

SANDY SPRING BANCORP INC
Form 10-Q
May 08, 2015

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT
OF 1934

For the Quarterly Period Ended March 31, 2015

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT
OF 1934

For the transition period from _____ to _____

Commission File Number: 0-19065

SANDY SPRING BANCORP, INC.

(Exact name of registrant as specified in its charter)

Maryland

52-1532952

(State of incorporation)

(I.R.S. Employer Identification Number)

17801 Georgia Avenue, Olney, Maryland

20832

(Address of principal executive office)

(Zip Code)

301-774-6400

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to filing requirements for the past 90 days.

Yes No

—

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes No

—

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act)

Yes No

The number of outstanding shares of common stock outstanding as of May 4, 2015

Common stock, \$1.00 par value – 24,671,932 shares

SANDY SPRING BANCORP, INC.

TABLE OF CONTENTS

PART I - FINANCIAL INFORMATION

Item 1. FINANCIAL STATEMENTS

Condensed Consolidated Statements of Condition
March 31, 2015 and December 31, 2014

Condensed Consolidated Statements of Income -
Ended March 31, 2015 and 2014

Condensed Consolidated Statements of Comprehensive
Income for the Three Months Ended March 31, 2015 and 2014

Condensed Consolidated Statements of Cash Flow
for the Three Months Ended March 31, 2015 and 2014

Condensed Consolidated Statements of Changes in
Equity for the Three Months Ended March 31, 2015 and 2014

Notes to Condensed Consolidated Financial Statements

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF

FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES

ABOUT MARKET RISK

Item 4. CONTROLS AND PROCEDURES

PART II - OTHER INFORMATION

Item 1. LEGAL PROCEEDINGS

Item 1A. RISK FACTORS

Item 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Item 3. DEFAULTS UPON SENIOR SECURITIES

Item 4. MINE SAFETY DISCLOSURES

Item 5. OTHER INFORMATION

Item 6. EXHIBITS

SIGNATURES

Forward-Looking Statements

This Quarterly Report on Form 10-Q, as well as other periodic reports filed with the Securities and Exchange Commission, and written or oral communications made from time to time by or on behalf of Sandy Spring Bancorp and its subsidiaries (the “Company”), may contain statements relating to future events or future results of the Company that are considered “forward-looking statements” under the Private Securities Litigation Reform Act of 1995. These forward-looking statements may be identified by the use of words such as “believe,” “expect,” “anticipate,” “plan,” “estimate,” “intend” and “potential,” or words of similar meaning, or future or conditional verbs such as “should,” “could,” or “may.” Forward-looking statements include statements of our goals, intentions and expectations; statements regarding our business plans, prospects, growth and operating strategies; statements regarding the quality of our loan and investment portfolios; and estimates of our risks and future costs and benefits.

Forward-looking statements reflect our expectation or prediction of future conditions, events or results based on information currently available. These forward-looking statements are subject to significant risks and uncertainties that may cause actual results to differ materially from those in such statements. These risk and uncertainties include, but are not limited to, the risks identified in Item 1A of the Company’s 2014 Annual Report on Form 10-K, Item 1A of Part II of this report and the following:

- general business and economic conditions nationally or in the markets that the Company serves could adversely affect, among other things, real estate prices, unemployment levels, and consumer and business confidence, which could lead to decreases in the demand for loans, deposits and other financial services that we provide and increases in loan delinquencies and defaults;
- changes or volatility in the capital markets and interest rates may adversely impact the value of securities, loans, deposits and other financial instruments and the interest rate sensitivity of our balance sheet as well as our liquidity;
- our liquidity requirements could be adversely affected by changes in our assets and liabilities;
- our investment securities portfolio is subject to credit risk, market risk, and liquidity risk as well as changes in the estimates we use to value certain of the securities in our portfolio;
- the effect of legislative or regulatory developments including changes in laws concerning taxes, banking, securities, insurance and other aspects of the financial services industry;
- competitive factors among financial services companies, including product and pricing pressures and our ability to attract, develop and retain qualified banking professionals;
- the effect of changes in accounting policies and practices, as may be adopted by the Financial Accounting Standards Board, the Securities and Exchange Commission, the Public Company Accounting Oversight Board and other regulatory agencies; and
- the effect of fiscal and governmental policies of the United States federal government.

Forward-looking statements speak only as of the date of this report. The Company does not undertake to update forward-looking statements to reflect circumstances or events that occur after the date of this report or to reflect the occurrence of unanticipated events except as required by federal securities laws.

Part I**Item 1. FINANCIAL STATEMENTS****Sandy Spring Bancorp, Inc. and Subsidiaries****CONDENSED CONSOLIDATED STATEMENTS OF CONDITION - UNAUDITED**

<i>(Dollars in thousands)</i>	March 31, 2015	December 31, 2014
Assets		
Cash and due from banks	\$ 46,771	\$ 52,804
Federal funds sold	473	473
Interest-bearing deposits with banks	33,906	42,940
Cash and cash equivalents	81,150	96,217
Residential mortgage loans held for sale (at fair value)	13,899	10,512
Investments available-for-sale (at fair value)	657,709	672,209
Investments held-to-maturity -- fair value of \$221,687 and \$222,260 at March 31, 2015		
and December 31, 2014, respectively	217,557	219,973
Other equity securities	37,299	41,437
Total loans and leases	3,164,706	3,127,392
Less: allowance for loan and lease losses	(37,475)	(37,802)
Net loans and leases	3,127,231	3,089,590
Premises and equipment, net	51,299	49,402
Other real estate owned	3,227	3,195
Accrued interest receivable	12,505	12,634
Goodwill	84,171	84,171
Other intangible assets, net	403	510
Other assets	114,930	117,282
Total assets	\$ 4,401,380	\$ 4,397,132
Liabilities		
Noninterest-bearing deposits	\$ 1,017,566	\$ 993,737
Interest-bearing deposits	2,092,326	2,072,772
Total deposits	3,109,892	3,066,509
Securities sold under retail repurchase agreements and federal funds purchased	101,640	74,432
Advances from FHLB	590,000	655,000
Subordinated debentures	35,000	35,000
Accrued interest payable and other liabilities	43,080	44,440
Total liabilities	3,879,612	3,875,381
Stockholders' Equity		
Common stock -- par value \$1.00; shares authorized 50,000,000; shares issued and outstanding 24,733,868 and 25,044,877 at March 31, 2015 and December 31, 2014, respectively	24,734	25,045
Additional paid in capital	186,342	194,647
Retained earnings	308,546	302,882
Accumulated other comprehensive income (loss)	2,146	(823)
Total stockholders' equity	521,768	521,751

Total liabilities and stockholders' equity	\$ 4,401,380	\$ 4,397,132
---	---------------------	---------------------

The accompanying notes are an integral part of these statements

SANDY SPRING BANCORP, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF INCOME - UNAUDITED

	Three Months Ended March 31,	
<i>(Dollars in thousands, except per share data)</i>	2015	2014
Interest Income:		
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	2,258	2,321
Total interest income	38,072	36,250
Interest Expense:		
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	219	218
Total interest expense	4,699	4,658
Net interest income	33,373	31,592
Provision (credit) for loan and lease losses	597	(982)
Net interest income after provision (credit) for loan and lease losses	32,776	32,574
Non-interest Income:		
Investment securities gains	-	-
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
Visa check fees	1,057	978
Other income	1,795	1,279
Total non-interest income	13,159	11,249
Non-interest Expenses:		
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
Net income	\$ 11,225	\$ 10,928

Net Income Per Share Amounts:

Edgar Filing: SANDY SPRING BANCORP INC - Form 10-Q

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

The accompanying notes are an integral part of these statements

5

SANDY SPRING BANCORP, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME - UNAUDITED

<i>(In thousands)</i>	Three Months ended March	
	2015	2014
Net income	\$ 11,225	\$ 10,928
Other comprehensive income:		
Investments available-for-sale:		
Net change in unrealized gains on investments available-for-sale	4,634	7,132
Related income tax expense	(1,841)	(2,823)
Net investment gains reclassified into earnings	-	-
Related income tax expense	-	-
Net effect on other comprehensive income for the period	2,793	4,309
Defined benefit pension plan:		
Recognition of unrealized gain	292	48
Related income tax expense	(116)	(37)
Net effect on other comprehensive income for the period	176	11
Total other comprehensive income	2,969	4,320
Comprehensive income	\$ 14,194	\$ 15,248

The accompanying notes are an integral part of these statements

6

SANDY SPRING BANCORP, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS - UNAUDITED

<i>(Dollars in thousands)</i>	Three Months Ended March 31,	
	2015	2014
Operating activities:		
Net income	\$ 11,225	\$ 10,928
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	1,683	1,915
Provision (credit) for loan and lease losses	597	(982)
Share based compensation expense	422	395
Deferred income tax expense	669	740
Origination of loans held for sale	(44,128)	(23,379)
Proceeds from sales of loans held for sale	41,336	29,062
Gains on sales of loans held for sale	(595)	(397)
Net decrease in accrued interest receivable	129	244
Net increase in other assets	(1,763)	(5,994)
Net increase (decrease) in accrued expenses and other liabilities	(334)	7,906
Other – net	1,054	1,318
Net cash provided by operating activities	10,295	21,756
Investing activities:		
Purchases of other equity securities	4,138	3,120
Proceeds from maturities, calls and principal payments of investments held-to-maturity	2,195	671
Proceeds from maturities, calls and principal payments of investments available-for-sale	18,628	21,118
Net increase in loans and leases	(38,270)	(48,587)
Expenditures for premises and equipment	(3,045)	(856)
Net cash used in investing activities	(16,354)	(24,534)
Financing activities:		
Net increase in deposits	43,383	81,970
Net increase in retail repurchase agreements and federal funds purchased	27,208	13,196
Proceeds from advances from FHLB	569,000	530,000
Repayment of advances from FHLB	(634,000)	(576,000)
Proceeds from issuance of common stock	(146)	(79)
Tax benefits associated with share based compensation	146	-
Repurchase of common stock	(9,038)	-
Dividends paid	(5,561)	(4,541)
Net cash (used) provided by financing activities	(9,008)	44,546
Net increase (decrease) in cash and cash equivalents	(15,067)	41,768
Cash and cash equivalents at beginning of period	96,217	74,427
Cash and cash equivalents at end of period	\$ 81,150	\$ 116,195
Supplemental Disclosures:		
Interest payments	\$ 4,746	\$ 4,712
Income tax payments	4,360	10
Transfers from loans to other real estate owned	32	281

The accompanying notes are an integral part of these statements

SANDY SPRING BANCORP, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY -
UNAUDITED

	Common	Additional Paid-In	Retained	Accumulated Other Comprehensive Income	Total Stockholders' Equity
<i>(Dollars in thousands, except per share data)</i>	Stock	Capital	Earnings	(Loss)	Equity
Balances at January 1, 2015	\$ 25,045	\$ 194,647	\$ 302,882	\$ (823)	\$ 521,751
Net income	-	-	11,225	-	11,225
Other comprehensive income, net of tax	-	-	-	2,969	2,969
Common stock dividends - \$0.22 per share	-	-	(5,561)	-	(5,561)
Stock compensation expense	-	422	-	-	422
Common stock issued pursuant to:					
Stock option plan - 5,752 shares	6	68	-	-	74
Employee stock purchase plan - 6,663 shares	6	163	-	-	169
Restricted stock - 27,945 shares	28	(271)	-	-	(243)
Purchase of treasury shares - 351,369 shares	(351)	(8,687)	-	-	(9,038)
Balances at March 31, 2015	\$ 24,734	\$ 186,342	\$ 308,546	\$ 2,146	\$ 521,768
Balance at January 1, 2014	\$ 24,990	\$ 193,445	\$ 283,898	\$ (2,970)	\$ 499,363
Net income	-	-	10,928	-	10,928
Other comprehensive income, net of tax	-	-	-	4,320	4,320
Common stock dividends - \$0.18 per share	-	-	(4,541)	-	(4,541)
Stock compensation expense	-	395	-	-	395
Common stock issued pursuant to:					
Stock option plan - 6,671 shares	7	83	-	-	90
Employee stock purchase plan - 5,650 shares	5	116	-	-	121
Restricted stock - 41,140 shares	41	(331)	-	-	(290)
Balances at March 31, 2014	\$ 25,043	\$ 193,708	\$ 290,285	\$ 1,350	\$ 510,386

The accompanying notes are an integral part of these statements

8

Sandy Spring Bancorp, Inc. and Subsidiaries

Notes to the CONDENSED Consolidated Financial Statements - UNAUDITED

Note 1 – Significant Accounting Policies

Nature of Operations

Sandy Spring Bancorp (the “Company”), a Maryland corporation, is the bank holding company for Sandy Spring Bank (the “Bank”), which conducts a full-service commercial banking, mortgage banking and trust business. Services to individuals and businesses include accepting deposits, extending real estate, consumer and commercial loans and lines of credit, general insurance, personal trust, and investment and wealth management services. The Company operates in the Maryland counties of Anne Arundel, Carroll, Frederick, Howard, Montgomery, and Prince George's, and in Arlington, Fairfax and Loudoun counties in Virginia. The Company offers investment and wealth management services through the Bank's subsidiary, West Financial Services. Insurance products are available to clients through Sandy Spring Insurance, and Neff & Associates, which are agencies of Sandy Spring Insurance Corporation.

Basis of Presentation

The accounting and reporting policies of the Company conform to accounting principles generally accepted in the United States of America (“GAAP”) and prevailing practices within the financial services industry for interim financial information and Rule 10-01 of Regulation S-X. Accordingly, they do not include all of the information and notes required for complete financial statements and prevailing practices within the banking industry. The following summary of significant accounting policies of the Company is presented to assist the reader in understanding the financial and other data presented in this report. Operating results for the three months ended March 31, 2015 are not necessarily indicative of the results that may be expected for any future periods or for the year ending December 31, 2015. In the opinion of management, all adjustments (comprising only normal recurring accruals) necessary for a fair presentation of the results of the interim periods have been included. Certain reclassifications have been made to prior period amounts, as necessary, to conform to the current period presentation. The Company has evaluated subsequent events through the date of the issuance of its financial statements.

These statements should be read in conjunction with the financial statements and accompanying notes included in the Company's 2014 Annual Report on Form 10-K as filed with the Securities and Exchange Commission (“SEC”) on March 6, 2015. There have been no significant changes to the Company's accounting policies as disclosed in the 2014 Annual Report on Form 10-K.

Principles of Consolidation

The unaudited condensed consolidated financial statements include the accounts of the Company and its wholly owned subsidiary, Sandy Spring Bank and its subsidiaries, Sandy Spring Insurance Corporation and West Financial Services, Inc. Consolidation has resulted in the elimination of all intercompany accounts and transactions.

Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements, and affect the reported amounts of revenues earned and expenses incurred during the reporting period. Actual results could differ from those estimates. Estimates that could change significantly relate to the provision for loan and lease losses and the related allowance, determination of impaired loans and the related measurement of impairment, potential impairment of goodwill or other intangible assets, valuation of investment securities and the determination of whether impaired securities are other-than-temporarily impaired, valuation of other real estate owned, prepayment rates, valuation of share-based compensation, the assessment that a liability should be recognized with respect to any matters under litigation, the calculation of current and deferred income taxes and the actuarial projections related to pension expense and the related liability.

Cash Flows

For purposes of reporting cash flows, cash and cash equivalents include cash and due from banks, federal funds sold and interest-bearing deposits with banks (items with stated original maturity of three months or less).

Pending Accounting Pronouncements

The FASB issued a standard in May 2014 that provides accounting guidance for all revenue arising from contracts with customers and affects all entities that enter into contracts to provide goods or services to customers. The guidance also provides for a model for the measurement and recognition of gains and losses on the sale of certain nonfinancial assets, such as property and equipment, including real estate. This standard may affect an entity's financial statements, business processes and internal control over financial reporting. The guidance is effective for the first interim or annual period beginning after December 15, 2016. The guidance must be adopted using either a full retrospective approach for all periods presented in the period of adoption or a modified retrospective approach. The Company is assessing this guidance to determine its impact on the Company's financial position, results of operations and cash flows.

Note 2 – Investments

Investments available-for-sale

The amortized cost and estimated fair values of investments available-for-sale at the dates indicated are presented in the following table:

(In thousands)	March 31, 2015				December 31, 2014			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
U.S. government agencies	\$144,519	\$ 253	\$ (877)	\$143,895	\$144,497	\$ -	\$(2,818)	\$141,679
State and municipal	155,964	9,822	-	165,786	157,603	9,453	(4)	167,052
Mortgage-backed	337,351	10,481	(1,529)	346,303	354,631	9,824	(2,936)	361,519
Trust preferred	1,111	-	(109)	1,002	1,348	-	(112)	1,236
Total debt securities	638,945	20,556	(2,515)	656,986	658,079	19,277	(5,870)	671,486
Marketable equity securities	723	-	-	723	723	-	-	723
Total investments available-for-sale	\$639,668	\$ 20,556	\$(2,515)	\$657,709	\$658,802	\$19,277	\$(5,870)	\$672,209

Any unrealized losses in the U.S. government agencies, state and municipal, mortgage-backed or corporate debt investment securities at March 31, 2015 are not the result of credit related events but due to changes in interest rates. These declines are considered temporary in nature and are expected to decline over time and recover as these securities approach maturity.

The mortgage-backed securities portfolio at March 31, 2015 is composed entirely of either the most senior tranches of GNMA, FNMA or FHLMC collateralized mortgage obligations (\$160.8 million), or GNMA, FNMA or FHLMC mortgage-backed securities (\$185.5 million). The Company does not intend to sell these securities and has sufficient liquidity to hold these securities for an adequate period of time, which may be maturity, to allow for any anticipated recovery in fair value.

At March 31, 2015 the trust preferred portfolio consisted of one pooled trust preferred security. The pooled trust preferred security, which is backed by debt issued by banks and thrifts, totals \$1.1 million with a fair value of \$1.0 million. The fair value of this security was determined by management through the use of a third party valuation specialist due to the limited trading activity for this security.

The income valuation approach technique (present value) used maximizes the use of relevant observable inputs and minimizes the use of unobservable inputs. The methodology and significant assumptions employed by the specialist to determine fair value included:

- Evaluation of the structural terms as established in the indenture;
- Detailed credit and structural evaluation for each piece of issuer collateral in the pool;
- Overall default (.62%), recovery and prepayment (2%)/amortization probabilities by issuers in the pool;
- Identification of adverse conditions specifically related to the security, industry and geographical area;
- Projection of estimated cash flows that incorporate default expectations and loss severities;
- Review of historical and implied volatility of the fair value of the security;
- Evaluation of credit risk concentrations;
- Evaluation of the length of time and the extent to which the fair value has been less than the amortized cost; and
- A discount rate of 11.9% was established using credit adjusted financial institution spreads for comparably rated institutions and a liquidity adjustment that considered the previously noted characteristics.

As a result of this evaluation, it was determined that the pooled trust preferred security had not incurred any credit-related other-than-temporary impairment (“OTTI”) for the quarter ended March 31, 2015. Non-credit related OTTI on this security, which is not expected to be sold and which the Company has the ability to hold until maturity, was \$0.1 million at March 31, 2015. This non-credit related OTTI was recognized in other comprehensive income (“OCI”) at March 31, 2015.

The methodology and significant inputs used to measure the amount related to credit loss consisted of the following:

- Default rates were developed based on the financial condition of the trust preferred issuers in the pool and the payment or deferral status. Conditional default rates were estimated based on the payment characteristics of the security and the financial condition of the issuers in the pool. Near term and future defaults are estimated using third party industry data in addition to a review of key financial ratios and other pertinent data on the financial stability of the underlying issuer;
- Loss severity is forecasted based on the type of impairment using research performed by third parties;
- The security contains one level of subordination below the senior tranche, with the senior tranche receiving the spread from the subordinate bonds. Given recent performance, it is not expected that the senior tranche will receive its full interest and principal at the bond’s maturity date;
- Credit ratings of the underlying issuers are reviewed in conjunction with the development of the default rates applied to determine the credit amounts related to the credit loss; and
- Potential prepayments are estimated based on terms and rates of the underlying trust preferred securities to determine the impact of excess spread on the credit enhancement, the removal of the strongest institutions from the underlying pool and any impact that prepayments might have on diversity and concentration.

The following table provides the activity of OTTI on investment securities due to credit losses recognized in earnings for the period indicated:

<i>(In thousands)</i>	OTTI Losses
Cumulative credit losses on investment securities, through December 31, 2014	\$ 531
Additions for credit losses not previously recognized	-
Cumulative credit losses on investment securities, through March 31, 2015	\$ 531

Gross unrealized losses and fair value by length of time that the individual available-for-sale securities have been in an unrealized loss position at the dates indicated are presented in the following table:

<i>(Dollars in thousands)</i>	March 31, 2015				
	Number of securities	Fair Value	Continuous Unrealized Losses Existing for:		Total Unrealized Losses
			Less than 12 months	More than 12 months	
U.S. government agencies	9	\$ 94,083	\$ 244	\$ 633	\$ 877
Mortgage-backed	17	99,760	96	1,433	1,529
Trust preferred	1	1,002	-	109	109
Total	27	\$ 194,845	\$ 340	\$ 2,175	\$ 2,515

<i>(Dollars in thousands)</i>	December 31, 2014				
	Number of securities	Fair Value	Continuous Unrealized Losses Existing for:		Total Unrealized Losses
			Less than 12 months	More than 12 months	
U.S. government agencies	14	\$ 141,679	\$ 60	\$ 2,758	\$ 2,818
State and municipal	2	1,409	4	-	4
Mortgage-backed	20	108,902	58	2,878	2,936
Trust preferred	1	1,236	-	112	112
Total	37	\$ 253,226	\$ 122	\$ 5,748	\$ 5,870

The amortized cost and estimated fair values of debt securities available-for-sale by contractual maturity at the dates indicated are provided in the following table. The Company has allocated mortgage-backed securities into the four maturity groupings reflected in the following table using the expected average life of the individual securities based on statistics provided by independent third party industry sources. Expected maturities will differ from contractual maturities as borrowers may have the right to prepay obligations with or without prepayment penalties.

<i>(In thousands)</i>	March 31, 2015		December 31, 2014	
	Amortized Cost	Estimated Fair Value	Amortized Cost	Estimated Fair Value
Due in one year or less	\$ 691	\$ 708	\$ 691	\$ 714
Due after one year through five years	73,069	75,408	47,900	49,385
Due after five years through ten years	304,330	314,650	332,841	340,852
Due after ten years	260,855	266,220	276,647	280,535
Total debt securities available for sale	\$ 638,945	\$ 656,986	\$ 658,079	\$ 671,486

At March 31, 2015 and December 31, 2014, investments available-for-sale with a book value of \$217.2 million and \$212.9 million, respectively, were pledged as collateral for certain government deposits and for other purposes as required or permitted by law. The outstanding balance of no single issuer, except for U.S. Agencies securities, exceeded ten percent of stockholders' equity at March 31, 2015 and December 31, 2014.

Investments held-to-maturity

The amortized cost and estimated fair values of investments held-to-maturity at the dates indicated are presented in the following table:

	March 31, 2015				December 31, 2014			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
<i>(In thousands)</i>								
U.S. government agencies	\$ 64,514	\$ 13	\$ (697)	\$ 63,830	\$ 64,512	\$ -	\$ (1,734)	\$ 62,778
State and municipal	152,849	4,968	(184)	157,633	155,261	4,321	(325)	159,257
Mortgage-backed	194	30	-	224	200	25	-	225
Total investments held-to-maturity	\$ 217,557	\$ 5,011	\$ (881)	\$ 221,687	\$ 219,973	\$ 4,346	\$ (2,059)	\$ 222,260

Gross unrealized losses and fair value by length of time that the individual held-to-maturity securities have been in a continuous unrealized loss position at the dates indicated are presented in the following tables:

	Number of securities	Fair Value	March 31, 2015 Continuous Unrealized Losses Existing for:		Total Unrealized Losses
			Less than 12 months	More than 12 months	
<i>(Dollars in thousands)</i>					
U.S. government agencies	5	\$ 45,766	\$ 178	\$ 519	\$ 697
State and municipal	20	18,242	26	158	184
Total	25	\$ 64,008	\$ 204	\$ 677	\$ 881

	Number of securities	Fair Value	December 31, 2014 Continuous Unrealized Losses Existing for:		Total Unrealized Losses
			Less than 12 months	More than 12 months	
<i>(Dollars in thousands)</i>					
U.S. government agencies	8	\$ 62,778	\$ -	\$ 1,734	\$ 1,734
State and municipal	41	32,027	18	307	325
Total	49	\$ 94,805	\$ 18	\$ 2,041	\$ 2,059

The Company intends to hold these securities until they reach maturity.

Edgar Filing: SANDY SPRING BANCORP INC - Form 10-Q

The amortized cost and estimated fair values of debt securities held-to-maturity by contractual maturity at the dates indicated are reflected in the following table. Expected maturities will differ from contractual maturities as borrowers may have the right to prepay obligations with or without prepayment penalties.

	March 31, 2015		December 31, 2014	
	Amortized Cost	Estimated Fair Value	Amortized Cost	Estimated Fair Value
<i>(In thousands)</i>				
Due in one year or less	\$ -	\$ -	\$ 1,690	\$ 1,694
Due after one year through five years	6,980	7,161	6,763	6,938
Due after five years through ten years	164,343	167,489	163,252	164,787
Due after ten years	46,234	47,037	48,268	48,841
Total debt securities held-to-maturity	\$ 217,557	\$ 221,687	\$ 219,973	\$ 222,260

At March 31, 2015 and December 31, 2014, investments held-to-maturity with a book value of \$188.7 million and \$202.4 million, respectively, were pledged as collateral for certain government deposits and for other purposes as required or permitted by law. The outstanding balance of no single issuer, except for U.S. Agency securities, exceeded ten percent of stockholders' equity at March 31, 2015 and December 31, 2014.

Equity securities

Other equity securities at the dates indicated are presented in the following table:

<i>(In thousands)</i>	March 31, 2015	December 31, 2014
Federal Reserve Bank stock	\$ 8,269	\$ 8,269
Federal Home Loan Bank of Atlanta stock	29,030	33,168
Total equity securities	\$ 37,299	\$ 41,437

Note 3 – Loans and Leases

Outstanding loan balances at March 31, 2015 and December 31, 2014 are net of unearned income including net deferred loan costs of \$0.6 million and \$0.5 million, respectively. The loan portfolio segment balances at the dates indicated are presented in the following table:

<i>(In thousands)</i>	March 31, 2015	December 31, 2014
Residential real estate:		
Residential mortgage	\$ 728,858	\$ 717,886
Residential construction	130,321	136,741
Commercial real estate:		
Commercial owner occupied real estate	618,846	611,061
Commercial investor real estate	668,931	640,193
Commercial acquisition, development and construction	203,731	205,124
Commercial Business	385,452	390,781
Leases	36	54
Consumer	428,531	425,552
Total loans and leases	\$ 3,164,706	\$ 3,127,392

Note 4 – CREDIT QUALITY ASSESSMENT

Allowance for Loan and Lease Losses

Summary information on the allowance for loan and lease loss activity for the period indicated is provided in the following table:

Three Months Ended March 31,

Edgar Filing: SANDY SPRING BANCORP INC - Form 10-Q

<i>(In thousands)</i>	2015	2014
Balance at beginning of year	\$ 37,802	\$ 38,766
Provision for loan and lease losses	597	(982)
Loan and lease charge-offs	(1,114)	(717)
Loan and lease recoveries	190	959
Net charge-offs	(924)	242
Balance at period end	\$ 37,475	\$ 38,026

The following tables provide information on the activity in the allowance for loan and lease losses by the respective loan portfolio segment for the period indicated:

<i>(Dollars in thousands)</i>	For the Three Months Ended March 31, 2015									
	Commercial Real Estate					Residential Real Estate				
	Commercial		Commercial		Commercial Owner			Residential		Residential
	Business	AD&C	R/E	R/E	Leasing	Consumer	Mortgage	Construction	Total	
Balance at beginning of year	\$ 5,852	\$ 4,267	\$ 9,784	\$ 7,143	\$ 9	\$ 3,592	\$ 6,232	\$ 923	\$ 37,802	
Provision (credit)	(312)	(112)	261	328	-	318	143	(29)	597	
Charge-offs	(19)	(706)	-	(213)	-	(99)	(77)	-	(1,114)	
Recoveries	108	-	5	1	-	56	12	8	190	
Net charge-offs	89	(706)	5	(212)	-	(43)	(65)	8	(924)	
Balance at end of period	\$ 5,629	\$ 3,449	\$ 10,050	\$ 7,259	\$ 9	\$ 3,867	\$ 6,310	\$ 902	\$ 37,475	
Total loans and leases	\$ 385,452	\$ 203,731	\$ 668,931	\$ 618,846	\$ 36	\$ 428,531	\$ 728,858	\$ 130,321	\$ 3,164,706	
Allowance for loans and leases to total loans and leases ratio	1.46%	1.69%	1.50%	1.17%	25.02%	0.90%	0.87%	0.69%	1.18%	
Balance of loans specifically evaluated for impairment	\$ 4,860	\$ 1,363	\$ 12,194	\$ 8,974	\$ na.	\$ na.	\$ 3,813	\$ na.	\$ 31,204	
Allowance for loans specifically evaluated for impairment	\$ 1,058	\$ 48	\$ 545	\$ 999	\$ na.	\$ na.	\$ -	\$ na.	\$ 2,650	
Specific allowance to specific loans ratio	21.77%	3.52%	4.47%	11.13%	na.	na.	na.	na.	8.49%	
Balance of loans collectively evaluated	\$ 380,592	\$ 202,368	\$ 656,737	\$ 609,872	\$ 36	\$ 428,531	\$ 725,045	\$ 130,321	\$ 3,133,502	
Allowance for loans collectively evaluated	\$ 4,571	\$ 3,401	\$ 9,505	\$ 6,260	\$ 9	\$ 3,867	\$ 6,310	\$ 902	\$ 34,825	
Collective allowance to	1.20%	1.68%	1.45%	1.03%	25.02%	0.90%	0.87%	0.00%	1.11%	

**collective loans
ratio**

For the Year Ended December 31, 2014

<i>(Dollars in thousands)</i>	Commercial Real Estate					Residential Real Estate				Total
	Commercial Business	Commercial AD&C	Commercial Owner		Leasing	Consumer	Residential			
			Investor R/E	Occupied R/E			Mortgage	Construction		
Balance at beginning of year	\$ 6,308	\$ 3,754	\$ 9,263	\$ 6,308	\$ 16	\$ 4,142	\$ 7,819	\$ 1,156	\$ 38,766	
Provision (credit)	(1,204)	1,042	486	1,094	(7)	119	(1,385)	(308)	(163)	
Charge-offs	(729)	(529)	(3)	(265)	-	(834)	(323)	(4)	(2,687)	
Recoveries	1,477	-	38	6	-	165	121	79	1,886	
Net charge-offs	748	(529)	35	(259)	-	(669)	(202)	75	(801)	
Balance at end of period	\$ 5,852	\$ 4,267	\$ 9,784	\$ 7,143	\$ 9	\$ 3,592	\$ 6,232	\$ 923	\$ 37,802	
Total loans and leases	\$390,781	\$205,124	\$640,193	\$611,061	\$ 54	\$425,552	\$717,886	\$136,741	\$3,127,392	
Allowance for loans and leases to total loans and leases ratio	1.50%	2.08%	1.53%	1.17%	16.80%	0.84%	0.87%	0.67%	1.21%	
Balance of loans specifically evaluated for impairment	\$ 3,894	\$ 2,464	\$ 10,279	\$ 8,941	\$ na.	\$ na.	\$ 3,535	\$ 306	\$ 29,419	
Allowance for loans specifically evaluated for impairment	\$ 788	\$ 741	\$ 541	\$ 824	\$ na.	\$ na.	\$ -	\$ -	\$ 2,894	
Specific allowance to specific loans ratio	20.24%	30.07%	5.26%	9.22%	na.	na.	na.	na.	9.84%	
Balance of loans collectively evaluated	\$386,887	\$202,660	\$629,914	\$602,120	\$ 54	\$425,552	\$714,351	\$136,435	\$3,097,973	
Allowance for loans collectively evaluated	\$ 5,064	\$ 3,526	\$ 9,243	\$ 6,319	\$ 9	\$ 3,592	\$ 6,232	\$ 923	\$ 34,908	
Collective allowance to collective loans ratio	1.31%	1.74%	1.47%	1.05%	16.80%	0.84%	0.87%	0.68%	1.13%	

The following table provides summary information regarding impaired loans at the dates indicated and for the periods then ended:

<i>(In thousands)</i>	March 31, 2015	December 31, 2014
Impaired loans with a specific allowance	\$ 10,587	\$ 11,411
Impaired loans without a specific allowance	20,617	18,008
Total impaired loans	\$ 31,204	\$ 29,419
Allowance for loan and lease losses related to impaired loans	\$ 2,650	\$ 2,894
Allowance for loan and lease losses related to loans collectively evaluated	34,825	34,908
Total allowance for loan and lease losses	\$ 37,475	\$ 37,802
Average impaired loans for the period	\$ 30,312	\$ 34,331
Contractual interest income due on impaired loans during the period	\$ 698	\$ 2,339
Interest income on impaired loans recognized on a cash basis	\$ 190	\$ 773
Interest income on impaired loans recognized on an accrual basis	\$ 66	\$ 280

The following tables present the recorded investment with respect to impaired loans, the associated allowance by the applicable portfolio segment and the principal balance of the impaired loans prior to amounts charged-off at the dates indicated:

<i>(In thousands)</i>	March 31, 2015					Total Recorded Investment in Impaired Loans
	Commercial Real Estate					
	Commercial	AD&C	Commercial		All Other Loans	
			Investor R/E	Owner Occupied R/E		
Impaired loans with a specific allowance						
Non-accruing	\$ 1,459	\$ 48	\$ 2,328	\$ 5,138	\$ -	\$ 8,973
Restructured accruing	675	-	-	-	-	675
Restructured non-accruing	224	-	73	642	-	939
Balance	\$ 2,358	\$ 48	\$ 2,401	\$ 5,780	\$ -	\$ 10,587
Allowance	\$ 1,058	\$ 48	\$ 545	\$ 999	\$ -	\$ 2,650
Impaired loans without a specific allowance						
Non-accruing	\$ 1,126	\$ 563	\$ 7,682	\$ 1,731	\$ -	\$ 11,102
Restructured accruing	19	-	2,111	-	2,641	4,771
Restructured non-accruing	1,357	752	-	1,463	1,172	4,744
Balance	\$ 2,502	\$ 1,315	\$ 9,793	\$ 3,194	\$ 3,813	\$ 20,617
Total impaired loans						

Edgar Filing: SANDY SPRING BANCORP INC - Form 10-Q

Non-accruing	\$ 2,585	\$ 611	\$ 10,010	\$ 6,869	\$ -	\$ 20,075
Restructured accruing	694	-	2,111	-	2,641	5,446
Restructured non-accruing	1,581	752	73	2,105	1,172	5,683
Balance	\$ 4,860	\$ 1,363	\$ 12,194	\$ 8,974	\$ 3,813	\$ 31,204
Unpaid principal balance in total impaired loans	\$ 6,354	\$ 6,662	\$ 16,851	\$ 10,808	\$ 4,117	\$ 44,792

16

	March 31, 2015					
	Commercial Real Estate			Total Recorded Investment in		
	Commercial	Commercial	Commercial	Owner	Other	Impaired
	Investor	Occupied	AD&C	R/E	R/E	Loans
(In thousands)	Commercial	AD&C	R/E	R/E	Loans	Loans
Average impaired loans for the period	\$ 4,377	\$ 1,914	\$ 11,237	\$ 8,958	\$ 3,827	\$ 30,312
Contractual interest income due on impaired loans during the period	\$ 135	\$ 87	\$ 220	\$ 199	\$ 57	
Interest income on impaired loans recognized on a cash basis	\$ 54	\$ -	\$ 11	\$ 103	\$ 22	
Interest income on impaired loans recognized on an accrual basis	\$ 14	\$ -	\$ 27	\$ -	\$ 25	

	December 31, 2014					
	Commercial Real Estate					Total Recorded Investment in
	Commercial	Commercial	Commercial	Owner	All	Impaired
	Investor	Occupied	Other	Loans	Loans	
(In thousands)	Commercial	AD&C	R/E	R/E	Loans	Loans
Impaired loans with a specific allowance						
Non-accruing	\$ 473	\$ 1,330	\$ 2,288	\$ 5,013	\$ -	\$ 9,104
Restructured accruing	687	-	-	-	-	687
Restructured non-accruing	308	-	76	1,236	-	1,620
Balance	\$ 1,468	\$ 1,330	\$ 2,364	\$ 6,249	\$ -	\$ 11,411
Allowance	\$ 788	\$ 741	\$ 541	\$ 824	\$ -	\$ 2,894
Impaired loans without a specific allowance						
Non-accruing	\$ 1,115	\$ -	\$ 5,792	\$ 1,769	\$ -	\$ 8,676
Restructured accruing	23	-	2,123	-	2,664	4,810
Restructured non-accruing	1,288	1,134	-	923	1,177	4,522
Balance	\$ 2,426	\$ 1,134	\$ 7,915	\$ 2,692	\$ 3,841	\$ 18,008
Total impaired loans						
Non-accruing	\$ 1,588	\$ 1,330	\$ 8,080	\$ 6,782	\$ -	\$ 17,780
Restructured accruing	710	-	2,123	-	2,664	5,497
Restructured non-accruing	1,596	1,134	76	2,159	1,177	6,142
Balance	\$ 3,894	\$ 2,464	\$ 10,279	\$ 8,941	\$ 3,841	\$ 29,419
Unpaid principal balance in total impaired loans	\$ 5,360	\$ 7,044	\$ 14,926	\$ 10,729	\$ 4,126	\$ 42,185

December 31, 2014

	Commercial Real Estate				Total Recorded Investment in	
	Commercial	Commercial	Commercial	Commercial	Other	Impaired
	Investor	Owner	Owner	Owner	Loans	Loans
	AD&C	R/E	R/E	R/E	Loans	Loans
<i>(In thousands)</i>						
Average impaired loans for the period	\$ 5,308	\$ 3,651	\$ 9,327	\$ 8,963	\$ 7,082	\$ 34,331
Contractual interest income due on impaired loans during the period	\$ 311	\$ 352	\$ 730	\$ 859	\$ 87	
Interest income on impaired loans recognized on a cash basis	\$ 252	\$ 39	\$ 78	\$ 344	\$ 60	
Interest income on impaired loans recognized on an accrual basis	\$ 63	\$ -	\$ 111	\$ -	\$ 106	

Credit Quality

The following tables provide information on the credit quality of the loan portfolio by segment at the dates indicated:

	March 31, 2015								
	Commercial Real Estate				Residential Real Estate				
	Commercial		Commercial		Residential		Residential		
	Commercial		Commercial Owner		Residential		Residential		
	Investor Occupied		Investor Occupied		Mortgage		Construction		
(In thousands)	Commercial	AD&C	R/E	R/E Leasing	Consumer	Mortgage	Construction	Total	
Non-performing loans and assets:									
Non-accrual loans and leases	\$ 4,166	\$ 1,363	\$ 10,083	\$ 8,974	\$ -	\$ 1,962	\$ 3,235	\$ 788	\$ 30,571
Loans and leases 90 days past due	-	-	-	-	-	-	-	-	-
Restructured loans and leases	694	-	2,111	-	-	-	2,641	-	5,446
Total non-performing loans and leases	4,860	1,363	12,194	8,974	-	1,962	5,876	788	36,017
Other real estate owned	39	365	-	-	-	-	1,440	1,383	3,227
Total non-performing assets	\$ 4,899	\$ 1,728	\$ 12,194	\$ 8,974	\$ -	\$ 1,962	\$ 7,316	\$ 2,171	\$ 39,244

	December 31, 2014								
	Commercial Real Estate				Residential Real Estate				
	Commercial		Commercial		Residential		Residential		
	Commercial		Commercial Owner		Residential		Residential		
	Investor Occupied		Investor Occupied		Mortgage		Construction		
(In thousands)	Commercial	AD&C	R/E	R/E Leasing	Consumer	Mortgage	Construction	Total	
Non-performing loans and assets:									
Non-accrual loans and leases	\$ 3,184	\$ 2,464	\$ 8,156	\$ 8,941	\$ -	\$ 1,668	\$ 3,012	\$ 1,105	\$ 28,530
Loans and leases 90 days past due	-	-	-	-	-	-	-	-	-
Restructured loans and leases	710	-	2,123	-	-	-	2,664	-	5,497
Total non-performing loans and leases	3,894	2,464	10,279	8,941	-	1,668	5,676	1,105	34,027
Other real estate owned	39	365	-	-	-	-	1,408	1,383	3,195
Total non-performing assets	\$ 3,933	\$ 2,829	\$ 10,279	\$ 8,941	\$ -	\$ 1,668	\$ 7,084	\$ 2,488	\$ 37,222

	March 31, 2015								
	Commercial Real Estate				Residential Real Estate				
	Commercial		Commercial		Residential		Residential		
	Commercial		Commercial Owner		Residential		Residential		
	Investor Occupied		Investor Occupied		Mortgage		Construction		
(In thousands)	Commercial	AD&C	R/E	R/E Leasing	Consumer	Mortgage	Construction	Total	
Past due loans and leases									
31-60 days	\$ 435	\$ 711	\$ 1,352	\$ 1,373	\$ 3	\$ 605	\$ 4,604	\$ -	\$ 9,083

Edgar Filing: SANDY SPRING BANCORP INC - Form 10-Q

61-90 days	-	-	-	207	2	266	3,402	-	3,877
> 90 days	-	-	-	-	-	-	-	-	-
Total past due	435	711	1,352	1,580	5	871	8,006	-	12,960
Non-accrual loans and leases	4,166	1,363	10,083	8,974	-	1,962	3,235	788	30,571
Loans acquired with deteriorated credit quality	1,213	-	-	1,712	-	-	-	-	2,925
Current loans	379,638	201,657	657,496	606,580	31	425,698	717,617	129,533	3,118,250
Total loans and leases	\$385,452	\$203,731	\$668,931	\$618,846	\$36	\$428,531	\$728,858	\$130,321	\$3,164,706

December 31, 2014

<i>(In thousands)</i>	Commercial Real Estate					Residential Real Estate				Total
	Commercial					Residential				
	Commercial	AD&C	Commercial Owner		Leasing	Consumer Mortgage	Construction	Residential		
			R/E	Occupied				Construction	Residential	
<u>Past due loans and leases</u>										
31-60 days	\$ 759	\$ -	\$ 2,374	\$ 2,658	\$ 11	\$ 797	\$ 3,064	\$ -	\$ -	\$ 9,663
61-90 days	995	320	1,493	156	-	179	836	-	-	3,979
> 90 days	-	-	-	-	-	-	-	-	-	-
Total past due	1,754	320	3,867	2,814	11	976	3,900	-	-	13,642
Non-accrual loans and leases	3,184	2,464	8,156	8,941	-	1,668	3,012	1,105	-	28,530
Loans acquired with deteriorated credit quality	1,238	-	-	1,773	-	-	-	-	-	3,011
Current loans	384,605	202,340	628,170	597,533	43	422,908	710,974	135,636	-	3,082,209
Total loans and leases	\$390,781	\$205,124	\$640,193	\$611,061	\$54	\$425,552	\$717,886	\$136,741	\$-	\$3,127,392

The following tables provide information by credit risk rating indicators for each segment of the commercial loan portfolio at the dates indicated:

March 31, 2015					
Commercial Real Estate					
	Commercial	AD&C	Investor R/E	Commercial Owner Occupied R/E	Total
<i>(In thousands)</i>					
Pass	\$ 360,219	\$ 201,375	\$ 654,005	\$ 591,308	\$ 1,806,907
Special Mention	8,212	698	1,857	6,431	17,198
Substandard	17,021	1,658	13,069	21,107	52,855
Doubtful	-	-	-	-	-
Total	\$ 385,452	\$ 203,731	\$ 668,931	\$ 618,846	\$ 1,876,960

Decemeber 31, 2014					
Commercial Real Estate					
	Commercial	AD&C	Investor R/E	Commercial Owner Occupied R/E	Total
<i>(In thousands)</i>					
Pass	\$ 366,367	\$ 201,642	\$ 621,511	\$ 581,575	\$ 1,771,095
Special Mention	8,835	698	3,931	7,669	21,133
Substandard	15,579	2,784	14,751	21,817	54,931
Doubtful	-	-	-	-	-
Total	\$ 390,781	\$ 205,124	\$ 640,193	\$ 611,061	\$ 1,847,159

Homogeneous loan pools do not have individual loans subjected to internal risk ratings therefore, the credit indicator applied to these pools is based on their delinquency status. The following tables provide information by credit risk rating indicators for those remaining segments of the loan portfolio at the dates indicated:

March 31, 2015					
Residential Real Estate					
	Leasing	Consumer	Residential Mortgage	Residential Construction	Total
<i>(In thousands)</i>					
Performing	\$ 36	\$ 426,569	\$ 722,982	\$ 129,533	\$ 1,279,120
Non-performing:					
90 days past due	-	-	-	-	-
Non-accruing	-	1,962	3,235	788	5,985
Restructured loans and leases	-	-	2,641	-	2,641
Total	\$ 36	\$ 428,531	\$ 728,858	\$ 130,321	\$ 1,287,746

December 31, 2014

Edgar Filing: SANDY SPRING BANCORP INC - Form 10-Q

<i>(In thousands)</i>	Leasing	Consumer	Residential Real Estate		Total
			Residential Mortgage	Residential Construction	
Performing	\$ 54	\$ 423,884	\$ 712,210	\$ 135,636	\$ 1,271,784
Non-performing:					
90 days past due	-	-	-	-	-
Non-accruing	-	1,668	3,012	1,105	5,785
Restructured loans and leases	-	-	2,664	-	2,664
Total	\$ 54	\$ 425,552	\$ 717,886	\$ 136,741	\$ 1,280,233

During the three months ended March 31, 2015, the Company restructured a \$0.6 million loan. No modifications resulted in the reduction of the principal in the associated loan balances. Restructured loans are subject to periodic