agreement. These approvals include approval from the Board of Governors of the Federal Reserve System and the Pennsylvania Department of Banking. BMBC and FKF have completed, or will complete, the filing of applications and notifications to obtain the required regulatory approvals.

Each of BMBC and FKF have agreed to use their reasonable best efforts to obtain all regulatory approvals required to complete the transactions contemplated by the merger agreement. These approvals include approval

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from the Board of Governors of the Federal Reserve System, under the Federal Bank Merger Act, and the Pennsylvania Department of Banking under the Pennsylvania Banking Code of 1965, as well as various other regulatory authorities. The transaction is also subject to the non-objection of the Federal Reserve Bank of Philadelphia, because the merger involves an acquisition by a bank holding company, and the OTS because the merger involves an institution under its jurisdiction. FKF and BMBC have completed, or will complete, the filing of applications and notifications to obtain the required regulatory approvals.

FKF and BMBC believe that the merger does not raise substantial antitrust or other significant regulatory concerns and that they will be able to obtain all requisite regulatory approvals on a timely basis without the imposition of any condition that would have a material adverse effect on FKF or BMBC. In connection with obtaining any required regulatory approvals, BMBC and FKF are not required to agree to any restriction or condition that would have a material adverse effect on BMBC, FKF or the resulting institution in the merger.

Neither FKF nor BMBC is aware of any material governmental approvals or actions that are required for completion of the merger other than those described above. It is presently contemplated that if any such additional governmental approvals or actions are required, those approvals or actions will be sought.

We cannot assure you that all of the regulatory approvals described above will be obtained, and, if obtained, we cannot assure you as to the date of any approvals or the absence of any litigation challenging such approvals. Likewise, we cannot assure you that the Antitrust Division of the Justice Department, the Federal Trade Commission or any state attorney general will not attempt to challenge the transactions contemplated by the merger agreement on antitrust grounds, and, if such a challenge is made, we cannot assure you as to its result.

Pursuant to the Bank Holding Company Act, a transaction approved by the Federal Reserve Board may not be completed until 30 days after approval is received, during which time the Antitrust Division may challenge the transactions on antitrust grounds. The commencement of an antitrust action would stay that is, suspend the effectiveness of an approval unless a court were to order specifically otherwise. With the approval of the Federal Reserve Board and the concurrence of the Antitrust Division, the waiting period may be reduced to no less than 15 days.

BMBC and FKF believe that the transactions contemplated by the merger agreement do not raise substantial antitrust or other significant regulatory concerns and that they will be able to obtain all requisite regulatory approvals on a timely basis without the imposition of any condition that would have a material adverse effect on BMBC or FKF. The parties obligations to complete the transactions contemplated by the merger agreement are subject to a number of conditions, including the receipt of all required regulatory consents and approvals, unless the failure to obtain such consents and approvals would not reasonably be expected to have a material adverse effect on the combined enterprise of FKF, FKB and BMBC or materially impair the value of FKF or FKB to BMBC. We are not aware of any material governmental approvals or actions that are required for completion of the transactions other than those described above. It is presently contemplated that if any such additional governmental approvals or actions are required, those approvals or actions will be sought. There can be no assurance, however, that any additional approvals or actions will be obtained.

Dividends

The payment, timing and amount of dividends with respect to BMBC after the merger is subject to the determination of BMBC s board of directors and may change at any time. In its third quarter of fiscal 2009, BMBC declared a dividend of $0.14 per share of BMBC common stock. FKF declared no dividends in fiscal 2009. For comparison, if the merger had occurred prior to the dividend paid in BMBC s third quarter of 2009, FKF shareholders in receipt of the merger consideration (based on the per share merger consideration) would hypothetically have received a dividend in BMBC s third quarter of 2009 equivalent to $0.098 per share of FKF common stock.

The merger agreement permits BMBC to continue to pay regular quarterly cash dividends to its shareholders prior to merger completion. Pursuant to the merger agreement, FKF and its subsidiaries may not declare or pay any dividend, other than dividends paid by any wholly owned FKF subsidiary to FKF consistent with past practice, prior to the completion of the merger. The payment, timing and amount of dividends by BMBC or FKF on their common stock in the future, either before or after the merger is completed, are subject to the determination of the respective BMBC and FKF boards of directors and depend on cash requirements, the financial condition and earnings of BMBC and FKF, legal and regulatory considerations and other factors.

For further information, please see Comparative Market Prices and Dividends on page 65 and Recent Developments on page 11.

Interests of FKF s Directors and Executive Officers in the Merger

In considering the recommendation of FKF s board of directors that you vote to approve the merger agreement and the transactions contemplated thereby, you should be aware that some of FKF s directors and executive officers have financial interests in the merger that are different from, or in addition to, those of FKF s shareholders generally. The independent members of FKF s board of directors were aware of and considered these interests, among other matters, in evaluating and negotiating the merger agreement and the merger, and in recommending that FKF s shareholders approve the merger agreement and the transactions contemplated thereby. For purposes of all of the FKF agreements and plans described below, the consummation of the transactions contemplated by the merger agreement will constitute a change in control.

Equity Compensation Awards. Upon consummation of the merger, all outstanding options to acquire shares of FKF common stock will, to the extent not already vested, fully vest (subject in certain cases to the approval or non-objection of the OTS) and be converted into an option to purchase a number of shares of BMBC common stock equal to the product (rounded down to the nearest whole share and subject to adjustment as provid