

## Sandy Spring Bancorp Reports Net Income of \$11.2 Million for the First Quarter

Company Release - 04/16/2015 07:00

OLNEY, Md., April 16, 2015 (GLOBE NEWSWIRE) -- Sandy Spring Bancorp, Inc., (Nasdaq:SASR) the parent company of Sandy Spring Bank, today reported net income for the first quarter of 2015 of \$11.2 million (\$0.45 per diluted share) compared to net income of \$10.9 million (\$0.43 per diluted share) for the first quarter of 2014 and net income of \$9.1 million (\$0.36 per diluted share) for the fourth quarter of 2014.

"We are off to a solid start to the year, as higher net interest income from a growing loan portfolio, together with growth in income from wealth management and mortgage banking drove first quarter operating results," said Daniel J. Schrider, President and Chief Executive Officer.

"Our consistent performance has enabled us to deliver increased shareholder value through increases to our dividends and timely repurchases of shares during the last two quarters," said Schrider.

### First Quarter Highlights:

- Total loans increased 12% compared to the first quarter of 2014 and 1% compared to the fourth quarter of 2014. Growth over the prior year was 10% or better in each of the three major portfolio segments.
- Combined noninterest-bearing and interest-bearing transaction account balances increased 13% to \$1.5 billion at March 31, 2015 as compared to \$1.4 billion at March 31, 2014.
- The provision for loan and lease losses for the first quarter of 2015 was a charge of \$0.6 million compared to a credit of \$1.0 million for the first quarter of 2014 and a charge of \$0.9 million for the fourth quarter of 2014.
- The net interest margin was 3.44% for the first quarter of 2015, compared to 3.47% for the first quarter of 2014 and 3.44% for the fourth quarter of 2014.
- Non-interest income increased 17% for the quarter compared to the prior year quarter primarily due to increases in income from wealth management and mortgage banking.
- During the first quarter of 2015, the Company repurchased 351,369 shares at an average price of \$25.72 per share as part of its existing share repurchase program. Also, on January 29 the Board increased the Company's quarterly dividend to \$0.22 per share, up from \$0.20 per share in the fourth quarter of 2014.

### Review of Balance Sheet and Credit Quality

Total assets grew 6% to \$4.4 billion at March 31, 2015 compared to \$4.2 billion at March 31, 2014. This growth was driven by a 12% increase in the loan portfolio as total loans and leases ended the period at \$3.2 billion.

At March 31, 2015, combined noninterest-bearing and interest-bearing checking account balances, an important performance driver of multiple-product banking relationships with clients, increased 13% compared to balances at March 31, 2014. Total deposits and certain other short-term borrowings that comprise the funding sources derived from customers, increased 6% compared to March 31, 2014.

Tangible common equity totaled \$435 million at March 31, 2015 compared to \$424 million at March 31, 2014. The ratio of tangible common equity to tangible assets decreased to 10.08% at March 31, 2015 from 10.38% at March 31, 2014 due primarily to the growth in assets. Dividends per common share were \$0.22 per share for the quarter compared to \$0.18 per common share for the first quarter of 2014, a 22% increase. At March 31, 2015, the Company had a total risk-based capital ratio of 15.12%, a common equity tier 1 risk-based capital ratio of 14.01%, a tier 1 risk-based capital ratio of 14.01% and a tier 1 leverage ratio of 11.00%.

Non-performing loans totaled \$36.0 million at March 31, 2015 compared to \$38.7 million at March 31, 2014 and \$34.0 million at December 31, 2014. The level of non-performing loans to total loans decreased to 1.14% at March 31, 2015 compared to 1.37% at March 31, 2014 due to growth in the overall loan portfolio. The increase in non-performing loans at March 31, 2015 compared to December 31, 2014 was driven primarily by one commercial investor real estate loan that was moved to non-performing status during the quarter. This was somewhat offset by recoveries and loan payoffs.

Loan charge-offs, net of recoveries, totaled \$0.9 million for the first quarter of 2015 compared to net loan recoveries of \$0.2 million for the first quarter of 2014 and net loan charge-offs of \$0.6 million for the fourth quarter of 2014. The allowance for loan and lease losses represented 1.18% of outstanding loans and leases and 104% of non-performing loans at December

31, 2015 compared to 1.34% of outstanding loans and leases and 98% of non-performing loans at March 31, 2014. Non-performing loans includes accruing loans 90 days or more past due and restructured loans.

### **Income Statement Review**

Net interest income for the first quarter of 2015 increased 6% compared to the first quarter of 2014. The net interest margin was 3.44% for the first quarter of 2015 compared to 3.47% for the first quarter of 2014.

The provision for loan and lease losses was a charge of \$0.6 million for the first quarter of 2015 compared to a credit of \$1.0 million for the first quarter of 2014 and a charge of \$0.9 million for the fourth quarter of 2014. The current quarter's charge reflects the growth in the loan portfolio over the prior year quarter together with the increase in non-performing loans and loan charge-offs during the first quarter.

Non-interest income increased 17% to \$13.2 million for the first quarter of 2015 compared to \$11.2 million for the first quarter of 2014. The increase in non-interest income for the quarter compared to the prior year quarter was due primarily to increases in income from wealth management due to growth in assets under management and mortgage banking due primarily to higher mortgage origination volumes.

Non-interest expenses increased 6% to \$29.2 million for the first quarter of 2015 compared to \$27.5 million in the first quarter of 2014. The current quarter included increases in salaries and benefits and other non-interest expenses that were somewhat offset by a decline in intangibles amortization. The non-GAAP efficiency ratio was 60.53% for the first quarter of 2015 compared to 61.60% for the first quarter of 2014.

### **Conference Call**

The Company's management will host a conference call to discuss its first quarter results today at 2:00 P.M. (ET). A live Web cast of the conference call is available through the Investor Relations' section of the Sandy Spring Web site at [www.sandyspringbank.com](http://www.sandyspringbank.com). Participants may call 1-866-235-9910. A password is not necessary. Visitors to the Web site are advised to log on 10 minutes ahead of the scheduled start of the call. An internet-based replay will be available at the Web site until 9:00 am (ET) April 30, 2015. A replay of the teleconference will be available through the same time period by calling 1-877-344-7529 under conference call number 10063098.

### **About Sandy Spring Bancorp, Inc.**

With \$4.4 billion in assets, Sandy Spring Bancorp, Inc. is the holding company for Sandy Spring Bank and its principal subsidiaries, Sandy Spring Insurance Corporation and West Financial Services, Inc. Sandy Spring Bank traces its origin to 1868, making it among the oldest banking institutions in the region. Sandy Spring is a community banking organization that focuses its lending and other services on businesses and consumers in the local market area. Independent and community-oriented, Sandy Spring offers a broad range of commercial banking, retail banking and trust services through 44 community offices in Anne Arundel, Carroll, Frederick, Howard, Montgomery, and Prince George's counties in Maryland, and Arlington, Fairfax and Loudoun counties in Virginia. Through its subsidiaries, Sandy Spring Bank also offers a comprehensive menu of insurance and investment management services. Visit [www.sandyspringbank.com](http://www.sandyspringbank.com) for more information about Sandy Spring Bank.

### **Forward-Looking Statements**

Sandy Spring Bancorp makes forward-looking statements in this news release and in the conference call regarding this news release. These forward-looking statements may include: statements of goals, intentions, earnings expectations, and other expectations; estimates of risks and of future costs and benefits; assessments of probable loan and lease losses; assessments of market risk; and statements of the ability to achieve financial and other goals.

Forward-looking statements are typically identified by words such as "believe," "expect," "anticipate," "intend," "outlook," "estimate," "forecast," "project" and other similar words and expressions. Forward-looking statements are subject to numerous assumptions, risks and uncertainties, which change over time. Forward-looking statements speak only as of the date they are made. Sandy Spring Bancorp does not assume any duty and does not undertake to update its forward-looking statements. Because forward-looking statements are subject to assumptions and uncertainties, actual results or future events could differ, possibly materially, from those that Sandy Spring Bancorp anticipated in its forward-looking statements and future results could differ materially from historical performance.

Sandy Spring Bancorp's forward-looking statements are subject to the following principal risks and uncertainties: general economic conditions and trends, either nationally or locally; conditions in the securities markets; changes in interest rates; changes in deposit flows, and in the demand for deposit, loan, and investment products and other financial services; changes in real estate values; changes in the quality or composition of the Company's loan or investment portfolios; changes in competitive pressures among financial institutions or from non-financial institutions; the Company's ability to retain key members of management; changes in legislation, regulations, and policies; and a variety of other matters which, by their nature, are subject to significant uncertainties. Sandy Spring Bancorp provides greater detail regarding some of these factors in its Form 10-K for the year ended December 31, 2014, including in the Risk Factors section of that report, and

in its other SEC reports. Sandy Spring Bancorp's forward-looking statements may also be subject to other risks and uncertainties, including those that it may discuss elsewhere in this news release or in its filings with the SEC, accessible on the SEC's Web site at [www.sec.gov](http://www.sec.gov).

## Sandy Spring Bancorp, Inc. and Subsidiaries

### FINANCIAL HIGHLIGHTS - UNAUDITED

(Dollars in thousands, except per share data)	Three Months Ended		% Change
	March 31,		
	2015	2014	
<b>Results of Operations:</b>			
Net interest income	\$ 33,373	\$ 31,592	6%
Provision (credit) for loan and lease losses	597	(982)	(161)
Non-interest income	13,159	11,249	17
Non-interest expenses	29,244	27,549	6
Income before income taxes	16,691	16,274	3
Net income	11,225	10,928	3
Pre-tax pre-provision income	\$ 17,488	\$ 15,292	14
Return on average assets	1.04%	1.08%	
Return on average common equity	8.73%	8.80%	
Net interest margin	3.44%	3.47%	
Efficiency ratio - GAAP basis (1)	62.85%	64.31%	
Efficiency ratio - Non-GAAP basis (1)	60.53%	61.60%	
<b>Per share data:</b>			
Basic net income	\$ 0.45	\$ 0.44	2%
Diluted net income	\$ 0.45	\$ 0.43	5
Average fully diluted shares	25,048,576	25,124,206	--
Dividends declared per share	\$ 0.22	\$ 0.18	22
Book value per share	21.10	20.38	4
Tangible book value per share	17.59	16.93	4
Outstanding shares	24,733,868	25,043,482	(1)
<b>Financial Condition at period-end:</b>			
Investment securities	\$ 912,565	\$ 997,584	(9)%
Loans and leases	3,164,706	2,832,813	12
Interest-earning assets	4,125,549	3,891,223	6
Assets	4,401,380	4,168,998	6
Deposits	3,109,892	2,959,195	5
Interest-bearing liabilities	2,818,966	2,748,064	3
Stockholders' equity	521,768	510,386	2
<b>Capital ratios:</b>			
Tier 1 leverage (4)	11.00%	11.43%	
Tier 1 capital to risk-weighted assets (4)	14.01%	14.64%	
Total regulatory capital to risk-weighted assets (4)	15.12%	15.85%	
Common equity tier 1 capital to risk-weighted assets (4)	14.01%	n.a.	
Tangible common equity to tangible assets (2)	10.08%	10.38%	
Average equity to average assets	11.92%	12.27%	

**Credit quality ratios:**

Allowance for loan and lease losses to loans and leases	<b>1.18%</b>	1.34%
Non-performing loans to total loans	<b>1.14%</b>	1.37%
Non-performing assets to total assets	<b>0.89%</b>	0.97%
Allowance for loan and lease losses to non-performing loans	<b>104.05%</b>	98.27%
Annualized net charge-offs to average loans and leases (3)	<b>0.12%</b>	(0.04)%

(1) The efficiency ratio - GAAP basis is non-interest expenses divided by net interest income plus non-interest income from the Condensed Consolidated Statements of Income. The traditional efficiency ratio - Non-GAAP basis excludes intangible asset amortization from non-interest expense; securities gains (losses) from non-interest income; OTTI; and the tax-equivalent adjustment to net interest income. See the Reconciliation Table included with these Financial Highlights.

(2) The tangible common equity to tangible assets ratio is a non-GAAP ratio that divides assets excluding intangible assets into stockholders' equity after deducting intangible assets and other comprehensive gains (losses). See the Reconciliation Table included with these Financial Highlights.

(3) Calculation utilizes average loans and leases, excluding residential mortgage loans held-for-sale.

(4) Estimated ratio at March 31, 2015

**Sandy Spring Bancorp, Inc. and Subsidiaries****RECONCILIATION TABLE - UNAUDITED**

(Dollars in thousands)	Three Months Ended	
	March 31,	
	<b>2015</b>	2014
<b>Pre-tax pre-provision income:</b>		
Net income	<b>\$ 11,225</b>	\$ 10,928
Plus non-GAAP adjustment:		
Litigation expenses	<b>200</b>	--
Income taxes	<b>5,466</b>	5,346
Provision (credit) for loan and lease losses	<b>597</b>	(982)
Pre-tax pre-provision income	<b><u>\$ 17,488</u></b>	<u>\$ 15,292</u>
<b>Efficiency ratio - GAAP basis:</b>		
Non-interest expenses	<b>\$ 29,244</b>	\$ 27,549
Net interest income plus non-interest income	<b>\$ 46,532</b>	\$ 42,841
<b>Efficiency ratio - GAAP basis</b>	<b>62.85%</b>	64.31%
<b>Efficiency ratio - Non-GAAP basis:</b>		
Non-interest expenses	<b>\$ 29,244</b>	\$ 27,549
Less non-GAAP adjustment:		
Amortization of intangible assets	<b>107</b>	370
Litigation expenses	<b>200</b>	--
Non-interest expenses - as adjusted	<b><u>\$ 28,937</u></b>	<u>\$ 27,179</u>
Net interest income plus non-interest income	<b>\$ 46,532</b>	\$ 42,841
Plus non-GAAP adjustment:		
Tax-equivalent income	<b>1,271</b>	1,282
Less non-GAAP adjustments:		

Securities gains (losses)	--	--
Net interest income plus non-interest income - as adjusted	<u>\$ 47,803</u>	<u>\$ 44,123</u>

<b>Efficiency ratio - Non-GAAP basis</b>	<b>60.53%</b>	61.60%
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**Tangible common equity ratio:**

Total stockholders' equity	<b>\$ 521,768</b>	\$ 510,386
Accumulated other comprehensive income	<b>(2,146)</b>	(1,350)
Goodwill	<b>(84,171)</b>	(84,171)
Other intangible assets, net	<u><b>(403)</b></u>	<u>(960)</u>
Tangible common equity	<u><b>\$ 435,048</b></u>	<u>\$ 423,905</u>

Total assets	<b>\$ 4,401,380</b>	\$ 4,168,998
Goodwill	<b>(84,171)</b>	(84,171)
Other intangible assets, net	<u><b>(403)</b></u>	<u>(960)</u>
Tangible assets	<u><b>\$ 4,316,806</b></u>	<u>\$ 4,083,867</u>

<b>Tangible common equity ratio</b>	<b>10.08%</b>	10.38%
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Outstanding common shares	<b>24,733,868</b>	25,043,482
Tangible book value per common share	<b>\$ 17.59</b>	\$ 16.93

**Sandy Spring Bancorp, Inc. and Subsidiaries**

**CONDENSED CONSOLIDATED STATEMENTS OF CONDITION - UNAUDITED**

(Dollars in thousands)	March 31, 2015	December 31, 2014	March 31, 2014
<b>Assets</b>			
Cash and due from banks	<b>\$ 46,771</b>	\$ 52,804	\$ 58,448
Federal funds sold	<b>473</b>	473	474
Interest-bearing deposits with banks	<b>33,906</b>	42,940	57,273
Cash and cash equivalents	<b>81,150</b>	96,217	116,195
Residential mortgage loans held for sale (at fair value)	<b>13,899</b>	10,512	3,079
Investments available-for-sale (at fair value)	<b>657,709</b>	672,209	736,270
Investments held-to-maturity -- fair value of \$221,687, \$222,260 and \$220,693 at March 31, 2015, December 31, 2014 and March 31, 2014, respectively	<b>217,557</b>	219,973	223,747
Other equity securities	<b>37,299</b>	41,437	37,567
Total loans and leases	<b>3,164,706</b>	3,127,392	2,832,813
Less: allowance for loan and lease losses	<u><b>(37,475)</b></u>	<u>(37,802)</u>	<u>(38,026)</u>
Net loans and leases	<b>3,127,231</b>	3,089,590	2,794,787
Premises and equipment, net	<b>51,299</b>	49,402	45,644
Other real estate owned	<b>3,227</b>	3,195	1,619
Accrued interest receivable	<b>12,505</b>	12,634	12,288
Goodwill	<b>84,171</b>	84,171	84,171
Other intangible assets, net	<b>403</b>	510	960
Other assets	<b>114,930</b>	117,282	112,671
<b>Total assets</b>	<u><b>\$ 4,401,380</b></u>	<u>\$ 4,397,132</u>	<u>\$ 4,168,998</u>

**Liabilities**

Noninterest-bearing deposits	\$ 1,017,566	\$ 993,737	\$ 882,169
Interest-bearing deposits	<u>2,092,326</u>	<u>2,072,772</u>	<u>2,077,026</u>
Total deposits	<b>3,109,892</b>	3,066,509	2,959,195
Securities sold under retail repurchase agreements and federal funds purchased	101,640	74,432	67,038
Advances from FHLB	590,000	655,000	569,000
Subordinated debentures	35,000	35,000	35,000
Accrued interest payable and other liabilities	<u>43,080</u>	<u>44,440</u>	<u>28,379</u>
Total liabilities	<b><u>3,879,612</u></b>	<u>3,875,381</u>	<u>3,658,612</u>

**Stockholders' Equity**

Common stock -- par value \$1.00; shares authorized 50,000,000; shares issued and outstanding 24,733,868, 25,044,877 and 25,043,482 at March 31, 2015, December 31, 2014 and March 31, 2014, respectively	24,734	25,045	25,043
Additional paid in capital	186,342	194,647	193,708
Retained earnings	308,546	302,882	290,285
Accumulated other comprehensive income (loss)	<u>2,146</u>	<u>(823)</u>	<u>1,350</u>
Total stockholders' equity	<b><u>521,768</u></b>	<u>521,751</u>	<u>510,386</u>
<b>Total liabilities and stockholders' equity</b>	<b><u>\$ 4,401,380</u></b>	<b><u>\$ 4,397,132</u></b>	<b><u>\$ 4,168,998</u></b>

**Sandy Spring Bancorp, Inc. and Subsidiaries****CONDENSED CONSOLIDATED STATEMENTS OF INCOME - UNAUDITED**

	Three Months Ended	
	March 31,	
(Dollars in thousands, except per share data)	<u>2015</u>	<u>2014</u>
<b>Interest Income:</b>		
Interest and fees on loans and leases	\$ 32,139	\$ 29,734
Interest on loans held for sale	76	59
Interest on deposits with banks	22	20
Interest and dividends on investment securities:		
Taxable	3,577	4,116
Exempt from federal income taxes	<u>2,258</u>	<u>2,321</u>
Total interest income	<b>38,072</b>	36,250
<b>Interest Expense:</b>		
Interest on deposits	1,194	1,184
Interest on retail repurchase agreements and federal funds purchased	50	38
Interest on advances from FHLB	3,236	3,218
Interest on subordinated debt	<u>219</u>	<u>218</u>
Total interest expense	<b><u>4,699</u></b>	<u>4,658</u>
<b>Net interest income</b>	<b>33,373</b>	31,592
Provision (credit) for loan and lease losses	<u>597</u>	<u>(982)</u>
Net interest income after provision (credit) for loan and lease losses	<b>32,776</b>	32,574
<b>Non-interest Income:</b>		
Investment securities gains (losses)	--	--
Service charges on deposit accounts	1,882	1,972
Mortgage banking activities	1,178	316
Wealth management income	4,916	4,466
Insurance agency commissions	1,618	1,640

Income from bank owned life insurance	713	598
Bank card fees	1,057	978
Other income	1,795	1,279
Total non-interest income	13,159	11,249
<b>Non-interest Expenses:</b>		
Salaries and employee benefits	17,299	16,355
Occupancy expense of premises	3,489	3,472
Equipment expenses	1,373	1,256
Marketing	531	542
Outside data services	1,261	1,216
FDIC insurance	631	520
Amortization of intangible assets	107	370
Litigation expenses	200	--
Other expenses	4,353	3,818
Total non-interest expenses	29,244	27,549
Income before income taxes	16,691	16,274
Income tax expense	5,466	5,346
<b>Net income</b>	<b>\$ 11,225</b>	<b>\$ 10,928</b>

**Net Income Per Share Amounts:**

Basic net income per share	\$ 0.45	\$ 0.44
Diluted net income per share	\$ 0.45	\$ 0.43
Dividends declared per share	\$ 0.22	\$ 0.18

**Sandy Spring Bancorp, Inc. and Subsidiaries**

**HISTORICAL TRENDS - QUARTERLY FINANCIAL DATA - UNAUDITED**

	2015		2014		
(Dollars in thousands, except per share data)	Q1	Q4	Q3	Q2	Q1
<b>Profitability for the Quarter:</b>					
Tax-equivalent interest income	\$ 39,343	\$ 39,258	\$ 38,446	\$ 38,322	\$ 37,532
Interest expense	4,699	4,748	4,730	4,682	4,658
Tax-equivalent net interest income	34,644	34,510	33,716	33,640	32,874
Tax-equivalent adjustment	1,271	1,283	1,296	1,331	1,282
Provision for loan and lease losses	597	853	(192)	158	(982)
Non-interest income	13,159	11,338	12,590	11,694	11,249
Non-interest expenses	29,244	30,478	28,632	34,141	27,549
Income before income taxes	16,691	13,234	16,570	9,704	16,274
Income tax expense	5,466	4,086	5,428	2,722	5,346
Net income	\$ 11,225	\$ 9,148	\$ 11,142	\$ 6,982	\$ 10,928
<b>Financial Performance:</b>					
Pre-tax pre-provision income	\$ 17,488	\$ 14,242	\$ 16,614	\$ 15,990	\$ 15,292
Return on average assets	1.04%	0.85%	1.05%	0.67%	1.08%
Return on average common equity	8.73%	6.93%	8.54%	5.47%	8.80%
Net interest margin	3.44%	3.44%	3.42%	3.48%	3.47%
Efficiency ratio - GAAP basis (1)	62.85%	68.39%	63.61%	77.59%	64.31%
Efficiency ratio - Non-GAAP basis (1)	60.53%	65.89%	61.09%	61.30%	61.60%

**Per Share Data:**

Basic net income per share	<b>\$ 0.45</b>	\$ 0.37	\$ 0.44	\$ 0.28	\$ 0.44
Diluted net income per share	<b>\$ 0.45</b>	\$ 0.36	\$ 0.44	\$ 0.28	\$ 0.43
Average fully diluted shares	<b>25,048,576</b>	25,151,831	25,151,582	25,127,036	25,124,206
Dividends declared per common share	<b>\$ 0.22</b>	\$ 0.20	\$ 0.20	\$ 0.18	\$ 0.18
<b>Non-interest Income:</b>					
Securities gains (losses)	<b>\$ --</b>	\$ (3)	\$ 8	\$ --	\$ --
Service charges on deposit accounts	<b>1,882</b>	2,135	2,226	2,089	1,972
Mortgage banking activities	<b>1,178</b>	512	596	570	316
Wealth management income	<b>4,916</b>	4,905	4,974	4,741	4,466
Insurance agency commissions	<b>1,618</b>	985	1,410	961	1,640
Income from bank owned life insurance	<b>713</b>	627	611	608	598
Bank card fees	<b>1,057</b>	1,144	1,148	1,169	978
Other income	<b>1,795</b>	1,033	1,617	1,556	1,279
<b>Total Non-interest Income</b>	<b>\$ 13,159</b>	\$ 11,338	\$ 12,590	\$ 11,694	\$ 11,249
<b>Non-interest Expense:</b>					
Salaries and employee benefits	<b>\$ 17,299</b>	\$ 16,793	\$ 16,765	\$ 16,474	\$ 16,355
Occupancy expense of premises	<b>3,489</b>	3,914	3,032	3,274	3,472
Equipment expenses	<b>1,373</b>	1,333	1,337	1,262	1,256
Marketing	<b>531</b>	838	744	802	542
Outside data services	<b>1,261</b>	1,284	1,231	1,216	1,216
FDIC insurance	<b>631</b>	615	594	573	520
Amortization of intangible assets	<b>107</b>	112	115	224	370
Litigation expenses	<b>200</b>	155	236	6,128	--
Professional fees	<b>1,209</b>	1,246	1,092	1,292	914
Other real estate owned expenses	<b>10</b>	2	40	9	--
Other expenses	<b>3,134</b>	4,186	3,446	2,887	2,904
<b>Total Non-interest Expense</b>	<b>\$ 29,244</b>	\$ 30,478	\$ 28,632	\$ 34,141	\$ 27,549

(1) The efficiency ratio - GAAP basis is non-interest expenses divided by net interest income plus non-interest income from the Condensed Consolidated Statements of Income. The traditional, efficiency ratio - non-GAAP basis excludes intangible asset amortization from non-interest expense; excludes securities gains; OTTI losses from non-interest income; and adds the tax-equivalent adjustment to net interest income. See the Reconciliation Table included with these Financial Highlights.

### Sandy Spring Bancorp, Inc. and Subsidiaries

#### HISTORICAL TRENDS - QUARTERLY FINANCIAL DATA - UNAUDITED

(Dollars in thousands)	2015		2014		
	Q1	Q4	Q3	Q2	Q1
<b>Balance Sheets at Quarter End:</b>					
Residential mortgage loans	<b>\$ 728,858</b>	\$ 717,886	\$ 698,925	\$ 668,536	\$ 640,939
Residential construction loans	<b>130,321</b>	136,741	141,883	149,321	143,109
Commercial ADC loans	<b>203,731</b>	205,124	194,666	178,972	163,343
Commercial investor real estate loans	<b>668,931</b>	640,193	575,984	577,813	573,634
Commercial owner occupied real estate loans	<b>618,846</b>	611,061	584,964	581,795	582,472
Commercial business loans	<b>385,452</b>	390,781	368,611	357,472	348,180
Leasing	<b>36</b>	54	156	260	439



Consumer loans	<u>428,531</u>	<u>425,552</u>	<u>410,723</u>	<u>396,775</u>	<u>380,697</u>
Total loans and leases	<u>3,164,706</u>	<u>3,127,392</u>	<u>2,975,912</u>	<u>2,910,944</u>	<u>2,832,813</u>
Allowance for loan and lease losses	<u>(37,475)</u>	<u>(37,802)</u>	<u>(37,574)</u>	<u>(37,959)</u>	<u>(38,026)</u>
Investment securities	<u>912,565</u>	<u>933,619</u>	<u>950,869</u>	<u>980,530</u>	<u>997,584</u>
Interest-earning assets	<u>4,125,549</u>	<u>4,114,936</u>	<u>3,976,731</u>	<u>3,945,643</u>	<u>3,891,223</u>
Total assets	<u>4,401,380</u>	<u>4,397,132</u>	<u>4,248,731</u>	<u>4,234,342</u>	<u>4,168,998</u>
Noninterest-bearing demand deposits	<u>1,017,566</u>	<u>993,737</u>	<u>986,549</u>	<u>984,700</u>	<u>882,169</u>
Total deposits	<u>3,109,892</u>	<u>3,066,509</u>	<u>3,028,788</u>	<u>3,038,670</u>	<u>2,959,195</u>
Customer repurchase agreements	<u>101,640</u>	<u>74,432</u>	<u>71,384</u>	<u>72,917</u>	<u>67,038</u>
Total interest-bearing liabilities	<u>2,818,966</u>	<u>2,837,204</u>	<u>2,706,623</u>	<u>2,698,887</u>	<u>2,748,064</u>
Total stockholders' equity	<u>521,768</u>	<u>521,751</u>	<u>522,404</u>	<u>517,269</u>	<u>510,386</u>

**Quarterly Average Balance Sheets:**

Residential mortgage loans	<u>\$ 731,301</u>	<u>\$ 717,671</u>	<u>\$ 689,531</u>	<u>\$ 659,172</u>	<u>\$ 633,160</u>
Residential construction loans	<u>132,456</u>	<u>141,890</u>	<u>147,750</u>	<u>145,968</u>	<u>134,261</u>
Commercial ADC loans	<u>206,105</u>	<u>201,020</u>	<u>180,293</u>	<u>168,063</u>	<u>162,544</u>
Commercial investor real estate loans	<u>645,163</u>	<u>607,050</u>	<u>577,851</u>	<u>575,283</u>	<u>557,168</u>
Commercial owner occupied real estate loans	<u>611,722</u>	<u>594,634</u>	<u>585,014</u>	<u>579,953</u>	<u>584,155</u>
Commercial business loans	<u>383,111</u>	<u>367,872</u>	<u>367,203</u>	<u>348,597</u>	<u>349,734</u>
Leasing	<u>44</u>	<u>114</u>	<u>206</u>	<u>352</u>	<u>567</u>
Consumer loans	<u>425,434</u>	<u>417,910</u>	<u>404,062</u>	<u>390,076</u>	<u>377,822</u>
Total loans and leases	<u>3,135,336</u>	<u>3,048,161</u>	<u>2,951,910</u>	<u>2,867,464</u>	<u>2,799,411</u>
Investment securities	<u>925,683</u>	<u>942,782</u>	<u>965,206</u>	<u>991,135</u>	<u>1,012,701</u>
Interest-earning assets	<u>4,097,648</u>	<u>4,022,051</u>	<u>3,954,858</u>	<u>3,893,843</u>	<u>3,845,513</u>
Total assets	<u>4,372,988</u>	<u>4,292,237</u>	<u>4,220,084</u>	<u>4,157,559</u>	<u>4,105,225</u>
Noninterest-bearing demand deposits	<u>986,688</u>	<u>1,000,285</u>	<u>956,830</u>	<u>899,287</u>	<u>825,968</u>
Total deposits	<u>3,056,186</u>	<u>3,063,591</u>	<u>3,036,686</u>	<u>2,965,329</u>	<u>2,876,641</u>
Customer repurchase agreements	<u>90,020</u>	<u>78,746</u>	<u>73,046</u>	<u>68,880</u>	<u>62,864</u>
Total interest-bearing liabilities	<u>2,817,575</u>	<u>2,731,791</u>	<u>2,711,206</u>	<u>2,716,537</u>	<u>2,749,459</u>
Total stockholders' equity	<u>521,346</u>	<u>524,063</u>	<u>517,534</u>	<u>511,738</u>	<u>503,851</u>

**Financial Measures:**

Average equity to average assets	<u>11.92%</u>	<u>12.21%</u>	<u>12.26%</u>	<u>12.31%</u>	<u>12.27%</u>
Investment securities to earning assets	<u>22.12%</u>	<u>22.69%</u>	<u>23.91%</u>	<u>24.85%</u>	<u>25.64%</u>
Loans to earning assets	<u>76.71%</u>	<u>76.00%</u>	<u>74.83%</u>	<u>73.78%</u>	<u>72.80%</u>
Loans to assets	<u>71.90%</u>	<u>71.12%</u>	<u>70.04%</u>	<u>68.75%</u>	<u>67.95%</u>
Loans to deposits	<u>101.76%</u>	<u>101.99%</u>	<u>98.25%</u>	<u>95.80%</u>	<u>95.73%</u>

**Capital Measures:**

Tier 1 leverage (1)	<u>11.00%</u>	<u>11.26%</u>	<u>11.36%</u>	<u>11.37%</u>	<u>11.43%</u>
Tier 1 capital to risk-weighted assets (1)	<u>14.01%</u>	<u>13.95%</u>	<u>14.52%</u>	<u>14.48%</u>	<u>14.64%</u>
Total regulatory capital to risk-weighted assets (1)	<u>15.12%</u>	<u>15.06%</u>	<u>15.68%</u>	<u>15.66%</u>	<u>15.85%</u>
Common equity tier 1 capital to risk-weighted assets (1)	<u>14.01%</u>	<u>n.a.</u>	<u>n.a.</u>	<u>n.a.</u>	<u>n.a.</u>
Book value per share	<u>\$ 21.10</u>	<u>\$ 20.83</u>	<u>\$ 20.83</u>	<u>\$ 20.63</u>	<u>\$ 20.38</u>
Outstanding shares	<u>24,733,868</u>	<u>25,044,877</u>	<u>25,076,794</u>	<u>25,069,700</u>	<u>25,043,482</u>

(1) Estimated ratio at March 31, 2015

**Sandy Spring Bancorp, Inc. and Subsidiaries**  
**LOAN PORTFOLIO QUALITY DETAIL - UNAUDITED**

(Dollars in thousands)	<u>March 31,</u>	<u>December 31,</u>	<u>September 30,</u>	<u>June 30,</u>	<u>March 31,</u>
<b>Non-Performing Assets:</b>					
Loans and leases 90 days past due:					
Commercial business	\$ --	\$ --	\$ --	\$ 1	\$ --
Commercial real estate:					
Commercial AD&C	--	--	--	--	--
Commercial investor real estate	--	--	--	--	--
Commercial owner occupied real estate	--	--	649	--	--
Leasing	--	--	--	--	--
Consumer	--	--	6	3	--
Residential real estate:					
Residential mortgage	--	--	--	--	--
Residential construction	--	--	--	--	--
Total loans and leases 90 days past due	--	--	655	4	--
Non-accrual loans and leases:					
Commercial business	4,166	3,184	4,151	4,309	3,272
Commercial real estate:					
Commercial AD&C	1,363	2,464	3,792	3,739	4,133
Commercial investor real estate	10,083	8,156	8,210	6,731	7,284
Commercial owner occupied real estate	8,974	8,941	10,742	10,868	7,150
Leasing	--	--	--	--	--
Consumer	1,962	1,668	1,830	2,058	2,115
Residential real estate:					
Residential mortgage	3,235	3,012	4,417	4,501	5,025
Residential construction	788	1,105	2,497	2,143	2,304
Total non-accrual loans and leases	30,571	28,530	35,639	34,349	31,283
Total restructured loans - accruing	5,446	5,497	7,382	7,364	7,411
Total non-performing loans and leases	36,017	34,027	43,676	41,717	38,694
Other assets and real estate owned (OREO)	3,227	3,195	1,762	1,967	1,619
Total non-performing assets	<u>\$ 39,244</u>	<u>\$ 37,222</u>	<u>\$ 45,438</u>	<u>\$ 43,684</u>	<u>\$ 40,313</u>

For the quarter ended,

(Dollars in thousands)	<u>March 31,</u>	<u>December 31,</u>	<u>September 30,</u>	<u>June 30,</u>	<u>March 31,</u>
	<u>2015</u>	<u>2014</u>	<u>2014</u>	<u>2014</u>	<u>2014</u>

**Analysis of Non-accrual Loan and Lease Activity:**

Balance at beginning of period	\$ 28,530	\$ 35,639	\$ 34,349	\$ 31,283	\$ 30,574
Non-accrual balances transferred to OREO	(32)	(1,475)	(300)	(390)	(281)
Non-accrual balances charged-off	(1,077)	(1,033)	(216)	(357)	(513)
Net payments or draws	(1,067)	(4,139)	(590)	(1,580)	(1,073)
Loans placed on non-accrual	4,217	779	2,396	5,393	2,576
Non-accrual loans brought current	--	(1,241)	--	--	--
Balance at end of period	<u>\$ 30,571</u>	<u>\$ 28,530</u>	<u>\$ 35,639</u>	<u>\$ 34,349</u>	<u>\$ 31,283</u>

**Analysis of Allowance for Loan Losses:**

Balance at beginning of period	\$ 37,802	\$ 37,574	\$ 37,959	\$ 38,026	\$ 38,766
Provision (credit) for loan and lease losses	597	853	(192)	158	(982)
Less loans charged-off, net of recoveries:					
Commercial business	(89)	50	(58)	28	(768)
Commercial real estate:					

Commercial AD&C	706	529	--	--	--
Commercial investor real estate	(5)	(5)	(2)	(23)	(5)
Commercial owner occupied real estate	212	(6)	--	265	--
Leasing	--	--	--	--	--
Consumer	43	83	244	11	331
Residential real estate:					
Residential mortgage	65	(17)	43	(27)	203
Residential construction	(8)	(9)	(34)	(29)	(3)
Net charge-offs	924	625	193	225	(242)
Balance at end of period	<u>\$ 37,475</u>	<u>\$ 37,802</u>	<u>\$ 37,574</u>	<u>\$ 37,959</u>	<u>\$ 38,026</u>

**Asset Quality Ratios:**

Non-performing loans to total loans	1.14%	1.09%	1.47%	1.43%	1.37%
Non-performing assets to total assets	0.89%	0.85%	1.07%	1.03%	0.97%
Allowance for loan losses to loans	1.18%	1.21%	1.26%	1.30%	1.34%
Allowance for loan losses to non-performing loans	104.05%	111.09%	86.03%	90.99%	98.27%
Annualized net charge-offs to average loans	0.12%	0.08%	0.03%	0.03%	(0.04)%

**Sandy Spring Bancorp, Inc. and Subsidiaries**

**CONSOLIDATED AVERAGE BALANCES, YIELDS AND RATES - UNAUDITED**

	Three Months Ended March 31,					
	2015			2014		
	Average	(1)	Annualized	Average	(1)	Annualized
(Dollars in thousands and tax-equivalent)	Balances	Interest	Yield/Rate	Balances	Interest	Yield/Rate
<b>Assets</b>						
Residential mortgage loans (2)	\$ 731,301	\$ 6,200	3.39%	\$ 633,160	\$ 5,506	3.48%
Residential construction loans	132,456	1,221	3.74	134,261	1,254	3.79
Commercial ADC loans	206,105	2,337	4.60	162,544	2,073	5.17
Commercial investor real estate loans	645,163	7,579	4.76	557,168	6,733	4.90
Commercial owner occupied real estate loans	611,722	7,165	4.99	584,155	7,067	5.08
Commercial business loans	383,111	4,212	4.38	349,734	4,037	4.64
Leasing	44	1	5.19	567	6	4.53
Consumer loans	425,434	3,500	3.36	377,822	3,117	3.37
Total loans and leases (3)	3,135,336	32,215	4.19	2,799,411	29,793	4.34
Taxable securities	629,266	3,936	2.54	710,246	4,452	2.51
Tax-exempt securities (4)	296,417	3,170	4.34	302,455	3,267	4.32
Interest-bearing deposits with banks	36,155	22	0.25	32,925	20	0.25
Federal funds sold	474	--	0.22	476	--	0.22
Total interest-earning assets	4,097,648	39,343	3.90	3,845,513	37,532	3.96
Less: allowance for loan and lease losses	(37,444)			(39,393)		
Cash and due from banks	46,430			45,553		
Premises and equipment, net	50,658			45,879		
Other assets	215,696			207,662		

<b>Total assets</b>	<b><u>\$ 4,372,988</u></b>			<b><u>\$4,105,214</u></b>		
<b>Liabilities and Stockholders' Equity</b>						
Interest-bearing demand deposits	<b>\$ 524,059</b>	<b>106</b>	<b>0.08%</b>	\$ 460,245	92	0.08%
Regular savings deposits	<b>270,198</b>	<b>34</b>	<b>0.05</b>	249,185	48	0.08
Money market savings deposits	<b>831,707</b>	<b>273</b>	<b>0.13</b>	877,864	273	0.13
Time deposits	<b>443,534</b>	<b>781</b>	<b>0.71</b>	463,379	771	0.67
Total interest-bearing deposits	<b>2,069,498</b>	<b>1,194</b>	<b>0.23</b>	2,050,673	1,184	0.23
Other borrowings	<b>90,188</b>	<b>50</b>	<b>0.22</b>	62,864	38	0.24
Advances from FHLB	<b>622,889</b>	<b>3,236</b>	<b>2.11</b>	600,922	3,218	2.17
Subordinated debentures	<b>35,000</b>	<b>219</b>	<b>2.50</b>	35,000	218	2.49
Total interest-bearing liabilities	<b>2,817,575</b>	<b>4,699</b>	<b>0.68</b>	2,749,459	4,658	0.69
Noninterest-bearing demand deposits	<b>986,688</b>			825,968		
Other liabilities	<b>47,379</b>			25,936		
Stockholders' equity	<b>521,346</b>			503,851		
<b>Total liabilities and stockholders' equity</b>	<b><u>\$ 4,372,988</u></b>			<b><u>\$4,105,214</u></b>		

Net interest income and spread	<b>\$ 34,644</b>	<b><u>3.22%</u></b>	\$ 32,874	<b><u>3.27%</u></b>
Less: tax-equivalent adjustment	<b>1,271</b>		1,282	
Net interest income	<b><u>\$ 33,373</u></b>		<b><u>\$ 31,592</u></b>	
Interest income/earning assets		<b>3.90%</b>		3.96%
Interest expense/earning assets		<b>0.46</b>		0.49
Net interest margin		<b><u>3.44%</u></b>		<b><u>3.47%</u></b>

(1) Tax-equivalent income has been adjusted using the combined marginal federal and state rate of 39.88% for 2015 and 2014. The annualized taxable-equivalent adjustments utilized in the above table to compute yields aggregated to \$1.3 million and \$1.3 million in 2015 and 2014, respectively.

(2) Includes residential mortgage loans held for sale. Home equity loans and lines are classified as consumer loans.

(3) Non-accrual loans are included in the average balances.

(4) Includes only investments that are exempt from federal taxes.

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