

2nd Quarter 2022 Investor Presentation

August 5, 2022



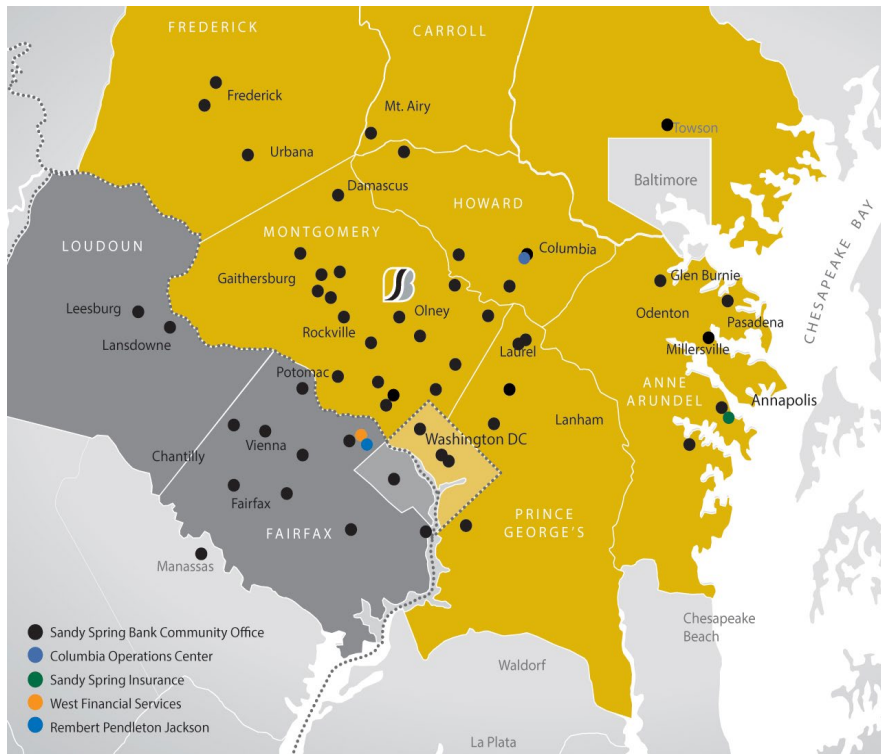
Sandy Spring Bancorp

Forward Looking Statements

Sandy Spring Bancorp's forward-looking statements are subject to the following principal risks and uncertainties: risks, uncertainties and other factors relating to the COVID-19 pandemic, including the effect of the pandemic on our borrowers and their ability to make payments on their obligations, the effectiveness of vaccination programs, and the effect of remedial actions and stimulus measures adopted by federal, state and local governments; 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; the possibility that any of the anticipated benefits of acquisitions will not be realized or will not be realized within the expected time period; 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, 2021, 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 in its filings with the SEC, accessible on the SEC's Web site at www.sec.gov.



Sandy Spring Bancorp, Inc.



Highlights (6/30/22)

\$13.3 billion in total assets

\$10.8 billion in total loans

\$1.82 billion market capitalization ⁽¹⁾ **\$11.0 billion** in deposits

- In 2022, ranked **#5** of **America's Best Banks** by Forbes magazine and ranked **#1 bank in Maryland** by Forbes magazine ⁽²⁾
- In 2022, ranked **#5** in S&P Global Market Intelligence's annual rankings for top performing banks and credit unions ⁽³⁾
- Named one of **The Washington Post's 2022 Top Workplaces** and one of the **Best Banks to Work For in 2021 by American Banker**. In 2022, certified as a **Great Place to Work** and named a **USA Top Workplace** in Enrager's inaugural USA Top Workplaces program in 2021
- Significant organic and acquisition **growth opportunities** throughout our markets
- **Strong asset quality**
- **Conservative capital and liquidity management**



Founded in 1868, Sandy Spring Bank is one of the area's **oldest** and **largest** depository institutions

¹⁾ Market data at market close on July 27, 2022

²⁾ Per Forbes "Best Banks in Each State 2021 List"

³⁾ Per S&P Global Market Intelligence "Top 50 Public Banks 2021"

Quarterly Highlights

Profitability

- Net income was \$54.8 million (\$1.21 per diluted common share) compared to net income of \$57.3 million (\$1.19 per diluted common share) for the prior year quarter, and \$43.9 million (\$0.96 per diluted common share) for the first quarter of 2022
- Core earnings⁽¹⁾⁽²⁾ were \$44.2 million (\$0.98 per diluted common share) compared to core earnings of \$58.4 million (\$1.23 per diluted common share) for the prior year quarter, and \$45.1 million (\$0.99 per diluted common share) for the first quarter of 2022
- GAAP efficiency ratio was 46.03% compared to 46.89% for the prior year quarter, and 50.92% for the first quarter of 2022. The non-GAAP efficiency ratio⁽¹⁾⁽²⁾ was 49.79% compared to 45.36% for the prior year quarter, and 49.34% for the first quarter of 2022

Income Statement

- Net interest margin of 3.49%, compared to 3.63% for the same quarter of 2021, and 3.49% for the first quarter of 2022
- Pre-tax pre-provision net income⁽¹⁾ was \$76.2 million compared to \$71.3 million for the prior year quarter
- Provision for credit losses was a \$3.0 million charge compared to the prior year quarter's credit to the provision of \$4.2 million
- Non-interest income increased by 34% or \$9.0 million compared to the prior year quarter
- Non-interest expense increased \$2.0 million or 3% compared to the prior year quarter

Balance Sheet

- Total assets were \$13.3 billion, a 3% increase compared to \$12.9 billion at June 30, 2021. Excluding PPP balances, total assets grew 10% year-over-year
- Total loans, excluding PPP loans, increased 17% to \$10.8 billion compared to \$9.2 billion at June 30, 2021. Excluding PPP loans, total commercial loans grew by \$1.3 billion or 17% during the previous twelve months
- Year-over-year deposits grew 1%, driven by 3% growth in noninterest-bearing deposits

Asset Quality

- Non-performing loans to total loans was 0.40% compared to 0.93% at June 30, 2021, and 0.46% at March 31, 2022. Non-performing loans totaled \$43.5 million, compared to \$94.3 million at June 30, 2021, and \$46.3 million at March 31, 2022

Capital

- Risk-based capital ratio of 16.07%, a common equity tier 1 risk-based capital ratio of 11.58%, a tier 1 risk-based capital ratio of 11.58%, and a tier 1 leverage ratio of 9.53%

Source: Company documents

1) Non-GAAP financial measure; see reconciliation to most directly comparable GAAP measure in "Appendix – Reconciliation of non-GAAP Financial Measures"

2) Excludes merger, acquisition and disposal expense, amortization of intangible assets, loss on FHLB redemption from non-interest expense, investment securities gains and gain on disposal of assets from non-interest income

Operational Overview

Strong Core Franchise	<ul style="list-style-type: none">• A top commercial bank franchise in the Greater Washington, DC metro area• Well-positioned for solid organic growth• Comprehensive product offering with non-interest income / total revenue of 21.2% ⁽¹⁾
Financial Performance	<ul style="list-style-type: none">• Robust commercial loan production for three consecutive quarters• Core return on average assets of 1.41%⁽¹⁾⁽²⁾⁽³⁾• Disciplined growth and expense management contributes to a strong 49.57% efficiency ratio ⁽¹⁾⁽²⁾• Stable net interest margin of 3.49% ⁽¹⁾
Robust Capital and Liquidity	<ul style="list-style-type: none">• Strong current capital position with 11.63% average equity to average asset ratio and 8.45% tangible common equity ratio ⁽¹⁾⁽²⁾• Stable core deposit funded portfolio comprised of core customer relationships with 52% checking accounts ⁽¹⁾
Prudent Risk Management and Credit Culture	<ul style="list-style-type: none">• Excellent risk management culture with robust governance processes and experienced credit personnel• Consistently excellent asset quality metrics• Diversified loan portfolio with 4.09% total yield ⁽¹⁾
Experienced Management	<ul style="list-style-type: none">• Experienced management team with ~200 years of combined banking experience• Deep in-market relationships drive client-focused business model• Experienced acquirer with a record of successful integrations



Source: S&P Global Market Intelligence and Company documents

1) YTD as of June 30 2022

2) Non-GAAP financial measure; see reconciliation to most directly comparable GAAP measure in "Appendix – Reconciliation of non-GAAP Financial Measures"

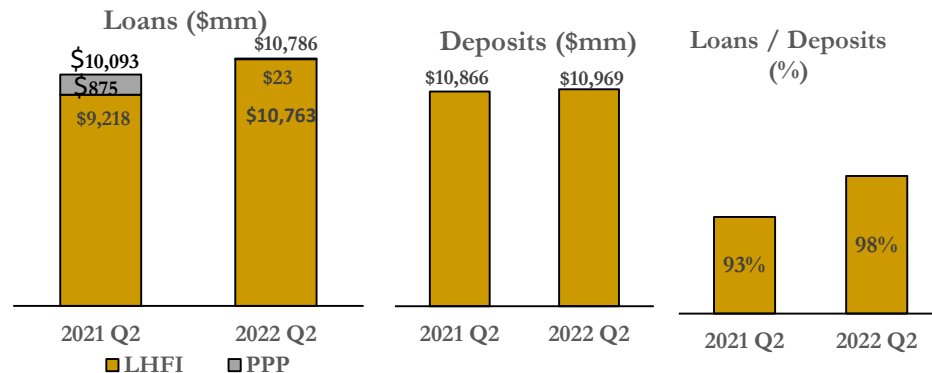
3) Excludes merger, acquisition and disposal expense, amortization of intangible assets, loss on FHLB redemption from non-interest expense, investment securities gains and gain on disposal of assets from non-interest income

2nd Quarter 2022 Financial Performance

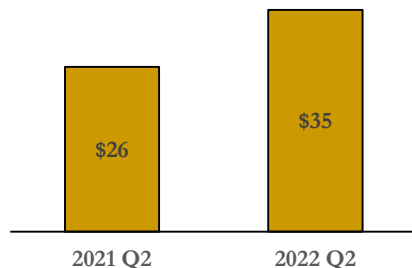


Q2 Financial Highlights

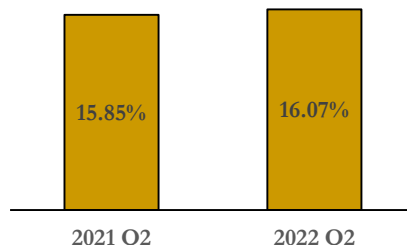
Disciplined Balance Sheet Growth



Fee Income (\$MM)



Total Risk-Based Capital



- **Strong commercial loan growth of 17% or \$1.3 billion**, excluding PPP loans, over 2Q2021. Total mortgage loans grew 22% or \$249.7 million as a greater number of conventional 1-4 family mortgages were retained to grow the portfolio
- **Core return on average assets of 1.37%⁽¹⁾** for 2Q2022 after adjustments for amortization of intangible assets, gain on disposal of assets, investment securities gains, and merger, acquisition and disposal expense
- **Non-interest income increased 34%** over 2Q2021 as a result of the \$16.7 million gain from the disposition of the insurance subsidiary
- **Wealth management income remained flat** over 2Q2021 despite weak performance of financial markets
- **Service charges on deposits up 25%** over 2Q2021 and **bank card fees grew 1%**
- Strong **total risk-based capital ratio of 16.07%**, up 22 bps over the prior year
- **Stable non-GAAP efficiency ratio⁽¹⁾ of 49.79%** for 2Q2022

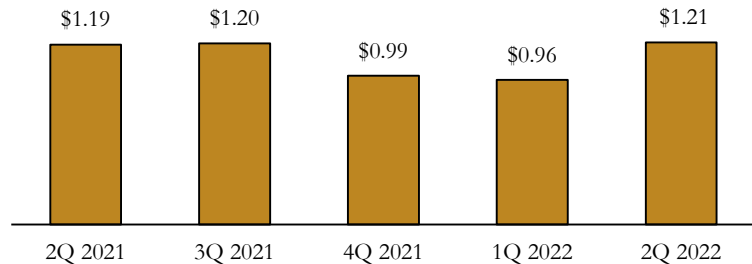


Profitability

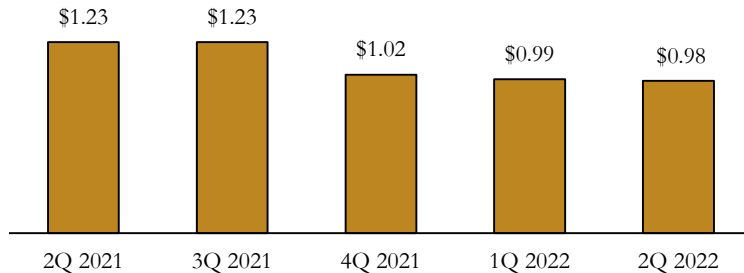


Profitability Trends

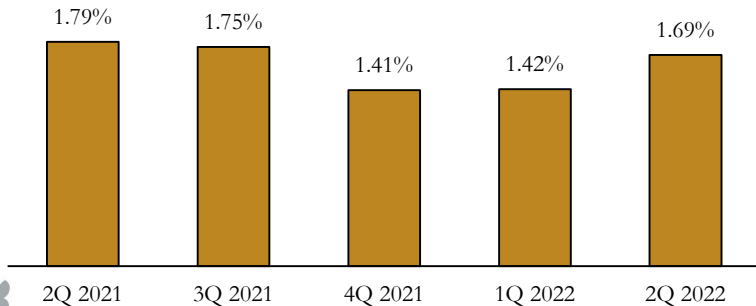
Diluted EPS



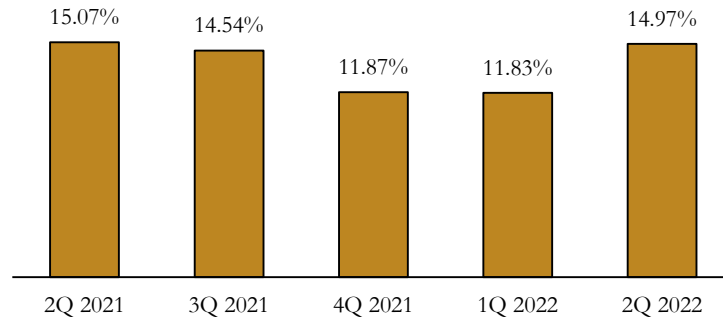
Core Diluted EPS⁽¹⁾



Return on Average Assets



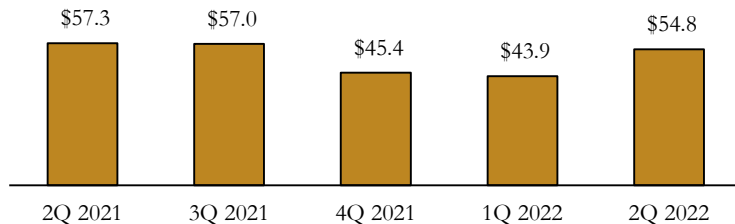
Return on Average Common Equity



Profitability Trends

Net Income

(Dollars in millions)



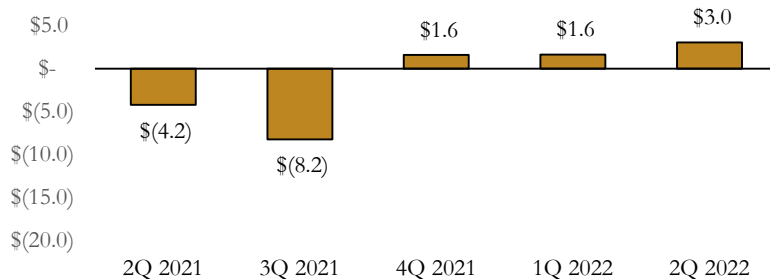
Pre-Tax Pre-Provision Net Income⁽¹⁾

(Dollars in millions)



Provision (Credit) for Credit Losses

(Dollars in millions)



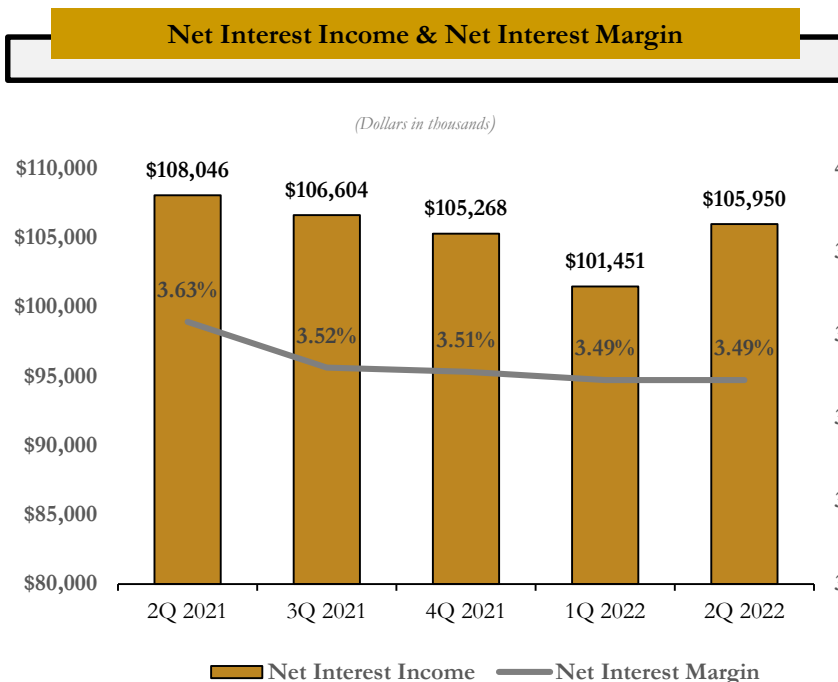
- Primary driver of the decline in net income from 2Q2021 to 2Q2022 was the provision for credit losses, as the prior year's results contained a significant credit to the allowance versus the current year's charge to the allowance
- Excluding the gain on the disposition of the Company's insurance business, 2Q2022 reflected a decline in both net interest income and non-interest income compared to 2Q2021, and an increase in non-interest expense. Income from mortgage banking activities declined \$4.3 million and other non-interest income declined \$3.4 million compared to 2Q2021



Income Statement



Net Interest Income

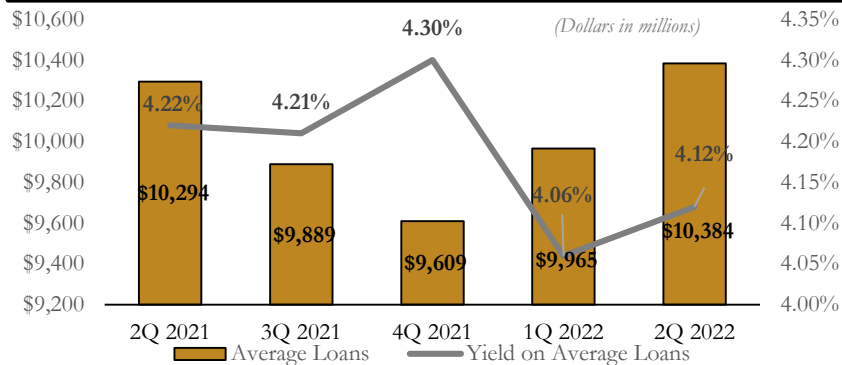


- The net interest margin for 2Q 2022 was 3.49% as compared to 3.63% for the same quarter of the prior year, as the yield on interest-earning assets declined 11 basis points and the rate paid on interest-bearing liabilities increased 6 basis points
- Net interest margin, excluding the effects of amortization of the fair value marks derived from acquisitions and interest and fees from PPP loans was 3.45% for the current quarter compared to 3.49% for 2Q 2021
- The decline in net interest income over 2Q 2022 was driven by a \$12.0 million decline in interest on PPP loans substantially offset by interest income from other commercial loan categories and an increase in investment securities income. The increase in interest expense was driven by the interest expense associated with the issuance of subordinated debt late in 1Q 2022

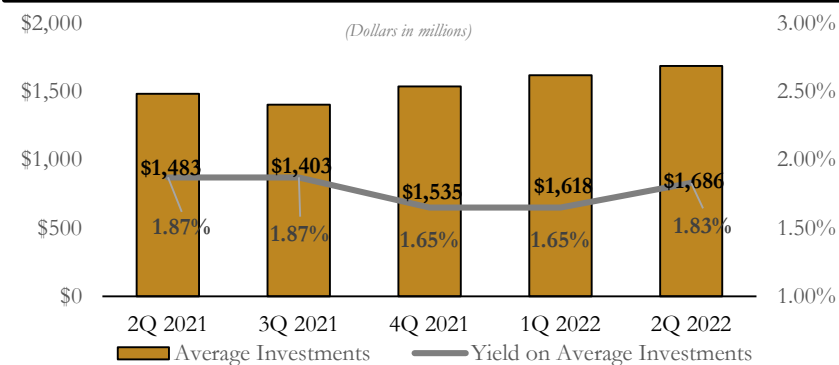


Average Balance Sheet

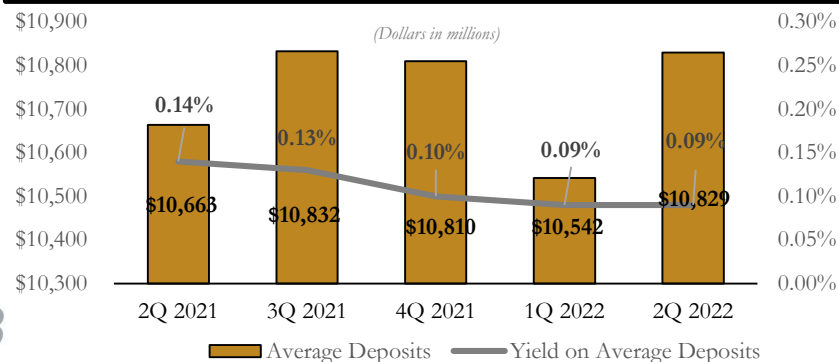
Average Loans



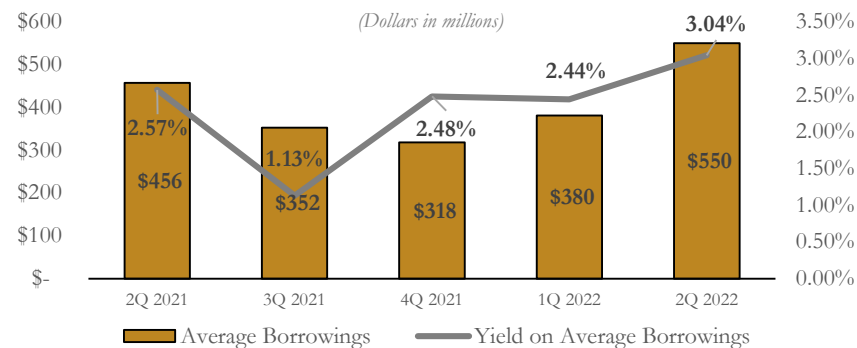
Average Investments



Average Deposits

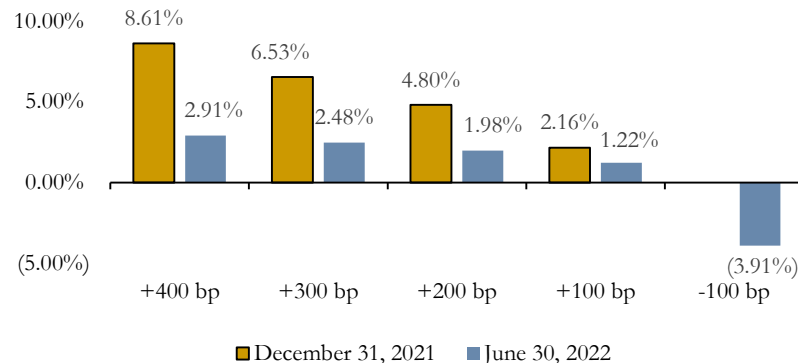


Average Borrowings

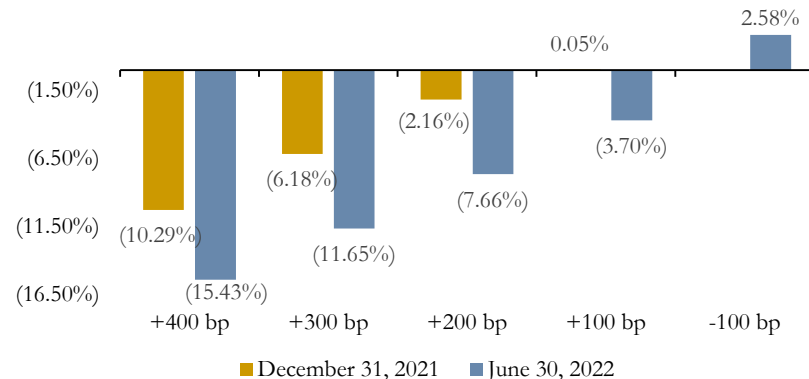


Interest Rate Sensitivity

Change in Net Interest Income – Year 1



Change in Economic Value of Equity – Year 1



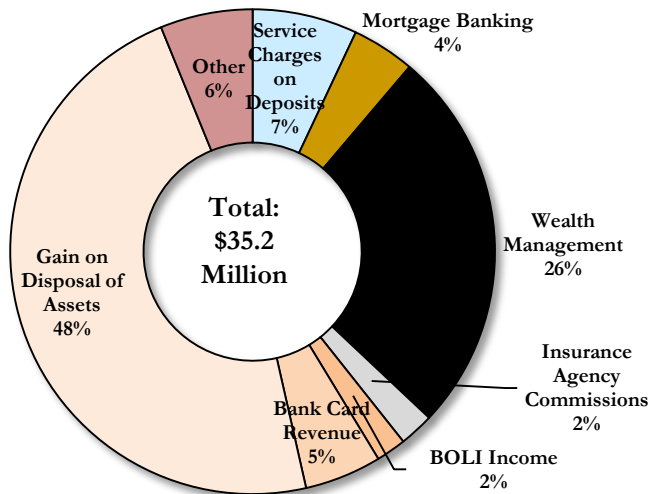
Interest Rate Sensitivity Highlights

- The core deposit premium increased significantly from December 30, 2021. The increase is due to higher market rates, an increase in DDA (\$350 mm) and treating the PPP deposits as core as compared to 2021
- The Economic Value of Equity (EVE) at risk increased in all rising shock bands. More fixed rate loans and higher market rates resulting in lower market values on loans and securities are driving the increase in risk
- Compared to December 31, 2021, the balance sheet's sensitivity as of June 30, 2022 decreased. All risk measures are within our prescribed policy limits of 10% - 23.5%



Revenue Composition

Revenue Composition ⁽¹⁾



Non-interest Income

(Dollars in thousands)

	2Q 2022	\$ Change vs	
		1Q 2022	2Q 2021
Service Charges on Deposits	\$ 2,467	\$ 141	\$ 491
Mortgage Banking	1,483	(815)	(4,293)
Wealth Management	9,098	(239)	(23)
Insurance Agency Commissions	812	(1,303)	(435)
BOLI Income	703	(92)	(2)
Bank Card Revenue	1,810	142	25
Gain on Disposal of Assets	16,699	16,699	16,699
Other Income	2,173	117	(3,476)
Non-interest Income	\$ 35,245	\$ 14,650	\$ 8,986

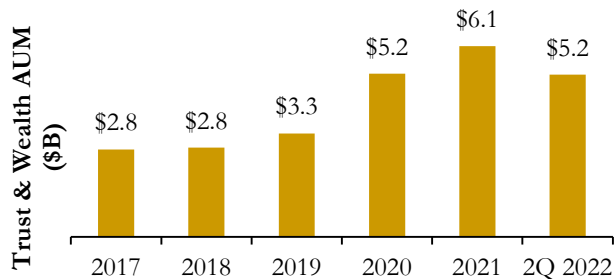
- Non-interest income for the current quarter increased by 34% or \$9.0 million compared to the prior year quarter as a result of a \$16.7 million gain from disposition of the Company's insurance business. Excluding the disposal gain, non-interest income declined 29% compared to the prior year quarter. Income from mortgage banking activities declined 74% and other non-interest income declined 62% compared to the prior year quarter. These decreases were partially offset by 25% growth in service charges on deposit accounts



Diverse Fee Income Businesses

Wealth Management

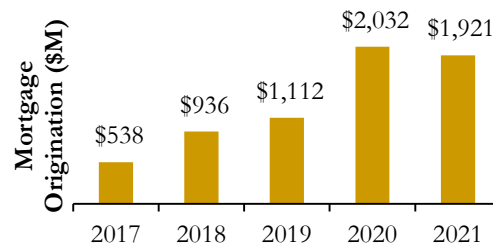
- \$5.2 billion in AUM ⁽¹⁾
- Fiduciary & trust services, private banking and custom- designed wealth management and portfolio management
- Niche focus on medical professionals



Mortgage Banking

YTD results as of June 30, 2022:

- \$621.8 million in originations
- Gain on sale margin: 2.11%
- Purchase origination volume of \$472.9 million



Non-interest Expense

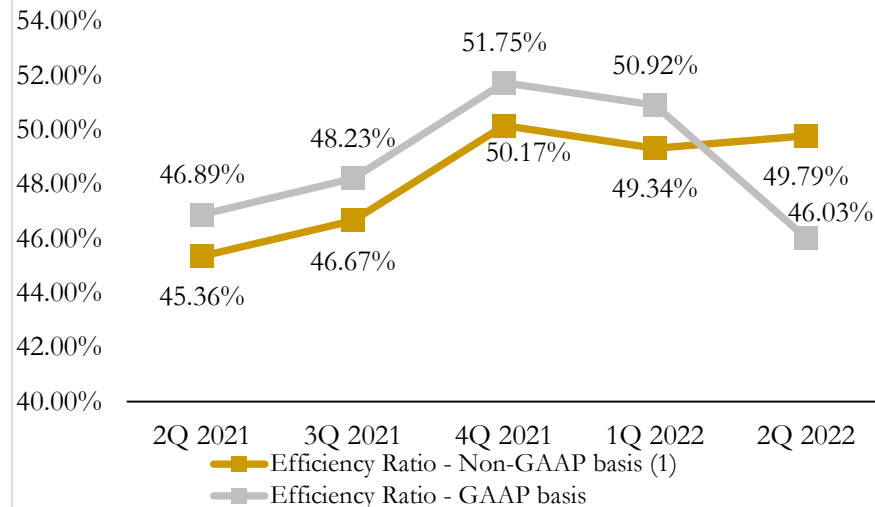
Non-interest Expense

(Dollars in thousands)

	2Q 2022	\$ Change vs	
		1Q 2022	2Q 2021
Salaries and Employee Benefits	\$ 39,550	\$ 177	\$ 560
Occupancy	4,734	(300)	(763)
Equipment	3,559	23	539
Marketing	1,280	87	228
Outside Data Services	2,564	145	304
FDIC Insurance	1,078	94	(372)
Amortization of Intangible Assets	1,466	(42)	(193)
Merger, Acquisition and Disposal	1,067	1,067	1,067
Professional Fees and Services	2,372	355	(793)
Other Expense	7,321	1,238	1,439
Non-interest Expense	\$ 64,991	\$ 2,844	\$ 2,016

- Non-interest expense for the current quarter increased \$2.0 million or 3% compared to the prior year quarter. The majority of the increase was \$1.1 million of merger, acquisition and disposal expense associated with the sale of the Company's insurance business in 2Q 2022. Other expense increased \$1.4 million relating to higher expenses for provision for lines of credit, franchise taxes and other operating costs offset by a \$0.8 million decrease in professional fees
- The combination of a decline in net interest income and non-interest income and the increase in non-interest expense resulted in the erosion of the non-GAAP efficiency ratio compared to prior year quarter

Efficiency Ratio (%)



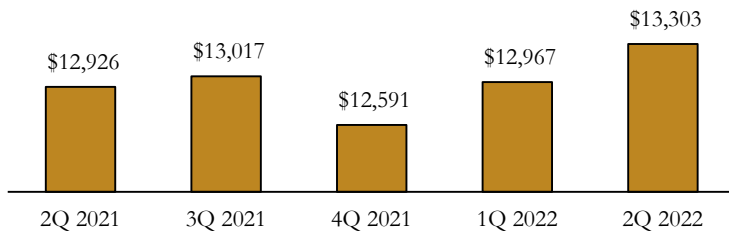
Balance Sheet



Balance Sheet Trends

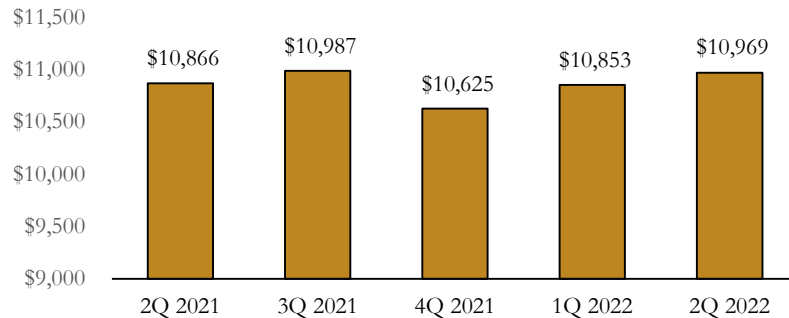
Total Assets

(Dollars in millions)



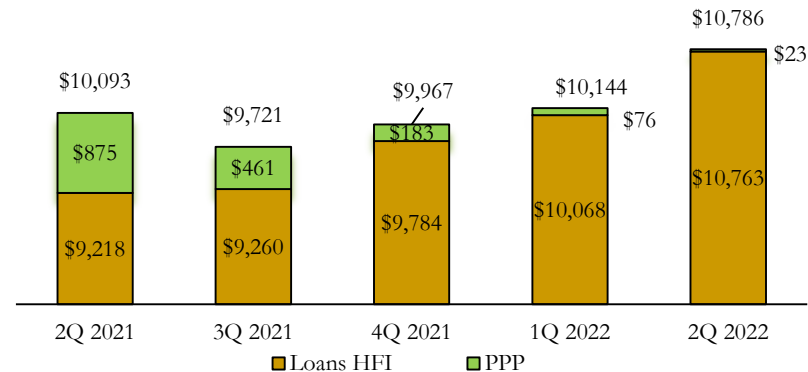
Total Deposits

(Dollars in millions)



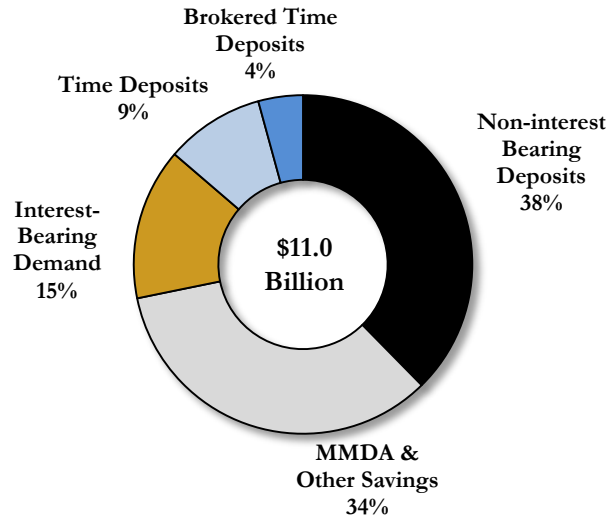
Loans Held for Investment

(Dollars in millions)



Deposit Portfolio

Deposit Composition ⁽¹⁾



Deposit Growth

(Dollars in millions)

	\$ Change vs		
	2Q 2022	1Q 2022	2Q 2021
Non-interest Bearing Deposits	\$ 4,129	\$ 89	\$ 128
MMDA & Other Savings	3,746	(294)	(61)
Interest-Bearing Demand	1,590	180	176
Time Deposits	1,037	(90)	(300)
Brokered Time Deposits	467	231	159
Total Deposits	\$ 10,969	\$ 116	\$ 102

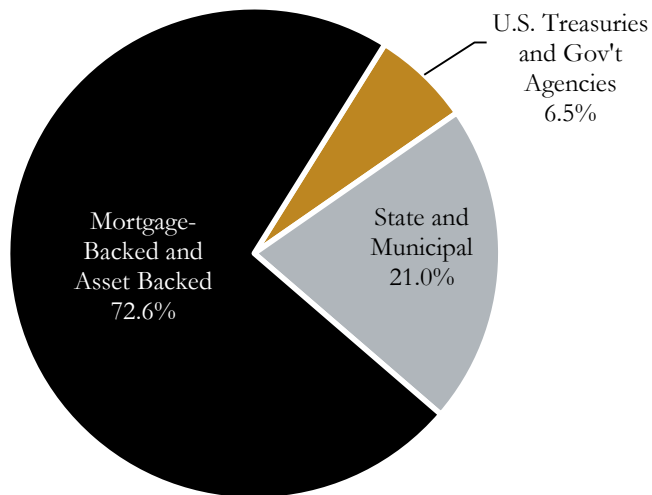
- Year-over-year deposits grew 1%, driven by 3% growth in noninterest-bearing deposits, reflecting the impact of the PPP program forgiveness and the growth in transaction relationships, while interest-bearing deposits remained at \$6.8 billion. During the period, time deposits decreased 9% and money market accounts decreased 4%, while savings and interest-bearing demand categories had year-over-year growth of 15% and 12%, respectively
- #1 deposit market share for community banks in combined Washington, D.C. & Baltimore MSAs



Securities Portfolio

Conservative, High Quality and Diverse Securities Portfolio

Portfolio Mix – Amortized Cost ⁽¹⁾



As of 6/30/2022

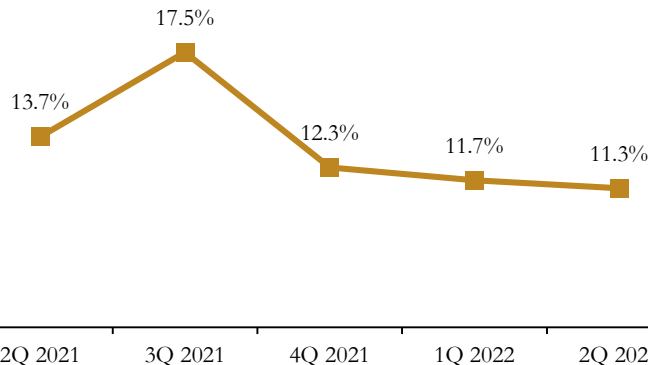
(Dollars in Millions)

	Amortized Cost	Estimated Fair Value
Available for Sale Debt Securities		
U.S. Treasuries and Gov't Agencies	\$106.6	\$101.4
State and Municipal	346.1	299.2
Mortgage-Backed and Asset Backed	921.5	868.2
<i>Total Available for Sale Debt Securities</i>	<i>\$ 1,374.1</i>	<i>\$ 1,268.8</i>
Held to Maturity Debt Securities		
Mortgage-Backed and Asset Backed	274.3	250.9
<i>Total Held to Maturity Debt Securities</i>	<i>\$ 274.3</i>	<i>\$ 250.9</i>
<i>Total Debt Securities</i>	<i>\$ 1,648.4</i>	<i>\$ 1,519.7</i>

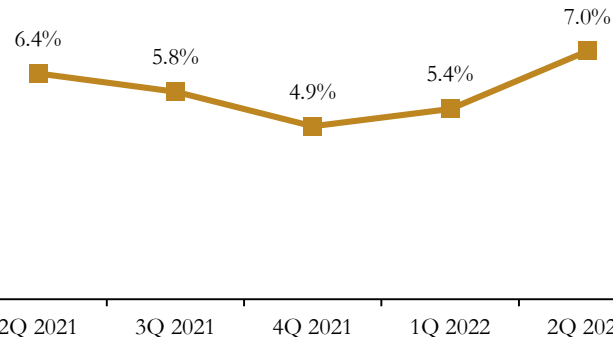


Strong Liquidity Position

Liquidity Ratio



Total Brokered Deposits / Total Deposits



Liquidity Highlights

- Core deposits equaled 80.37% of total interest-earning assets at June 30, 2022
- Pledged securities as a percent of total debt securities was 37.3% at June 30, 2022
- Stress testing is performed quarterly and includes both systemic and idiosyncratic scenarios
- Testing completed at the end of the second quarter demonstrates a strong liquidity position with sufficient liquidity in the most severe scenarios

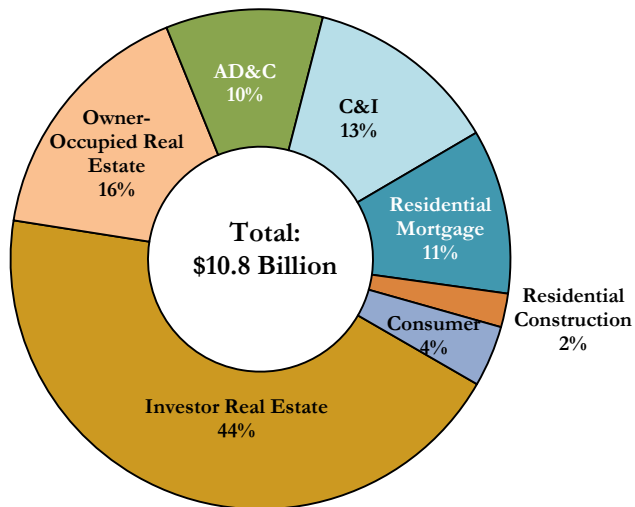


Loan Portfolio, Asset Quality & Reserves (CECL)



Loan Portfolio

Loan Composition⁽¹⁾



Net Loan Change ⁽¹⁾

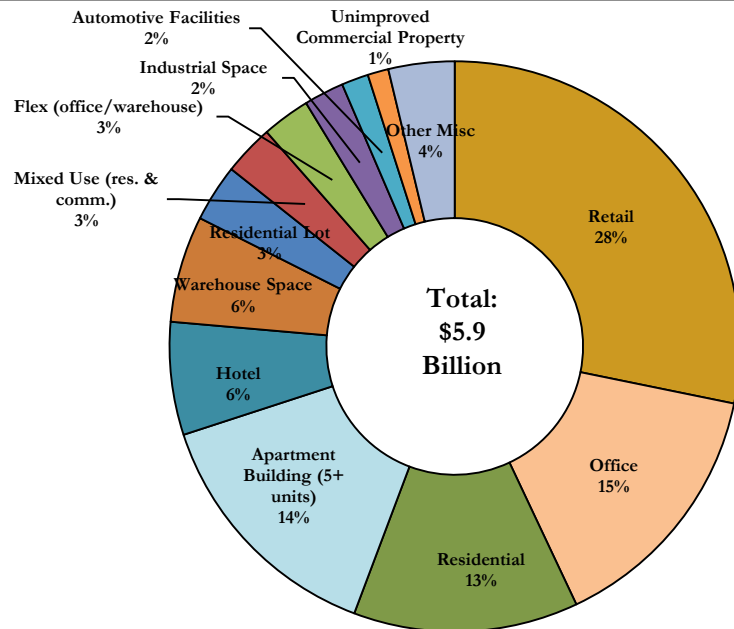
(Dollars in millions)

	\$ Change vs		
	2Q 2022	1Q 2022	2Q 2021
Investor Real Estate	\$ 4,762	\$ 374	\$ 1,050
Owner-Occupied Real Estate	1,767	75	79
AD&C	1,095	6	(32)
C&I	1,353	3	(621)
Residential Mortgage	1,148	147	187
Residential Construction	235	31	62
Consumer	426	6	(32)
Total Loans	\$ 10,786	\$ 642	\$ 693

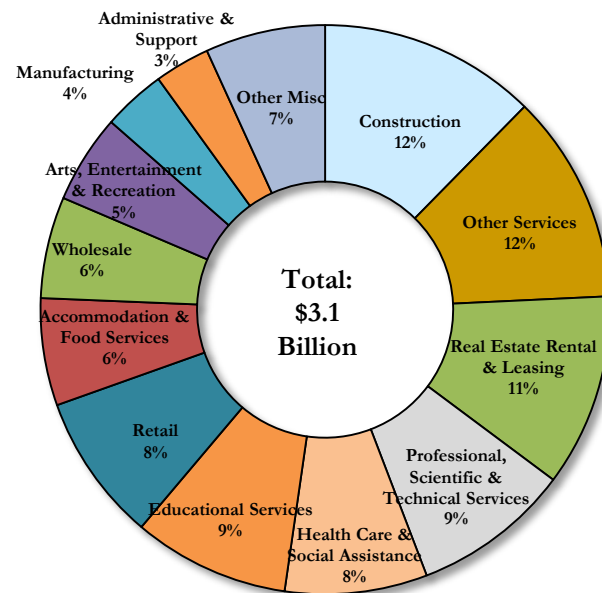


Commercial Loans by Type

CRE by Collateral Type⁽¹⁾




Business Loans & Owner Occupied R/E⁽¹⁾



Strong Relationships Drive In-Market Deposit Presence

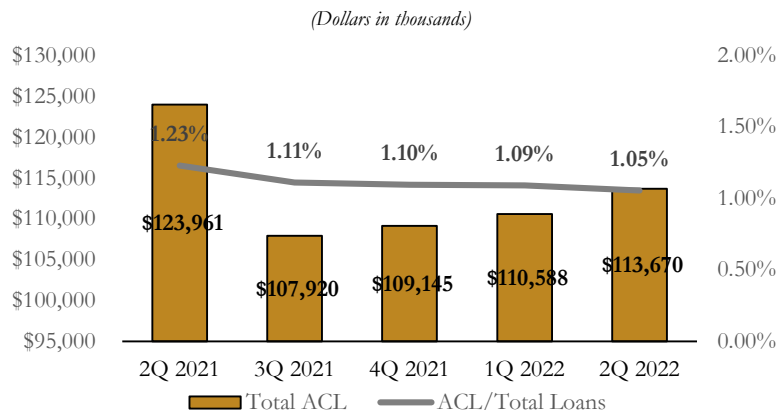
Deposit Market Share ⁽¹⁾ Washington DC and Baltimore MSAs

Institution	Branches	Deposits (\$MM)	Market Share (%)
 Sandy Spring Bancorp	58	\$10,954	2.4
United Bancshares Inc.	67	10,605	2.3
Eagle Bancorp Inc.	19	9,115	2.0
Atlantic Union Bankshares Corp.	27	5,683	1.2
F.N.B. Corp.	40	4,113	0.9
Burke & Herbert Bank & Trust Company	24	2,906	0.6
WesBanco Inc.	30	2,385	0.5
Capital Bancorp Inc.	5	1,924	0.4
John Marshall Bancorp Inc.	8	1,817	0.4
Fulton Financial Corp.	19	1,787	0.4
Totals	297	\$51,289	11.1



Current Expected Credit Losses – Loan and Leases

ACL/Total Loans



ACL by Loan Type

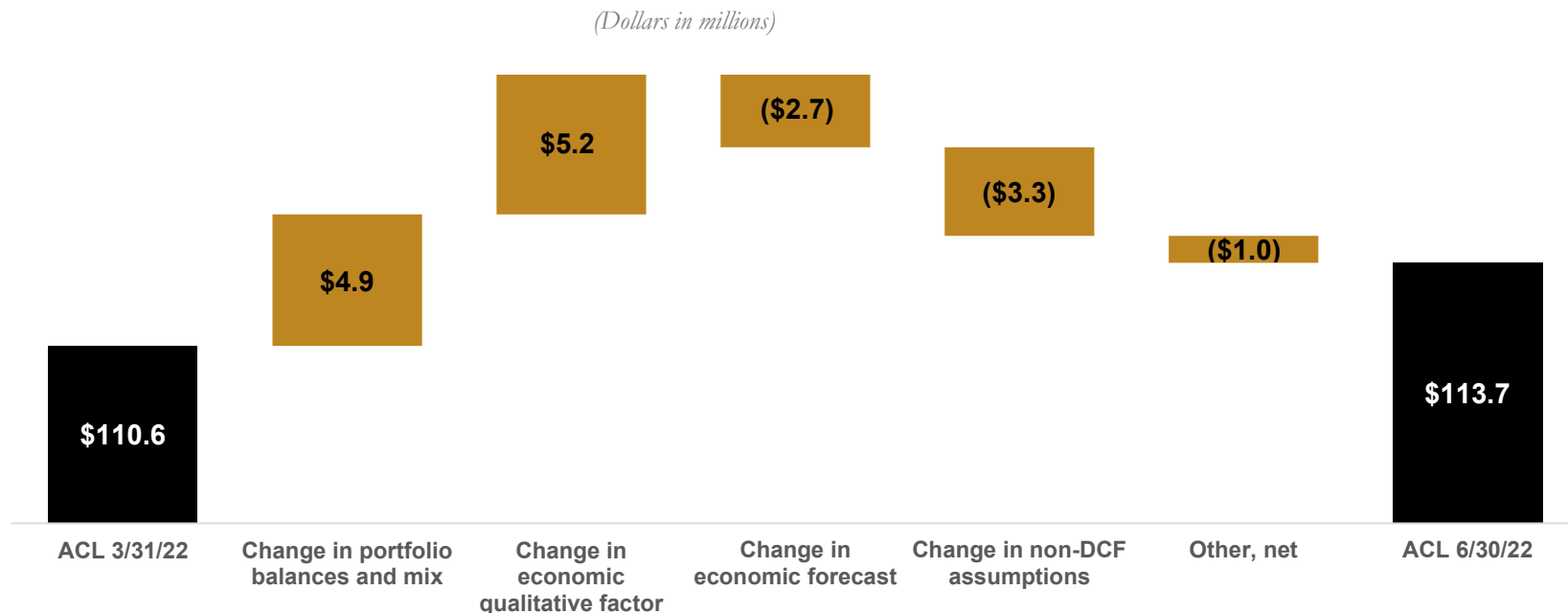
(Dollars in thousands)

	2Q 2021	3Q 2021	4Q 2021	1Q 2022	2Q 2022
Investor Real Estate	\$ 47,229	\$ 35,956	\$ 45,289	\$ 50,813	\$ 56,794
Owner-Occupied Real Estate	13,590	11,760	11,687	10,860	10,784
Commercial AD&C	26,822	28,688	20,322	18,459	13,383
Commercial Business	24,841	23,145	23,170	21,771	22,238
Total Commercial	112,482	99,549	100,468	101,903	103,199
Residential Mortgage	7,362	5,018	5,384	5,722	7,254
Residential Construction	671	656	1,048	889	1,141
Consumer	3,446	2,697	2,245	2,074	2,076
Total Residential and Consumer	11,479	8,371	8,677	8,685	10,471
Allowance for Credit Losses	\$ 123,961	\$ 107,920	\$ 109,145	\$ 110,588	\$ 113,670

- **\$113.7 million ACL-loans and leases, or 1.05% of loan balances and 261% of non-performing loans, at June 30, 2022**
- **Provision of \$3.0 million for the current quarter is a reflection of the growth in the loan portfolio during the quarter and management's consideration of the increased potential for an economic recession. These factors exceeded the impact derived from continuing improvement in forecasted macroeconomic indicators**
- **Utilized June Moody's baseline forecast in quantitative model**



Allowance for Credit Losses: 2Q 2022 Change

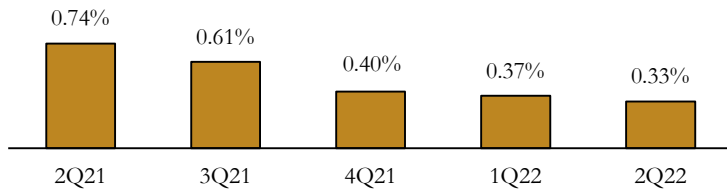


- Increase in 2Q 2022 ACL was mainly driven by the growth in loan portfolio balances in combination with the quarterly updates to qualitative adjustments. These increases were partially offset by continued improvement in projected near-term economic variables and changes in non-discounted cash flow assumptions

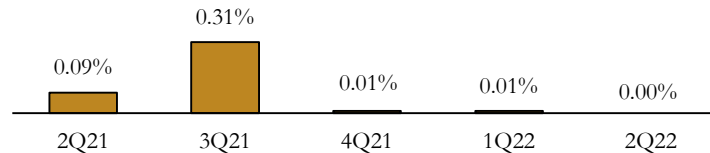


Strong Credit Culture and Performance

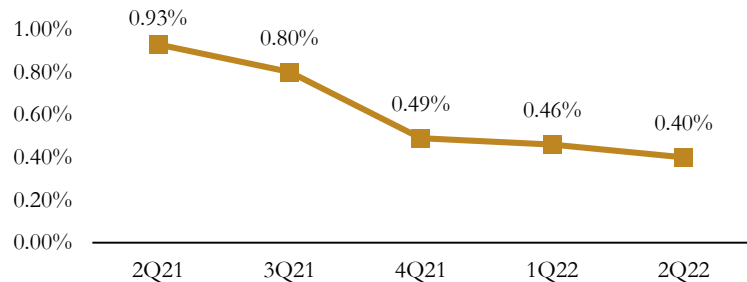
Non-performing Assets / Assets



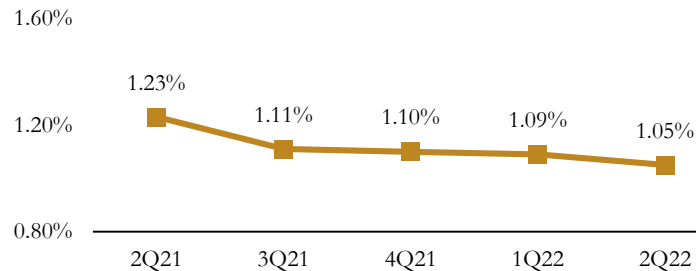
Net Charge-Offs / Average Loans



Non-performing Loans / Loans



Reserves / Loans HFI

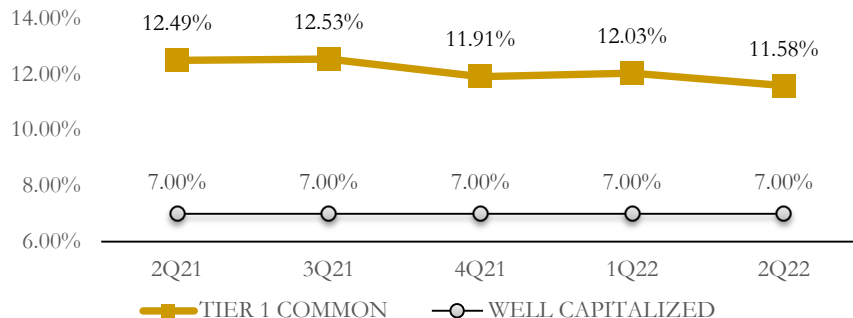


Capital

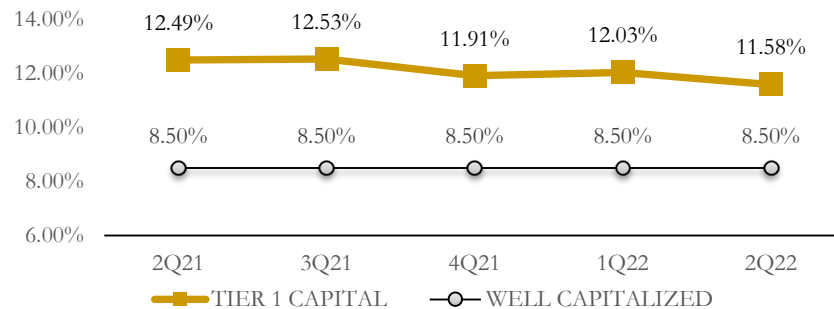


Capital Ratios

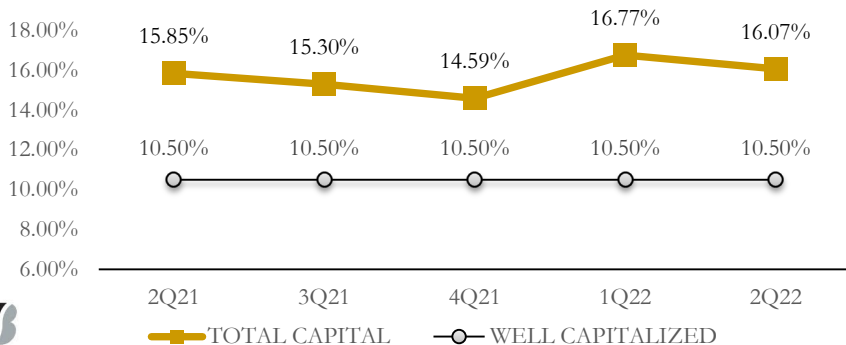
Tier 1 Common Equity Ratio



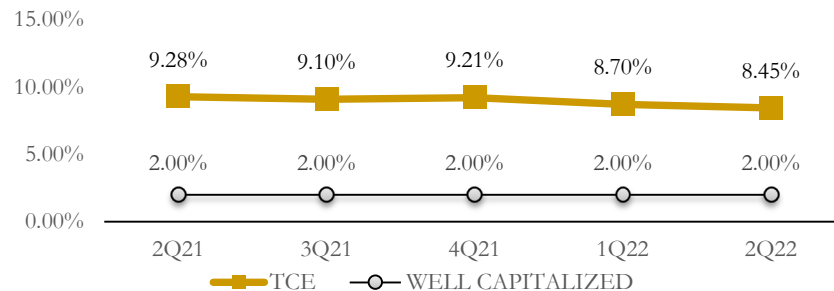
Tier 1 Capital Ratio



Total Capital Ratio



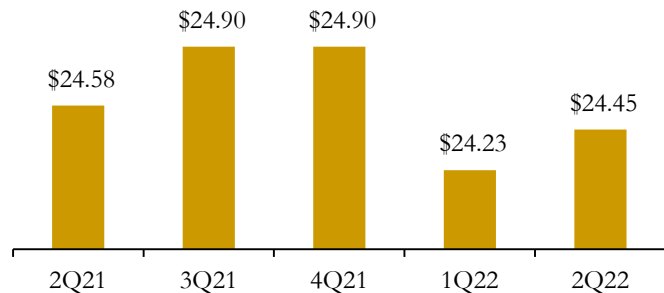
Tangible Common Equity Ratio ⁽¹⁾



Capital Strategy

Tangible Book Value Per Share ⁽²⁾

(In dollars)



- Quarterly dividend currently \$ 0.34 per share. 3.48% ⁽¹⁾ annualized dividend yield
- 28% of 2Q22 earnings returned to shareholders through common dividends
- On March 30, 2022, the Company's board of directors authorized a stock repurchase plan that permits the repurchase of up to \$50.0 million in shares of common stock. During 2Q 2022, the Company repurchased 625,710 shares of its common stock for \$25.0 million at an average price of \$39.93 per share
- All regulatory ratios continue to be in excess of “well-capitalized” requirements
- Capital stress testing completed as of the end of the second quarter indicated that even in the most severe economic scenario provided by Moody’s Analytics, all capital metrics remain above well-capitalized while maintaining current dividend



Source: Company documents

1) Based on 6/30/2022 SASR closing share price of \$39.07

2) Non-GAAP financial measure; see reconciliation to most directly comparable GAAP measure in “Appendix – Reconciliation of non-GAAP Financial Measures”

Appendix

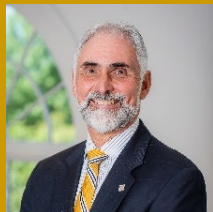


Management Team



Daniel J. Schrider
President & CEO

- Named President & Chief Executive Officer in January 2009
- 30+ years of experience at Sandy Spring
- Previously served as a director of the ABA, a past chairman of the Maryland Bankers Association and a past chair of the Stonier Graduate School of Banking Advisory Board



Philip J. Mantua
Chief Financial Officer

- Joined Sandy Spring in 1999, EVP and Chief Financial Officer since October 2004
- 30+ years of financial services experience
- Prior to Sandy Spring, developed financial planning systems, strategic plans, and ALCO policies for financial institutions at Olson Research Associates



Ronda McDowell
Chief Operations Officer

- Assumed newly created position of Chief Operations Officer in May 2021 and established a new Operations Group
- Previously served as Chief Credit Officer, November 2013 – May 2021
- 30+ years of experience in the financial services industry, including 26 at Sandy Spring



R. Louis Caceres
Head of Financial Services Group

- Joined Sandy Spring in 1999
- Chief Wealth Officer, overseeing Private Banking, Sandy Spring Trust and the company's subsidiaries: Sandy Spring Insurance Corporation, West Financial Services and Rembert Pendleton Jackson
- 25+ years of sales management experience in banking and wealth management



Joseph J. O'Brien, Jr.
Head of Community Banking

- EVP and the Chief Banking Officer, overseeing Commercial Real Estate, Personal and Business Banking, Mortgage, Marketing, Product Development and Online and Digital Banking
- 25+ years of experience with an emphasis on CRE lending and strategic planning

Management Team (continued)



Ken Cook

Head of Commercial Banking

- Joined Sandy Spring Bancorp in April 2020 through the acquisition of Revere Bank where he was Co-President and CEO
- His banking career spans over 38 years of serving businesses and individuals throughout the Greater Washington, D.C. region
- Served as President and CEO of Mercantile Potomac Bank from 1994 to 2007



John D. Sadowski

Chief Information Officer

- Joined Sandy Spring in March 2009 as Chief Information Officer
- 25+ years of experience in financial services systems and operations
- Prior to joining Sandy Spring spent 14 years with T. Rowe Price where he was a two-time winner of the T. Rowe Price Management Excellence Award



Kevin Slane

Chief Risk Officer

- Joined Sandy Spring in May 2018 in newly created position as Chief Risk Officer
- With more than 30 years of experience, he is an accomplished financial services executive
- Prior to joining Sandy Spring he was at Hancock Whitney Bank in Gulf South responsible for enterprise risk management and operational risk.



Aaron Kaslow

Chief Administrative Officer

- Joined Sandy Spring Bancorp as General Counsel and Secretary in July 2019
- Prior to joining Sandy Spring, served as team leader of Kilpatrick Townsend's Financial Institutions practice, focusing on corporate and securities matters, mergers and acquisitions, and regulatory matters for financial institutions.



Gary Fernandes

Chief Human Resources Officer

- Joined Sandy Spring in March 2015
- Named EVP and Chief Human Resources Officer in May 2021, overseeing all human capital and employee engagement strategies
- More than 25 years of experience in human resources across a range of industries and with Fortune 500 companies

Commitment to ESG

- Issued second Corporate Responsibility Report in March 2022 at <https://www.sandyspringbank.com/cr21>
- Commitment to disclosure and transparency
- Diverse board with four women/minority members
- 59% of employees are women; 38% of employees are ethnic minorities; 27% women in senior management
- Expanding minority recruiting to promote greater diversity, equity and inclusion



Digital Transformation and Technology

Technology and digital investments will provide a flexible platform for future growth and enhance the client experience. We are investing \$15 - \$20 million through 2024 to:



- Build an omni-channel banking platform, including Backbase, that supports future client facing enhancements.



- Implement an enterprise-wide integration layer with MuleSoft that will enable the design and build of APIs that support new and customized service offerings



- Create a holistic data infrastructure that will integrate with our existing Salesforce implementation and enable use cases to both drive revenue and more effectively manage the business



- Enhance the nCino commercial loan origination system to enhance client experience



- Implement Zelle as a digital payment option



Selected Financial Data

(Dollars in thousands, except per share data)

	2017	2018	2019	2020	2021
Results of Operations:					
Tax-equivalent interest income	\$ 202,258	\$ 328,797	\$ 352,615	\$ 427,688	\$ 453,987
Interest expense	26,031	63,637	82,561	60,401	25,766
Tax-equivalent net interest income	176,227	265,160	270,054	367,287	428,221
Tax-equivalent adjustment	7,459	4,715	4,746	4,128	3,703
Provision for credit losses	2,977	9,023	4,684	85,669	(45,556)
Net interest income after provision for credit losses	165,791	251,422	260,624	277,490	470,074
Non-interest income	51,243	61,049	71,322	102,716	102,055
Non-interest expenses	129,099	179,783	179,085	255,782	260,470
Income before taxes	87,935	132,688	152,861	124,424	311,659
Income tax expense	34,726	31,824	36,428	27,471	76,552
Net income	53,209	100,864	116,433	96,953	235,107
Per Share Data:					
Net income - basic per common share	\$ 2.20	\$ 2.82	\$ 3.25	\$ 2.19	\$ 5.00
Net income - diluted per common share	2.20	2.82	3.25	2.18	4.98
Dividends declared per share	1.04	1.10	1.18	1.20	1.28
Book value per common share	23.50	30.06	32.40	31.24	33.68
Tangible book value per common share	19.90	20.01	22.25	22.68	24.90
Period End Balances:					
Assets	\$ 5,446,675	\$ 8,243,272	\$ 8,629,002	\$ 12,798,429	\$ 12,590,726
Securities	775,025	1,010,724	1,125,136	1,413,781	1,507,062
Loans and leases	4,314,248	6,571,634	6,705,232	10,400,509	9,967,091
Deposits	3,963,662	5,914,880	6,440,319	10,033,069	10,624,731
Borrowings	885,192	1,213,465	936,788	1,149,320	313,798
Stockholder's equity	563,816	1,067,903	1,132,974	1,469,955	1,519,679
Average Balances:					
Assets	\$ 5,239,920	\$ 7,965,514	\$ 8,367,139	\$ 11,775,096	\$ 12,818,202
Securities	813,601	1,018,016	979,757	1,350,483	1,457,483
Loans and leases	4,097,988	6,225,498	6,569,069	9,317,493	10,034,866
Deposits	3,849,186	5,689,601	6,266,757	8,982,623	10,663,823
Borrowings	798,733	1,190,930	861,926	1,279,481	478,398
Stockholder's equity	550,926	1,024,795	1,108,310	1,339,491	1,518,607



Selected Financial Data

	2017	2018	2019	2020	2021
Performance Ratios:					
Return on average assets	1.02 %	1.27 %	1.39 %	0.82 %	1.83 %
Return on average common equity	9.66	9.84	10.51	7.24	15.48
Return on average tangible common equity	11.35	14.66	15.33	10.25	21.01
Yield on average interest-earning assets	4.08	4.47	4.58	3.90	3.77
Rate on average interest-bearing liabilities	0.77	1.24	1.56	0.82	0.35
Net interest spread	3.31	3.23	3.02	3.08	3.42
Net interest margin	3.55	3.60	3.51	3.35	3.56
Efficiency ratio – GAAP	58.68	55.92	53.20	54.90	49.47
Efficiency ratio – Non-GAAP (1)	54.59	50.87	51.52	46.53	46.17
Capital Ratios:					
Tier 1 leverage	9.24 %	9.50 %	9.70 %	8.92 %	9.26 %
Common equity tier 1 capital to risk-weighted assets	10.84	10.90	11.06	10.58	11.91
Tier 1 capital to risk-weighted assets	10.84	11.06	11.21	10.58	11.91
Total regulatory capital to risk-weighted assets	11.85	12.26	14.85	13.93	14.59
Tangible common equity to tangible assets - Non-GAAP (1)	8.91	9.02	9.40	8.61	9.26
Average equity to average assets	10.51	12.87	13.25	11.38	11.85
Credit Quality Ratios:					
Allowance for credit losses to total loans	1.05 %	0.81 %	0.84 %	1.59 %	1.10 %
Non-performing loans to total loans	0.68	0.55	0.62	1.11	0.49
Non-performing assets to total assets	0.58	0.46	0.50	0.91	0.40
Net charge-offs to average loans and leases	0.04	0.01	0.03	0.01	0.11



Non-GAAP Reconciliation

This presentation contains financial information and performance measures determined by methods other than in accordance with generally accepted accounting principles in the United States (“GAAP”). Sandy Spring Bancorp’s management believes that the supplemental non-GAAP information provides a better comparison of period-to-period operating performance. Additionally, Sandy Spring Bancorp believes this information is utilized by regulators and market analysts to evaluate a company’s financial condition and, therefore, such information is useful to investors. Non-GAAP measures used in this presentation consist of the following:

- efficiency ratio
- tangible common equity
- core earnings

Efficiency Ratio. Management views the GAAP efficiency ratio as an important financial measure of expense performance and cost management. The ratio expresses the level of non-interest expenses as a percentage of total revenue (net interest income plus total non-interest income). Lower ratios indicate improved productivity. In general, the efficiency ratio is non-interest expenses as a percentage of net interest income plus non-interest income. Non-interest expenses used in the calculation of the non-GAAP efficiency ratio excludes intangible asset amortization, loss on FHLB redemption, and merger, acquisition and disposal expense from non-interest expense, securities gain, and gain on asset sales from non-interest income and adds the tax- equivalent adjustment to net interest income. The measure is different from the GAAP efficiency ratio, which also is presented in this document. The GAAP measure is calculated using non-interest expense and income amounts as shown on the face of the Consolidated Statements of Income. The GAAP and non-GAAP efficiency ratios are reconciled and provided in the following table.

Tangible Common Equity. Tangible equity, tangible assets and tangible book value per share are non-GAAP financial measures calculated using GAAP amounts. Tangible common equity and tangible assets exclude the balances of goodwill and other intangible assets from stockholder’s equity and total assets, respectively. Management believes that this non-GAAP financial measure provides information to investors that may be useful in understanding our financial condition. Because not all companies use the same calculation of tangible equity and tangible assets, this presentation may not be comparable to other similarly titled measures calculated by other companies.

Core Earnings. Core earnings is a non-GAAP financial measure calculated using GAAP amounts. Core earnings reflect net income for the period exclusive of merger, acquisition and disposal expense, amortization of intangible assets, loss on FHLB redemption, and investment securities gain, and gain on asset sales in each case net of tax. Management believes that this non-GAAP financial measure provides helpful information to investors in understanding the Company’s core operating earnings and provides a better comparison of period-to-period operating performance of the Company.



Reconciliation of Non-GAAP Financial Measures-QTD

(Dollars in thousands)

	2Q 2021	3Q 2021	4Q 2021	1Q 2022	2Q 2022
Pre-tax pre-provision income (Non-GAAP)					
Pre-tax pre-provision income:	\$ 57,263	\$ 56,976	\$ 45,404	\$ 43,935	\$ 54,800
Net income					
Plus/(less) non-GAAP adjustments					
Income taxes	18,271	19,070	14,674	14,329	18,358
Provision for credit losses	(4,204)	(8,229)	1,585	1,635	3,046
Pre-tax pre-provision net income	<u>\$ 71,330</u>	<u>\$ 67,817</u>	<u>\$ 61,663</u>	<u>\$ 59,899</u>	<u>\$ 76,204</u>
Efficiency ratio - GAAP basis					
Non-interest expenses	\$ 62,975	\$ 63,181	\$ 66,141	\$ 62,147	\$ 64,991
Net interest income plus non-interest income	134,305	130,998	127,804	122,046	141,195
Efficiency ratio - GAAP basis	46.89%	48.23%	51.75%	50.92%	46.03%
Efficiency ratio - Non-GAAP basis					
Non-interest expenses	\$ 62,975	\$ 63,181	\$ 66,141	\$ 62,147	\$ 64,991
Less non-GAAP adjustments:					
Amortization of intangible assets	1,659	1,635	1,609	1,508	1,466
Loss on FHLB redemption	-	-	-	-	-
Merger, acquisition and disposal expense	-	-	-	-	1,067
Non-interest expenses - as adjusted	<u>\$ 61,316</u>	<u>\$ 61,546</u>	<u>\$ 64,532</u>	<u>\$ 60,639</u>	<u>\$ 62,458</u>
Net interest income plus non-interest income	\$ 134,305	\$ 130,998	\$ 127,804	\$ 122,046	\$ 141,195
Plus non-GAAP adjustment:					
Tax-equivalent income	930	931	862	866	992
Less non-GAAP adjustments:					
Investment securities gains	71	49	34	8	38
Gain on disposal of assets	-	-	-	-	16,699
Net interest income plus non-interest income - as adjusted	<u>\$ 135,164</u>	<u>\$ 131,880</u>	<u>\$ 128,632</u>	<u>\$ 122,904</u>	<u>\$ 125,450</u>
Efficiency ratio - Non-GAAP basis	45.36%	46.67%	50.17%	49.34%	49.79%



Reconciliation of Non-GAAP Financial Measures-YTD

	2017	2018	2019	2020	2021	(1) YTD 2022
<i>(Dollars in thousands)</i>						
Pre-tax pre-provision income (Non-GAAP)						
Pre-tax pre-provision income:						
Net income	\$ 53,209	\$ 100,864	\$ 116,433	\$ 96,953	\$ 235,107	\$ 98,735
Plus/(less) non-GAAP adjustments						
Income taxes	34,726	31,824	36,428	27,471	76,552	32,687
Provision for credit losses	2,977	9,023	4,684	85,669	(45,556)	4,681
Pre-tax pre-provision net income	<u>\$ 90,912</u>	<u>\$ 141,711</u>	<u>\$ 157,545</u>	<u>\$ 210,093</u>	<u>\$ 266,103</u>	<u>\$ 136,103</u>
Efficiency ratio - GAAP basis						
Non-interest expenses	\$ 129,099	\$ 179,783	\$ 179,085	\$ 255,782	\$ 260,470	\$ 127,138
Net interest income plus non-interest income	220,011	321,494	336,630	465,875	526,573	263,241
Efficiency ratio - GAAP basis	58.68%	55.92%	53.20%	54.90%	49.47%	48.30%
Efficiency ratio - Non-GAAP basis						
Non-interest expenses	\$ 129,099	\$ 179,783	\$ 179,085	\$ 255,782	\$ 260,470	\$ 127,138
Less non-GAAP adjustments:						
Amortization of intangible assets	101	2,162	1,946	6,221	6,600	2,974
Loss on FHLB redemption	1,275	-	-	5,928	9,117	-
Merger, acquisition and disposal expense	4,252	11,766	1,312	25,174	45	1,067
Non-interest expenses - as adjusted	<u>\$ 123,471</u>	<u>\$ 165,855</u>	<u>\$ 175,827</u>	<u>\$ 218,459</u>	<u>\$ 244,708</u>	<u>\$ 123,097</u>
Net interest income plus non-interest income	\$ 220,011	\$ 321,494	\$ 336,630	\$ 465,875	\$ 526,573	\$ 263,241
Plus non-GAAP adjustment:						
Tax-equivalent income	7,459	4,715	4,746	4,128	3,703	1,858
Less non-GAAP adjustments:						
Investment securities gains	1,273	190	77	467	212	46
Gain on disposal of assets	-	-	-	-	-	16,699
Net interest income plus non-interest income - as adjusted	<u>\$ 226,197</u>	<u>\$ 326,019</u>	<u>\$ 341,299</u>	<u>\$ 469,536</u>	<u>\$ 530,064</u>	<u>\$ 248,354</u>
Efficiency ratio - Non-GAAP basis	54.59%	50.87%	51.52%	46.53%	46.17%	49.57%



Tangible Common Equity-QTD

(Dollars in thousands except per share data)

	2Q 2021	3Q 2021	4Q 2021	1Q 2022	2Q 2022
Tangible common equity ratio:					
Total stockholders' equity	\$ 1,562,280	\$ 1,546,060	\$ 1,519,679	\$ 1,488,910	\$ 1,477,169
Goodwill	(370,223)	(370,223)	(370,223)	(370,223)	(363,436)
Other intangible assets, net	(29,165)	(27,531)	(25,920)	(24,412)	(22,694)
Tangible common equity	<u>\$ 1,162,892</u>	<u>\$ 1,148,306</u>	<u>\$ 1,123,536</u>	<u>\$ 1,094,275</u>	<u>\$ 1,091,039</u>
Total assets	\$ 12,925,577	\$ 13,017,464	\$ 12,590,726	\$ 12,967,416	\$ 13,303,009
Goodwill	(370,223)	(370,223)	(370,223)	(370,223)	(363,436)
Other intangible assets, net	(29,165)	(27,531)	(25,920)	(24,412)	(22,694)
Tangible assets	<u>\$ 12,526,189</u>	<u>\$ 12,619,710</u>	<u>\$ 12,194,583</u>	<u>\$ 12,572,781</u>	<u>\$ 12,916,879</u>
Common shares outstanding	47,312,982	46,119,074	45,118,930	45,162,908	44,629,697
Tangible common equity ratio	9.28%	9.10%	9.21%	8.70%	8.45%
Book value per common share	\$ 33.02	\$ 33.52	\$ 33.68	\$ 32.97	\$ 33.10
Tangible book value per common share	\$ 24.58	\$ 24.90	\$ 24.90	\$ 24.23	\$ 24.45



Tangible Common Equity-YTD

	2017	2018	2019	2020	2021	YTD 2022 ⁽¹⁾
<i>(Dollars in thousands except per share data)</i>						
Tangible common equity ratio:						
Total stockholders' equity	\$ 563,816	\$ 1,067,903	\$ 1,132,974	\$ 1,469,955	\$ 1,519,679	\$ 1,477,169
Goodwill	(85,768)	(347,149)	(347,149)	(370,223)	(370,223)	(363,436)
Other intangible assets, net	(580)	(9,788)	(7,841)	(32,521)	(25,920)	(22,694)
Tangible common equity	<u>\$ 477,468</u>	<u>\$ 710,966</u>	<u>\$ 777,984</u>	<u>\$ 1,067,211</u>	<u>\$ 1,123,536</u>	<u>\$ 1,091,039</u>
 Total assets	 \$ 5,446,675	 \$ 8,243,272	 \$ 8,629,002	 \$ 12,798,429	 \$ 12,590,726	 \$ 13,303,009
Goodwill	(85,768)	(347,149)	(347,149)	(370,223)	(370,223)	(363,436)
Other intangible assets, net	(580)	(9,788)	(7,841)	(32,521)	(25,920)	(22,694)
Tangible assets	<u>\$ 5,360,327</u>	<u>\$ 7,886,335</u>	<u>\$ 8,274,012</u>	<u>\$ 12,395,685</u>	<u>\$ 12,194,583</u>	<u>\$ 12,916,879</u>
 Common shares outstanding	 23,996,293	 35,530,734	 34,970,370	 47,056,777	 45,118,930	 44,629,697
 Tangible common equity ratio	 8.91%	 9.02%	 9.40%	 8.61%	 9.21%	 8.45%
Book value per common share	\$ 23.50	\$ 30.06	\$ 32.40	\$ 31.24	\$ 33.68	\$ 33.10
Tangible book value per common share	\$ 19.90	\$ 20.01	\$ 22.25	\$ 22.68	\$ 24.90	\$ 24.45



Core Earnings-QTD

(Dollars in thousands except per share data)

	2Q 2021	3Q 2021	4Q 2021	1Q 2022	2Q 2022
Core Earnings:					
Net income (GAAP)	\$ 57,263	\$ 56,976	\$ 45,404	\$ 43,935	\$ 54,800
Plus/(less) non-GAAP adjustments (net of tax):					
Merger, acquisition and disposal expense	-	-	-	-	793
Amortization of intangible assets	1,236	1,211	1,197	1,121	1,090
Gain on disposal of assets	-	-	-	-	(12,417)
Investment securities gains	(53)	(36)	(26)	(6)	(28)
Core earnings (non-GAAP)	<u>\$ 58,446</u>	<u>\$ 58,151</u>	<u>\$ 46,575</u>	<u>\$ 45,050</u>	<u>\$ 44,238</u>
Weighted average common shares outstanding - diluted (GAAP)	47,523,198	47,086,824	45,655,924	45,333,292	45,111,693
Earnings per diluted common share (GAAP)	\$ 1.19	\$ 1.20	\$ 0.99	\$ 0.96	\$ 1.21
Core earnings per diluted common share (non-GAAP)	\$ 1.23	\$ 1.23	\$ 1.02	\$ 0.99	\$ 0.98



Core Earnings-YTD

						(1)
	2017	2018	2019	2020	2021	YTD 2022
<i>(Dollars in thousands except per share data)</i>						
Core Earnings:						
Net income (GAAP)	\$ 53,209	\$ 100,864	\$ 116,433	\$ 96,953	\$ 235,107	\$ 98,735
Plus/(less) non-GAAP adjustments (net of tax):						
Merger, acquisition and disposal expense	2,570	8,692	969	18,745	33	793
Amortization of intangible assets	61	1,597	1,438	4,632	4,908	2,211
Loss on FHLB redemption	771	-	-	4,414	6,779	-
Gain on disposal of assets	-	-	-	-	-	(12,417)
Investment securities gains	(770)	(140)	(57)	(348)	(158)	(34)
Core earnings (non-GAAP)	<u>\$ 55,841</u>	<u>\$ 111,013</u>	<u>\$ 118,783</u>	<u>\$ 124,396</u>	<u>\$ 246,669</u>	<u>\$ 89,288</u>
Weighted average common shares outstanding - diluted (GAAP)	24,000,960	35,522,903	35,617,924	44,132,251	46,899,085	45,223,086
Earnings per diluted common share (GAAP)	\$ 2.20	\$ 2.82	\$ 3.25	\$ 2.18	\$ 4.98	\$ 2.17
Core earnings per diluted common share (non-GAAP)	\$ 2.33	\$ 3.13	\$ 3.33	\$ 2.82	\$ 5.26	\$ 1.97





Sandy Spring
Bancorp

