

SANDY SPRING BANCORP INC

Form 424B3

September 11, 2017

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Registration No. 333-219353**

**Proxy Statement**

**Prospectus**

**MERGER AND SHARE ISSUANCE PROPOSED YOUR VOTE IS NEEDED**

Dear Stockholder:

On May 15, 2017, Sandy Spring Bancorp, Inc., a Maryland corporation (which we refer to as **Sandy Spring**), WashingtonFirst Bankshares, Inc., a Virginia corporation (which we refer to as **WashingtonFirst**), and Touchdown Acquisition, Inc., a Virginia corporation and a wholly-owned subsidiary of Sandy Spring (which we refer to as **Merger Sub**), entered into an Agreement and Plan of Merger (which we refer to as the **merger agreement**) that provides for the combination of Sandy Spring and WashingtonFirst. Under the terms of the merger agreement, (i) Merger Sub will merge with and into WashingtonFirst (which we refer to as the **first-step merger**), with WashingtonFirst continuing as the surviving corporation in the first-step merger and as a wholly-owned subsidiary of Sandy Spring, (ii) immediately following the completion of the first-step merger, WashingtonFirst will merge with and into Sandy Spring (which we refer to as the **second-step merger** and, together with the first-step merger, the **integrated mergers**), with Sandy Spring continuing as the surviving corporation in the second-step merger, and (iii) immediately following the completion of the integrated mergers, WashingtonFirst Bank, a Virginia state-chartered bank and a wholly-owned subsidiary of WashingtonFirst, will merge with and into Sandy Spring Bank, a Maryland state-chartered trust company with commercial banking powers and a wholly-owned subsidiary of Sandy Spring, with Sandy Spring Bank being the surviving bank (which we refer to as the **bank merger** and, together with the integrated mergers, the **Transactions**).

At the effective time of the first-step merger, each outstanding share of the common stock, par value \$0.01 per share, of WashingtonFirst (which we refer to as **WashingtonFirst common stock**) and each share of WashingtonFirst Series A non-voting common stock (which we refer to as the **WashingtonFirst non-voting common stock**), except for (i) specified shares of WashingtonFirst common stock and WashingtonFirst non-voting common stock owned by WashingtonFirst or Sandy Spring and (ii) shares of WashingtonFirst non-voting common stock whose holders have validly exercised and perfected their appraisal rights under Virginia law (which we collectively refer to as the **excluded shares**), will be converted into the right to receive 0.8713 shares (such number being referred to as the **exchange ratio**) of the common stock, par value \$1.00 per share, of Sandy Spring (which we refer to as the **Sandy Spring common stock**), together with cash in lieu of fractional shares, subject to adjustment if the volume-weighted average price of Sandy Spring common stock on the Nasdaq Global Select Market, for the twenty trading day period ending on the fifth trading day before the day of completion of the first-step merger (which we refer to as the **Sandy Spring volume-weighted average price**), is more than \$50.15 or less than \$37.07 per share. As a result, the number of shares of Sandy Spring common stock that WashingtonFirst stockholders will receive in the merger may fluctuate with the market price of Sandy Spring common stock and will not be known at the time that WashingtonFirst stockholders vote on the merger agreement. If the Sandy Spring volume-weighted average price is less than \$34.00, WashingtonFirst may terminate the merger agreement unless Sandy Spring adjusts the merger consideration by either (i) increasing the exchange ratio to equal \$32.30 divided by the Sandy Spring volume-weighted average price or (ii) adding a cash amount to bring the total value of the merger consideration to \$32.30 per share. In this joint proxy statement/prospectus, we refer to the number of shares of Sandy Spring common stock that a WashingtonFirst

stockholder will receive in the merger, together with cash in lieu of fractional shares, as the merger consideration.

On May 15, 2017, the last full trading day before the public announcement of the Transactions, the closing price of Sandy Spring common stock was \$42.72, and on August 31, 2017, the most recent trading day practicable before the printing of this proxy statement/prospectus, the closing price of Sandy Spring common stock was \$38.57. If \$42.72 was the Sandy Spring volume-weighted average price, WashingtonFirst stockholders would receive merger consideration of 0.8713 shares of Sandy Spring common stock for each of their shares of WashingtonFirst common stock and WashingtonFirst non-voting common stock, and if \$38.57 was the Sandy Spring volume-weighted average price, WashingtonFirst stockholders would receive merger consideration of 0.8713 shares of Sandy Spring common stock for each of their shares of WashingtonFirst common stock and WashingtonFirst non-voting common stock, in each case with cash paid in lieu of fractional shares. Based on an

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exchange ratio of 0.8713 and the number of shares of WashingtonFirst common stock and WashingtonFirst non-voting common stock outstanding on August 31, 2017 (which includes the number of shares of WashingtonFirst common stock underlying WashingtonFirst's restricted stock awards as of August 31, 2017), the maximum number of shares of Sandy Spring common stock estimated to be issuable at the effective time of the first-step merger is 11,398,870. **We urge you to obtain current market quotations for Sandy Spring (trading symbol SASR) and WashingtonFirst (trading symbol WFBI).**

Sandy Spring will hold a special meeting of its stockholders (which we refer to as the Sandy Spring special meeting) in connection with the issuance of the shares of Sandy Spring common stock representing the merger consideration (which we refer to as the Sandy Spring share issuance). At the Sandy Spring special meeting, the holders of Sandy Spring common stock (which we refer to as Sandy Spring stockholders) will be asked to vote to approve the Sandy Spring share issuance. Approval of the Sandy Spring share issuance requires the affirmative vote of a majority of the total votes cast by the Sandy Spring stockholders at the Sandy Spring special meeting.

WashingtonFirst will hold a special meeting of its stockholders (which we refer to as the WashingtonFirst special meeting) in connection with the first-step merger. At the WashingtonFirst special meeting, the holders of WashingtonFirst common stock (which we refer to as WashingtonFirst stockholders) will be asked to vote to approve the merger agreement and related matters as described in this joint proxy statement/prospectus. Under Virginia law and WashingtonFirst's organizational documents, approval of the merger agreement requires the affirmative vote of a majority of the votes cast by WashingtonFirst stockholders entitled to vote at the WashingtonFirst special meeting.

The Sandy Spring special meeting will be held on October 18, 2017, at Sandy Spring's corporate headquarters located at 17801 Georgia Avenue, Olney, Maryland 20832, at 9:00 a.m., local time. The WashingtonFirst special meeting will be held on October 18, 2017, at WashingtonFirst's corporate headquarters located at 11921 Freedom Drive, Suite 250, Reston, Virginia 20190, at 10:00 a.m., local time.

**The Sandy Spring board of directors unanimously recommends that Sandy Spring stockholders vote FOR the Sandy Spring share issuance and FOR the adjournment of the Sandy Spring special meeting, if necessary or appropriate, to solicit additional proxies in favor of the Sandy Spring share issuance.**

**The WashingtonFirst board of directors unanimously recommends that WashingtonFirst stockholders vote FOR the approval of the merger agreement and the transactions contemplated thereby, including the first-step merger, and FOR the adjournment of the WashingtonFirst special meeting, if necessary or appropriate, to solicit additional proxies in favor of the approval of the merger agreement.**

This joint proxy statement/prospectus describes the WashingtonFirst special meeting, the Sandy Spring special meeting, the Transactions, the Sandy Spring share issuance, the documents related to the Transactions and other related matters. **Please carefully read this entire joint proxy statement/prospectus, including the section entitled Risk Factors beginning on page 26, for a discussion of the risks relating to the proposed merger and the Sandy Spring share issuance.** You can also obtain information about Sandy Spring and WashingtonFirst from documents that each has filed with the Securities and Exchange Commission (which we refer to as the SEC).

Daniel J. Schrider

*President and Chief Executive Officer*

Shaza L. Andersen

*President and Chief Executive Officer*

Sandy Spring Bancorp, Inc.

WashingtonFirst Bankshares, Inc.

**Neither the SEC nor any state securities commission has approved or disapproved of the securities to be issued in the first-step merger or passed upon the adequacy or accuracy of this joint proxy statement/prospectus. Any representation to the contrary is a criminal offense.**

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

The date of this joint proxy statement/prospectus is September 8, 2017, and it is first being mailed or otherwise delivered to the stockholders of Sandy Spring and WashingtonFirst on or about September 12, 2017.

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**NOTICE OF SPECIAL MEETING OF STOCKHOLDERS**

To the Stockholders of Sandy Spring:

Sandy Spring will hold the Sandy Spring special meeting at 9:00 a.m., local time, on October 18, 2017, at Sandy Spring's corporate headquarters located at 17801 Georgia Avenue, Olney, Maryland 20832 to consider and vote upon the following matters:

A proposal to approve the issuance of shares of Sandy Spring common stock in connection with the first-step merger (which we refer to as the Sandy Spring share issuance proposal); and

A proposal to adjourn the Sandy Spring special meeting, if necessary or appropriate, to solicit additional proxies in favor of the Sandy Spring share issuance proposal (which we refer to as the Sandy Spring adjournment proposal).

We have fixed the close of business on August 31, 2017, as the record date for the Sandy Spring special meeting (which we refer to as the Sandy Spring record date). Only Sandy Spring stockholders of record as of the Sandy Spring record date are entitled to notice of, and to vote at, the Sandy Spring special meeting, or any adjournment of the Sandy Spring special meeting. Approval of the Sandy Spring share issuance proposal requires the affirmative vote of a majority of the total votes cast by the holders of Sandy Spring common stock at the Sandy Spring special meeting. The Sandy Spring adjournment proposal will be approved if a majority of the votes cast by holders of Sandy Spring common stock at the Sandy Spring special meeting are voted in favor of the Sandy Spring adjournment proposal.

**The Sandy Spring board of directors has unanimously approved the merger agreement and the transactions contemplated thereby, including the integrated mergers and the Sandy Spring share issuance, and unanimously recommends that Sandy Spring stockholders vote FOR the Sandy Spring share issuance proposal and FOR the Sandy Spring adjournment proposal.**

**Your vote is very important.** We cannot complete the integrated mergers unless the Sandy Spring stockholders approve the Sandy Spring share issuance proposal.

**Regardless of whether you plan to attend the Sandy Spring special meeting, please vote as soon as possible. If you hold stock in your name as a stockholder of record of Sandy Spring please complete, sign, date and return the accompanying proxy card in the enclosed postage-paid return envelope. You may also vote through the Internet or by telephone by following the instructions on the accompanying proxy card. If you hold your stock in street name through a bank or broker, please follow the instructions on the voting instruction card furnished by the record holder.**

This joint proxy statement/prospectus provides a detailed description of the Sandy Spring special meeting, the Transactions, the Sandy Spring share issuance, the documents related to the Transactions and other related matters. We urge you to read this entire joint proxy statement/prospectus, including any documents incorporated in the joint proxy statement/prospectus by reference, and its annexes carefully and in their entirety.

BY ORDER OF THE BOARD OF DIRECTORS,

Ronald E. Kuykendall

General Counsel and Secretary

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**NOTICE OF SPECIAL MEETING OF STOCKHOLDERS**

To the Stockholders of WashingtonFirst:

WashingtonFirst will hold the WashingtonFirst special meeting at 10:00 a.m., local time, on October 18, 2017, at WashingtonFirst's corporate headquarters located at 11921 Freedom Drive, Suite 250, Reston, Virginia 20190 to consider and vote upon the following matters:

A proposal to approve the merger agreement and the first-step merger, pursuant to which Merger Sub will merge with and into WashingtonFirst, as more fully described in this joint proxy statement/prospectus (which we refer to as the WashingtonFirst merger proposal); and

A proposal to adjourn the WashingtonFirst special meeting, if necessary or appropriate, to solicit additional proxies in favor of the WashingtonFirst merger proposal (which we refer to as the WashingtonFirst adjournment proposal).

We have fixed the close of business on August 31, 2017, as the record date for the WashingtonFirst special meeting (which we refer to as the WashingtonFirst record date). Only WashingtonFirst stockholders of record as of the WashingtonFirst record date are entitled to notice of, and to vote at, the WashingtonFirst special meeting, or any adjournment of the WashingtonFirst special meeting. Under Virginia law and WashingtonFirst's organizational documents, approval of the WashingtonFirst merger proposal requires the affirmative vote of a majority of the votes cast by WashingtonFirst stockholders entitled to vote at the WashingtonFirst special meeting. The WashingtonFirst adjournment proposal will be approved if a majority of the votes cast on such proposal at the WashingtonFirst special meeting are voted in favor of such proposal.

**The WashingtonFirst board of directors has unanimously approved the merger agreement, has determined that the merger agreement and the transactions contemplated thereby, including the first-step merger, are advisable and in the best interests of WashingtonFirst and its stockholders, and unanimously recommends that WashingtonFirst stockholders vote FOR the WashingtonFirst merger proposal and FOR the WashingtonFirst adjournment proposal.**

**Your vote is very important.** We cannot complete the integrated mergers unless the WashingtonFirst stockholders approve the WashingtonFirst merger proposal.

**Regardless of whether you plan to attend the WashingtonFirst special meeting, please vote as soon as possible. If you hold stock in your name as a stockholder of record of WashingtonFirst, please complete, sign, date and return the accompanying proxy card in the enclosed postage-paid return envelope. You may also vote through the Internet or by telephone by following the instructions on the accompanying proxy card. If you hold your stock in street name through a bank or broker, please follow the instructions on the voting instruction card furnished by the record holder.**

This joint proxy statement/prospectus provides a detailed description of the WashingtonFirst special meeting, the Transactions, the documents related to the Transactions and other related matters. We urge you to read the joint proxy statement/prospectus, including any documents incorporated in the joint proxy statement/prospectus by reference, and its annexes carefully and in their entirety.

BY ORDER OF THE BOARD OF DIRECTORS,

Richard D. Horn

General Counsel and Secretary



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**REFERENCES TO ADDITIONAL INFORMATION**

This joint proxy statement/prospectus incorporates important business and financial information about Sandy Spring and WashingtonFirst from documents filed with the SEC that are not included in or delivered with this joint proxy statement/prospectus. You can obtain any of the documents filed with or furnished to the SEC by Sandy Spring and/or WashingtonFirst at no cost from the SEC's website at <http://www.sec.gov>. You may also request copies of these documents, including documents incorporated by reference in this joint proxy statement/prospectus, at no cost by contacting the appropriate company at the following address:

**Sandy Spring Bancorp, Inc.**

17801 Georgia Avenue

Olney, Maryland 20832

(800) 399-5919

**WashingtonFirst Bankshares, Inc.**

11921 Freedom Drive, Suite 250

Reston, Virginia 20190

(703) 840-2410

**You will not be charged for any of these documents that you request. To obtain timely delivery of these documents, you must request them no later than five business days before the date of your meeting. This means that Sandy Spring stockholders requesting documents must do so by October 11, 2017, in order to receive them before the Sandy Spring special meeting, and WashingtonFirst stockholders requesting documents must do so by October 11, 2017, in order to receive them before the WashingtonFirst special meeting.**

You should rely only on the information contained in, or incorporated by reference into, this document. No one has been authorized to provide you with information that is different from that contained in, or incorporated by reference into, this document. This document is dated September 8, 2017, and you should assume that the information in this document is accurate only as of such date. You should assume that the information incorporated by reference into this document is accurate as of the date of such document, and neither the mailing of this document to WashingtonFirst stockholders or Sandy Spring stockholders nor the issuance by Sandy Spring of shares of Sandy Spring common stock in connection with the first-step merger will create any implication to the contrary.

**This document does not constitute an offer to sell, or a solicitation of an offer to buy, any securities, or the solicitation of a proxy, in any jurisdiction to or from any person to whom it is unlawful to make any such offer or solicitation in such jurisdiction. Except where the context otherwise indicates, information contained in this document regarding WashingtonFirst has been provided by WashingtonFirst and information contained in this document regarding Sandy Spring has been provided by Sandy Spring.**

See "Where You Can Find More Information" beginning on page 150 for more details.

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**QUESTIONS AND ANSWERS**

*The following are some questions that you, as a Sandy Spring stockholder or a WashingtonFirst stockholder, may have about the Transactions, the Sandy Spring share issuance, the Sandy Spring special meeting or the WashingtonFirst special meeting, as applicable, and brief answers to those questions. We urge you to read carefully the remainder of this joint proxy statement/prospectus because the information in this section does not provide all of the information that might be important to you with respect to the Transactions, the Sandy Spring share issuance, the Sandy Spring special meeting or the WashingtonFirst special meeting, as applicable. For details about where you can find additional important information, please see the section of this joint proxy statement/prospectus entitled *Where You Can Find More Information* beginning on page 150.*

*Unless the context otherwise requires, references in this joint proxy statement/prospectus to *Sandy Spring* refer to *Sandy Spring Bancorp, Inc.*, a Maryland corporation, and its subsidiaries, and references to *WashingtonFirst* refer to *WashingtonFirst Bankshares, Inc.*, a Virginia corporation, and its subsidiaries.*

**Q: What are the Transactions?**

A: Sandy Spring, WashingtonFirst and Merger Sub entered into the merger agreement on May 15, 2017. The first-step merger is the first step in a series of transactions to combine Sandy Spring and WashingtonFirst, and their respective subsidiary banks, Sandy Spring Bank and WashingtonFirst Bank.

Under the terms of the merger agreement:

Merger Sub will merge with and into WashingtonFirst, with WashingtonFirst continuing as the surviving corporation in such merger and as a wholly-owned subsidiary of Sandy Spring (which we refer to as the first-step merger ).

Immediately following the completion of the first-step merger, WashingtonFirst, as the surviving corporation in the first-step merger, will merge with and into Sandy Spring, with Sandy Spring being the surviving corporation (which we refer to as the second-step merger and, together with the first-step merger, the integrated mergers ).

Immediately following the completion of the integrated mergers, WashingtonFirst Bank will merge with and into Sandy Spring Bank, with Sandy Spring Bank being the surviving bank (which we refer to as the bank merger, and together with the integrated mergers, the Transactions ).

A copy of the merger agreement is included in this joint proxy statement/prospectus as Annex A.

The integrated mergers cannot be completed unless, among other things:

The holders (which we refer to as the Sandy Spring stockholders ) of the common stock, par value \$1.00 per share, of Sandy Spring (which we refer to as the Sandy Spring common stock ) approve the issuance of the shares of Sandy Spring common stock in connection with the first-step merger (which we refer to as the Sandy Spring share issuance ).

The holders (which we refer to as the WashingtonFirst stockholders ) of the common stock, par value \$0.01 per share, of WashingtonFirst (which we refer to as the WashingtonFirst common stock ) approve the merger agreement and the transactions contemplated thereby, including the first-step merger (which we refer to as the WashingtonFirst merger proposal ).

The completion of the integrated mergers is subject to the fulfillment of additional customary conditions, which are discussed in the section of this joint proxy statement/prospectus entitled The Merger Agreement Conditions to Complete the Integrated Mergers beginning on page 109.

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**Q: Why am I receiving this joint proxy statement/prospectus?**

A: We are delivering this document to you because it is a joint proxy statement being used by both the Sandy Spring board of directors (which we refer to as the Sandy Spring board ) and the WashingtonFirst board of directors (which we refer to as the WashingtonFirst board ) to solicit proxies of the stockholders of Sandy Spring and WashingtonFirst, as applicable, in connection with approval of the Sandy Spring share issuance and the first-step merger, as applicable, and related matters.

In order to approve the Sandy Spring share issuance, Sandy Spring has called a special meeting of the Sandy Spring stockholders (which we refer to as the Sandy Spring special meeting ). In order to approve the merger agreement and the transactions contemplated thereby, including the first-step merger, WashingtonFirst has called a special meeting of the WashingtonFirst stockholders (which we refer to as the WashingtonFirst special meeting ). This document also serves as a notice of the Sandy Spring special meeting and the WashingtonFirst special meeting, and describes the proposals to be presented at each special meeting.

In addition, this document is also a prospectus that is being delivered to WashingtonFirst stockholders because Sandy Spring is offering shares of Sandy Spring common stock to WashingtonFirst stockholders in connection with the first-step merger.

This joint proxy statement/prospectus contains important information about the Transactions. This document also contains important information about the proposals being voted on at the Sandy Spring special meeting and the WashingtonFirst special meeting, respectively. You should read this document carefully and in its entirety. The enclosed materials allow you to have your shares voted by proxy without attending your special meeting. **Your vote is important.** We encourage you to submit your proxy as soon as possible.

**Q: In addition to the Sandy Spring share issuance, what else are Sandy Spring stockholders being asked to vote on at the Sandy Spring special meeting?**

A: In addition to voting on the Sandy Spring share issuance (which we refer to as the Sandy Spring share issuance proposal ), Sandy Spring is soliciting proxies from the Sandy Spring stockholders with respect to a proposal to adjourn the Sandy Spring special meeting, if necessary or appropriate, to solicit additional proxies in favor of the Sandy Spring share issuance proposal (which we refer to as the Sandy Spring adjournment proposal ). Completion of the integrated mergers is not conditioned upon approval of the Sandy Spring adjournment proposal.

**Q: In addition to the approval of the merger agreement and the first-step merger, what else are WashingtonFirst stockholders being asked to vote on at the WashingtonFirst special meeting?**

A: In addition to voting on the WashingtonFirst merger proposal, WashingtonFirst is soliciting proxies from the WashingtonFirst stockholders with respect to a proposal to adjourn the WashingtonFirst special meeting, if necessary or appropriate, to solicit additional proxies in favor of the WashingtonFirst merger proposal (which we refer to as the WashingtonFirst adjournment proposal ). Completion of the integrated mergers is not conditioned upon approval of the WashingtonFirst adjournment proposal.

**Q: What will WashingtonFirst stockholders be entitled to receive in the first-step merger?**

A: If the first-step merger is completed, each outstanding share of WashingtonFirst common stock and each share of WashingtonFirst non-voting common stock, except for (i) specified shares of WashingtonFirst common stock and WashingtonFirst non-voting common stock owned by WashingtonFirst or Sandy Spring and (ii) shares of WashingtonFirst non-voting common stock whose holders have validly exercised and



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perfected their appraisal rights under Virginia law (which we collectively refer to as the excluded shares ), will be converted into the right to receive 0.8713 shares (such number being referred to as the exchange ratio ) of Sandy Spring common stock, together with cash in lieu of fractional shares, and subject to adjustment if the volume-weighted average price of Sandy Spring common stock on the Nasdaq Global Select Market, for the twenty trading day period ending on the fifth trading day before the day of completion of the first-step merger (which we refer to as the Sandy Spring volume-weighted average price ), is more than \$50.15 or less than \$37.07 per share (which we refer to as the merger consideration ). WashingtonFirst stockholders who would otherwise be entitled to receive a fractional share of Sandy Spring common stock upon the completion of the first-step merger will instead be entitled to receive an amount in cash (rounded to the nearest cent) based on the final exchange ratio.

**Q: What will Sandy Spring stockholders be entitled to receive in the first-step merger?**

A: Sandy Spring stockholders will not be entitled to receive any merger consideration and will continue to hold the shares of Sandy Spring common stock that they held immediately prior to the completion of the first-step merger.

**Q: How will the first-step merger affect WashingtonFirst equity awards?**

A: The WashingtonFirst equity awards will be affected as follows:

*Restricted Stock Awards:* At the effective time of the first-step merger (which we refer to as the effective time ), each restricted stock award granted by WashingtonFirst will become fully vested and each holder of such restricted stock awards will be entitled to receive the per share merger consideration for each share of WashingtonFirst common stock held by such holder.

*Stock Options:* Also at the effective time, all outstanding and unexercised options to purchase shares of WashingtonFirst common stock will be canceled and will be cashed out for an amount equal to the value of the per share merger consideration less the option exercise price, assuming for purposes of this calculation that all such options were 100% vested as of the effective time. The value of the per share merger consideration for this purpose will be the exchange ratio multiplied by the Sandy Spring volume-weighted average price.

**Q: Will the value of the merger consideration change between the date of this joint proxy statement/prospectus and the time that the first-step merger is completed?**

A: Perhaps. The value of the merger consideration may fluctuate between the date of this joint proxy statement/prospectus and the closing date because the market value for Sandy Spring common stock fluctuates.

**Q: How does the Sandy Spring board recommend that I vote at the Sandy Spring special meeting?**

A:

The Sandy Spring board unanimously recommends that you vote FOR the Sandy Spring share issuance proposal and FOR the Sandy Spring adjournment proposal.

**Q: How does the WashingtonFirst board recommend that I vote at the WashingtonFirst special meeting?**

A: The WashingtonFirst board unanimously recommends that you vote FOR the WashingtonFirst merger proposal and FOR the WashingtonFirst adjournment proposal.

**Q: When and where are the meetings?**

A: The Sandy Spring special meeting will be held at Sandy Spring's corporate headquarters located at 17801 Georgia Avenue, Olney, Maryland 20832 on October 18, 2017, at 9:00 a.m., local time.

The WashingtonFirst special meeting will be held at WashingtonFirst's corporate headquarters located at 11921 Freedom Drive, Suite 250, Reston, Virginia 20190 on October 18, 2017, at 10:00 a.m., local time.

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**Q: What do I need to do now?**

A: Please carefully read and consider the information contained in and incorporated by reference into this joint proxy statement/prospectus. After you have carefully read this joint proxy statement/prospectus and have decided how you wish to vote your shares, please vote your shares promptly as described under **Q: How do I vote?** immediately below. In order to assure that your shares are represented and voted at your special meeting, please submit your proxy as instructed on the accompanying proxy card even if you currently plan to attend your special meeting in person.

**Q: How do I vote?**

A: You may vote **FOR**, **AGAINST** or **ABSTAIN** on any proposal. The procedures for voting are as follows:  
*Voting by Proxy:*

If you hold your shares in your name as a stockholder of record, you may vote by mail, through the Internet or by telephone.

To vote by mail, you must complete, sign, date and mail your proxy card in the enclosed postage-paid return envelope as soon as possible. Please respond promptly to ensure your proxy card is mailed sufficiently in advance to ensure receipt prior to your special meeting.

To vote through the Internet, please follow the instructions on the accompanying proxy card as soon as possible. The instructions in the enclosed proxy card contain the applicable deadlines and other information about voting your shares through the Internet.

To vote by telephone, please follow the instructions on the accompanying proxy card as soon as possible. The instructions in the enclosed proxy card contain the applicable deadlines and other information about voting your shares by telephone.

If you hold your shares in *street name* through a bank or broker, you must direct your bank or broker how to vote in accordance with the instructions you have received or will receive from your bank or broker.

If your special meeting is postponed or adjourned for any reason, at any subsequent reconvening of your special meeting all proxies will be voted in the same manner as the proxies would have been voted at the original convening of your special meeting, except for any proxies that have at that time effectively been revoked or withdrawn, even if the proxies had been effectively voted on the same or any other matter at a previous meeting.

*Voting in Person at Your Special Meeting:*

If you hold your shares in your name as a stockholder of record and wish to attend your special meeting and vote in person, you may request a ballot when you arrive. *Street name* stockholders who wish to vote in person at their special meeting will need to obtain a legal proxy from the institution that holds their shares.

**Q: What constitutes a quorum for the Sandy Spring special meeting?**

A: The presence at the Sandy Spring special meeting, in person or by proxy, of holders representing at least a majority of the outstanding shares of Sandy Spring common stock entitled to be voted at the Sandy Spring special meeting will constitute a quorum for the transaction of business at the Sandy Spring special meeting. Once a share is represented for any purpose at the Sandy Spring special meeting, it is deemed present for quorum purposes for the remainder of the Sandy Spring special meeting or for any adjournment(s) thereof. Abstentions and broker non-votes, if any, will be included in determining the number of shares present at the meeting for the purpose of determining the presence of a quorum.

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**Q: What constitutes a quorum for the WashingtonFirst special meeting?**

A: The presence at the WashingtonFirst special meeting, in person or by proxy, of holders representing at least a majority of the issued and outstanding shares of WashingtonFirst common stock entitled to be voted at the WashingtonFirst special meeting will constitute a quorum for the transaction of business at the WashingtonFirst special meeting. Once a share is represented for any purpose at the WashingtonFirst special meeting, it is deemed present for quorum purposes for the remainder of the WashingtonFirst special meeting or for any adjournment(s) thereof. Abstentions and broker non-votes, if any, will be included in determining the number of shares present at the meeting for the purpose of determining the presence of a quorum.

**Q: What is the vote required to approve each proposal at the Sandy Spring special meeting?**

A: *Sandy Spring share issuance proposal:*

*Standard:* Approval of the Sandy Spring share issuance proposal requires the affirmative vote of a majority of the total votes cast by the holders of Sandy Spring common stock at the Sandy Spring special meeting.

*Effect of abstentions and broker non-votes:* If you mark **ABSTAIN** on your proxy, fail to submit a proxy or fail to vote in person at the Sandy Spring special meeting, or fail to instruct your bank or broker how to vote with respect to the Sandy Spring share issuance proposal, it will have no effect on the Sandy Spring share issuance proposal.

*Sandy Spring adjournment proposal:*

*Standard:* Approval of the Sandy Spring adjournment proposal requires the affirmative vote of a majority of the total votes cast by the holders of Sandy Spring common stock at the Sandy Spring special meeting.

*Effect of abstentions and broker non-votes:* If you mark **ABSTAIN** on your proxy, fail to submit a proxy or fail to vote in person at the Sandy Spring special meeting, or fail to instruct your bank or broker how to vote with respect to the Sandy Spring adjournment proposal, it will have no effect on the Sandy Spring adjournment proposal.

**Q: What is the vote required to approve each proposal at the WashingtonFirst special meeting?**

A: WashingtonFirst merger proposal:

*Standard:* Approval of the WashingtonFirst merger proposal requires the affirmative vote of a majority of the outstanding shares of WashingtonFirst common stock entitled to vote at the WashingtonFirst special

meeting.

*Effect of abstentions and broker non-votes:* If you mark **ABSTAIN** on your proxy, fail to submit a proxy or fail to vote in person at the WashingtonFirst special meeting, or fail to instruct your bank or broker how to vote with respect to the WashingtonFirst merger proposal, it will have the effect of a vote against the WashingtonFirst merger proposal.

WashingtonFirst adjournment proposal:

*Standard:* Approval of the WashingtonFirst adjournment proposal requires the affirmative vote of a majority of the votes cast by WashingtonFirst stockholders entitled to vote at the WashingtonFirst special meeting.

*Effect of abstentions and broker non-votes:* If you mark **ABSTAIN** on your proxy, fail to submit a proxy or fail to vote in person at the WashingtonFirst special meeting, or fail to instruct your bank or broker how to vote with respect to the WashingtonFirst adjournment proposal, it will have no effect on the WashingtonFirst adjournment proposal.

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**Q: Why is my vote important?**

A: If you do not vote, it will be more difficult for Sandy Spring or WashingtonFirst to obtain the necessary quorum to hold their respective special meetings. If you are a Sandy Spring stockholder, your failure to submit a proxy or vote in person, or failure to instruct your bank or broker how to vote, or abstention with respect to the Sandy Spring share issuance proposal will not be counted as a vote cast and will have no effect on the approval of such proposal, even though such approval is a condition to the completion of the integrated mergers. If you are a WashingtonFirst stockholder, your failure to submit a proxy or vote in person, or failure to instruct your bank or broker how to vote, or abstention with respect to the WashingtonFirst merger proposal will have the same effect as a vote against the proposal, even though such approval is a condition to the completion of the integrated mergers. The Sandy Spring share issuance must be approved by the affirmative vote of at least a majority of the total votes cast by the Sandy Spring stockholders at the Sandy Spring special meeting. The merger agreement must be approved by the affirmative vote of a majority of the outstanding shares of WashingtonFirst common stock entitled to vote at the WashingtonFirst special meeting. The Sandy Spring board unanimously recommends that the Sandy Spring stockholders vote **FOR** the Sandy Spring share issuance proposal and the WashingtonFirst board unanimously recommends that the WashingtonFirst stockholders vote **FOR** the WashingtonFirst merger proposal.

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

A: No. Your bank or broker cannot vote your shares without instructions from you. You should instruct your bank or broker how to vote your shares in accordance with the instructions provided to you. Please check the voting form used by your bank or broker.

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

A: Yes. All stockholders of Sandy Spring and WashingtonFirst, including stockholders of record and stockholders who hold their shares in street name through banks, brokers, nominees or any other holder of record, are invited to attend their respective meetings. Holders of record of Sandy Spring and WashingtonFirst common stock can vote in person at the Sandy Spring special meeting and WashingtonFirst special meeting, respectively. If you are not a stockholder of record, you must obtain a proxy, executed in your favor, from the record holder of your shares, such as a broker, bank or other nominee, to be able to vote in person at your meeting. If you plan to attend your special meeting, you must hold your shares in your own name or have a letter from the record holder of your shares confirming your ownership. In addition, you must bring a form of personal photo identification with you in order to be admitted. Sandy Spring and WashingtonFirst reserve the right to refuse admittance to anyone without proper proof of share ownership or without proper photo identification. The use of cameras, sound recording equipment, communications devices or any similar equipment during the special meetings is prohibited without Sandy Spring's or WashingtonFirst's express written consent, respectively.

**Q: Can I change my vote?**

A: *Sandy Spring stockholders*: Yes. If you are a holder of record of Sandy Spring common stock, you may change your vote or revoke any proxy at any time before it is voted by (i) signing and returning a proxy card with a later date, (ii) delivering a written revocation letter to Sandy Spring's corporate secretary, (iii) attending the Sandy Spring special meeting in person, notifying the corporate secretary and voting by ballot at the Sandy Spring special meeting or (iv) voting through the Internet or by telephone at a later time. Attendance at the Sandy Spring special meeting will not automatically revoke your proxy. A revocation or later-dated proxy received by Sandy Spring after the vote will not affect the vote. Sandy Spring's corporate secretary's mailing address is: Corporate Secretary, 17801 Georgia Avenue, Olney, Maryland 20832.



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*WashingtonFirst stockholders:* Yes. If you are a holder of record of WashingtonFirst common stock, you may change your vote or revoke any proxy at any time before it is voted by (i) signing and returning a proxy with a later date, (ii) delivering a written revocation letter to WashingtonFirst's corporate secretary, (iii) attending the WashingtonFirst special meeting in person, notifying the corporate secretary and voting by ballot at the WashingtonFirst special meeting or (iv) voting through the Internet or by telephone at a later time. Attendance at the WashingtonFirst special meeting by itself will not automatically revoke your proxy. A revocation or later-dated proxy received by WashingtonFirst after the vote will not affect the vote. WashingtonFirst's corporate secretary's mailing address is: Corporate Secretary, 11921 Freedom Drive, Reston, Virginia 20190.

If you hold your shares of Sandy Spring common stock or WashingtonFirst common stock in street name through a bank or broker, you should contact your bank or broker to change your vote or revoke your proxy.

**Q: Will Sandy Spring be required to submit the Sandy Spring share issuance proposal to its stockholders even if the Sandy Spring board has withdrawn, modified or qualified its recommendation?**

A: No, Sandy Spring will not be required to submit the Sandy Spring share issuance proposal to its stockholders if the Sandy Spring board has withdrawn, modified or qualified its recommendation.

**Q: Will WashingtonFirst be required to submit the WashingtonFirst merger proposal to its stockholders even if the WashingtonFirst board has withdrawn, modified or qualified its recommendation?**

A: No, WashingtonFirst will not be required to submit the WashingtonFirst merger proposal to its stockholders if the WashingtonFirst board has withdrawn, modified or qualified its recommendation.

**Q: What are the U.S. federal income tax consequences of the integrated mergers to WashingtonFirst stockholders?**

A: The obligations of WashingtonFirst and Sandy Spring to complete the integrated mergers are subject to, among other customary closing conditions described in this joint proxy statement/prospectus, the receipt by each of WashingtonFirst and Sandy Spring of the opinion of its counsel to the effect that the integrated mergers together will be treated as an integrated transaction that qualifies as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code of 1986, as amended (which we refer to as the Code). Assuming that the integrated mergers qualify as a reorganization under the Code, holders of WashingtonFirst common stock generally will not recognize any gain or loss for U.S. federal income tax purposes on the exchange of shares of WashingtonFirst common stock for shares of Sandy Spring common stock, except with respect to any cash received instead of fractional shares of Sandy Spring common stock.

You should read the section of this joint proxy statement/prospectus entitled "U.S. Federal Income Tax Consequences of the Integrated Mergers" beginning on page 116 for a more complete discussion of the U.S. federal income tax consequences of the integrated mergers. Tax matters can be complicated and the tax consequences of the integrated mergers to you will depend on your particular tax situation. You should consult your tax advisor to determine the tax consequences of the integrated mergers to you.

**Q: Are WashingtonFirst stockholders entitled to dissenters' rights?**

A: Holders of shares WashingtonFirst common stock are not entitled to exercise dissenters' rights in connection with the WashingtonFirst merger proposal. However, holders, of shares of WashingtonFirst non-voting common stock are entitled to exercise dissenters' rights in connection with the WashingtonFirst merger proposal. For further information, see The Transactions' Dissenters' Rights' beginning on page 92.

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**Q: If I am a WashingtonFirst stockholder, should I send in my WashingtonFirst stock certificates now?**

A: No. Please do not send in your WashingtonFirst stock certificates with your proxy. Promptly following the completion of the first-step merger, an exchange agent will send you instructions for exchanging WashingtonFirst stock certificates for the merger consideration. See The Merger Agreement Conversion of Shares; Exchange of Certificates beginning on page 97.

**Q: What should I do if I hold my shares of WashingtonFirst common stock in book-entry form?**

A: You are not required to take any special additional actions if your shares of WashingtonFirst common stock are held in book-entry form. Promptly following the completion of the first-step merger, shares of WashingtonFirst common stock held in book-entry form automatically will be exchanged for shares of Sandy Spring common stock in book-entry form and cash to be paid in exchange for fractional shares, if any.

**Q: Whom may I contact if I cannot locate my WashingtonFirst stock certificate(s)?**

A: If you are unable to locate your original WashingtonFirst stock certificate(s), you should contact Computershare Investor Services, WashingtonFirst's transfer agent, at (800) 368-5948 or P.O. Box 43078, Providence, Rhode Island 02940-3078.

**Q: What should I do if I receive more than one set of voting materials?**

A: Sandy Spring stockholders and WashingtonFirst stockholders may receive more than one set of voting materials, including multiple copies of this joint proxy statement/prospectus and multiple proxy cards or voting instruction cards. For example, if you hold shares of Sandy Spring and/or WashingtonFirst common stock in more than one brokerage account, you will receive a separate voting instruction card for each brokerage account in which you hold such shares. If you are a holder of record of Sandy Spring common stock or WashingtonFirst common stock and your shares are registered in more than one name, you will receive more than one proxy card. In addition, if you are a holder of both Sandy Spring common stock and WashingtonFirst common stock, you will receive one or more separate proxy cards or voting instruction cards for each company. Please complete, sign, date and return each proxy card and voting instruction card that you receive or otherwise follow the voting instructions set forth in this joint proxy statement/prospectus to ensure that you vote every share of Sandy Spring common stock and/or WashingtonFirst common stock that you own.

**Q: When do you expect to complete the Transactions?**

A: Sandy Spring and WashingtonFirst currently expect to complete the Transactions in the fourth quarter of 2017. However, neither Sandy Spring nor WashingtonFirst can assure you of when, or if, the Transactions will be completed. The completion of the integrated mergers is subject to the fulfillment of customary closing conditions,

including the approval by the Sandy Spring stockholders of the Sandy Spring share issuance proposal, the approval by the WashingtonFirst stockholders of the WashingtonFirst merger proposal and the receipt of necessary regulatory approvals.

**Q: What happens if the first-step merger is not completed?**

A: If the first-step merger is not completed, WashingtonFirst stockholders will not receive any consideration for their shares in connection with the first-step merger. Instead, WashingtonFirst will remain an independent publicly traded company and its common stock will continue to be listed and traded on the Nasdaq Capital Market. In addition, if the merger agreement is terminated in certain circumstances, a termination fee may be required to be paid by either Sandy Spring or WashingtonFirst. For a more detailed

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discussion of the circumstances under which such payments will be required to be paid, please see the section of this joint proxy statement/prospectus entitled "The Merger Agreement - Termination Fee" beginning on page 112.

**Q: Whom should I call with questions?**

A: *Sandy Spring stockholders:* If you have any questions concerning the Transactions or this joint proxy statement/prospectus, would like additional copies of this joint proxy statement/prospectus or need help voting your shares of Sandy Spring common stock, please contact Investor Relations at (800) 399-5919 or Sandy Spring's proxy solicitor, Laurel Hill Advisory Group, LLC, at (888) 742-1305.

*WashingtonFirst stockholders:* If you have any questions concerning the Transactions or this joint proxy statement/prospectus, would like additional copies of this joint proxy statement/prospectus or need help voting your shares of WashingtonFirst common stock, please contact Richard D. Horn, General Counsel, or Matthew R. Johnson, Executive Vice President and Chief Financial Officer, at (703) 840-2410 or WashingtonFirst's proxy solicitor, Laurel Hill Advisory Group, LLC, at (888) 742-1305.

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**SUMMARY**

*This summary highlights selected information from this joint proxy statement/prospectus. It may not contain all of the information that is important to you. We urge you to read carefully the entire joint proxy statement/prospectus, including the annexes, and the other documents to which we refer in order to fully understand the Transactions. See *Where You Can Find More Information* beginning on page 150. Each item in this summary refers to the page of this joint proxy statement/prospectus on which that subject is discussed in more detail.*

**In the First-Step Merger, WashingtonFirst Stockholders will be Entitled to Receive the Merger Consideration (page 95)**

Sandy Spring and WashingtonFirst are proposing a strategic merger. If the first-step merger is completed, each outstanding share of WashingtonFirst common stock, except for the excluded shares, will be converted into the right to receive a number of shares of Sandy Spring common stock based on the Sandy Spring volume-weighted average price. Specifically, at the effective time of the first-step merger, each share of WashingtonFirst common stock and each share of WashingtonFirst non-voting common stock, except for the excluded shares, will be converted into shares of Sandy Spring common stock as follows:

if the Sandy Spring volume-weighted average price is greater than \$53.23, the exchange ratio will equal 0.8210;

if the Sandy Spring volume-weighted average price is greater than \$50.15 and equal to or less than \$53.23, the exchange ratio will equal the quotient of \$43.70 divided by the Sandy Spring volume-weighted average price;

if the Sandy Spring volume-weighted average price is equal to or greater than \$37.07 and equal to or less than \$50.15, the exchange ratio will equal 0.8713;

if the Sandy Spring volume-weighted average price is equal to or greater than \$34.00 and less than \$37.07, the exchange ratio will equal the quotient of \$32.30 divided by the Sandy Spring volume-weighted average price; and

if the Sandy Spring volume-weighted average price is less than \$34.00, the exchange ratio will equal 0.9500.

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The following table illustrates the value of the merger consideration based on the Sandy Spring volume-weighted average price. Because the market value of Sandy Spring common stock will fluctuate, the value of the merger consideration may have a value as of the date the WashingtonFirst stockholders receive their shares that is less than, or greater than, the value of merger consideration on the date that the exchange ratio is determined.

<b>Sandy Spring Volume-Weighted Average Price</b>	<b>Exchange Ratio</b>	<b>Implied Value of Merger Consideration</b>
\$54.00	0.8210	\$44.33
<b>\$53.23</b>	<b>0.8210</b>	<b>\$43.70</b>
\$53.00	0.8245	\$43.70
\$52.00	0.8404	\$43.70
\$51.00	0.8569	\$43.70
<b>\$50.15</b>	<b>0.8713</b>	<b>\$43.70</b>
\$50.00	0.8713	\$43.57
\$49.00	0.8713	\$42.69
\$48.00	0.8713	\$41.82
\$47.00	0.8713	\$40.95
\$46.00	0.8713	\$40.08
\$45.00	0.8713	\$39.21
\$44.00	0.8713	\$38.34
\$43.00	0.8713	\$37.47
\$42.00	0.8713	\$36.59
\$41.00	0.8713	\$35.72
\$40.00	0.8713	\$34.85
\$39.00	0.8713	\$33.98
\$38.00	0.8713	\$33.11
<b>\$37.07</b>	<b>0.8713</b>	<b>\$32.30</b>
\$37.00	0.8730	\$32.30
\$36.00	0.8972	\$32.30
\$35.00	0.9229	\$32.30
<b>\$34.00</b>	<b>0.9500</b>	<b>\$32.30</b>
\$33.00	0.9500	\$31.35

Sandy Spring will not issue any fractional shares of Sandy Spring common stock in the first-step merger. WashingtonFirst stockholders who would otherwise be entitled to receive a fraction of a share of Sandy Spring common stock upon the completion of the first-step merger will instead be entitled to receive an amount in cash, rounded to the nearest cent, determined by multiplying the fraction of a share of Sandy Spring common stock to which the holder would otherwise be entitled by the Sandy Spring volume-weighted average price.





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Sandy Spring common stock is listed on the Nasdaq Global Select Market under the symbol SASR and WashingtonFirst common stock is listed on the Nasdaq Capital Market under the symbol WFBI. The following table shows the closing sale prices of Sandy Spring common stock and WashingtonFirst common stock as reported on the Nasdaq Stock Market on May 15, 2017, the last full trading day before the public announcement of the Transactions, and on August 31, 2017, the latest practicable trading day before the printing of this joint proxy statement/prospectus. This table also shows the implied value of the merger consideration payable for each share of WashingtonFirst common stock, which was calculated by first multiplying the closing price of Sandy Spring common stock on those dates by an exchange ratio of 0.8713.

	<b>Sandy Spring Common Stock</b>	<b>WashingtonFirst Common Stock</b>	<b>Implied Value of Merger Consideration</b>
May 15, 2017	\$ 42.72	\$ 28.18	\$ 37.22
August 31, 2017	\$ 38.57	\$ 33.87	\$ 33.61

The merger agreement governs the integrated mergers. The merger agreement is included in this joint proxy statement/prospectus as [Annex A](#). All descriptions in this summary and elsewhere in this joint proxy statement/prospectus of the terms and conditions of the integrated mergers are qualified by reference to the merger agreement. Please read the merger agreement carefully for a more complete understanding of the integrated mergers.

**The Sandy Spring Board Unanimously Recommends that Sandy Spring Stockholders Vote FOR the Sandy Spring Share Issuance Proposal and the Sandy Spring Adjournment Proposal Presented at the Sandy Spring Special Meeting (page 70)**

The Sandy Spring board has unanimously approved the merger agreement. The Sandy Spring board unanimously recommends that Sandy Spring stockholders vote FOR the Sandy Spring share issuance proposal and FOR the Sandy Spring adjournment proposal presented at the Sandy Spring special meeting. For the factors considered by the Sandy Spring board in reaching its decision to approve the merger agreement, see the section of this joint proxy statement/prospectus entitled The Transactions Sandy Spring s Reasons for the Transactions; Recommendation of the Sandy Spring Board beginning on page 70.

Each of Sandy Spring s directors, solely in his or her capacity as a Sandy Spring stockholder, has entered into a separate voting agreement with WashingtonFirst, pursuant to which each such director has agreed to vote all shares of Sandy Spring common stock over which he or she exercises sole disposition and voting rights in favor of the Sandy Spring share issuance. A form of these voting agreements is attached to this joint proxy statement/prospectus as [Annex B](#). For more information regarding the voting agreements, see the section of this joint proxy statement/prospectus entitled The Merger Agreement Sandy Spring Voting Agreements beginning on page 114.

**The WashingtonFirst Board Unanimously Recommends that WashingtonFirst Stockholders Vote FOR the WashingtonFirst Merger Proposal and the WashingtonFirst Adjournment Proposal Presented at the WashingtonFirst Special Meeting (page 53)**

The WashingtonFirst board has determined that the merger agreement and the transactions contemplated by the merger agreement, including the first-step merger, are advisable and in the best interests of WashingtonFirst and its stockholders and has unanimously approved the merger agreement. The WashingtonFirst board unanimously recommends that WashingtonFirst stockholders vote FOR the WashingtonFirst merger proposal and FOR the WashingtonFirst adjournment proposal presented at the WashingtonFirst special meeting. For the factors considered

by the WashingtonFirst board in reaching its decision to approve the merger agreement, see the section of this joint proxy statement/prospectus entitled The Transactions WashingtonFirst s Reasons for the Transactions; Recommendation of the WashingtonFirst Board beginning on page 53.

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Each of WashingtonFirst's directors, solely in his or her capacity as a WashingtonFirst stockholder, has entered into a separate voting agreement with Sandy Spring, pursuant to which each such director has agreed to vote all shares of WashingtonFirst common stock over which he or she exercises sole disposition and voting rights in favor of the WashingtonFirst merger proposal and certain related matters and against alternative transactions. A form of these voting agreements is attached to this joint proxy statement/prospectus as [Annex C](#). In addition, Endicott Opportunity Partners III, L.P. (which we refer to as Endicott ), which owned 9.59% of the outstanding shares of WashingtonFirst common stock as of the WashingtonFirst record date, has also entered into a voting agreement with Sandy Spring pursuant to which Endicott has agreed to vote all shares of WashingtonFirst common stock over which it exercises sole disposition and voting rights in favor of the WashingtonFirst merger proposal and certain related matters and against alternative transactions. A copy of the Endicott voting agreement is attached to this joint proxy statement/prospectus as [Annex D](#). For more information regarding the voting agreements, see the section of this joint proxy statement/prospectus entitled "The Merger Agreement WashingtonFirst Voting Agreements" beginning on page 113.

**Opinion of WashingtonFirst's Financial Advisor (page 57 and Annex E)**

In connection with the integrated mergers, WashingtonFirst's financial advisor, Keefe, Bruyette & Woods, Inc. (which we refer to as KBW ), delivered a written opinion, dated May 15, 2017, to the WashingtonFirst board of directors as to the fairness, from a financial point of view and as of the date of the opinion, to the holders of WashingtonFirst common stock of the exchange ratio in the proposed first-step merger. The full text of the opinion, which describes the procedures followed, assumptions made, matters considered, and qualifications and limitations on the review undertaken by KBW in preparing the opinion, is attached as [Annex E](#) to this joint proxy statement/prospectus. **The opinion was for the information of, and was directed to, the WashingtonFirst board (in its capacity as such) in connection with its consideration of the financial terms of the integrated mergers. The opinion did not address the underlying business decision of WashingtonFirst to engage in the integrated mergers or enter into the merger agreement or constitute a recommendation to the WashingtonFirst board in connection with the integrated mergers, and it does not constitute a recommendation to any holder of WashingtonFirst voting common stock or any stockholder of any other entity as to how to vote in connection with the integrated mergers or any other matter.**

**Opinion of Sandy Spring's Financial Advisor (page 72 and Annex F)**

On May 15, 2017, Sandler O'Neill & Partners, L.P. (which we refer to as Sandler O'Neill ) rendered its written opinion to the Sandy Spring board that, as of the date of the opinion, and based upon and subject to the procedures followed, assumptions made, matters considered and qualifications and limitations set forth in the opinion, the merger consideration was fair, from a financial point of view, to Sandy Spring. The full text of the Sandler O'Neill written opinion, which sets forth the assumptions made, procedures followed, matters considered and limitations on the review undertaken in connection with the opinion, is attached to this document as [Annex F](#). Sandy Spring stockholders are urged to read the opinion in its entirety. Sandler O'Neill's opinion speaks only as of the date of the opinion and was necessarily based on financial, economic, market and other conditions as they existed on, and the information made available to Sandler O'Neill as of, the date of Sandler O'Neill's opinion. The Sandler O'Neill written opinion is addressed to the Sandy Spring board, is directed only to the merger consideration, and does not constitute a recommendation as to how any holder of Sandy Spring common stock should vote with respect to the Sandy Spring share issuance proposal or any other matter.



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**What Holders of WashingtonFirst Equity-Based Awards will be Entitled to Receive (page 87)**

The WashingtonFirst equity awards will be affected as follows:

*Restricted Stock Awards:* At the effective time, each restricted stock award granted by WashingtonFirst will become fully vested and each holder of such restricted stock awards will be entitled to receive the per share merger consideration for each share of WashingtonFirst common stock held by such holder.

*Stock Options:* Also at the effective time, all outstanding and unexercised options to purchase shares of WashingtonFirst common stock will be canceled and will be cashed out for an amount equal to the value of the per share merger consideration less the option exercise price, assuming for purposes of this calculation that all such options were 100% vested as of the effective time. The value of the per share merger consideration for this purpose will be the exchange ratio multiplied by the Sandy Spring volume-weighted average price.

**Sandy Spring Will Hold the Sandy Spring Special Meeting on October 18, 2017 (page 39)**

The Sandy Spring special meeting will be held on October 18, 2017, at 9:00 a.m., local time, at Sandy Spring's corporate headquarters located at 17801 Georgia Avenue, Olney, Maryland 20832. At the Sandy Spring special meeting, Sandy Spring stockholders will be asked to approve the Sandy Spring share issuance proposal and approve the Sandy Spring adjournment proposal.

Only holders of record of Sandy Spring common stock at the close of business on August 31, 2017 (which we refer to as the Sandy Spring record date), will be entitled to notice of, and to vote at, the Sandy Spring special meeting. Each share of Sandy Spring common stock is entitled to one vote on each proposal to be considered at the Sandy Spring special meeting. As of the Sandy Spring record date, there were 24,178,652 shares of Sandy Spring common stock entitled to vote at the Sandy Spring special meeting.

As of the Sandy Spring record date, the directors and executive officers of Sandy Spring and their affiliates beneficially owned and were entitled to vote approximately 636,647 shares of Sandy Spring common stock representing approximately 2.64% of the shares of Sandy Spring common stock outstanding on that date.

Each of Sandy Spring's directors, solely in his or her capacity as a Sandy Spring stockholder, has entered into a separate voting agreement with WashingtonFirst, pursuant to which each such Sandy Spring director has agreed to vote all shares of Sandy Spring common stock over which he or she exercises sole disposition and voting rights in favor of the Sandy Spring share issuance proposal.

Approval of the Sandy Spring share issuance requires the affirmative vote of a majority of the total votes cast by the Sandy Spring stockholders at the Sandy Spring special meeting. If you mark **ABSTAIN** on your proxy, fail to submit a proxy or fail to vote in person at the Sandy Spring special meeting or fail to instruct your bank or broker how to vote with respect to the Sandy Spring share issuance proposal, it will have no effect on the Sandy Spring share issuance proposal.

The Sandy Spring adjournment proposal will be approved if a majority of the votes cast by the holders of Sandy Spring common stock at the Sandy Spring special meeting are voted in favor of such proposal. If you mark **ABSTAIN** on your proxy, fail to submit a proxy or fail to vote in person at the Sandy Spring special meeting or fail to instruct your bank or broker how to vote with respect to the Sandy Spring adjournment proposal, it will have no effect on the Sandy Spring adjournment proposal.

**WashingtonFirst Will Hold the WashingtonFirst Special meeting on October 18, 2017 (page 33)**

The WashingtonFirst special meeting will be held on October 18, 2017, at 10:00 a.m., local time, at WashingtonFirst's corporate headquarters located at 11921 Freedom Drive, Suite 250, Reston, Virginia 20190.

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At the WashingtonFirst special meeting, WashingtonFirst stockholders will be asked to approve the WashingtonFirst merger proposal and the WashingtonFirst adjournment proposal.

Only holders of record of WashingtonFirst common stock at the close of business on August 31, 2017 (which we refer to as the WashingtonFirst record date), will be entitled to notice of, and to vote at, the WashingtonFirst special meeting. Each share of WashingtonFirst common stock is entitled to one vote on each proposal to be considered at the WashingtonFirst special meeting. As of the WashingtonFirst record date, there were 12,509,766 shares of WashingtonFirst common stock entitled to vote at the WashingtonFirst special meeting.

As of the WashingtonFirst record date, the directors and executive officers of WashingtonFirst and their affiliates beneficially owned and were entitled to vote approximately 2,697,307 shares of WashingtonFirst common stock representing approximately 21.57% of the shares of WashingtonFirst common stock outstanding on that date.

Each of WashingtonFirst's directors, solely in his or her capacity as a WashingtonFirst stockholder, has entered into a separate voting agreement with Sandy Spring, pursuant to which each such WashingtonFirst director has agreed to vote all shares of WashingtonFirst common stock over which he or she exercises sole disposition and voting rights in favor of the WashingtonFirst merger proposal and certain related matters and against alternative transactions. In addition, Endicott has also entered into a voting agreement with Sandy Spring pursuant to which Endicott has agreed to vote all shares of WashingtonFirst common stock over which it exercises sole disposition and voting rights vote in favor of the WashingtonFirst merger proposal and certain related matters and against alternative transactions.

Under Virginia law and WashingtonFirst's organizational documents, approval of the WashingtonFirst merger proposal requires the affirmative vote of a majority of the outstanding shares of WashingtonFirst common stock entitled to vote at the WashingtonFirst special meeting. If you mark **ABSTAIN** on your proxy, fail to submit a proxy or fail to vote in person at the WashingtonFirst special meeting, or fail to instruct your bank or broker how to vote with respect to the WashingtonFirst merger proposal, it will have the same effect as a vote against the WashingtonFirst merger proposal.

The WashingtonFirst adjournment proposal will be approved if a majority of the votes cast on such proposal at the WashingtonFirst special meeting are voted in favor of such proposal at the WashingtonFirst special meeting. If you mark **ABSTAIN** on your proxy, fail to submit a proxy or fail to vote in person at the WashingtonFirst special meeting or fail to instruct your bank or broker how to vote with respect to either such proposal, it will have no effect on the WashingtonFirst adjournment proposal.

## **U.S. Federal Income Tax Consequences of the Integrated Mergers (page 116)**

The obligations of WashingtonFirst and Sandy Spring to complete the integrated mergers are subject to, among other customary closing conditions described in this joint proxy statement/prospectus, the receipt by each of WashingtonFirst and Sandy Spring of the opinion of its counsel to the effect that the integrated mergers together will be treated as an integrated transaction that qualifies as a reorganization within the meaning of Section 368(a) of the Code. Assuming that the integrated mergers qualify as a reorganization, holders of WashingtonFirst common stock generally will not recognize any gain or loss for U.S. federal income tax purposes on the exchange of shares of WashingtonFirst common stock for shares of Sandy Spring common stock, except with respect to any cash received instead of fractional shares of Sandy Spring common stock.

You should read the section of this joint proxy statement/prospectus entitled **U.S. Federal Income Tax Consequences of the Integrated Mergers** beginning on page 116 for a more complete discussion of the U.S.





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federal income tax consequences of the integrated mergers. Tax matters can be complicated and the tax consequences of the integrated mergers to you will depend on your particular tax situation. You should consult your tax advisor to determine the tax consequences of the integrated mergers to you.

**Certain WashingtonFirst Directors and Executive Officers Have Financial Interests in the Transactions that Differ from Your Interests (page 87)**

In considering the recommendation of the WashingtonFirst board to adopt the merger agreement, WashingtonFirst stockholders should be aware that certain directors and executive officers of WashingtonFirst have employment and other compensation agreements or plans that give them interests in the Transactions that are different from, or in addition to, their interests as WashingtonFirst stockholders. The WashingtonFirst board was aware of these circumstances at the time it approved the merger agreement. These interests include:

The awards of stock options that WashingtonFirst has made to its executive officers and directors under its equity incentive plan. As a result of the first-step merger, each stock option, whether vested or unvested, that is outstanding and unexercised immediately prior to the closing will be canceled and will be cashed out for an amount equal to the value of the per share merger consideration less the option exercise price, assuming for purposes of this calculation that all such options were 100% vested as of the effective time. The value of the per share merger consideration for this purpose will be the exchange ratio multiplied by the Sandy Spring volume-weighted average price;

The awards of restricted stock that WashingtonFirst has made to its executive officers and directors under its equity incentive plans. As a result of the first-step merger, each restricted stock award that is outstanding immediately prior to closing will fully vest and each holder will be entitled to receive the per share merger consideration for each share of WashingtonFirst common stock held by such holder;

The employment agreements with Shaza L. Andersen, President and Chief Executive Officer of WashingtonFirst Bank, and Michael J. Rebibo, Executive Vice President of WashingtonFirst Bank and President of 1<sup>st</sup> Portfolio Wealth Advisors and WashingtonFirst Mortgage, which provide for a cash severance payment (and, for Ms. Andersen, payment of premiums for continued health benefits for 12 months) in the event of a termination of employment without cause following a change in control;

The severance payment agreements with George W. Connors, IV, President and Chief Credit Officer of WashingtonFirst Bank, Richard D. Horn, General Counsel of WashingtonFirst Bank, and Matthew R. Johnson, Executive Vice President and Chief Financial Officer of WashingtonFirst Bank, which provide for a cash severance payment and payment of COBRA costs for continued health benefits for up to 12 months in the event of a termination of employment without cause following a change in control;

The supplemental executive retirement agreements with Shaza L. Andersen, George W. Connors, IV, Richard D. Horn, Matthew R. Johnson, and Joseph S. Bracewell, Chairman of the Board of WashingtonFirst, which provide each executive with a vested benefit upon a separation from service following a change in control of WashingtonFirst or WashingtonFirst Bank; and

That, pursuant to the merger agreement, Shaza L. Andersen, Joseph S. Bracewell and two additional members of WashingtonFirst's board of directors are to be appointed as members of the Sandy Spring and Sandy Spring Bank boards of directors and Shaza L. Andersen and Joseph S. Bracewell are to be appointed to the executive committee of the Sandy Spring board.

It is anticipated that Ms. Andersen will enter into a consulting and separation agreement with Sandy Spring that will set forth Ms. Andersen's entitlements and continuing obligations in connection with her termination of employment with WashingtonFirst and WashingtonFirst Bank following the effective time of the first-step merger and her service as a non-employee director of and consultant to Sandy Spring. It is also anticipated that

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Mr. Connors will negotiate and enter into a bonus award and release agreement that will provide for certain payments in lieu of the lump sum cash payment under his severance payment agreement and an employment agreement with Sandy Spring that will set forth his new position at Sandy Spring following the effective time of the first-step merger. All arrangements entered into with Sandy Spring will be effective as of the effective time of the first-step merger.

**Holders of WashingtonFirst Common Stock Are NOT Entitled to Assert Dissenters Rights (page 92)**

Under the Virginia Stock Corporation Act, the holders of WashingtonFirst common stock will not have any dissenters rights with respect to the WashingtonFirst merger proposal. However, the holders of shares of WashingtonFirst non-voting common stock will have dissenters rights with respect to the WashingtonFirst merger proposal. For further information, see The Transactions Dissenters Rights beginning on page 92.

**Completion of the Transactions; Conditions That Must Be Fulfilled For the Integrated Mergers To Occur (page 109)**

Currently, WashingtonFirst and Sandy Spring expect to complete the Transactions in the fourth quarter of 2017. As more fully described in this joint proxy statement/prospectus and in the merger agreement, the completion of the integrated mergers depends on a number of customary closing conditions being satisfied or, where legally permissible, waived. These conditions include:

approval of the merger agreement by the WashingtonFirst stockholders and approval of the issuance of shares of Sandy Spring common stock in connection with the first-step merger by Sandy Spring stockholders;

authorization for listing on the Nasdaq Global Select Market of the shares of Sandy Spring common stock to be issued in the first-step merger;

the receipt of required regulatory approval, including the approval of the Board of Governors of the Federal Reserve System (which we refer to as the Federal Reserve Board ), the Maryland Office of the Commissioner of Financial Regulation and the Virginia Bureau of Financial Institutions, and the expiration of all statutory waiting periods and the absence of any materially burdensome conditions on any regulatory approvals;

the effectiveness of the registration statement of which this joint proxy statement/prospectus is a part;

the absence of any order, injunction or other legal restraint preventing the completion of the integrated mergers or making the completion of the integrated mergers illegal;

subject to the materiality standards provided in the merger agreement, the accuracy of the representations and warranties of Sandy Spring and WashingtonFirst in the merger agreement;

performance in all material respects by each of Sandy Spring and WashingtonFirst of its obligations under the merger agreement; and

receipt by each of Sandy Spring and WashingtonFirst of an opinion from its counsel as to certain tax matters. Neither WashingtonFirst nor Sandy Spring can be certain when, or if, the conditions to the integrated mergers will be satisfied or waived, or that the integrated mergers will be completed.

**Termination of the Merger Agreement (page 110)**

The merger agreement can be terminated at any time prior to the completion of the first-step merger in the following circumstances:

by mutual written consent, if Sandy Spring and WashingtonFirst so determine;

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by either Sandy Spring or WashingtonFirst, if the required vote of WashingtonFirst stockholders needed to approve the merger agreement or the required vote of Sandy Spring stockholders needed to approve the Sandy Spring share issuance is not received;

by either Sandy Spring or WashingtonFirst, if (i) any governmental entity denies any requisite regulatory approval in connection with the Transactions and such denial has become final and non-appealable, or (ii) any governmental entity of competent jurisdiction has issued a final and non-appealable order prohibiting or making illegal the consummation of the transactions contemplated by the merger agreement, unless the failure to obtain a requisite regulatory approval is due to the failure of the terminating party to perform or observe its obligations under the merger agreement;

by either Sandy Spring or WashingtonFirst, if the integrated mergers have not been consummated on or before May 15, 2018, the one year anniversary of the date of the merger agreement (which we refer to as the termination date ), unless the failure of the integrated mergers to be consummated by such date is due to the failure of the terminating party to perform or observe its obligations under the merger agreement;

by either Sandy Spring or WashingtonFirst (except that the terminating party cannot then be in material breach of any representation, warranty, covenant or other agreement contained in the merger agreement), if the other party breaches any of its obligations or any of its representations and warranties set forth in the merger agreement (or any such representation or warranty ceases to be true) which either individually or in the aggregate would constitute, if occurring or continuing on the closing date, the failure of a closing condition of the terminating party and such breach is not cured within 30 days following written notice to the party committing such breach, or such breach cannot be cured during such period;

by WashingtonFirst, prior to the time that the Sandy Spring share issuance proposal is approved, if the Sandy Spring board (i) fails to recommend in this joint proxy statement/prospectus that the Sandy Spring stockholders approve the Sandy Spring share issuance, or takes certain adverse actions with respect to such recommendation, or (ii) breaches certain obligations, including with respect to calling a meeting of its stockholders and recommending that they approve the Sandy Spring share issuance, in any material respect;

by Sandy Spring, prior to the time that the WashingtonFirst merger proposal is approved, if the WashingtonFirst board (i) fails to recommend in this joint proxy statement/prospectus that the WashingtonFirst stockholders approve the merger agreement, or takes certain adverse actions with respect to such recommendation, (ii) fails to recommend against acceptance of a tender offer or exchange offer for outstanding WashingtonFirst common stock that has been publicly disclosed (other than by Sandy Spring or an affiliate of Sandy Spring) within 10 business days after the commencement of such tender or exchange offer, (iii) recommends or endorses an alternative acquisition proposal, or (iv) breaches certain obligations, including with respect to alternative acquisition proposals or calling a meeting of its stockholders and recommending that they approve the merger agreement, in any material respect; or

by WashingtonFirst, if the Sandy Spring volume-weighted average price is less than \$34.00, subject to Sandy Spring's right to adjust the merger consideration by either (i) increasing the exchange ratio to equal

\$32.30 divided by the Sandy Spring volume-weighted average price or (ii) adding a cash amount to bring the total value of the merger consideration to \$32.30 per share.

**Termination Fee (page 112)**

If the merger agreement is terminated under certain circumstances, including circumstances involving alternative acquisition proposals with respect to WashingtonFirst, changes in the recommendation of the

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WashingtonFirst board or changes in the recommendation of the Sandy Spring board, WashingtonFirst or Sandy Spring, as applicable, may be required to pay to the other party a termination fee equal to \$18.5 million (which we refer to as the termination fee ). The termination fee could discourage other companies from seeking to acquire or merge with WashingtonFirst or Sandy Spring.

### **Regulatory Approvals Required for the Integrated Mergers and the Bank Merger (page 93)**

Subject to the terms of the merger agreement, both WashingtonFirst and Sandy Spring have agreed to cooperate with each other and use their reasonable best efforts to obtain all regulatory approvals or waivers necessary or advisable to complete the transactions contemplated by the merger agreement. These include approvals from the Federal Reserve Board, the Maryland Office of the Commissioner of Financial Regulation and the Virginia Bureau of Financial Institutions. Sandy Spring submitted applications to the Federal Reserve Board on June 29, 2017 and to the Maryland Office of the Commissioner of Financial Regulation and the Virginia Bureau of Financial Institutions on July 5, 2017. As of the date of this joint proxy statement/prospectus, the Virginia Bureau of Financial Institutions has approved the transactions contemplated by the merger agreement and the remainder of these applications remain outstanding. Although neither Sandy Spring nor WashingtonFirst knows of any reason why the applications should not be approved in a timely manner, Sandy Spring and WashingtonFirst cannot be certain when, or if, the applications will be approved.

### **The Rights of WashingtonFirst Stockholders Will Change as a Result of the First-Step Merger (page 131)**

Sandy Spring is incorporated under the laws of the State of Maryland and WashingtonFirst is incorporated under the laws of the Commonwealth of Virginia. Accordingly, Maryland law governs the Sandy Spring stockholders and Virginia law governs the WashingtonFirst stockholders. As a result of the first-step merger, WashingtonFirst stockholders will become stockholders of Sandy Spring. Thus, following the completion of the first-step merger, the rights of WashingtonFirst stockholders who become Sandy Spring stockholders in the first-step merger will be governed by the corporate law of the State of Maryland and will also then be governed by Sandy Spring's articles of incorporation and bylaws, rather than by the corporate law of the Commonwealth of Virginia and WashingtonFirst's articles of incorporation and bylaws.

See Comparison of Stockholders' Rights for a description of the material differences in stockholders' rights under the laws of the State of Maryland, the Commonwealth of Virginia and each of the Sandy Spring and WashingtonFirst governing documents.

### **Information About the Companies (pages 45 and 46)**

#### *Sandy Spring*

Sandy Spring, headquartered in Olney, Maryland, is the holding company for Sandy Spring Bank. Sandy Spring Bank is a Maryland state-chartered trust company with commercial banking powers that offers a broad range of commercial banking, retail banking, mortgage and trust services throughout central Maryland, Northern Virginia, and the greater Washington, D.C. market. Through its subsidiaries, Sandy Spring Insurance Corporation and West Financial Services, Inc., Sandy Spring Bank also offers a comprehensive menu of insurance and wealth management services. With \$5.3 billion in assets at June 30, 2017, Sandy Spring operates 44 community offices and six financial centers across central Maryland, Northern Virginia, and the greater Washington, D.C. region.

Sandy Spring's common stock is traded on the Nasdaq Global Select Market under the symbol SASR.

Sandy Spring's principal executive office is located at 17801 Georgia Avenue, Olney, Maryland 20832 and its telephone number at that location is (800) 399-5919. Additional information about Sandy Spring and its



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subsidiaries is included in documents incorporated by reference in this joint proxy statement/prospectus. See the section of this joint proxy statement/prospectus entitled "Where You Can Find More Information" beginning on page 150.

### *Merger Sub*

Merger Sub is a Virginia corporation and a wholly-owned subsidiary of Sandy Spring. Merger Sub was formed by Sandy Spring for the sole purpose of consummating the integrated mergers. See the section of this joint proxy statement/prospectus entitled "Information About Merger Sub" beginning on page 45.

### *WashingtonFirst*

WashingtonFirst, headquartered in Reston, Virginia, is the holding company for WashingtonFirst Bank, which operates 19 full-service banking offices throughout the Washington, D.C. metropolitan area. WashingtonFirst Bank offers a comprehensive range of commercial banking products and services to small-to-medium sized businesses, not-for-profit organizations, professional service firms and individuals in the greater Washington, D.C. area. In addition, WashingtonFirst provides wealth management services through its subsidiary, 1st Portfolio Wealth Advisors, and mortgage banking services through WashingtonFirst Bank's subsidiary, WashingtonFirst Mortgage Corporation.

WashingtonFirst's common stock is traded on the Nasdaq Capital Market under the symbol "WFBI."

WashingtonFirst's principal executive office is located at 11921 Freedom Drive, Suite 250, Reston, Virginia 20190 and its telephone number at that location is (703) 840-2410. Additional information about WashingtonFirst and its subsidiaries is included in documents incorporated by reference in this joint proxy statement/prospectus. See the section of this joint proxy statement/prospectus entitled "Where You Can Find More Information" beginning on page 150.

## **Litigation Related to the Transactions**

On August 1, 2017, Paul Parshall, a purported stockholder of WashingtonFirst, filed a putative class action lawsuit in the United States District Court for the Eastern District of Virginia against WashingtonFirst, the members of the WashingtonFirst board and Sandy Spring on behalf of all WashingtonFirst public stockholders. The lawsuit alleges that Sandy Spring's registration statement on Form S-4, of which this joint proxy statement/prospectus forms a part, omitted certain material information, which rendered the registration statement false and misleading. The relief sought in the lawsuit includes preliminary and permanent injunction against the consummation of the Transactions, rescission or rescissory damages if the Transactions are completed, costs and attorney's fees. The defendants believe that the claims are without merit and intend to defend against the suit vigorously. However, at this time, it is not possible to predict the outcome of the lawsuit or the impact on Sandy Spring, WashingtonFirst or the Transactions.

**Table of Contents****SELECTED CONSOLIDATED HISTORICAL FINANCIAL DATA OF SANDY SPRING**

The following table presents selected historical consolidated financial data for Sandy Spring as of and for each of the years ended December 31, 2016, 2015, 2014, 2013 and 2012. This information has been derived in part from and should be read in conjunction with the audited consolidated financial statements of Sandy Spring. The following table also presents selected historical consolidated financial data for Sandy Spring as of and for each of the six months ended June 30, 2017 and 2016. This information has been derived in part from and should be read in conjunction with the unaudited consolidated financial statements of Sandy Spring.

The selected consolidated historical financial data below is only a summary. You should read this information in conjunction with the historical financial statements of Sandy Spring and the related notes, including those contained in Sandy Spring's Annual Report on Form 10-K for the year ended December 31, 2016 and in Sandy Spring's Quarterly Report on Form 10-Q for the quarter ended June 30, 2017, each of which is incorporated by reference in this joint proxy statement/prospectus.

<i>(in thousands, except per share data)</i>	<b>As of and for the Six Months Ended June 30,</b>		<b>As of and for the Year Ended December 31,</b>				
	<b>2017</b>	<b>2016</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>
<b>Results of Operations</b>							
Tax-equivalent interest income	\$ 94,534	\$ 83,456	\$ 177,267	\$ 164,790	\$ 153,558	\$ 154,639	\$ 149,244
Interest expense	11,955	10,602	21,004	20,113	18,818	19,433	22,651
Tax-equivalent net interest income	82,579	72,854	156,263	144,677	134,740	135,206	126,593
Tax-equivalent adjustment	3,697	3,304	6,711	6,478	5,192	5,292	5,374
Provision (credit) for loan losses	1,516	4,193	5,546	5,371	(163)	(1,084)	3,649
Net interest income after provision (credit) for loan losses	81,063	68,661	144,006	132,828	129,711	130,998	117,570
Non-interest income	26,203	26,114	51,042	49,901	46,871	47,511	46,956
Non-interest expenses	62,849	63,188	123,058	115,347	120,800	111,524	109,927
Income before taxes	44,417	31,587	71,990	67,382	55,782	66,985	54,599
Income tax expense	14,564	10,127	23,740	22,027	17,582	22,563	18,045
Net income	29,853	21,460	48,250	45,355	38,200	44,422	36,554
<b>Per Share Data</b>							
Net income basic per share	\$ 1.24	\$ 0.90	2.00	\$ 1.84	\$ 1.53	\$ 1.78	\$ 1.49
Net income diluted per share	1.23	0.89	2.00	1.84	1.52	1.77	1.48
Dividends declared per common share	0.52	0.48	0.98	0.90	0.76	0.64	0.48

Book value per common share	23.13	22.18	22.32	21.58	20.83	19.98	19.41
<b>Period End Balances</b>							
Total assets	\$ 5,270,521	\$ 4,739,449	\$ 5,091,383	\$ 4,655,380	\$ 4,397,132	\$ 4,106,100	\$ 3,955,206
Total investment securities <sup>(1)</sup>	821,491	734,828	779,648	841,650	933,619	1,016,609	1,075,032
Total loans <sup>(2)</sup>	4,133,171	3,672,624	3,927,808	3,495,370	3,127,392	2,784,266	2,531,128
Total deposits	3,885,445	3,510,141	3,577,544	3,263,730	3,066,509	2,877,225	2,913,034
Total borrowings	797,312	662,887	945,119	829,145	764,432	703,842	526,987
Total stockholders equity	554,683	529,479	533,572	524,427	521,751	499,363	483,512

(1) Includes available-for-sale securities and other equity securities.

(2) Includes loans held for investment at amortized cost.

**Table of Contents****SELECTED CONSOLIDATED HISTORICAL FINANCIAL DATA OF WASHINGTONFIRST**

The following table presents selected historical consolidated financial data for WashingtonFirst as of and for each of the years ended December 31, 2016, 2015, 2014, 2013 and 2012. This information has been derived in part from and should be read in conjunction with the audited consolidated financial statements of WashingtonFirst. The following table also presents selected historical consolidated financial data for WashingtonFirst as of and for each of the six months ended June 30, 2017 and 2016. This information has been derived in part from and should be read in conjunction with the unaudited consolidated financial statements of WashingtonFirst.

The selected consolidated historical financial data below is only a summary. You should read this information in conjunction with the historical financial statements of WashingtonFirst and the related notes, including those contained in WashingtonFirst's Annual Report on Form 10-K for the year ended December 31, 2016 and in WashingtonFirst's Quarterly Report on Form 10-Q for the quarter ended June 30, 2017, each of which is incorporated by reference in this joint proxy statement/prospectus.

<i>(in thousands, except per share data)</i>	<b>As of and for the Six Months Ended June 30,</b>		<b>As of and for the Year Ended December 31,</b>				
	<b>2017</b>	<b>2016</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>
<b>Results of Operations</b>							
Interest income	\$ 41,908	\$ 35,726	\$ 73,847	\$ 63,183	\$ 55,119	\$ 46,829	\$ 28,219
Interest expense	7,596	6,172	12,471	9,211	7,219	6,130	4,949
Net interest income	34,312	29,554	61,376	53,972	47,900	40,699	23,270
Provision for loan losses	1,940	1,605	3,880	3,550	3,005	4,755	3,225
Net interest income after provision for loan losses	32,372	27,949	57,496	50,422	44,895	35,944	20,045
Non-interest income	11,397	13,271	27,505	7,891	1,998	1,139	3,541
Non-interest expenses	28,764	28,036	56,863	39,589	33,116	28,117	20,178
Income before taxes	15,005	13,184	28,138	18,724	13,777	8,966	3,408
Income tax expense	5,232	4,862	10,131	6,469	4,353	2,627	1,173
Net income	9,773	8,322	18,007	12,255	9,424	6,339	2,235
Net income available to common stockholders	9,773	8,322	18,007	12,181	9,263	6,161	2,057
<b>Per Share Data</b>							
Net income basic per share <sup>(1)</sup>	\$ 0.75	\$ 0.65	\$ 1.40	\$ 1.15	\$ 1.09	\$ 0.73	\$ 0.54
Net income diluted per share <sup>(1)</sup>	0.74	0.64	1.37	1.13	1.06	0.72	0.53
Book value per common share <sup>(1)</sup>	15.57	14.64	14.94	13.95	12.07	10.65	10.13
Dividends paid	0.14	0.12	0.24	0.20	0.16		
<b>Period End Balances</b>							
Total assets	\$ 2,083,177	\$ 1,853,666	\$ 2,002,911	\$ 1,674,466	\$ 1,333,390	\$ 1,127,559	\$ 1,147,818

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Total investments <sup>(2)</sup>	319,289	265,156	291,930	226,241	171,733	148,897	138,221
Total loans <sup>(3)</sup>	1,687,150	1,443,721	1,566,652	1,344,577	1,066,126	838,120	753,355
Total deposits	1,744,691	1,548,877	1,522,741	1,333,242	1,086,063	948,903	972,660
Total borrowings <sup>(4)</sup>	121,135	103,563	270,587	149,913	104,311	63,489	64,923
Total stockholders equity	203,578	188,300	192,660	178,595	134,538	107,604	101,520

(1) Adjusted for stock dividends.

(2) Includes the following categories from the balance sheet: available-for-sale investment securities and restricted stocks.

(3) Includes loans held for sale at lower of cost or fair value and loans held for investment at amortized cost.

(4) Includes the following categories from the balance sheet: other borrowings, Federal Home Loan Bank advances and long-term borrowings.

**Table of Contents****SELECTED UNAUDITED PRO FORMA FINANCIAL DATA**

The following table shows selected unaudited pro forma condensed combined financial data about the financial condition and results of operations of Sandy Spring giving effect to the Transactions.

With respect to the Transactions, the selected unaudited pro forma condensed combined financial information assumes that the Transactions will be accounted for under the acquisition method of accounting with Sandy Spring treated as the acquirer. Under the acquisition method of accounting, the identifiable assets and identifiable liabilities of WashingtonFirst, as of the effective date of the Transactions, will be recorded by Sandy Spring at their respective estimated fair values and the excess of the merger consideration over the estimated fair value of WashingtonFirst's net identifiable assets will be allocated to goodwill.

The pro forma financial condition data set forth in the table below assumes that the Transactions became effective on June 30, 2017. The accompanying unaudited pro forma condensed combined income statements for the periods ending December 31, 2016 and June 30, 2017 present the pro forma results of operations of Sandy Spring giving effect to the Transactions assuming that the Transactions became effective on January 1, 2016.

The selected unaudited pro forma condensed combined financial data has been derived from and should be read in conjunction with the unaudited pro forma condensed combined financial information, including the notes thereto, which is included in this joint proxy statement/prospectus under the section entitled Unaudited Pro Forma Condensed Combined Financial Statements. The selected unaudited pro forma condensed combined financial data is presented for illustrative purposes only and does not necessarily indicate the financial results of the combined companies had the companies actually been combined at the beginning of the periods presented. The selected unaudited pro forma condensed combined financial data also does not consider any potential impacts of current market conditions on revenues, potential revenue enhancements, anticipated cost savings and expense efficiencies, or asset dispositions, among other factors. Further, as explained in more detail in the notes accompanying the more detailed unaudited pro forma condensed combined financial information included under Unaudited Pro Forma Condensed Combined Financial Statements beginning on page 121, the pro forma allocation of purchase price reflected in the selected unaudited pro forma condensed combined financial information is subject to adjustment and may vary from the actual purchase price allocation that will be recorded at the time the Transactions are completed. Additionally, the adjustments made in the unaudited pro forma condensed financial information, which are described in those notes, are preliminary and may be revised.

	<b>As of June 30, 2017</b>
<b>Pro Forma Condensed Consolidated Combined Statement of Financial Condition Data</b>	
<i>(Dollars in thousands)</i>	
Cash and cash equivalents	\$ 65,569
Net loans	5,729,708
Total assets	7,617,537
Deposits	5,629,763
Borrowings	919,351
Other liabilities	47,854
Stockholders' equity	1,020,569



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	<b>Six Months Ended June 30, 2017</b>	<b>Year Ended December 31, 2016</b>
<b>Pro Forma Condensed Consolidated Combined Statement of Income Data</b>		
<i>(Dollars in thousands, except per share data)</i>		
Net interest income	\$ 116,746	\$ 210,419
Provision for loan losses	3,456	9,426
Net interest income after provision for loan losses	113,290	200,993
Noninterest income	37,600	78,547
Noninterest expense	92,110	181,089
Income before income taxes	58,780	98,451
Income taxes	19,571	33,284
Net income	\$ 39,209	\$ 65,167
<b>Pro Forma Condensed Consolidated Combined Per Share Data</b>		
Net income per share basic	\$ 1.11	\$ 1.84
Net income per share diluted	1.10	1.84



Table of Contents**UNAUDITED COMPARATIVE PER SHARE DATA**

Presented below for Sandy Spring and WashingtonFirst is historical, unaudited pro forma combined and pro forma equivalent per share financial data. The information presented below should be read together with the historical consolidated financial statements of Sandy Spring and WashingtonFirst, including the related notes, filed with the SEC and incorporated by reference into this joint proxy statement/prospectus. See [Where You Can Find More Information](#). The unaudited pro forma combined and pro forma equivalent per share information gives effect to the Transactions as if they had been effective on June 30, 2017 in the case of the book value data, and as if the Transactions had been effective as of the beginning of the periods presented in the case of the earnings per share and the cash dividends data. The unaudited pro forma earnings per share data combines the historical results of WashingtonFirst into Sandy Spring's consolidated statement of income. While certain adjustments to the book value data were made for the estimated impact of fair value adjustments and other acquisition-related activity, they are not indicative of what could have occurred had the acquisition taken place as of the beginning of the period presented. In addition, the unaudited pro forma data includes adjustments that are preliminary and may be revised. The unaudited pro forma data, while helpful in illustrating the financial characteristics of the combined company under one set of assumptions, does not reflect the impact of factors that may result as a consequence of the Transactions or consider any potential impacts of current market conditions or the Transactions on revenues, expense efficiencies, asset dispositions and share repurchases, among other factors, nor the impact of possible business model changes. As a result, unaudited pro forma data is presented for illustrative purposes only and does not represent an attempt to predict or suggest future results.

	<b>Sandy Spring Historical</b>	<b>WashingtonFirst Historical</b>	<b>Pro Forma Combined<sup>(1)</sup></b>	<b>Per Equivalent WashingtonFirst Share<sup>(2)</sup></b>
<b>Book value per share:</b>				
At June 30, 2017	\$ 23.13	\$ 15.57	\$ 28.93	\$ 25.21
At December 31, 2016	\$ 22.32	\$ 14.94	\$ 28.08	\$ 24.62
<b>Cash dividends declared per share:</b>				
Six months ended June 30, 2017	\$ 0.52	\$ 0.14	\$ 0.52	\$ 0.45
Year ended December 31, 2016	\$ 0.98	\$ 0.24	\$ 0.98	\$ 0.85
<b>Basic earnings per share:</b>				
Six months ended June 30, 2017	\$ 1.24	\$ 0.75	\$ 1.11	\$ 0.97
Year ended December 31, 2016	\$ 2.00	\$ 1.40	\$ 1.84	\$ 1.60
<b>Diluted earnings per share:</b>				
Six months ended June 30, 2017	\$ 1.23	\$ 0.74	\$ 1.10	\$ 0.96
Year ended December 31, 2016	\$ 2.00	\$ 1.37	\$ 1.84	\$ 1.60

(1) Pro forma dividends per share represent Sandy Spring's historical dividends per share.

(2) Per equivalent WashingtonFirst share was computed by multiplying the pro forma combined amounts by the exchange ratio of 0.8713.



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**RISK FACTORS**

*In addition to general investment risks and the other information contained in or incorporated by reference into this joint proxy statement/prospectus, including the matters addressed under the section **Cautionary Statement Regarding Forward-Looking Statements** beginning on page 32 you should carefully consider the following risk factors in deciding how to vote for the proposals presented in this joint proxy statement/prospectus. You should also consider the other information in this joint proxy statement/prospectus and the other documents incorporated by reference into this joint proxy statement/prospectus. See the section of this joint proxy statement/prospectus entitled **Where You Can Find More Information** beginning on page 150.*

***Because the market price of Sandy Spring common stock may fluctuate, WashingtonFirst stockholders cannot be certain of the precise value of the merger consideration they will be entitled to receive.***

Upon completion of the first-step merger, each outstanding share of WashingtonFirst common stock and WashingtonFirst non-voting common stock will be converted into the right to receive 0.8713 of a share of Sandy Spring common stock, together with cash in lieu of fractional shares, subject to adjustment if the Sandy Spring volume-weighted average price is more than \$50.15 or less than \$37.07 per share. There will be a lapse of time between each of the date of this joint proxy statement/prospectus, the date of the Sandy Spring special meeting, the date of the WashingtonFirst special meeting and the date on which WashingtonFirst stockholders entitled to receive the merger consideration actually receive the merger consideration. The market value of Sandy Spring common stock may fluctuate during these periods as a result of a variety of factors, including general market and economic conditions, changes in Sandy Spring's businesses, operations and prospects and regulatory considerations. Many of these factors are outside of the control of Sandy Spring and WashingtonFirst. Consequently, at the time WashingtonFirst stockholders must decide whether to approve the merger agreement, they will not know the actual market value of the shares of Sandy Spring common stock they may receive when the first-step merger is completed. The value of the merger consideration will depend on the market value of shares of Sandy Spring common stock on the date the merger consideration is received. This value will not be known at the time of the WashingtonFirst special meeting and may be more or less than the current price of Sandy Spring common stock or the price of Sandy Spring common stock at the time of the WashingtonFirst special meeting.

***The market price of Sandy Spring common stock after the first-step merger is completed may be affected by factors different from those affecting the market price of WashingtonFirst or Sandy Spring common stock currently.***

Upon completion of the first-step merger, WashingtonFirst stockholders will become Sandy Spring stockholders. Sandy Spring's business differs in important respects from that of WashingtonFirst, and, accordingly, the results of operations of the combined company and the market price of Sandy Spring common stock after the completion of the first-step merger may be affected by factors different from those currently affecting the independent results of operations of each of Sandy Spring and WashingtonFirst. For a discussion of the businesses of Sandy Spring and WashingtonFirst and of some important factors to consider in connection with those businesses, see the documents incorporated by reference in this joint proxy statement/prospectus and referred to under **Where You Can Find More Information** beginning on page 150.

***Regulatory approvals may not be received, may take longer than expected or may impose conditions that are not presently anticipated or that could have an adverse effect on the combined company following the Transactions.***

Before the Transactions can be completed, Sandy Spring and WashingtonFirst must obtain approvals from the Federal Reserve Board, the Maryland Office of the Commissioner of Financial Regulation and the Virginia Bureau of Financial Institutions. Sandy Spring submitted applications to the Federal Reserve Board on June 29, 2017 and to the

Maryland Office of the Commissioner of Financial Regulation and the Virginia Bureau of Financial Institutions on July 5, 2017. As of the date of this joint proxy statement/prospectus, the Virginia Bureau of Financial Institutions has approved the transactions contemplated by the merger agreement and the remainder

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of these applications remain outstanding. In determining whether to approve these applications, the regulatory agencies consider a variety of factors, including the regulatory standing of each party and the factors described under the section of this joint proxy statement/prospectus entitled *The Transactions Regulatory Approvals Required for the Transactions* beginning on page 93. An adverse development in either party's regulatory standing or these factors could result in an inability to obtain approval or delay their receipt. These regulators may impose conditions on the completion of the Transactions or require changes to the terms of the Transactions. Such conditions or changes could have the effect of delaying or preventing completion of the Transactions or imposing additional costs on or limiting the revenues of the combined company following the completion of the Transactions, any of which might have an adverse effect on the combined company following the completion of the Transactions. For more information, see the section of this joint proxy statement/prospectus entitled *The Transactions Regulatory Approvals Required for the Transactions* beginning on page 93.

***Combining the two companies may be more difficult, costly or time consuming than expected and the anticipated benefits and cost savings of the Transactions may not be realized.***

Sandy Spring and WashingtonFirst have operated and, until the completion of the Transactions, will continue to operate, independently. The success of the Transactions, including anticipated benefits and cost savings, will depend, in part, on Sandy Spring's ability to successfully combine and integrate the businesses of Sandy Spring and WashingtonFirst in a manner that permits growth opportunities and does not materially disrupt existing customer relations nor result in decreased revenues due to loss of customers. It is possible that the integration process could result in the loss of key employees, the disruption of either company's ongoing businesses or inconsistencies in standards, controls, procedures and policies that adversely affect the combined company's ability to maintain relationships with clients, customers, depositors, employees and other constituents or to achieve the anticipated benefits and cost savings of the Transactions. The loss of key employees could adversely affect Sandy Spring's ability to successfully conduct its business, which could have an adverse effect on Sandy Spring's financial results and the value of its common stock. If Sandy Spring experiences difficulties with the integration process, the anticipated benefits of the Transactions may not be realized fully or at all, or may take longer to realize than expected. As with any merger of financial institutions, there also may be business disruptions that cause Sandy Spring and/or WashingtonFirst to lose customers or cause customers to remove their accounts from Sandy Spring and/or WashingtonFirst and move their business to competing financial institutions. Integration efforts between the two companies will also divert management attention and resources. These integration matters could have an adverse effect on each of WashingtonFirst and Sandy Spring during this transition period and for an undetermined period after completion of the Transactions on the combined company. In addition, the actual cost savings of the Transactions could be less than anticipated.

***The unaudited pro forma condensed combined financial statements included in this document are preliminary. The actual financial condition and results of operations of Sandy Spring after the completion of the Transactions may differ materially.***

The unaudited pro forma condensed combined financial statements in this joint proxy statement/prospectus are presented for illustrative purposes only and are not necessarily indicative of what Sandy Spring's actual financial condition or results of operations would have been had the Transactions been completed on the dates indicated. The unaudited pro forma condensed combined financial statements reflect adjustments to illustrate the effect of the Transactions had they been completed on the dates indicated. Such unaudited pro forma condensed combined financial statements are based upon preliminary estimates to record the WashingtonFirst identifiable assets acquired and liabilities assumed at fair value and the resulting goodwill recognized. The purchase price allocation for the first-step merger reflected in this joint proxy statement/prospectus is preliminary, and final allocation of the purchase price will be based upon the actual purchase price and the fair value of the identifiable assets and identifiable

liabilities of WashingtonFirst as of the date of the completion of the Transactions. Accordingly, the final acquisition accounting adjustments may differ materially from the pro forma adjustments reflected in this joint proxy statement/prospectus. For more information, see the section of this joint proxy statement/prospectus entitled Unaudited Pro Forma Condensed Combined Financial Statements beginning on page 121.

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***Certain WashingtonFirst directors and executive officers have interests in the Transactions that may differ from the interests of WashingtonFirst stockholders.***

The WashingtonFirst stockholders should be aware that certain WashingtonFirst directors and executive officers have interests in the Transactions and have arrangements that are different from, or in addition to, those of WashingtonFirst stockholders generally. The WashingtonFirst board was aware of these interests and considered these interests, among other matters, when making its decision to approve the merger agreement, and in recommending that WashingtonFirst stockholders vote in favor of the WashingtonFirst merger proposal and certain related matters and against alternative transactions.

The material interests considered by the WashingtonFirst board were as follows:

The awards of stock options that WashingtonFirst has made to its executive officers and directors under its equity incentive plan. As a result of the first-step merger, each stock option, whether vested or unvested, that is outstanding and unexercised immediately prior to the closing will be canceled and will be cashed out for an amount equal to the value of the per share merger consideration less the option exercise price, assuming for purposes of this calculation that all such options were 100% vested as of the effective time. The value of the per share merger consideration for this purpose will be the exchange ratio multiplied by the Sandy Spring volume-weighted average price;

The awards of restricted stock that WashingtonFirst has made to its executive officers and directors under its equity incentive plans. As a result of the first-step merger, each restricted stock award that is outstanding immediately prior to closing will fully vest and each holder will be entitled to receive the per share merger consideration for each share of WashingtonFirst common stock held by such holder;

The employment agreements with Shaza L. Andersen, President and Chief Executive Officer of WashingtonFirst Bank, and Michael J. Rebibo, Executive Vice President of WashingtonFirst Bank and President of 1<sup>st</sup> Portfolio Wealth Advisors and WashingtonFirst Mortgage, which provide for a cash severance payment (and, for Ms. Andersen, payment of premiums for continued health benefits for 12 months) in the event of a termination of employment without cause following a change in control;

The severance payment agreements with George W. Connors, IV, President and Chief Credit Officer of WashingtonFirst Bank, Richard D. Horn, General Counsel of WashingtonFirst Bank, and Matthew R. Johnson, Executive Vice President and Chief Financial Officer of WashingtonFirst Bank, which provide for a cash severance payment and payment of COBRA costs for continued health benefits for up to 12 months in the event of a termination of employment without cause following a change in control;

The supplemental executive retirement agreements with Shaza L. Andersen, George W. Connors, IV, Richard D. Horn, Matthew R. Johnson and Joseph S. Bracewell, Chairman of the Board of WashingtonFirst, which provide each executive with a vested benefit upon a separation from service following a change in control of WashingtonFirst or WashingtonFirst Bank; and

That, pursuant to the merger agreement, Shaza L. Andersen, Joseph S. Bracewell and two additional members of WashingtonFirst's board of directors are to be appointed as members of the Sandy Spring and Sandy Spring Bank boards of directors and Shaza L. Andersen and Joseph S. Bracewell are to be appointed to the executive committee of the Sandy Spring board.

For a more complete description of these interests, see the section of this joint proxy statement/prospectus entitled "The Transactions - Interests of Certain WashingtonFirst Directors and Executive Officers in the Transactions" beginning on page 87.

It is anticipated that Ms. Andersen will enter into a consulting and separation agreement with Sandy Spring that will set forth Ms. Andersen's entitlements and continuing obligations in connection with her termination of employment with WashingtonFirst and WashingtonFirst Bank following the effective time of the first-step merger and her service as a non-employee director of and consultant to Sandy Spring. It is also anticipated that



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Mr. Connors will negotiate and enter into a bonus award and release agreement that will provide for certain payments in lieu of the lump sum cash payment under his severance payment agreement and an employment agreement with Sandy Spring that will set forth his new position at Sandy Spring following the effective time of the first-step merger. All arrangements entered into with Sandy Spring will be effective as of the effective time of the first-step merger.

***Termination of the merger agreement could negatively impact WashingtonFirst or Sandy Spring.***

If the merger agreement is terminated, there may be various consequences. For example, WashingtonFirst's or Sandy Spring's businesses may have been impacted adversely by the failure to pursue other opportunities due to management's focus on the Transactions, without realizing any of the anticipated benefits of completing the Transactions. Additionally, if the merger agreement is terminated, the market price of WashingtonFirst common stock or Sandy Spring common stock could decline to the extent that the current market prices reflect a market assumption that the Transactions will be completed. If the merger agreement is terminated under certain circumstances, WashingtonFirst or Sandy Spring may be required to pay to the other party a termination fee of \$18.5 million.

***Sandy Spring and WashingtonFirst will be subject to business uncertainties and contractual restrictions while the Transactions are pending.***

Uncertainty about the effect of the Transactions on employees and customers may have an adverse effect on WashingtonFirst or Sandy Spring. These uncertainties may impair WashingtonFirst's or Sandy Spring's ability to attract, retain and motivate key personnel until the Transactions are completed, and could cause customers and others that deal with WashingtonFirst or Sandy Spring to seek to change existing business relationships with WashingtonFirst or Sandy Spring. Retention of certain employees by WashingtonFirst or Sandy Spring may be challenging while the Transactions are pending, as certain employees may experience uncertainty about their future roles with Sandy Spring. If key employees depart because of issues relating to the uncertainty and difficulty of integration or a desire not to remain with WashingtonFirst or Sandy Spring, WashingtonFirst's business or Sandy Spring's business could be harmed. In addition, subject to certain exceptions, WashingtonFirst has agreed to operate its business in the ordinary course prior to closing, and each of WashingtonFirst and Sandy Spring has agreed to certain restrictive covenants. See the section of this joint proxy statement/prospectus entitled "The Merger Agreement Covenants and Agreements" beginning on page 101 for a description of the restrictive covenants applicable to WashingtonFirst and Sandy Spring.

***Litigation relating to the Transactions could require us to incur significant costs and suffer management distraction, as well as delay and/or enjoin the Transactions.***

On August 1, 2017, Paul Parshall, a purported stockholder of WashingtonFirst, filed a putative class action lawsuit in the United States District Court for the Eastern District of Virginia against WashingtonFirst, the members of the WashingtonFirst board and Sandy Spring on behalf of all WashingtonFirst public stockholders. The lawsuit alleges that Sandy Spring's registration statement on Form S-4, of which this joint proxy statement/prospectus forms a part, omitted certain material information, which rendered the registration statement false and misleading. The relief sought in the lawsuit includes preliminary and permanent injunction against the consummation of the Transactions, rescission or rescissory damages if the Transactions are completed, costs and attorney's fees. The defendants believe that the claims are without merit and intend to defend against the suit vigorously. However, at this time, it is not possible to predict the outcome of the lawsuit or the impact on Sandy Spring, WashingtonFirst or the Transactions.

A negative outcome in this suit could have a material adverse effect on WashingtonFirst and Sandy Spring if it results in preliminary or permanent injunctive relief or rescission of the merger agreement. Such action may also create additional uncertainty relating to the Transactions, and defending such actions may be costly and distracting to

management. Neither WashingtonFirst nor Sandy Spring is currently able to predict the outcome of the suit with any certainty. Additional suits arising out of or relating to the Transactions may be filed in the

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future. If additional similar complaints are filed, absent new or different allegations that are material, WashingtonFirst and Sandy Spring will not necessarily announce such additional filings.

***If the Transactions are not completed, Sandy Spring and WashingtonFirst will have incurred substantial expenses without realizing the expected benefits of the Transactions.***

Each of Sandy Spring and WashingtonFirst has incurred and will incur substantial expenses in connection with the negotiation and completion of the transactions contemplated by the merger agreement, as well as the costs and expenses of filing, printing and mailing this joint proxy statement/prospectus and all filing and other fees paid to the SEC in connection with the first-step merger. If the Transactions are not completed, Sandy Spring and WashingtonFirst would have to recognize these expenses without realizing the expected benefits of the Transactions.

***The merger agreement limits WashingtonFirst's ability to pursue alternative acquisition proposals and requires either company to pay a termination fee of \$18.5 million under limited circumstances, including circumstances relating to acquisition proposals for WashingtonFirst. Additionally, certain provisions of WashingtonFirst's articles of incorporation and bylaws may deter potential acquirers.***

The merger agreement prohibits WashingtonFirst from initiating, soliciting, knowingly encouraging or knowingly facilitating certain third-party acquisition proposals. For more information, see the section of this joint proxy statement/prospectus entitled "The Merger Agreement - Agreement Not to Solicit Other Offers" beginning on page 108. The merger agreement also provides that Sandy Spring or WashingtonFirst must pay a termination fee in the amount of \$18.5 million in the event that the merger agreement is terminated under certain circumstances, including WashingtonFirst's failure to abide by certain obligations not to solicit acquisition proposals. See the section of this joint proxy statement/prospectus entitled "The Merger Agreement - Termination Fee" beginning on page 112. These provisions might discourage a potential competing acquirer that might have an interest in acquiring all or a significant part of WashingtonFirst from considering or proposing such an acquisition. Each director of WashingtonFirst, solely in his or her capacity as a WashingtonFirst stockholder has entered into a separate voting agreement with Sandy Spring, pursuant to which each such director has agreed to vote all shares of WashingtonFirst common stock over which he or she exercises sole disposition and voting rights in favor of the WashingtonFirst merger proposal and certain related matters, and against alternative transactions. In addition, Endicott has entered into a similar voting agreement with Sandy Spring, pursuant to which Endicott has agreed to vote all shares of WashingtonFirst common stock over which it exercises sole disposition and voting rights in favor of the WashingtonFirst merger proposal and certain related matters, and against alternative transactions. As of the WashingtonFirst record date, (i) the WashingtonFirst directors that are party to these voting agreements exercised sole disposition and voting rights with respect to 1,089,796 shares of WashingtonFirst common stock, representing 8.72% of the outstanding shares of WashingtonFirst common stock and (ii) Endicott exercised sole disposition and voting rights with respect to 1,199,032 shares of WashingtonFirst common stock, representing 9.59% of the outstanding shares of WashingtonFirst common stock. For more information see the section of this joint proxy statement/prospectus entitled "The Merger Agreement - WashingtonFirst Voting Agreements" beginning on page 113. Additionally, certain provisions of WashingtonFirst's articles of incorporation or bylaws or of the Virginia Stock Corporation Act (which we refer to as the "VSCA") could make it more difficult for a third-party to acquire control of WashingtonFirst or may discourage a potential competing acquirer.

***The shares of Sandy Spring common stock to be received by WashingtonFirst stockholders as a result of the first-step merger will have different rights from shares of WashingtonFirst common stock.***

The rights of WashingtonFirst stockholders are currently governed by the Virginia Stock Corporation Act, WashingtonFirst's articles of incorporation and WashingtonFirst's bylaws. Upon completion of the first-step merger,

WashingtonFirst stockholders will become Sandy Spring stockholders and their rights as stockholders will then be governed by the Maryland General Corporation Law, Sandy Spring's articles of incorporation and

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Sandy Spring's bylaws. The rights associated with WashingtonFirst common stock are different from the rights associated with Sandy Spring common stock. See the section of this joint proxy statement/prospectus entitled "Comparison of Stockholder Rights" beginning on page 131 for a discussion of the different rights associated with Sandy Spring common stock.

***Holders of WashingtonFirst and Sandy Spring common stock will have a reduced ownership and voting interest after the first-step merger and will exercise less influence over management.***

Holders of WashingtonFirst and Sandy Spring common stock currently have the right to vote in the election of the board of directors and on other matters affecting WashingtonFirst and Sandy Spring, respectively. Upon the completion of the first-step merger, each WashingtonFirst stockholder who receives shares of Sandy Spring common stock will become a Sandy Spring stockholder with a percentage ownership of Sandy Spring that is smaller than the stockholder's percentage ownership of WashingtonFirst. It is currently expected that the former WashingtonFirst stockholders as a group will receive shares in the first-step merger constituting approximately 32% of the outstanding shares of Sandy Spring common stock immediately after the first-step merger. As a result, current Sandy Spring stockholders as a group will own approximately 68% of the outstanding shares of Sandy Spring common stock immediately after the first-step merger. Because of this reduced ownership percentage, WashingtonFirst stockholders may have less influence on the management and policies of Sandy Spring than they now have on the management and policies of WashingtonFirst, and current Sandy Spring stockholders may have less influence than they now have on the management and policies of Sandy Spring. Upon consummation of the Transactions, Sandy Spring has agreed to increase the size of the Sandy Spring board and the board of directors of Sandy Spring Bank to fifteen members and appoint Shaza L. Andersen, Joseph S. Bracewell and two other current members of the WashingtonFirst board to the Sandy Spring board and the board of directors of Sandy Spring Bank.

***Holders of WashingtonFirst common stock do not have dissenters' or appraisal rights with respect to the WashingtonFirst merger proposal.***

Dissenters' rights are statutory rights that, if applicable under law, enable stockholders to dissent from an extraordinary transaction, such as a merger, and to demand that the corporation pay the fair value of their shares as determined by a court in a judicial proceeding instead of receiving the consideration offered to stockholders in connection with the extraordinary transaction. Virginia law provides that a stockholder is not entitled to demand the fair value of his or her shares of stock in any transaction if the stock is listed on a national securities exchange. Because the WashingtonFirst common stock is listed on the Nasdaq Capital Market, the holders of WashingtonFirst common stock are not entitled to dissenters' or appraisal rights in the first-step merger. However, the shares of WashingtonFirst non-voting common stock are not listed on any exchange, and this exception does not apply to holders of WashingtonFirst non-voting common stock. Therefore, the holders of WashingtonFirst non-voting common stock will have dissenters' rights with respect to the WashingtonFirst merger proposal.

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**CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS**

This joint proxy statement/prospectus contains forward-looking statements. These forward-looking statements may include: management plans relating to the Transactions; the expected timing of the completion of the Transactions; the ability to complete the Transactions; the ability to obtain any required regulatory, stockholder or other approvals; any statements of the plans and objectives of management for future operations, products or services, including the execution of integration plans relating to the Transactions; any statements of expectation or belief; projections related to certain financial metrics; and any statements of assumptions underlying any of the foregoing. Forward-looking statements are typically identified by words such as believe, expect, anticipate, intend, outlook, estimate, project and other similar words and expressions. Forward-looking statements are subject to numerous assumptions, risks and uncertainties, which change over time and are beyond our control. Forward-looking statements speak only as of the date they are made. Neither Sandy Spring nor WashingtonFirst assumes any duty and does not undertake to update forward-looking statements. Because forward-looking statements are subject to assumptions and uncertainties, actual results or future events could differ, possibly materially, from those that Sandy Spring or WashingtonFirst anticipated in its forward-looking statements and future results could differ materially from historical performance. Factors that could cause or contribute to such differences include, but are not limited to, those included under Item 1A Risk Factors in Sandy Spring's Annual Report on Form 10-K, those included under Item 1A Risk Factors in WashingtonFirst's Annual Report on Form 10-K, those disclosed in Sandy Spring's and WashingtonFirst's respective other periodic reports filed with the SEC, as well as the possibility: that expected benefits of the Transactions may not materialize in the timeframe expected or at all, or may be more costly to achieve; that the Transactions may not be timely completed, if at all; that prior to the completion of the Transactions or thereafter, Sandy Spring's and WashingtonFirst's respective businesses may not perform as expected due to transaction-related uncertainty or other factors; that the parties are unable to successfully implement integration strategies relating to the Transactions; that required regulatory, stockholder or other approvals are not obtained or other customary closing conditions are not satisfied in a timely manner or at all; that Sandy Spring and WashingtonFirst may face reputational risks and the reaction of the companies' customers, employees and other constituents to the Transactions; and that management's time may be diverted to merger-related matters. For any forward-looking statements made in this joint proxy statement/prospectus or in any documents, Sandy Spring and WashingtonFirst claim the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995.

Annualized, pro forma, projected and estimated numbers are used for illustrative purposes only, are not forecasts and may not reflect actual results.

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**THE WASHINGTONFIRST SPECIAL MEETING**

*This section contains information for WashingtonFirst stockholders about the WashingtonFirst special meeting that WashingtonFirst has called to allow its stockholders to consider and vote on the WashingtonFirst merger proposal and the WashingtonFirst adjournment proposal. WashingtonFirst is mailing this joint proxy statement/prospectus to you, as a WashingtonFirst stockholder, on or about September 12, 2017. This joint proxy statement/prospectus is accompanied by a notice of the WashingtonFirst special meeting and a form of proxy card that the WashingtonFirst board is soliciting for use at the WashingtonFirst special meeting and at any adjournments of the WashingtonFirst special meeting.*

**Date, Time and Place of the WashingtonFirst Special Meeting**

The WashingtonFirst special meeting will be held at WashingtonFirst's corporate headquarters located at 11921 Freedom Drive, Suite 250, Reston, Virginia 20190 at 10:00 a.m., local time, on October 18, 2017. On or about September 12, 2017, WashingtonFirst commenced mailing this joint proxy statement/prospectus and the enclosed form of proxy to its stockholders entitled to vote at the WashingtonFirst special meeting.

**Matters to Be Considered at the WashingtonFirst Special Meeting**

At the WashingtonFirst special meeting, you, as a WashingtonFirst stockholder, will be asked to consider and vote upon the following matters:

the WashingtonFirst merger proposal; and

the WashingtonFirst adjournment proposal.

**Recommendation of the WashingtonFirst Board**

The WashingtonFirst board has determined that the merger agreement and the transactions contemplated thereby, including the first-step merger, are advisable and in the best interests of WashingtonFirst and its stockholders, has unanimously approved the merger agreement and unanimously recommends that the WashingtonFirst stockholders vote FOR the WashingtonFirst merger proposal and FOR the WashingtonFirst adjournment proposal. See the section of this joint proxy statement/prospectus entitled The Transactions WashingtonFirst's Reasons for the Transactions; Recommendation of the WashingtonFirst Board beginning on page 53 for a more detailed discussion of the WashingtonFirst board's recommendation.

**WashingtonFirst Record Date and Quorum**

The WashingtonFirst board has fixed the close of business on August 31, 2017, as the WashingtonFirst record date for determining the WashingtonFirst stockholders entitled to receive notice of, and to vote at, the WashingtonFirst special meeting.

As of the WashingtonFirst record date, there were 12,509,766 shares of WashingtonFirst common stock outstanding and entitled to notice of, and to vote at, the WashingtonFirst special meeting held by 429 holders of record. Each share of WashingtonFirst common stock entitles the holder to one vote at the WashingtonFirst special meeting on each proposal to be considered at the WashingtonFirst special meeting.

The presence at the WashingtonFirst special meeting, in person or by proxy, of holders representing at least a majority of the issued and outstanding shares of WashingtonFirst common stock entitled to be voted at the WashingtonFirst special meeting will constitute a quorum for the transaction of business at the WashingtonFirst special meeting. Abstentions and broker non-votes, if any, will be treated as present for purposes of determining the presence or absence of a quorum for all matters voted on at the WashingtonFirst special meeting.



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**Required Vote; Treatment of Abstentions, Broker Non-Votes and Failure to Vote**

*WashingtonFirst merger proposal:*

*Standard:* Approval of the WashingtonFirst merger proposal requires the affirmative vote of a majority of the outstanding shares of WashingtonFirst common stock entitled to vote at the WashingtonFirst special meeting.

*Effect of abstentions and broker non-votes:* If you mark **ABSTAIN** on your proxy, fail to submit a proxy or fail to vote in person at the WashingtonFirst special meeting, or fail to instruct your bank or broker how to vote with respect to the WashingtonFirst merger proposal, it will have the same effect as a vote against the WashingtonFirst merger proposal.

*WashingtonFirst adjournment proposal:*

*Standard:* Approval of the WashingtonFirst adjournment proposal requires the affirmative vote of a majority of the votes cast by WashingtonFirst stockholders entitled to vote at the WashingtonFirst special meeting.

*Effect of abstentions and broker non-votes:* If you mark **ABSTAIN** on your proxy, fail to submit a proxy or fail to vote in person at the WashingtonFirst special meeting, or fail to instruct your bank or broker how to vote with respect to the WashingtonFirst adjournment proposal, it will have no effect on the WashingtonFirst adjournment proposal.

**Shares Held by Officers, Directors and Certain Stockholders**

As of the WashingtonFirst record date, the directors and executive officers of WashingtonFirst and their affiliates beneficially owned and were entitled to vote approximately 2,697,307 shares of WashingtonFirst common stock, representing approximately 21.57% of the shares of WashingtonFirst common stock outstanding on that date.

Each of WashingtonFirst's directors, in his or her capacity as a WashingtonFirst stockholder, has entered into a separate voting agreement with Sandy Spring, pursuant to which each such director has agreed to vote all shares of WashingtonFirst common stock over which he or she exercises sole disposition and voting rights in favor of the WashingtonFirst merger proposal and certain related matters and against alternative transactions. As of the WashingtonFirst record date, (i) the WashingtonFirst directors that are party to these voting agreements exercised sole disposition and voting rights with respect to 1,089,796 shares of WashingtonFirst common stock, representing 8.72% of the outstanding shares of WashingtonFirst common stock. In addition, Endicott has also entered into a voting agreement with Sandy Spring pursuant to which Endicott has agreed to vote all shares of WashingtonFirst common stock over which it exercises sole disposition and voting rights in favor of the WashingtonFirst merger proposal and certain related matters and against alternative transactions. As of the WashingtonFirst record date, Endicott exercised sole disposition and voting rights with respect to 1,199,032 shares of WashingtonFirst common stock, representing 9.59% of the outstanding shares of WashingtonFirst common stock. For more information regarding the voting agreements, see the section of this joint proxy statement/prospectus entitled **The Merger Agreement WashingtonFirst Voting Agreements** beginning on page 113. As of the WashingtonFirst record date, Sandy Spring did not beneficially hold any shares of WashingtonFirst common stock.

**Voting by Proxy or In Person; Incomplete Proxies**

Any WashingtonFirst stockholder may vote by proxy or in person at the WashingtonFirst special meeting.

If you hold your shares of WashingtonFirst common stock in your name as a stockholder of record and wish to attend your special meeting and vote in person, you may request a ballot when you arrive.

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If you hold your shares of WashingtonFirst common stock in your name as a stockholder of record, you may vote by proxy by mail, through the Internet, or by telephone:

To vote by mail, you must complete, sign, date and mail your proxy card in the enclosed postage-paid return envelope as soon as possible. Please respond promptly to ensure your proxy card is mailed sufficiently in advance to ensure receipt prior to your special meeting.

To vote through the Internet, please follow the instructions on the accompanying proxy card as soon as possible. The instructions in the enclosed proxy card contain the applicable deadlines and other information about voting your shares through the Internet.

To vote by telephone, please follow the instructions on the accompanying proxy card as soon as possible. The instructions in the enclosed proxy card contain the applicable deadlines and other information about voting your shares by telephone.

WashingtonFirst requests that WashingtonFirst stockholders vote as soon as possible by completing and signing the accompanying proxy card and returning it to WashingtonFirst in the enclosed postage-paid envelope, through the Internet, or by telephone. When the accompanying proxy card is returned properly executed, you will be appointing the proxies named in the proxy card to vote your shares for you at the WashingtonFirst special meeting. The shares of WashingtonFirst common stock represented by your properly executed proxy card will be voted at the WashingtonFirst special meeting in accordance with the instructions contained on the proxy card. If any proxy card is returned without indication as to how to vote, the shares of WashingtonFirst common stock represented by the proxy card will be voted (i) FOR the WashingtonFirst merger proposal and (ii) FOR the WashingtonFirst adjournment proposal.

If you vote through the Internet or by telephone, you do not need to sign and return a proxy card. Under Virginia law, you will be appointing the proxies to vote your shares on the same terms as are described above and with the same authority as if you completed, signed and returned a proxy card. The authority you will be giving the proxies is described in the proxy card.

***Every WashingtonFirst stockholder's vote is important. Accordingly, each WashingtonFirst stockholder should sign, date and return the enclosed proxy card, or vote through the Internet or by telephone, whether or not the WashingtonFirst stockholder plans to attend the WashingtonFirst special meeting in person. Sending in your proxy card or voting on the Internet will not prevent you from voting your shares personally at the meeting, since you may revoke your proxy at any time before it is voted.***

## **Shares Held in Street Name**

If you are a WashingtonFirst stockholder and your shares are held in street name through a bank, broker or other holder of record, you must provide the record holder of your shares with instructions on how to vote the shares. Please follow the voting instructions provided by the bank or broker. WashingtonFirst's stockholders should check the voting form used by that firm to determine whether you may vote by telephone or the Internet. You may not vote shares held in street name by returning a proxy card directly to WashingtonFirst or by voting in person at the WashingtonFirst special meeting unless you obtain a legal proxy from your broker, bank or other nominee. Furthermore, brokers, banks or other nominees who hold shares of WashingtonFirst common stock on behalf of their customers will not vote your

shares of WashingtonFirst common stock or give a proxy to WashingtonFirst to vote those shares with respect to the WashingtonFirst merger proposal without specific instructions from you, as brokers, banks and other nominees do not have discretionary voting power on such proposal.

***To ensure that your shares are represented at the WashingtonFirst special meeting and voted in the manner you desire, it is important that you instruct your bank, broker or other holder of record as to how it should vote your shares.***

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### **Revocability of Proxies and Changes to a WashingtonFirst Stockholder's Vote**

If you are the record holder of shares of WashingtonFirst common stock, you have the power to change your vote at any time before your shares of WashingtonFirst common stock are voted at the WashingtonFirst special meeting by:

attending and voting in person at the WashingtonFirst special meeting;

giving notice of revocation of the proxy at the WashingtonFirst special meeting;

delivering to the Corporate Secretary of WashingtonFirst at 11921 Freedom Drive, Suite 250, Reston, Virginia 20190 (i) a written notice of revocation or (ii) a duly executed proxy card relating to the same shares, bearing a date later than the proxy card previously executed; or

if you appointed the proxies through the Internet or by telephone, you can go to the same Internet website or use the same telephone number that you previously used to appoint the proxies, and then change your voting instructions.

The proxies will follow the last voting instructions received from you before the WashingtonFirst special meeting. Attendance at the WashingtonFirst special meeting will not in and of itself constitute a revocation of proxy.

If you choose to send a completed proxy card bearing a later date than your original proxy card, the new proxy card must be received before the beginning of the WashingtonFirst special meeting. If your shares are held in street name and you have instructed a bank, broker or other nominee to vote your shares of WashingtonFirst common stock, you must follow the directions you receive from your bank, broker or other nominee in order to change or revoke your vote.

### **Solicitation of Proxies**

This solicitation is made on behalf of the WashingtonFirst board, and WashingtonFirst will pay for the solicitation of proxies from the WashingtonFirst stockholders. In addition to soliciting proxies by mail, Laurel Hill Advisory Group, LLC, WashingtonFirst's proxy solicitor, will assist WashingtonFirst in soliciting proxies from the WashingtonFirst stockholders. WashingtonFirst has agreed to pay \$6,000, plus expenses, for these services. WashingtonFirst will, upon request, reimburse brokers, banks and other nominees for their expenses in sending proxy materials to their customers who are beneficial owners and obtaining their voting instructions. Additionally, directors, officers and employees of WashingtonFirst may solicit proxies personally and by telephone. None of these persons will receive additional or special compensation for soliciting proxies.

### **Attending the WashingtonFirst Special Meeting**

All WashingtonFirst stockholders, including holders of record and WashingtonFirst stockholders who hold their shares through banks, brokers, nominees or any other holder of record are invited to attend the WashingtonFirst special meeting. WashingtonFirst stockholders of record can vote in person at the WashingtonFirst special meeting. If you are not a WashingtonFirst stockholder of record, you must obtain a proxy executed in your favor from the record holder of your shares, such as a broker, bank or other nominee, to be able to vote in person at the WashingtonFirst

special meeting. If you plan to attend the WashingtonFirst special meeting, you must hold your shares in your own name or have a letter from the record holder of your shares confirming your ownership. In addition, you must bring a form of personal photo identification with you in order to be admitted. WashingtonFirst reserves the right to refuse admittance to anyone without proper proof of share ownership and without proper photo identification. The use of cameras, sound recording equipment, communications devices or any similar equipment during the WashingtonFirst special meeting is prohibited without WashingtonFirst's express written consent.

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**Delivery of Proxy Materials to WashingtonFirst Stockholders Sharing an Address**

As permitted by the Securities Exchange Act of 1934, as amended (which we refer to as the Exchange Act ), only one copy of this joint proxy statement/prospectus is being delivered to multiple WashingtonFirst stockholders sharing an address unless WashingtonFirst has previously received contrary instructions from one or more such stockholders. This is referred to as householding. WashingtonFirst stockholders who hold their shares in street name can request further information on householding through their banks, brokers or other holders of record. On written or oral request to Richard D. Horn, General Counsel, or Matthew R. Johnson, Executive Vice President and Chief Financial Officer, at (703) 840-2410 or WashingtonFirst's proxy solicitor, Laurel Hill Advisory Group, LLC, at the following address 2 Robbins Lane, Suite 201, Jericho, New York 11753, or by telephone at (888) 742-1305, WashingtonFirst will promptly deliver a separate copy of this joint proxy statement/prospectus to a stockholder at a shared address to which a single copy of the document was delivered.

**Assistance**

If you need assistance in completing your proxy card, have questions regarding WashingtonFirst's special meeting or would like additional copies of this joint proxy statement/prospectus, please contact WashingtonFirst's proxy solicitor, Laurel Hill Advisory Group, LLC, at 2 Robbins Lane, Suite 201, Jericho, New York 11753, or by telephone at (888) 742-1305.

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**THE WASHINGTONFIRST PROPOSALS**

**Proposal 1 WashingtonFirst Merger Proposal**

WashingtonFirst is asking its stockholders to approve the merger agreement and the transactions contemplated thereby, including the first-step merger. WashingtonFirst stockholders should read this joint proxy statement/prospectus carefully and in its entirety, including the annexes, for more detailed information concerning the merger agreement and the Transactions. A copy of the merger agreement is attached to this joint proxy statement/prospectus as Annex A.

After careful consideration, the WashingtonFirst board unanimously approved the merger agreement, having determined that the merger agreement and the transactions contemplated thereby, including the first-step merger, were advisable and in the best interests of WashingtonFirst and WashingtonFirst's stockholders. See the section of this joint proxy statement/prospectus entitled "The Transactions WashingtonFirst's Reasons for the Transactions; Recommendation of the WashingtonFirst Board" beginning on page 53 for a more detailed discussion of the WashingtonFirst board's recommendation.

**The WashingtonFirst board unanimously recommends a vote FOR the WashingtonFirst merger proposal.**

**Proposal 2 WashingtonFirst Adjournment Proposal**

The WashingtonFirst special meeting may be adjourned to another time or place, if necessary or appropriate, to solicit additional proxies if there are insufficient votes at the time of the WashingtonFirst special meeting to approve the WashingtonFirst merger proposal. If, at the WashingtonFirst special meeting, the number of shares of WashingtonFirst common stock present or represented by proxy and voting in favor of the WashingtonFirst merger proposal is insufficient to approve the WashingtonFirst merger proposal, WashingtonFirst intends to move to adjourn the WashingtonFirst special meeting in order to enable the WashingtonFirst board to solicit additional proxies for approval of the WashingtonFirst merger proposal. In that event, WashingtonFirst will ask its stockholders to vote upon the WashingtonFirst adjournment proposal, but not the WashingtonFirst merger proposal.

In this proposal, WashingtonFirst is asking its stockholders to authorize the holder of any proxy solicited by the WashingtonFirst board on a discretionary basis to vote in favor of adjourning the WashingtonFirst special meeting to another time and place for the purpose of soliciting additional proxies, including the solicitation of proxies from WashingtonFirst stockholders who have previously voted.

**The WashingtonFirst board unanimously recommends a vote FOR the WashingtonFirst adjournment proposal.**



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**THE SANDY SPRING SPECIAL MEETING**

*This section contains information for Sandy Spring stockholders about the Sandy Spring special meeting that Sandy Spring has called to allow its stockholders to consider and vote on the Sandy Spring share issuance proposal and the Sandy Spring adjournment proposal. Sandy Spring is mailing this joint proxy statement/prospectus to you, as a Sandy Spring stockholder, on or about September 12, 2017. This joint proxy statement/prospectus is accompanied by a notice of the Sandy Spring special meeting and a form of proxy card that the Sandy Spring board is soliciting for use at the Sandy Spring special meeting and at any adjournments or postponements of the Sandy Spring special meeting.*

**Date, Time and Place of the Sandy Spring Special Meeting**

The Sandy Spring special meeting will be held at Sandy Spring's corporate headquarters located at 17801 Georgia Avenue, Olney, Maryland 20832, at 9:00 a.m., local time, on October 18, 2017. On or about September 12, 2017, Sandy Spring commenced mailing this joint proxy statement/prospectus and the enclosed form of proxy card to its stockholders to vote at the Sandy Spring special meeting.

**Matters to Be Considered at the Sandy Spring Special Meeting**

At the Sandy Spring special meeting, you, as a Sandy Spring stockholder, will be asked to consider and vote upon the following matters:

the Sandy Spring share issuance proposal; and

the Sandy Spring adjournment proposal.

**Recommendation of the Sandy Spring Board**

The Sandy Spring board has unanimously approved the merger agreement and unanimously recommends that Sandy Spring stockholders vote **FOR** the Sandy Spring share issuance proposal and **FOR** the Sandy Spring adjournment proposal. See the section of this joint proxy statement/prospectus entitled **The Transactions** Sandy Spring's Reasons for the Transactions; Recommendation of the Sandy Spring Board beginning on page 70 for a more detailed discussion of the Sandy Spring board's recommendation.

**Sandy Spring Record Date and Quorum**

The Sandy Spring board has fixed the close of business on August 31, 2017, as the Sandy Spring record date for determining the Sandy Spring stockholders entitled to receive notice of and to vote at the Sandy Spring special meeting.

As of the Sandy Spring record date, there were 24,178,652 shares of Sandy Spring common stock outstanding and entitled to notice of, and to vote at, the Sandy Spring special meeting held by approximately 2,124 holders of record. Each share of Sandy Spring common stock entitles the holder to one vote at the Sandy Spring special meeting on each proposal to be considered at the Sandy Spring special meeting.

The presence at the Sandy Spring special meeting, in person or by proxy, of holders representing at least a majority of the outstanding shares of Sandy Spring common stock entitled to be voted at the Sandy Spring special meeting will

constitute a quorum for the transaction of business at the Sandy Spring special meeting. Once a share is represented for any purpose at the Sandy Spring special meeting, it is deemed present for quorum purposes for the remainder of the Sandy Spring special meeting or for any adjournment(s) thereof. Abstentions and broker non-votes, if any, will be included in determining the number of shares present at the meeting for the purpose of determining the presence of a quorum.

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**Required Vote; Treatment of Abstentions, Broker Non-Votes and Failure to Vote**

*Sandy Spring share issuance proposal:*

*Standard:* Approval of the Sandy Spring share issuance proposal requires the affirmative vote of a majority of the total votes cast by the holders of Sandy Spring common stock at the Sandy Spring special meeting.

*Effect of abstentions and broker non-votes:* If you mark **ABSTAIN** on your proxy, fail to submit a proxy or fail to vote in person at the Sandy Spring special meeting, or fail to instruct your bank or broker how to vote with respect to the Sandy Spring share issuance proposal, it will have no effect on the Sandy Spring share issuance proposal.

*Sandy Spring adjournment proposal:*

*Standard:* Approval of the Sandy Spring adjournment proposal requires the affirmative vote of a majority of the total votes cast by the holders of Sandy Spring common stock at the Sandy Spring special meeting.

*Effect of abstentions and broker non-votes:* If you mark **ABSTAIN** on your proxy, fail to submit a proxy or fail to vote in person at the Sandy Spring special meeting, or fail to instruct your bank or broker how to vote with respect to the Sandy Spring adjournment proposal, it will have no effect on the Sandy Spring adjournment proposal.

**Shares Held by Officers, Directors and Certain Stockholders**

As of the Sandy Spring record date, the directors and executive officers of Sandy Spring and their affiliates beneficially owned and were entitled to vote approximately 636,647 shares of Sandy Spring common stock representing approximately 2.64% of the shares of Sandy Spring common stock outstanding on that date.

Each of Sandy Spring's directors, in his or her capacity as a Sandy Spring stockholder, has entered into a separate voting agreement with WashingtonFirst, pursuant to which each such director has agreed to vote all shares of Sandy Spring common stock over which he or she exercises sole disposition and voting rights in favor of the Sandy Spring share issuance proposal. As of the Sandy Spring record date, the Sandy Spring directors that are party to these voting agreements exercised sole disposition and voting rights with respect to 254,220 shares of Sandy Spring common stock, representing 1.06% of the outstanding shares of Sandy Spring common stock. For more information regarding the voting agreements, see the section of this joint proxy statement/prospectus entitled "The Merger Agreement - Sandy Spring Voting Agreements" beginning on page 114. As of the Sandy Spring record date, WashingtonFirst did not beneficially hold any shares of Sandy Spring common stock.

**Voting by Proxy or in Person; Incomplete Proxies**

Any Sandy Spring stockholder may vote by proxy or in person at the Sandy Spring special meeting.

If you hold your shares of Sandy Spring stock in your name as a stockholder of record and wish to attend your special meeting and vote in person, you may request a ballot when you arrive.

If you hold your shares of Sandy Spring stock in your name as a stockholder of record, you may vote by proxy by mail, through the Internet, or by telephone:

To vote by mail, you must complete, sign, date and mail your proxy card in the enclosed postage-paid return envelope as soon as possible. Please respond promptly to ensure your proxy card is mailed sufficiently in advance to ensure receipt prior to your special meeting.

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To vote through the Internet, please follow the instructions on the accompanying proxy card as soon as possible. The instructions in the enclosed proxy card contain the applicable deadlines and other information about voting your shares through the Internet.

To vote by telephone, please follow the instructions on the accompanying proxy card as soon as possible. The instructions in the enclosed proxy card contain the applicable deadlines and other information about voting your shares by telephone.

Sandy Spring requests that Sandy Spring stockholders vote as soon as possible by completing and signing the accompanying proxy card and returning it to Sandy Spring in the enclosed postage-paid envelope, through the Internet, or by telephone. When the accompanying proxy card is returned properly executed, you will be appointing the proxies named in the proxy card to vote your shares for you at the Sandy Spring special meeting. The shares of Sandy Spring common stock represented by your properly executed proxy card will be voted at the Sandy Spring special meeting in accordance with the instructions contained on the proxy card. If any proxy card is returned without indication as to how to vote, the shares of Sandy Spring common stock represented by the proxy card will be voted (i) FOR the Sandy Spring share issuance proposal and (ii) FOR the Sandy Spring adjournment proposal.

If you vote through the Internet or by telephone, you do not need to sign and return a proxy card. Under Maryland law, you will be appointing the proxies to vote your shares on the same terms as are described above and with the same authority as if you completed, signed and returned a proxy card. The authority you will be giving the proxies is described in the proxy card.

***Every Sandy Spring stockholder's vote is important. Accordingly, each Sandy Spring stockholder should sign, date and return the enclosed proxy card, or vote through the Internet or by telephone, whether or not the Sandy Spring stockholder plans to attend the Sandy Spring special meeting in person. Sending in your proxy card or voting on the Internet will not prevent you from voting your shares personally at the meeting, since you may revoke your proxy at any time before it is voted.***

## **Shares Held in Street Name**

If you are a Sandy Spring stockholder and your shares are held in street name through a bank, broker or other holder of record, you must provide the record holder of your shares with instructions on how to vote the shares. Please follow the voting instructions provided by the bank or broker. Sandy Spring's stockholders should check the voting form used by that firm to determine whether you may vote by telephone or the Internet. You may not vote shares held in street name by returning a proxy card directly to Sandy Spring or by voting in person at the Sandy Spring special meeting unless you obtain a legal proxy from your broker, bank or other nominee. Furthermore, brokers, banks or other nominees who hold shares of Sandy Spring common stock on behalf of their customers will not vote your shares of Sandy Spring common stock or give a proxy to Sandy Spring to vote those shares with respect to the Sandy Spring share issuance proposal without specific instructions from you, as brokers, banks and other nominees do not have discretionary voting power on such proposal.

***To ensure that your shares are represented at the Sandy Spring special meeting and voted in the manner you desire, it is important that you instruct your bank, broker or other holder of record as to how it should vote your shares.***

## **Revocability of Proxies and Change to a Sandy Spring Stockholder's Vote**

If you are the record holder of shares of Sandy Spring common stock, you have the power to change your vote at any time before your shares of Sandy Spring common stock are voted at the Sandy Spring special meeting by:

attending and voting in person at the Sandy Spring special meeting;

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giving notice of revocation of the proxy at the Sandy Spring special meeting;

delivering to the Corporate Secretary of Sandy Spring at 17801 Georgia Avenue, Olney, Maryland 20832 (i) a written notice of revocation or (ii) a duly executed proxy card relating to the same shares, bearing a date later than the proxy card previously executed; or

if you appointed the proxies through the Internet or by telephone, you can go to the same Internet website or use the same telephone number that you previously used to appoint the proxies, and then change your voting instructions.

The proxies will follow the last voting instructions received from you before the Sandy Spring special meeting. Attendance at the Sandy Spring special meeting will not in and of itself constitute a revocable proxy.

If you choose to send a completed proxy card bearing a later date than your original proxy card, the new proxy card must be received before the beginning of the Sandy Spring special meeting. If you have instructed a bank, broker or other nominee to vote your shares of Sandy Spring common stock, you must follow the directions you receive from your bank, broker or other nominee in order to change or revoke your vote.

## **Solicitation of Proxies**

This solicitation is made on behalf of the Sandy Spring board, and Sandy Spring will pay for the solicitation of proxies from the Sandy Spring stockholders. In addition to soliciting proxies by mail, Laurel Hill Advisory Group, LLC, Sandy Spring's proxy solicitor, will assist Sandy Spring in soliciting proxies from the Sandy Spring stockholders. Sandy Spring has agreed to pay \$6,000, plus expenses, for these services. Sandy Spring will, upon request, reimburse brokers, banks and other nominees for their expenses in sending proxy materials to their customers who are beneficial owners and obtaining their voting instructions. Additionally, directors, officers and employees of Sandy Spring may solicit proxies personally and by telephone. None of these persons will receive additional or special compensation for soliciting proxies.

## **Attending the Sandy Spring Special Meeting**

All Sandy Spring stockholders, including holders of record and Sandy Spring stockholders who hold their shares through banks, brokers, nominees or any other holder of record are invited to attend the Sandy Spring special meeting. Sandy Spring stockholders of record can vote in person at the Sandy Spring special meeting. If you are not a Sandy Spring stockholder of record, you must obtain a proxy executed in your favor from the record holder of your shares, such as a broker, bank or other nominee, to be able to vote in person at the Sandy Spring special meeting. If you plan to attend the Sandy Spring special meeting, you must hold your shares in your own name or have a letter from the record holder of your shares confirming your ownership. In addition, you must bring a form of personal photo identification with you in order to be admitted. Sandy Spring reserves the right to refuse admittance to anyone without proper proof of share ownership and without proper photo identification. The use of cameras, sound recording equipment, communications devices or any similar equipment during the Sandy Spring special meeting is prohibited without Sandy Spring's express written consent.

## **Delivery of Proxy Materials to Sandy Spring Stockholders Sharing an Address**

As permitted by the Exchange Act, only one copy of this joint proxy statement/prospectus is being delivered to multiple Sandy Spring stockholders sharing an address unless Sandy Spring has previously received contrary

instructions from one or more such stockholders. This is referred to as householding. Sandy Spring stockholders who hold their shares in street name can request further information on householding through their banks, brokers or other holders of record. On written or oral request to Investor Relations at (800) 399-5919 or Sandy Spring's proxy solicitor, Laurel Hill Advisory Group, LLC, at (888) 742-1305, Sandy Spring will deliver promptly a separate copy of this joint proxy statement/prospectus to a stockholder at a shared address to which a single copy of the document was delivered.



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**Assistance**

If you need assistance in completing your proxy card, have questions regarding Sandy Spring's special meeting or would like additional copies of this joint proxy statement/prospectus, please contact Investor Relations at the following address 17801 Georgia Avenue, Olney, Maryland 20832, or by telephone at (800) 399-5919, or Sandy Spring's proxy solicitor, Laurel Hill Advisory Group, LLC, at 2 Robbins Lane, Suite 201, Jericho, New York 11753 or by telephone at (888) 742-1305.

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**THE SANDY SPRING PROPOSALS**

**Proposal No. 1 Sandy Spring Share Issuance Proposal**

In this proposal, Sandy Spring is asking its stockholders to approve the Sandy Spring share issuance. Sandy Spring stockholders should read this joint proxy statement/prospectus carefully and in its entirety, including the annexes, for more detailed information concerning the merger agreement, the Transactions and the Sandy Spring share issuance. A copy of the merger agreement is attached to this joint proxy statement/prospectus as Annex A.

After careful consideration, the Sandy Spring board unanimously approved the Sandy Spring share issuance proposal and the merger agreement, having determined that the merger agreement and the transactions contemplated thereby were in the best interests of Sandy Spring and Sandy Spring's stockholders. See the section of this joint proxy statement/prospectus entitled "The Transactions - Sandy Spring's Reasons for the Transactions; Recommendation of the Sandy Spring Board" beginning on page 70 for a more detailed discussion of the Sandy Spring board's recommendation.

**The Sandy Spring board unanimously recommends that Sandy Spring stockholders vote FOR the Sandy Spring share issuance proposal.**

**Proposal No. 2 Sandy Spring Adjournment Proposal**

The Sandy Spring special meeting may be adjourned to another time or place, if necessary or appropriate, to permit, among other things, further solicitation of proxies as necessary to obtain additional votes in favor of the Sandy Spring share issuance proposal.

If, at the Sandy Spring special meeting, the number of shares of Sandy Spring common stock present or represented by proxy and voting in favor of the Sandy Spring share issuance proposal is insufficient to approve the Sandy Spring share issuance proposal, Sandy Spring intends to move to adjourn the Sandy Spring special meeting in order to enable the Sandy Spring board to solicit additional proxies for approval of the Sandy Spring share issuance proposal. In that event, Sandy Spring will ask its stockholders to vote upon the Sandy Spring adjournment proposal, but not the Sandy Spring share issuance proposal.

In this proposal, Sandy Spring is asking its stockholders to authorize the holder of any proxy solicited by the Sandy Spring board on a discretionary basis to vote in favor of adjourning the Sandy Spring special meeting to another time and place for the purpose of soliciting additional proxies, including the solicitation of proxies from Sandy Spring stockholders who have previously voted.

**The Sandy Spring board unanimously recommends that Sandy Spring stockholders vote FOR the Sandy Spring adjournment proposal.**

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**INFORMATION ABOUT SANDY SPRING**

Sandy Spring is the holding company for Sandy Spring Bank. Sandy Spring Bank is a Maryland state-chartered trust company with commercial banking powers that offers a broad range of commercial banking, retail banking, mortgage and trust services throughout central Maryland, Northern Virginia, and the greater Washington, D.C. market. Through its subsidiaries, Sandy Spring Insurance Corporation and West Financial Services, Inc., Sandy Spring Bank also offers a comprehensive menu of insurance and wealth management services. With \$5.3 billion in assets at June 30, 2017, Sandy Spring operates 44 community offices and six financial centers across central Maryland, Northern Virginia, and the greater Washington, D.C. region.

Sandy Spring common stock is traded on the Nasdaq Global Select Market under the symbol SASR.

Sandy Spring's principal executive office is located at 17801 Georgia Avenue, Olney, Maryland 20832 and its telephone number at that location is (800) 399-5919. Additional information about Sandy Spring and its subsidiaries is included in documents incorporated by reference in this joint proxy statement/prospectus. See the section of this joint proxy statement/prospectus entitled "Where You Can Find More Information" beginning on page 150.

**INFORMATION ABOUT MERGER SUB**

Merger Sub is a Virginia corporation and a wholly-owned subsidiary of Sandy Spring. Merger Sub was formed by Sandy Spring for the sole purpose of consummating the integrated mergers.

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**INFORMATION ABOUT WASHINGTONFIRST**

WashingtonFirst is the holding company for WashingtonFirst Bank. WashingtonFirst Bank, headquartered in Reston, Virginia, operates 19 full-service banking offices throughout the Washington, D.C. metropolitan area. WashingtonFirst Bank offers a comprehensive range of commercial banking products and services to small-to-medium sized businesses, not-for-profit organizations, professional service firms and individuals in the greater Washington, D.C. area. In addition, WashingtonFirst provides wealth management services through its subsidiary, 1st Portfolio Wealth Advisors, and mortgage banking services through WashingtonFirst Bank's subsidiary, WashingtonFirst Mortgage Corporation.

WashingtonFirst's common stock is traded on the Nasdaq Capital Market under the symbol WFBI.

WashingtonFirst's principal executive office is located at 11921 Freedom Drive, Suite 250, Reston, Virginia 20190 and its telephone number at that location is (703) 840-2410. Additional information about WashingtonFirst and its subsidiaries is included in documents incorporated by reference in this joint proxy statement/prospectus. See the section of this joint proxy statement/prospectus entitled "Where You Can Find More Information" beginning on page 150.

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**THE TRANSACTIONS**

*The following discussion contains certain information about the Transactions. The discussion is subject, and qualified in its entirety by reference, to the merger agreement attached as Annex A to this joint proxy statement/prospectus and incorporated by reference. We urge you to read carefully this entire joint proxy statement/prospectus, including the merger agreement attached as Annex A, for a more complete understanding of the Transactions.*

**Structure of the Transactions**

Each of the Sandy Spring board and WashingtonFirst board has unanimously approved the merger agreement. The merger agreement provides that (i) Merger Sub will merge with and into WashingtonFirst, with WashingtonFirst continuing as the surviving corporation in the first-step merger and as a wholly-owned subsidiary of Sandy Spring, (ii) immediately following the first-step merger, WashingtonFirst will merge with and into Sandy Spring, with Sandy Spring continuing as the surviving corporation in the second-step merger and (iii) immediately following the completion of the integrated mergers, WashingtonFirst Bank will merge with and into Sandy Spring Bank, with Sandy Spring Bank being the surviving entity in the bank merger.

At the effective time of the first-step merger, each issued and outstanding share of WashingtonFirst common stock and WashingtonFirst non-voting common stock, except for the excluded shares, will be converted into the right to receive 0.8713 shares of Sandy Spring common stock, subject to adjustment if the Sandy Spring volume-weighted average price is more than \$50.15 or less than \$37.07 per share. No fractional shares of Sandy Spring common stock will be issued in connection with the first-step merger, and WashingtonFirst stockholders will instead be entitled to receive cash in lieu thereof.

WashingtonFirst stockholders are being asked to approve the merger agreement and the first-step merger. Sandy Spring stockholders are being asked to approve the Sandy Spring share issuance. See the section of this joint proxy statement/prospectus entitled "The Merger Agreement" beginning on page 95 for additional and more detailed information regarding the legal documents that govern the Transactions, including information about the conditions to the completion of the integrated mergers and the provisions for terminating or amending the merger agreement.

**Background of the Transactions**

From time to time, the boards of directors and senior management of both Sandy Spring and WashingtonFirst have independently conducted reviews of their respective corporate strategies, business objectives and long-term prospects to assess whether there were opportunities to better maximize stockholder value and the overall success of their organizations. The directors and senior management teams would consider, without limitation, the historical and projected future financial performance of each organization, including projected organic growth; the state of the banking industry, generally and in the greater Washington, D.C. metropolitan area specifically, including consolidation trends and likely opportunities for acquisitive growth; the state of the national and local economies; the business cycle and stock market performance; and the current and prospective regulatory environment and related compliance costs. These reviews included periodic assessment of whether the organizations' corporate strategies, business objectives and long-term prospects could be advanced through business combinations or similar strategic transactions.

Around the time of WashingtonFirst's tenth anniversary in April 2014, Joseph Bracewell, WashingtonFirst's Chairman, and Shaza Andersen, WashingtonFirst's President and Chief Executive Officer, discussed WashingtonFirst's future plans for continued growth and improved profitability. Ms. Andersen and Mr. Bracewell also discussed the desirability of beginning to think about the range of strategic alternatives available to WashingtonFirst. Although there

was no immediate plan to pursue a potential transaction, Ms. Andersen and Mr. Bracewell felt it would be appropriate to begin getting acquainted with executives of

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banks that had expressed an interest in expansion in the greater Washington, D.C. metropolitan area. Over the next two and a half years Ms. Andersen and Mr. Bracewell met informally with senior leadership of a number of financial institutions. The primary purpose of these meetings was for all parties to get acquainted with one another on a face-to-face basis. No specific or confidential information was discussed or and no proposals were made at any of these meetings.

During 2016, market multiples for bank stocks steadily increased, and merger activity in WashingtonFirst's market area continued to remain robust. In August 2016, one of WashingtonFirst's principal competitors announced that it was being acquired. That transaction represented a multiple of tangible book value that prompted management of WashingtonFirst to assess whether it might be timely to consider seeking a larger merger partner.

Through the fourth quarter of 2016, market multiples for bank stocks had continued to climb, especially after the November elections. On November 10, 2016, representatives of KBW, an investment banking firm that was subsequently engaged to act as WashingtonFirst's financial advisor in a sale of WashingtonFirst, met with Ms. Andersen and Mr. Bracewell to discuss potential strategic alternatives, including potential acquirers for WashingtonFirst. At this meeting, Ms. Andersen and Mr. Bracewell told the representatives of KBW that they believed the timing was right for WashingtonFirst to evaluate its strategic options.

Since mid-2014, Ms. Andersen, Mr. Bracewell and other senior leadership of WashingtonFirst met several times with management of a financial institution, which we refer to herein as Bank A. Because of these extensive contacts, Bank A's expressed desire to expand in the greater Washington, D.C. metropolitan area market with the WashingtonFirst team as flagship market leaders, Bank A's history of successfully executing acquisitions, and the fact that Bank A's loan portfolio was not overly concentrated in commercial real estate loans, Ms. Andersen and Mr. Bracewell authorized KBW to approach Bank A. Representatives of KBW met with Bank A in November, 2016. Bank A responded that it was not in a position to engage in negotiations with WashingtonFirst at that time; however, Bank A reiterated that the greater Washington, D.C. metropolitan market, and WashingtonFirst in particular, would be high on its priority list once Bank A was in a position to engage.

In December 2016, the senior management of WashingtonFirst, consisting of Ms. Andersen, Messrs. Bracewell and Johnson and Richard Horn, General Counsel, who we collectively refer to herein as the WashingtonFirst Executives, engaged in discussions with representatives of KBW concerning a potential sale of WashingtonFirst. The WashingtonFirst Executives and the representatives of KBW discussed, among other things, potential merger partners, the desirability of an in-market versus out-of-market combination, market timing, the overall economic outlook for the financial services sector in particular and the regional economy in general, valuation considerations, possible deal points, and the risks associated with a sale strategy.

On December 14, 2016, Daniel J. Schrider, President and Chief Executive Officer of Sandy Spring, contacted Ms. Andersen and asked to schedule a meeting.

During the latter part of December 2016 and into January 2017, WashingtonFirst established a virtual data room to be utilized by potential acquirers for the purpose of conducting the diligence necessary to prepare written expressions of interest to acquire WashingtonFirst.

In early February 2017, the WashingtonFirst Executives and KBW discussed a list of the financial institutions, including Sandy Spring, to be contacted by KBW to gauge their potential interest in a business combination transaction with WashingtonFirst. The list of financial institutions was developed with key input from Mr. Bracewell and Ms. Andersen, based in large measure on the positive feedback and interest received during their meetings with bankers over the prior two years.

On February 9, 2017, Ms. Andersen and Mr. Schrider met for lunch in Reston, Virginia. Ms. Andersen did not disclose at this lunch meeting that WashingtonFirst was considering a sale of the organization; rather, the two



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discussed in more general terms the local and regional banking market generally, and Mr. Schrider's continuing interest in WashingtonFirst as a potential strategic partner, effectively continuing a theme of discussion that had begun several years earlier when Mr. Schrider and Ms. Andersen were first introduced.

At the direction of WashingtonFirst, KBW contacted the potential acquirers approved by the WashingtonFirst Executives, and invited each of them to execute a non-disclosure agreement, or NDA, as a precondition to learning WashingtonFirst's identity and receiving confidential information about WashingtonFirst and the acquisition opportunity. Following the signing of an NDA, a Confidential Information Memorandum which had been prepared by WashingtonFirst, with KBW's assistance, during January and early February was provided to the potential acquirers. The Confidential Information Memorandum contained detailed instructions for submitting written expressions of interest to acquire WashingtonFirst, as well as summary information about WashingtonFirst, including an historical overview, performance highlights, loan and deposit detail, capitalization, forecasted earnings and an analysis of cost savings to be achieved in a merger.

In all, KBW contacted 18 financial institutions that were approved by the WashingtonFirst Executives, including Bank A and Sandy Spring. KBW's initial communications provided general information about the nature of WashingtonFirst, but did not identify WashingtonFirst by name. Nine of the 18 institutions signed NDAs, including Bank A and Sandy Spring, and were provided with the Confidential Information Memorandum and access to WashingtonFirst's virtual data room to conduct preliminary due diligence. Per the instructions contained in the Confidential Information Memorandum, interested parties were requested to submit their written expressions of interest to acquire WashingtonFirst by March 7, 2017.

On March 1, 2017, Mr. Schrider, together with Philip J. Mantua, Sandy Spring's Executive Vice President and Chief Financial Officer, and representatives of The Kafafian Group, Inc. (which we refer to as The Kafafian Group), Sandy Spring's financial advisor, reviewed financial aspects of a possible acquisition of WashingtonFirst with the Sandy Spring board's Executive and Governance Committee, which approved the submission of a non-binding indication of interest.

By letter dated March 7, 2017, Sandy Spring provided a non-binding expression of interest in the combination of WashingtonFirst and Sandy Spring, which we refer to herein as the Letter of Intent. In its Letter of Intent, Sandy Spring proposed to acquire all of the outstanding shares of WashingtonFirst for shares of Sandy Spring, at an exchange ratio of 0.8713 shares of Sandy Spring stock for each share of WashingtonFirst stock. Based on the closing price of Sandy Spring's common stock on March 6, 2017, the implied per share value of the Letter of Intent was \$38.00 per share for WashingtonFirst. Sandy Spring also proposed to assume all outstanding WashingtonFirst warrants and to cash out each WashingtonFirst stock option, whether vested or unvested, for the difference between the market value of the stock consideration per share and each stock option's exercise price. Sandy Spring also expressed an interest in retention of certain key members of the WashingtonFirst executive management team. Additionally, Sandy Spring proposed to expand the Sandy Spring board and the board of directors of its banking subsidiary, Sandy Spring Bank, and to appoint four non-employee directors of WashingtonFirst to fill the newly created positions. The proposal was expressly subject to the completion of due diligence review by Sandy Spring, the execution of a definitive agreement and both regulatory and stockholder approvals. The March 7, 2017 Letter of Intent was the first expression by Sandy Spring of the proposed terms for a transaction.

On March 9, 2017, WashingtonFirst convened a meeting of the WashingtonFirst board's Executive Committee to evaluate the terms of the Letter of Intent and to decide whether to proceed with consideration of the merger opportunity. The Executive Committee consisted of Bracewell and Andersen, as well as WashingtonFirst's independent directors: C.E. Andrews, Juan Mencia, Madhu Mohan, William Oldaker and Kenneth Morrisette. The Executive Committee reviewed preliminary information from KBW regarding financial aspects of the proposal and

discussed the matter extensively. The Executive Committee considered how the proposal compared with WashingtonFirst's strategic vision described above and noted that the Sandy Spring proposal would capture in just over one year approximately 60% of the stock value appreciation targeted in the

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strategic vision over a five year period. The Executive Committee also considered the possible benefits of waiting until other interested parties might be in a position to submit a bid, concluding that the Sandy Spring proposal appeared to be a strong enough bid that it was unlikely to be improved upon by waiting. The Executive Committee also discussed the desirability of a cash component to the consideration or a price protection mechanism. After considerable discussion, the Executive Committee voted unanimously to authorize the WashingtonFirst Executives and KBW to continue discussions with Sandy Spring and another financial institution, which we refer to herein as Bank B, for the sale of WashingtonFirst. The WashingtonFirst Executives informed representatives of KBW of the decision of the Executive Committee later that day.

On March 16, 2017, representatives of WashingtonFirst, Sandy Spring, KBW and The Kafafian Group met at the Tower Club in Tysons Corner. At this meeting, WashingtonFirst advised Sandy Spring of WashingtonFirst's desire for a cash component to the consideration or other price protection mechanism. WashingtonFirst also informed Sandy Spring that they would be invited to begin detailed due diligence efforts on WashingtonFirst's operations and financial condition with the goal of submitting a revised indication of interest to WashingtonFirst by April 7, 2017. Over the ensuing weeks, Sandy Spring was provided additional detailed due diligence information through the virtual data room, as well as conducting onsite credit due diligence and selected due diligence discussions with members of WashingtonFirst's executive team.

On March 27, 2017, Sandy Spring and Sandler O'Neill entered into an engagement letter pursuant to which Sandler O'Neill would provide a fairness opinion to the Sandy Spring board.

On March 29, 2017, Ms. Andersen and Mr. Horn had lunch in Reston, Virginia with representatives of Troutman Sanders LLP, WashingtonFirst's legal counsel, at which time the group discussed at a high-level the terms of the Letter of Intent and related legal and business issues.

On March 29, 2017, a regular meeting of the Sandy Spring board was held. Among other things, the Sandy Spring board was briefed on discussions with WashingtonFirst by management and representatives of The Kafafian Group. The terms of the March 7 Letter of Intent, including its financial and other terms, were discussed in detail. The Sandy Spring board was informed that WashingtonFirst may request some protection against volatility in the price of Sandy Spring stock. After discussion, the Sandy Spring board encouraged management to continue to conduct due diligence and express interest in a possible transaction along the terms discussed.

On April 4, 2017, the WashingtonFirst Executives and Mr. Connors met with the following executives of Sandy Spring at the Tysons Corner, Virginia office of Troutman Sanders: Mr. Schrider; Mr. Mantua; Ronda McDowell, Executive Vice President and Chief Credit Officer; Joseph J. O'Brien, Executive Vice President Commercial & Retail Banking; and Ronald E. Kuykendall, Executive Vice President, General Counsel and Secretary. Also present at this meeting were representatives of KBW, The Kafafian Group, and Kilpatrick Townsend & Stockton LLP, Sandy Spring's legal counsel (which we refer to as Kilpatrick Townsend). The meeting participants engaged in high level discussions of each organization's business philosophy, including commercial and retail strategies, credit culture, management and operational matters, and strategic vision.

By letter dated April 7, 2017, Sandy Spring presented an updated non-binding expression of interest to acquire WashingtonFirst, which we refer to herein as the Updated Letter of Intent. The material terms of the Updated Letter of Intent were substantially unchanged from the Letter of Intent, including that each outstanding common share of WashingtonFirst would be acquired at an exchange ratio of 0.8713 shares of Sandy Spring common stock for each common share of WashingtonFirst. In the Updated Letter of Intent, Sandy Spring noted that it would be open to discussing a form of price protection for its and WashingtonFirst's respective stockholder bases. Sandy Spring also specified that Ms. Andersen and Mr. Bracewell would be two of the four WashingtonFirst directors appointed to the

Sandy Spring board and that two of the legacy WashingtonFirst directors would also serve on the Executive Committee of the Sandy Spring board.

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Simultaneous with delivery of the Updated Letter of Intent, Sandy Spring provided WashingtonFirst with a proposed Exclusivity Agreement, granting the parties a period of 45 days in which to negotiate the terms of a definitive merger agreement, and a draft form of merger agreement based upon the terms of Sandy Spring's Updated Letter of Intent.

Following WashingtonFirst's receipt of the March 7, 2017 Letter of Intent, Bank B had expressed an interest to KBW in continuing to analyze a potential acquisition of WashingtonFirst and requested that it be permitted to retain access to the virtual data room, though it did not submit an indication of interest at that time. During the period between the submission of Sandy Spring's Letter of Intent and the Updated Letter of Intent, in accordance with WashingtonFirst's directives, KBW periodically had conversations with Bank B about its continued interest in submitting an indication of interest to acquire WashingtonFirst. KBW advised WashingtonFirst that Bank B knew that WashingtonFirst was moving forward with a proposal and was nevertheless evaluating whether or not to submit a competing bid. Following the receipt of Sandy Spring's Updated Letter of Intent, in accordance with WashingtonFirst's directives, KBW reached out to Bank B again about its interest in submitting a proposal to acquire WashingtonFirst. Bank B then notified KBW that it was not in a position to bid for WashingtonFirst at that time due to reasons unrelated to WashingtonFirst.

Following receipt of the Updated Letter of Intent, WashingtonFirst discussed with Sandy Spring its desire to revise the pricing structure in Sandy Spring's Updated Letter of Intent to provide WashingtonFirst with some protection against volatility in the price of Sandy Spring stock between the date of a signed merger agreement and the closing of the transaction. On April 19, 2017, Ms. Andersen met in person with Mr. Schrider to discuss this request.

After further negotiation, by letter dated April 21, 2017, Sandy Spring provided an addendum to the Updated Letter of Intent, which we refer to herein as the Addendum, that included an adjustment to the pricing mechanism based on a twenty day volume weighted average price, as described below under "The Merger Agreement" Structure of the Transactions; Merger Consideration.

On April 23, 2017, WashingtonFirst convened another meeting of the WashingtonFirst board's Executive Committee to consider and vote on whether to recommend that the full WashingtonFirst board approve the Updated Letter of Intent and Addendum. Following an update from Ms. Andersen, Mr. Bracewell and representatives of KBW on events since the prior Executive Committee meeting, the Committee voted unanimously to recommend that the WashingtonFirst board accept the Updated Letter of Intent and Addendum, execute the Exclusivity Agreement, conduct reverse due diligence and negotiate the terms of a definitive merger agreement.

On April 24, 2017, Sandy Spring provided an updated draft of a form of merger agreement. The updated form of merger agreement reflected the changes in pricing terms proposed by Sandy Spring in its Addendum of April 21, 2017.

On April 26, 2017 a regular meeting of the Sandy Spring board was held. The board was briefed in detail on the Updated Letter of Intent and Addendum, the results of further diligence and the status of negotiations with WashingtonFirst, including a general description of the terms of the proposed merger agreement and Sandy Spring's request that WashingtonFirst agree to deal exclusively with Sandy Spring on customary terms. After discussion, the board encouraged management to complete its due diligence and continue negotiations for a possible transaction.

On April 26, 2017, the full WashingtonFirst board met for the purpose of considering the Updated Letter of Intent and Addendum. Following an overview by Ms. Andersen, Mr. Bracewell and management of events and discussions to that date, representatives of KBW discussed financial aspects of the proposed transaction based on the terms of the Updated Letter of Intent and Addendum and gave an overview of each of Sandy Spring's and WashingtonFirst's business, performance and competitive positioning. Representatives of KBW also discussed



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the banking industry more generally and recent developments in the trading prices of WashingtonFirst, Sandy Spring and similar financial institutions generally. Social aspects of the proposed transaction were also discussed at this meeting. WashingtonFirst would receive four of 15 board seats, two of which would include Mr. Bracewell and Ms. Andersen. Mr. Bracewell and Ms. Andersen would also serve on the Executive Committee of the Sandy Spring board. It was also noted that Sandy Spring had agreed to establish a bonus retention pool for key WashingtonFirst Bank employees, and the transaction would be subject to customary regulatory and stockholder approvals. Following robust discussion, the WashingtonFirst board voted unanimously to proceed with accepting the Updated Letter of Intent and Addendum, executing the Exclusivity Agreement, conducting reverse due diligence and negotiating the terms of a definitive merger agreement.

WashingtonFirst executed the Exclusivity Agreement on April 27, 2017, after which WashingtonFirst began its reverse due diligence and the parties and their respective legal advisers continued to negotiate the final terms of the merger agreement and related voting agreements.

On May 5, 2017, WashingtonFirst completed reverse due diligence with telephonic management interviews of senior management of Sandy Spring. Representatives from Sandy Spring, The Kafafian Group, Kilpatrick Townsend, WashingtonFirst, KBW and Troutman Sanders participated in the call.

Over the course of the following days, the parties, with the assistance of their respective legal and financial advisors, continued to negotiate and finalize the terms of the proposed transaction and exchange drafts of the merger agreement. Mr. Schrider and Ms. Andersen discussed potential roles for Ms. Andersen in the combined company.

On May 12, 2017, Sandy Spring and WashingtonFirst conducted a bilateral bring-down diligence teleconference to confirm there were no material developments that needed to be disclosed in advance of the parties' pending board meetings. Representatives from Sandy Spring, The Kafafian Group, Sandler O'Neill, Kilpatrick Townsend, WashingtonFirst, KBW and Troutman Sanders participated in the call.

On May 13, 2017, Kilpatrick Townsend circulated an execution version of the merger agreement to Troutman Sanders.

On May 15, 2017, the WashingtonFirst board held a regular meeting, which was attended by all directors, members of senior management, KBW and Troutman Sanders. At this meeting, KBW reviewed the financial aspects of the proposed merger and delivered to the WashingtonFirst board its opinion (a copy of which is attached to this joint proxy statement/prospectus as [Annex E](#)) to the effect that, as of that date and subject to the procedures followed, assumptions made, matters considered, and qualifications and limitations on the review undertaken by KBW as set forth in such opinion, the exchange ratio in the proposed first-step merger (defined, for purposes of the opinion, as the ratio of 0.8713 of a share of Sandy Spring common stock for one share of WashingtonFirst common stock) was fair, from a financial point of view, to the holders of WashingtonFirst common stock. The Washington First board also received a presentation from Troutman Sanders regarding the structure of the merger, the proposed terms of the merger agreement and the director voting agreements, duties of the WashingtonFirst board under applicable law and how those duties related to the process that WashingtonFirst (including the WashingtonFirst board) employed in considering the business combination with Sandy Spring. Following discussion among the directors, including a consideration of the presentations and the factors described in the section of this joint proxy statement/prospectus entitled WashingtonFirst's Reasons for the Transactions; Recommendation of the WashingtonFirst Board, and questions to and answers from senior management, KBW and Troutman Sanders, the WashingtonFirst board unanimously determined that the merger agreement and the transactions contemplated thereby, including the integrated mergers, were advisable and in the best interests of WashingtonFirst's stockholders and unanimously resolved to approve and adopt, and to recommend that WashingtonFirst's stockholders approve and adopt, the

Transactions, the merger agreement, the related plan of merger and other supporting documents.



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Also on May 15, 2017, the Sandy Spring board met to discuss the proposed transaction. Representatives of The Kafafian Group, Sandler O'Neill and Kilpatrick Townsend were present at that meeting. The Sandy Spring board had been provided with a set of meeting materials in advance of the meeting, including a summary of the terms and conditions of the merger agreement prepared by Kilpatrick Townsend. A representative of Sandler O'Neill reviewed with the Sandy Spring board its financial analysis of the Transactions and rendered its oral opinion, which was subsequently confirmed in writing (a copy of which is attached to this joint proxy statement/prospectus as Annex F), to the Sandy Spring board that, as of the date of the opinion, and based upon and subject to the factors and assumptions set forth in the opinion, the exchange ratio in the first-step merger was fair, from a financial point of view, to Sandy Spring. A representative of Kilpatrick Townsend reviewed the terms of the proposed merger agreement with the Sandy Spring board. After extensive discussions, including a consideration of the presentations and the factors described in the section of this joint proxy statement/prospectus entitled "Sandy Spring's Reasons for the Transactions; Recommendation of the Sandy Spring Board," the Sandy Spring board unanimously approved the merger agreement and determined to recommend that the Sandy Spring stockholders approve the Sandy Spring share issuance.

The merger agreement was entered into by Sandy Spring and WashingtonFirst the evening of May 15, 2017. The transaction was announced via a joint press release issued prior to the opening of trading on May 16, 2017.

**WashingtonFirst's Reasons for the Transactions; Recommendation of the WashingtonFirst Board**

After careful consideration, the WashingtonFirst board, at a meeting held on May 15, 2017, unanimously determined that the merger agreement, including the Transactions and the other transactions contemplated thereby, is in the best interests of WashingtonFirst and its stockholders. Accordingly, the WashingtonFirst board has unanimously approved the Transactions and the merger agreement and unanimously recommends that WashingtonFirst's stockholders vote **FOR** approval of the merger agreement and the Transactions.

In evaluating the Transactions and the merger agreement, the WashingtonFirst board consulted with WashingtonFirst's management and WashingtonFirst's financial and legal advisors. The WashingtonFirst board carefully considered the terms of the merger agreement and the value of the merger consideration to be received by WashingtonFirst's stockholders and ultimately determined that it was in the best interests of WashingtonFirst and its stockholders for WashingtonFirst to enter into the merger agreement with Sandy Spring. The WashingtonFirst board believes that partnering with Sandy Spring and becoming the largest locally-headquartered community bank in the Washington, D.C. metropolitan area will maximize the long-term value of its stockholders' investment in WashingtonFirst, and that the merger will provide the combined company with additional resources necessary to compete more effectively in Northern Virginia and the Washington, D.C. metropolitan area.

In reaching its unanimous decision to approve the Transactions and the merger agreement and to recommend that the WashingtonFirst stockholders vote **FOR** approval of the Transactions and the merger agreement, the WashingtonFirst board considered many factors, including, without limitation, the following:

the extensive review undertaken by WashingtonFirst's Executive Committee, with the assistance of WashingtonFirst's executive management and WashingtonFirst's financial and legal advisors, with respect to the strategic alternatives available to WashingtonFirst;

the substantial management, financial and employee resources that would be required to execute WashingtonFirst's strategic plan, the length of time it would take to achieve the objectives of its strategic plan and the risks and challenges inherent in the successful execution of its strategic plan;

its understanding of the current and prospective economic environment in which WashingtonFirst and Sandy Spring operate, including the interest rate environment, the competitive and regulatory environments for financial institutions generally, the increased regulatory burdens on financial institutions, the uncertainties of the regulatory environment in the future and the likely effect of these factors on WashingtonFirst both with and without the Transactions;

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the feasibility and prospects of WashingtonFirst continuing to operate independently, including WashingtonFirst's ability to compete with much larger regional and national banks, the challenges associated with hiring and retaining senior management personnel experienced in the management of larger institutions, the potential need to eventually raise additional capital that could be dilutive to existing WashingtonFirst stockholders and the potential future trading value of WashingtonFirst common stock compared to the implied value of the merger consideration offered by Sandy Spring;

Sandy Spring's asset size, capital position and financial performance in recent periods, which make Sandy Spring an attractive merger partner and would increase the combined company's asset base to approximately \$7.5 billion;

the additional products offered by Sandy Spring to its customers, the ability of the combined company to provide comprehensive financial services to its customers, and the potential for operating synergies and cross-marketing of products and services across the combined company, and the diversity of revenue sources associated with such products and services;

the anticipated continued participation of certain of WashingtonFirst's directors, officers and employees, including Shaza Andersen and Joseph Bracewell, in the combined company, which enhances the likelihood that the strategic benefits expected to be achieved as a result of the Transactions will be realized;

the solicitation process undertaken by WashingtonFirst with the assistance of KBW;

the earnings prospects of the combined company after completion of the Transactions as compared to the anticipated future earnings growth of WashingtonFirst as a stand-alone company;

the financial presentation of KBW, dated May 15, 2017 to the WashingtonFirst board and the written opinion, dated May 15, 2017, of KBW to the WashingtonFirst board as to the fairness, from a financial point of view and as of the date of the opinion, to the holders of WashingtonFirst common stock of the exchange ratio in the proposed Transactions, as more fully described below under "Opinion of WashingtonFirst's Financial Advisor" beginning on page 57;

the presentation by Troutman Sanders LLP, legal counsel to WashingtonFirst, regarding the structure of the Transactions, the terms of the merger agreement, the duties of the WashingtonFirst board under applicable law and how those duties related to the process that WashingtonFirst (including its board of directors) employed in considering all potential strategic transactions, including the merger with Sandy Spring;

the value of the Sandy Spring common stock consideration being offered to WashingtonFirst stockholders in relation to the market value, book value per share, tangible book value per share, earnings per share and

projected earnings per share of WashingtonFirst;

the fact that the merger consideration represented approximately 2.56 times the book value per share of WashingtonFirst common stock based on the closing price of Sandy Spring common stock on May 12, 2017 and represented a premium of approximately 33.4% to WashingtonFirst's closing stock price as of the same day;

the expected future payment after completion of the Transactions of significant dividends to legacy WashingtonFirst stockholders, based on Sandy Spring's current and forecasted dividend yield;

the market capitalization and trading liquidity of Sandy Spring common stock in the event WashingtonFirst stockholders desired to sell the shares of Sandy Spring common stock to be received by them upon completion of the Transactions;

the price protection in the form of a price collar fixing the deal value per share of WashingtonFirst common stock at \$32.30 per share if the average closing price of Sandy Spring's common stock, measured pursuant to the terms of the merger agreement, is equal to or greater than \$34.00 and less than \$37.07 per share;

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the ability to terminate the merger agreement if the Sandy Spring volume-weighted average price falls below \$34.00 per share, subject to Sandy Spring's right to prevent a walkaway by increasing the exchange ratio or agreeing to add a cash component to the per share consideration as more fully set forth in the merger agreement;

the potential value of an expansion of the Sandy Spring branch network, particularly in northern Virginia, adding WashingtonFirst branch locations to Sandy Spring's existing branch network in Virginia, Maryland, and Washington, D.C.;

the increased possibilities for growth, both organically and through possible future acquisitions, that would be available to the combined company, given its larger size, asset base, capital and footprint;

the shared community banking philosophies of WashingtonFirst and Sandy Spring, and each entity's commitment to community service and support of community-based non-profit organizations and causes;

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

the likelihood of obtaining the regulatory approvals needed to complete the transaction;

the strategic benefits of the transaction, including the potential cost-saving opportunities resulting from the Transactions and the potential for WashingtonFirst's stockholders, as future Sandy Spring stockholders, to benefit to the extent of their interest in the combined company from the anticipated pro forma impact of the Transactions; and

the effects of the Transactions on WashingtonFirst employees, including the prospects for continued employment and the severance and other benefits agreed to be provided to WashingtonFirst employees.

In addition to considering the factors described above, the WashingtonFirst board also considered a number of potential risks and uncertainties associated with the Transactions in connection with its deliberations on the Transactions, including without limitation the following factors:

the challenges of integrating WashingtonFirst's businesses, operations and employees with those of Sandy Spring;

the potential effects of the Transactions on WashingtonFirst's deposit and loan customers, employees and on the communities in which WashingtonFirst operates;

the need to obtain approval by stockholders of WashingtonFirst and Sandy Spring, as well as regulatory approvals in order to complete the Transactions;

the risks associated with the operations of the combined company, including the ability to achieve the anticipated cost savings;

the fact that certain WashingtonFirst directors and executive officers have interests in the Transactions that are different from, or in addition to, those of other WashingtonFirst stockholders, as more fully discussed under [Interests of Certain WashingtonFirst Directors and Executive Officers in the Transactions](#) on page 87;

the risks associated with entry into the merger agreement and the conduct of WashingtonFirst's business before the Transactions are completed, including diversion of management's attention and resources from the operation of WashingtonFirst's business in planning for the merger and executing integration plans and the possibility of employee attrition or adverse effects on client and business relationships as a result of the announcement and pendency of the Transactions;

the impact that provisions of the merger agreement relating to the payment of a termination fee by WashingtonFirst may have on WashingtonFirst receiving superior acquisition offers; and

the fact that the value of the aggregate and per share merger consideration will fluctuate with the market price of Sandy Spring's common stock if the average price of Sandy Spring's common stock

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moves outside the price collar, and the risk that Sandy Spring's common stock price might decline reducing the aggregate and per share merger consideration from the values at the time the merger agreement was approved.

The WashingtonFirst board also considered the structural protections included in the merger agreement, such as the ability of WashingtonFirst to terminate the merger agreement if, without limitation:

Sandy Spring breaches the representation that, since December 31, 2016, no event has occurred or circumstance arisen that has had, or is reasonably expected to have, a material adverse effect with respect to Sandy Spring, which breach cannot be or has not been cured within 30 days after written notice of the breach to Sandy Spring;

Sandy Spring materially breaches any of its covenants or agreements under the merger agreement, which material breach cannot be or has not been cured within 30 days after written notice of the breach to Sandy Spring; or

any required approval of any government authority is denied by final nonappealable action of such government authority, or the Sandy Spring stockholders do not approve the Sandy Spring share issuance proposal at the Sandy Spring special meeting or the WashingtonFirst stockholders do not approve the WashingtonFirst merger proposal at the WashingtonFirst special meeting.

The WashingtonFirst board also noted that it could terminate the merger agreement if the volume-weighted average closing price of Sandy Spring common stock, as determined pursuant to the terms of the merger agreement, is less than \$34.00, subject however, to Sandy Spring's rights under the merger agreement to prevent WashingtonFirst's termination by agreeing to provide WashingtonFirst's stockholders with a minimum deal value of \$32.30 per share of WashingtonFirst common stock by either increasing the exchange ratio or adding a cash component to the merger consideration.

Finally, the WashingtonFirst board took note of its right to participate in discussions with respect to an unsolicited acquisition proposal, as defined in the merger agreement, that was received by WashingtonFirst in compliance with the non-solicitation provisions of the merger agreement and that constitutes or is reasonably likely to lead to a transaction that involves consideration to the WashingtonFirst stockholders that is more favorable, from a financial point of view, than the merger consideration under the merger agreement. In the event the WashingtonFirst board, in the exercise of their fiduciary obligations to WashingtonFirst's stockholders, recommend or endorse such an acquisition proposal, Sandy Spring would have the right to terminate the merger agreement and collect from WashingtonFirst a termination fee of \$18.5 million. The amount of this potential termination fee was negotiated at arm's-length and was deemed by the WashingtonFirst board to be reasonable based upon the break-up fees provided for in comparable transactions and the fact that multiple institutions had already been given an opportunity to bid prior to the approval of the merger agreement. As of the date of this joint proxy statement/prospectus, no unsolicited acquisition proposals have been received.

The foregoing discussion of the information and factors considered by the WashingtonFirst board is not intended to be exhaustive, but includes the material factors considered by the WashingtonFirst board. In view of the wide variety and complexity of factors considered in connection with its evaluation of the Transactions, the WashingtonFirst board did not find it practicable to, and did not attempt to, quantify, rank or otherwise assign relative weights to the specific factors considered in reaching its determination and recommendation. In addition, individual directors may have given

different weights to different factors. The WashingtonFirst board did not undertake to make any specific determination as to whether any factor, or any particular aspect of any factor, supported or did not support its ultimate determination. The WashingtonFirst board based its recommendation on the totality of the information considered.

The WashingtonFirst board unanimously recommends that you vote FOR the approval of the WashingtonFirst merger proposal and FOR the WashingtonFirst adjournment proposal. WashingtonFirst stockholders should be aware that WashingtonFirst's directors and executive officers have interests in the



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Transactions that are different from, or in addition to, those of other WashingtonFirst stockholders. The WashingtonFirst board was aware of and considered these interests, among other matters, in evaluating and negotiating the merger agreement and the Transactions, and in unanimously recommending that the merger agreement be approved by the WashingtonFirst stockholders. See [Interests of Certain WashingtonFirst Directors and Executive Officers in the Transactions](#) on page 87.

**Opinion of WashingtonFirst's Financial Advisor**

WashingtonFirst engaged KBW to render financial advisory and investment banking services to WashingtonFirst, including an opinion to the WashingtonFirst board as to the fairness, from a financial point of view, to the holders of WashingtonFirst common stock of the exchange ratio to be received by such stockholders in the proposed first-step merger. WashingtonFirst selected KBW because KBW is a nationally recognized investment banking firm with substantial experience in transactions similar to the Transactions. As part of its investment banking business, KBW is continually engaged in the valuation of financial services businesses and their securities in connection with mergers and acquisitions.

As part of its engagement, representatives of KBW attended the meeting of the WashingtonFirst board held on May 15, 2017, at which the WashingtonFirst board evaluated the proposed Transactions. At this meeting, KBW reviewed the financial aspects of the proposed Transactions and rendered to the WashingtonFirst board an opinion to the effect that, as of such date and subject to the procedures followed, assumptions made, matters considered, and qualifications and limitations on the review undertaken by KBW as set forth in its opinion, the exchange ratio in the proposed first-step merger (defined, for purposes of the opinion, as the ratio of 0.8713 of a share of Sandy Spring common stock for one share of WashingtonFirst common stock) was fair, from a financial point of view, to the holders of WashingtonFirst common stock. The WashingtonFirst board approved the merger agreement at this meeting.

The description of the opinion set forth herein is qualified in its entirety by reference to the full text of the opinion, which is attached as [Annex E](#) to this joint proxy statement/prospectus and is incorporated herein by reference, and describes the procedures followed, assumptions made, matters considered, and qualifications and limitations on the review undertaken by KBW in preparing the opinion.

**KBW's opinion speaks only as of the date of the opinion. The opinion was for the information of, and was directed to, the WashingtonFirst board (in its capacity as such) in connection with its consideration of the financial terms of the integrated mergers. The opinion addressed only the fairness, from a financial point of view, of the exchange ratio in the first-step merger to the holders of WashingtonFirst common stock. It did not address the underlying business decision of WashingtonFirst to engage in the integrated mergers or enter into the merger agreement or constitute a recommendation to the WashingtonFirst board in connection with the integrated mergers, and it does not constitute a recommendation to any holder of WashingtonFirst voting common stock or any stockholder of any other entity as to how to vote in connection with the integrated mergers or any other matter, nor does it constitute a recommendation regarding whether or not any stockholder of WashingtonFirst or any other entity should enter into a voting, stockholders', or affiliates agreement with respect to the Transactions or exercise any dissenters' or appraisal rights that may be available to such stockholder.**

KBW's opinion was reviewed and approved by KBW's Fairness Opinion Committee in conformity with its policies and procedures established under the requirements of Rule 5150 of the Financial Industry Regulatory Authority.

In connection with the opinion, KBW reviewed, analyzed and relied upon material bearing upon the financial and operating condition of WashingtonFirst and Sandy Spring and bearing upon the integrated mergers, including, among other things:

a draft of the merger agreement dated May 15, 2017 (the most recent draft then made available to KBW);

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the audited financial statements and the Annual Reports on Form 10-K for each of the three fiscal years in the period ended December 31, 2016 of WashingtonFirst;

the unaudited quarterly financial statements and Quarterly Report on Form 10-Q for the period ended March 31, 2017 of WashingtonFirst;

the audited financial statements and the Annual Reports on Form 10-K for each of the three fiscal years in the period ended December 31, 2016 of Sandy Spring;

the unaudited quarterly financial statements and Quarterly Report on Form 10-Q for the period ended March 31, 2017 of Sandy Spring;

certain regulatory filings of WashingtonFirst and Sandy Spring including the quarterly reports on Form FR Y-9C and call reports filed with respect to each quarter during the three-year period ended March 31, 2017 for Sandy Spring and December 31, 2016 for WashingtonFirst and their respective subsidiary bank's call reports filed with respect to each quarter during the three-year period ended March 31, 2017;

certain other interim reports and other communications of WashingtonFirst and Sandy Spring to their respective stockholders; and

other financial information concerning the businesses and operations of WashingtonFirst and Sandy Spring that was furnished to KBW by WashingtonFirst and Sandy Spring or which KBW was otherwise directed to use for purposes of KBW's analyses.

KBW's consideration of financial information and other factors that it deemed appropriate under the circumstances or relevant to its analyses included, among others, the following:

the historical and current financial position and results of operations of WashingtonFirst and Sandy Spring;

the assets and liabilities of WashingtonFirst and Sandy Spring;

the nature and terms of certain other merger transactions and business combinations in the banking industry;

a comparison of certain financial and stock market information for WashingtonFirst and Sandy Spring with similar information for certain other companies the securities of which were publicly traded;

financial and operating forecasts and projections of WashingtonFirst that were prepared by, and provided to KBW and discussed with KBW by, WashingtonFirst management and that were used and relied upon by KBW at the direction of such management and with the consent of the WashingtonFirst board;

publicly available consensus street estimates of Sandy Spring for 2017 and 2018, as well as, for 2018, adjustments thereto by Sandy Spring management for current tax rates and assumed long-term Sandy Spring growth rates provided to KBW by Sandy Spring management, all of which information was discussed with KBW by Sandy Spring management and used and relied upon by KBW based on such discussions, at the direction of WashingtonFirst management and with the consent of the WashingtonFirst board; and

estimates regarding certain pro forma financial effects of the integrated mergers on Sandy Spring (including, without limitation, the cost savings and related expenses expected to result or be derived from the integrated mergers) that were prepared by, and provided to and discussed with KBW by, Sandy Spring management, and used and relied upon by KBW based on such discussions, at the direction of WashingtonFirst management and with the consent of the WashingtonFirst board.

KBW also performed such other studies and analyses as it considered appropriate and took into account its assessment of general economic, market and financial conditions and its experience in other transactions, as well

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as its experience in securities valuation and knowledge of the banking industry generally. KBW also participated in discussions held by the managements of WashingtonFirst and Sandy Spring regarding the past and current business operations, regulatory relations, financial condition and future prospects of their respective companies and such other matters as KBW deemed relevant to its inquiry. In addition, KBW considered the results of the efforts undertaken by WashingtonFirst, with KBW's assistance, to solicit indications of interest from third parties regarding a potential transaction with WashingtonFirst.

In conducting its review and arriving at its opinion, KBW relied upon and assumed the accuracy and completeness of all of the financial and other information that was provided to it or that was publicly available and did not independently verify the accuracy or completeness of any such information or assume any responsibility or liability for such verification, accuracy or completeness. KBW relied upon the management of WashingtonFirst as to the reasonableness and achievability of the financial and operating forecasts and projections of WashingtonFirst referred to above (and the assumptions and bases therefor), and KBW assumed that such forecasts and projections were reasonably prepared and represented the best currently available estimates and judgments of such management and that such forecasts and projections would be realized in the amounts and in the time periods estimated by such management. KBW further relied, with the consent of WashingtonFirst, upon Sandy Spring management as to the reasonableness and achievability of the publicly available consensus street estimates of Sandy Spring (as adjusted for 2018), the assumed Sandy Spring long-term growth rates, and the estimates regarding certain pro forma financial effects of the Transactions on Sandy Spring, all as referred to above (and the assumptions and bases for all such information, including, without limitation, the cost savings and related expenses expected to result or be derived from the Transactions), and KBW assumed that all such information was reasonably prepared and represented, or in the case of the Sandy Spring street estimates (as adjusted for 2018) referred to above that such estimates were consistent with, the best currently available estimates and judgments of Sandy Spring management and that the forecasts, projections and estimates reflected in such information would be realized in the amounts and in the time periods estimated.

It is understood that the portion of the foregoing financial information of WashingtonFirst and Sandy Spring that was provided to KBW was not prepared with the expectation of public disclosure, that all of the foregoing financial information, including the publicly available consensus street estimates of Sandy Spring, was based on numerous variables and assumptions that are inherently uncertain, including, without limitation, factors related to general economic and competitive conditions and that, accordingly, actual results could vary significantly from those set forth in such information. KBW assumed, based on discussions with the respective managements of WashingtonFirst and Sandy Spring and with the consent of the WashingtonFirst board, that all such information provided a reasonable basis upon which KBW could form its opinion and KBW expressed no view as to any such information or the assumptions or bases therefor. KBW relied on all such information without independent verification or analysis and did not in any respect assume any responsibility or liability for the accuracy or completeness thereof.

KBW also assumed that there were no material changes in the assets, liabilities, financial condition, results of operations, business or prospects of either WashingtonFirst or Sandy Spring since the date of the last financial statements of each such entity that were made available to KBW. KBW is not an expert in the independent verification of the adequacy of allowances for loan and lease losses and KBW assumed, without independent verification and with WashingtonFirst's consent, that the aggregate allowances for loan and lease losses for WashingtonFirst and Sandy Spring are adequate to cover such losses. In rendering its opinion, KBW did not make or obtain any evaluations or appraisals or physical inspection of the property, assets or liabilities (contingent or otherwise) of WashingtonFirst or Sandy Spring, the collateral securing any of such assets or liabilities, or the collectability of any such assets, nor did KBW examine any individual loan or credit files, nor did it evaluate the solvency, financial capability or fair value of WashingtonFirst or Sandy Spring under any state or federal laws, including those relating to bankruptcy, insolvency or other matters. Estimates of values of companies and assets do

not purport to be appraisals or necessarily reflect the prices at which companies or

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assets may actually be sold. Because such estimates are inherently subject to uncertainty, KBW assumed no responsibility or liability for their accuracy.

KBW assumed, in all respects material to its analyses:

that the integrated mergers and any related transactions (including the bank merger) would be completed substantially in accordance with the terms set forth in the merger agreement (the final terms of which KBW assumed would not differ in any respect material to KBW's analyses from the draft reviewed and referred to above) with no adjustments to the exchange ratio and with no other consideration or payments in respect of the WashingtonFirst common stock;

that the representations and warranties of each party in the merger agreement and in all related documents and instruments referred to in the merger agreement were true and correct;

that each party to the merger agreement and all related documents would perform all of the covenants and agreements required to be performed by such party under such documents;

that there were no factors that would delay or subject to any adverse conditions any necessary regulatory or governmental approval for the integrated mergers or any related transactions (including the subsidiary bank merger) and that all conditions to the completion of the integrated mergers and any related transaction would be satisfied without any waivers or modifications to the merger agreement or any of the related documents; and

that in the course of obtaining the necessary regulatory, contractual, or other consents or approvals for the integrated mergers and any related transaction (including the subsidiary bank merger), no restrictions, including any divestiture requirements, termination or other payments or amendments or modifications, would be imposed that would have a material adverse effect on the future results of operations or financial condition of WashingtonFirst, Sandy Spring or the pro forma entity, or the contemplated benefits of the Transactions, including without limitation the cost savings and related expenses expected to result or be derived from the Transactions.

KBW assumed that the integrated mergers would be consummated in a manner that complies with the applicable provisions of the Securities Act of 1933, as amended, the Exchange Act, as amended, and all other applicable federal and state statutes, rules and regulations. KBW was further advised by representatives of WashingtonFirst that WashingtonFirst relied upon advice from its advisors (other than KBW) or other appropriate sources as to all legal, financial reporting, tax, accounting and regulatory matters with respect to WashingtonFirst, Sandy Spring, Merger Sub, the integrated mergers and any related transaction (including the subsidiary bank merger), and the merger agreement. KBW did not provide advice with respect to any such matters.

KBW's opinion addressed only the fairness, from a financial point of view, as of the date of the opinion, of the exchange ratio in the first-step merger to the holders of WashingtonFirst common stock, without regard to differences between WashingtonFirst voting common stock and WashingtonFirst non-voting common stock. KBW expressed no view or opinion as to any other terms or aspects of the integrated mergers or any term or aspect of any related

transaction (including the subsidiary bank merger), including without limitation, the form or structure of the merger or any such related transaction, any consequences of the integrated mergers or any such related transaction to WashingtonFirst, its stockholders, creditors or otherwise, or any terms, aspects, merits or implications of any employment, consulting, voting, support, stockholder or other agreements, arrangements or understandings contemplated or entered into in connection with the integrated mergers or otherwise. KBW's opinion was necessarily based upon conditions as they existed and could be evaluated on the date of such opinion and the information made available to KBW through such date. Developments subsequent to the date of KBW's opinion may have affected, and may affect, the conclusion reached in KBW's opinion and KBW did not and does not have an obligation to update, revise or reaffirm its opinion. For purposes of its analyses, KBW did not



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incorporate recently-announced proposed changes to United States tax laws regarding corporate tax rates. KBW's opinion did not address, and KBW expressed no view or opinion with respect to:

the underlying business decision of WashingtonFirst to engage in the integrated mergers or enter into the merger agreement;

the relative merits of the integrated mergers as compared to any strategic alternatives that are, have been or may be available to or contemplated by WashingtonFirst or the WashingtonFirst board;

the fairness of the amount or nature of any compensation to any of WashingtonFirst's officers, directors or employees, or any class of such persons, relative to the compensation to the holders of WashingtonFirst common stock;

the effect of the integrated mergers or any related transaction on, or the fairness of the consideration to be received by, holders of any class of securities of WashingtonFirst (other than the holders of WashingtonFirst common stock solely with respect to the exchange ratio, as described in KBW's opinion and not relative to the consideration to be received by holders of any other class of securities) or holders of any class of securities of Sandy Spring or any other party to any transaction contemplated by the merger agreement;

the relative fairness of the exchange ratio as between holders of WashingtonFirst voting common stock and holders of WashingtonFirst non-voting common stock;

any adjustment (as provided in the merger agreement) to the exchange ratio assumed for purposes of KBW's opinion or any other additional consideration (as provided in the merger agreement) that could be paid for WashingtonFirst common stock;

the actual value of Sandy Spring common stock to be issued in the first-step merger;

the prices, trading range or volume at which WashingtonFirst voting common stock or Sandy Spring common stock would trade following the public announcement of the integrated mergers or the prices, trading range or volume at which Sandy Spring common stock would trade following the consummation of the integrated mergers;

any advice or opinions provided by any other advisor to any of the parties to the integrated mergers or any other transaction contemplated by the merger agreement; or

any legal, regulatory, accounting, tax or similar matters relating to WashingtonFirst, Sandy Spring, their respective stockholders, or relating to or arising out of or as a consequence of the integrated mergers or any related transaction (including the subsidiary bank merger), including whether or not the integrated mergers would qualify as a tax-free reorganization for United States federal income tax purposes.

In performing its analyses, KBW made numerous assumptions with respect to industry performance, general business, economic, market and financial conditions and other matters, which are beyond the control of KBW, WashingtonFirst and Sandy Spring. Any estimates contained in the analyses performed by KBW are not necessarily indicative of actual values or future results, which may be significantly more or less favorable than suggested by these analyses.

Additionally, estimates of the value of businesses or securities do not purport to be appraisals or to reflect the prices at which such businesses or securities might actually be sold. Accordingly, these analyses and estimates are inherently subject to substantial uncertainty. In addition, the KBW opinion was among several factors taken into consideration by the WashingtonFirst board in making its determination to approve the merger agreement and the Transactions.

Consequently, the analyses described below should not be viewed as determinative of the decision of the WashingtonFirst board with respect to the fairness of the exchange ratio. The type and amount of consideration payable in the Transactions were determined through negotiation between WashingtonFirst and Sandy Spring and the decision of WashingtonFirst to enter into the merger agreement was solely that of the WashingtonFirst board.

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The following is a summary of the material financial analyses presented by KBW to the WashingtonFirst board in connection with its opinion. The summary is not a complete description of the financial analyses underlying the opinion or the presentation made by KBW to the WashingtonFirst board, but summarizes the material analyses performed and presented in connection with such opinion. The financial analyses summarized below include information presented in tabular format. The tables alone do not constitute a complete description of the financial analyses. The preparation of a fairness opinion is a complex analytic process involving various determinations as to appropriate and relevant methods of financial analysis and the application of those methods to the particular circumstances. Therefore, a fairness opinion is not readily susceptible to partial analysis or summary description. In arriving at its opinion, KBW did not attribute any particular weight to any analysis or factor that it considered, but rather made qualitative judgments as to the significance and relevance of each analysis and factor. Accordingly, KBW believes that its analyses and the summary of its analyses must be considered as a whole and that selecting portions of its analyses and factors or focusing on the information presented below in tabular format, without considering all analyses and factors or the full narrative description of the financial analyses, including the methodologies and assumptions underlying the analyses, could create a misleading or incomplete view of the process underlying its analyses and opinion.

For purposes of the financial analyses described below, KBW utilized an implied transaction value for the proposed merger of \$36.50 per outstanding share of WashingtonFirst common stock based on the closing price of Sandy Spring common stock on May 12, 2017 and assuming each outstanding share of WashingtonFirst common stock will be converted into 0.8713 of a share of Sandy Spring common stock in the proposed first-step merger.

***WashingtonFirst Selected Companies Analysis.*** Using publicly available information, KBW compared the financial performance, financial condition and market performance of WashingtonFirst to 10 selected major exchange-traded banks and thrifts headquartered in Maryland or Virginia with total assets between \$1.25 billion and \$5.0 billion and nonperforming assets to total assets less than 3.00%. Targets of publicly announced merger transactions were excluded from the selected companies.

The selected companies were as follows:

Access National Corporation	First Community Bancshares, Inc.
American National Bankshares, Inc.	Old Line Bancshares, Inc.
C&F Financial Corporation	Shore Bancshares, Inc.
Community Bankers Trust Corporation	Southern National Bancorp of Virginia, Inc.
Community Financial Corporation	Xenith Bankshares, Inc.

To perform this analysis, KBW used profitability and other financial information for, as of, or, in the case of last twelve months ( LTM ) information, through, the most recent completed quarter ( MRQ ) available (which was the fiscal quarter ended March 31, 2017, except as otherwise noted) and market price information as of May 12, 2017. KBW also used 2017 and 2018 earnings per share ( EPS ) estimates taken from consensus street estimates of WashingtonFirst and the selected companies to the extent publicly available (consensus street estimates were not publicly available for one of the selected companies). In addition, the assets, capital ratios, loans to deposits ratio, market capitalization and price to tangible book value per share multiple of Access National Corporation, Southern National Bancorp of Virginia, Inc., Old Line Bancshares, Inc. and Shore Bancshares, Inc. reflected the pro forma impact of pending and recently completed acquisitions based on publicly available information. Certain financial data prepared by KBW, and as referenced in the tables presented below, may not correspond to the data presented in WashingtonFirst s historical financial statements, or the data prepared by Sandler O Neill presented under the section Opinion of Sandy Spring s Financial Advisor, as a result of the different periods, assumptions and methods used by KBW to compute the

financial data presented.

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KBW's analysis showed the following concerning the financial performance of WashingtonFirst and the selected companies:

	Selected Companies				
	WashingtonFirst	25 <sup>th</sup> Percentile	Average	Median	75 <sup>th</sup> Percentile
LTM Core Return on Average Assets <sup>(1)</sup>	1.00%	0.88%	0.90%	0.93%	0.99%
LTM Core Return on Average Equity <sup>(1)</sup>	9.63%	7.71%	8.48%	8.08%	9.83%
LTM Core Return on Average Tangible Common Equity <sup>(1)</sup>	10.33%	7.98%	9.47%	10.06%	11.29%
LTM Net Interest Margin	3.50%	3.46%	3.91%	3.67%	3.90%
LTM Fee Income / Revenue Ratio <sup>(2)</sup>	29.0%	10.1%	18.8%	18.5%	23.8%
LTM Efficiency Ratio	62.6%	64.9%	62.1%	63.0%	60.6%

(1) Core income excluded extraordinary items, non-recurring items (including, in the case of Xenith Bankshares, Inc., exclusion of a deferred tax asset valuation allowance reversal), gains/losses on sale of securities and amortization of intangibles.

(2) Excluded gains/losses on sale of securities.

KBW's analysis showed the following concerning the financial condition of WashingtonFirst and, to the extent publicly available, the selected companies:

	Selected Companies				
	WashingtonFirst	25 <sup>th</sup> Percentile	Average	Median	75 <sup>th</sup> Percentile
Tangible Common Equity / Tangible Assets	9.01%	8.25%	9.36%	8.96%	9.49%
Leverage Ratio	9.86%	8.95%	9.84%	9.63%	10.68%
Common Equity Tier 1 Ratio	11.07%	10.59%	11.47%	11.73%	11.94%
Total Capital Ratio	13.90%	12.82%	13.52%	13.48%	14.17%
Loans / Deposits	95.1%	86.2%	92.3%	89.2%	98.3%
Loan Loss Reserve / Gross Loans	0.89%	0.73%	1.07%	0.88%	1.06%
Nonperforming Assets / Loans + OREO <sup>(1)</sup>	0.46%	2.56%	2.03%	1.84%	1.35%
LTM Net Charge-Offs / Average Loans	0.14%	0.49%	0.37%	0.14%	0.08%

(1) The nonperforming assets to loans plus OREO ratio for Access National Corporation was based on consolidated December 31, 2016 financial data due to incomplete reported financial information as of March 31, 2017. Nonperforming assets included nonaccrual loans, accruing troubled debt restructured loans and other real estate owned.

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In addition, KBW's analysis showed the following concerning the market performance of WashingtonFirst and, to the extent publicly available, the selected companies (excluding the impact of the LTM EPS multiple for one of the selected companies and the 2017 EPS multiple for another of the selected companies, which multiples were considered to be not meaningful because they were greater than 30.0x or negative):

	WashingtonFirst	Selected Companies			
		25 <sup>th</sup> Percentile	Average	Median	75 <sup>th</sup> Percentile
One-Year Stock Price Change	35.4%	37.3%	42.8%	41.9%	51.3%
One-Year Total Return	36.7%	39.6%	45.1%	44.3%	52.2%
Year-To-Date Stock Price Change	(3.7%)	(2.2%)	3.7%	3.8%	9.8%
Stock Price / Tangible Book Value per Share	1.96x	1.51x	1.77x	1.71x	1.96x
Stock Price / LTM EPS	19.8x	17.9x	18.9x	20.1x	20.5x
Stock Price / 2017 Estimated EPS	18.4x <sup>(2)</sup>	16.8x	18.4x	17.2x	18.5x
Stock Price / 2018 Estimated EPS	16.6x <sup>(3)</sup>	13.5x	15.0x	15.2x	15.7x
Dividend Yield <sup>(1)</sup>	1.0%	1.1%	1.6%	1.6%	2.4%
Dividend Payout <sup>(1)</sup>	19.8%	23.1%	28.7%	29.4%	42.8%

(1) Dividend yield calculated using MRQ dividend annualized (excluding special dividends) as a percentage of stock price and dividend payout calculated using MRQ dividend annualized (excluding special dividends) as a percentage of LTM EPS.

(2) For reference purposes, using financial and operating forecasts and projections of WashingtonFirst provided by WashingtonFirst management, the market price to estimated 2017 EPS multiple of WashingtonFirst was 17.5x.

(3) For reference purposes, using financial and operating forecasts and projections of WashingtonFirst provided by WashingtonFirst management, the market price to estimated 2018 EPS multiple of WashingtonFirst was 15.3x.

KBW also reviewed with the WashingtonFirst board of directors implied transaction multiples for the proposed merger, based on the implied transaction value for the proposed merger of \$36.50 per outstanding share of WashingtonFirst common stock, of 2.56x WashingtonFirst's tangible book value per share as of March 31, 2017, 25.9x WashingtonFirst's LTM EPS, 24.1x WashingtonFirst's estimated 2017 EPS and 21.7x WashingtonFirst's estimated 2018 EPS using consensus street estimates of WashingtonFirst, and 22.8x WashingtonFirst's estimated 2017 EPS and 19.8x WashingtonFirst's estimated 2018 EPS using financial and operating forecasts and projections of WashingtonFirst provided by WashingtonFirst management.

No company used as a comparison in the above selected companies analysis is identical to WashingtonFirst. Accordingly, an analysis of these results is not mathematical. Rather, it involves complex considerations and judgments concerning differences in financial and operating characteristics of the companies involved.

**Sandy Spring Selected Companies Analysis.** Using publicly available information, KBW compared the financial performance, financial condition and market performance of Sandy Spring to 11 selected major exchange-traded banks and thrifts headquartered in Delaware, Maryland, Pennsylvania, Virginia or West Virginia with total assets between \$3.0 billion and \$9.0 billion. Targets of publicly announced merger transactions were excluded from the selected companies.

The selected companies were as follows:

Beneficial Bancorp, Inc.

TriState Capital Holdings, Inc.

Bryn Mawr Bank Corporation

Union Bankshares Corporation

City Holding Company

Univest Corporation of Pennsylvania

Eagle Bancorp, Inc.

WSFS Financial Corporation

First Commonwealth Financial Corporation

Xenith Bankshares, Inc.

S&T Bancorp, Inc.

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To perform this analysis, KBW used profitability and other financial information for, as of, or, in the case of LTM information, through, the fiscal quarter ended March 31, 2017 and market price information as of May 12, 2017. KBW also used 2017 and 2018 EPS estimates taken from consensus street estimates for Sandy Spring and the selected companies. In addition, the assets, capital ratios, loans to deposits ratio, market capitalization and price to tangible book value per share multiple for First Commonwealth Financial Corporation and Bryn Mawr Bank Corporation reflected the pro forma impact of pending and recently completed acquisitions based on publicly available information. Certain financial data prepared by KBW, and as referenced in the tables presented below, may not correspond to the data presented in Sandy Spring's historical financial statements, or the data prepared by Sandler O'Neill presented under the section Opinion of Sandy Spring's Financial Advisor, as a result of the different periods, assumptions and methods used by KBW to compute the financial data presented.

KBW's analysis showed the following concerning the financial performance of Sandy Spring and the selected companies:

	Selected Companies				
	Sandy Spring	25 <sup>th</sup> Percentile	Average	Median	75 <sup>th</sup> Percentile
LTM Core Return on Average Assets <sup>(1)</sup>	1.08%	0.86%	1.02%	1.02%	1.19%
LTM Core Return on Average Equity <sup>(1)</sup>	9.91%	7.98%	8.58%	8.71%	10.68%
LTM Core Return on Average Tangible Common Equity <sup>(1)</sup>	11.81%	10.95%	11.38%	12.35%	14.06%
LTM Net Interest Margin	3.51%	3.38%	3.47%	3.47%	3.77%
LTM Fee Income / Revenue Ratio <sup>(2)</sup>	24.6%	18.3%	25.1%	24.8%	32.7%
LTM Efficiency Ratio	57.2%	67.1%	60.3%	61.2%	56.3%

(1) Core income excluded extraordinary items, non-recurring items (including, in the case of Xenith Bankshares, Inc., exclusion of a deferred tax asset valuation allowance reversal), gains/losses on sale of securities and amortization of intangibles.

(2) Excluded gains/losses on sale of securities.

KBW's analysis showed the following concerning the financial condition of Sandy Spring and the selected companies:

	Selected Companies				
	Sandy Spring	25 <sup>th</sup> Percentile	Average	Median	75 <sup>th</sup> Percentile
Tangible Common Equity / Tangible Assets	8.95%	8.12%	9.67%	8.36%	10.46%
Leverage Ratio	9.26%	8.93%	10.25%	9.61%	11.04%
Common Equity Tier 1 Ratio	11.02%	9.62%	11.81%	10.74%	12.02%
Total Capital Ratio	12.06%	12.21%	13.98%	13.01%	14.37%
Loans / Deposits	105.1%	93.3%	97.0%	97.0%	99.9%
Loan Loss Reserve / Gross Loans	1.09%	0.58%	0.76%	0.78%	0.94%
Nonperforming Assets / Loans + OREO <sup>(1)</sup>	0.80%	1.23%	0.94%	1.01%	0.64%
LTM Net Charge-Offs / Average Loans	0.06%	0.26%	0.21%	0.13%	0.09%



- (1) Nonperforming assets included nonaccrual loans, accruing troubled debt restructured loans and other real estate owned.

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In addition, KBW's analysis showed the following concerning the market performance of Sandy Spring and the selected companies (excluding the impact of the LTM EPS multiples for three of the selected companies and the 2017 EPS multiple for another of the selected companies, which multiples were considered to be not meaningful because they were greater than 30.0x):

	Sandy Spring	Selected Companies			
		25 <sup>th</sup> Percentile	Average	Median	75 <sup>th</sup> Percentile
One-Year Stock Price Change	50.9%	29.1%	41.1%	41.2%	49.5%
One-Year Total Return	55.2%	31.1%	43.5%	45.7%	53.0%
Year-To-Date Stock Price Change	4.8%	(9.6%)	(4.6%)	(3.5%)	(1.3%)
Stock Price / Tangible Book Value per Share	2.19x	2.08x	2.21x	2.35x	2.54x
Stock Price / LTM EPS	19.2x	17.9x	19.3x	19.0x	20.1x
Stock Price / 2017 Estimated EPS	17.4x	17.0x	18.7x	18.3x	19.1x
Stock Price / 2018 Estimated EPS	16.0x	14.3x	16.7x	14.9x	16.9x
Dividend Yield <sup>(1)</sup>	2.5%	0.3%	1.5%	2.0%	2.5%
Dividend Payout <sup>(1)</sup>	47.7%	6.5%	33.8%	39.1%	46.2%

(1) Dividend yield calculated using MRQ dividend annualized (excluding special dividends) as a percentage of stock price and dividend payout calculated using MRQ dividend annualized (excluding special dividends) as a percentage of LTM EPS.

No company used as a comparison in the above selected companies analysis is identical to Sandy Spring. Accordingly, an analysis of these results is not mathematical. Rather, it involves complex considerations and judgments concerning differences in financial and operating characteristics of the companies involved.

**Selected Transactions Analysis.** KBW reviewed publicly available information related to 25 selected U.S. whole bank transactions announced since January 1, 2016 with announced transaction values between \$200 million and \$1.0 billion. Terminated transactions were excluded from the selected transactions.

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The selected transactions were as follows:

**Acquiror**

South State Corporation  
 TowneBank  
 PacWest Bancorp  
 Home BancShares, Inc.  
 First Merchants Corporation  
 Heartland Financial USA, Inc.  
 First Busey Corporation  
 Simmons First National Corporation  
 Columbia Banking System, Inc.  
 Simmons First National Corporation  
 Pacific Premier Bancorp, Inc.  
 Independent Bank Group, Inc.  
 First Interstate BancSystem, Inc.  
 Access National Corporation  
 Community Bank System, Inc.  
 United Bankshares, Inc.  
 Cathay General Bancorp  
 First Midwest Bancorp, Inc.  
 People's United Financial, Inc.  
 South State Corporation  
 WesBanco, Inc.  
 Mechanics Bank  
 Pinnacle Financial Partners, Inc.  
 Old National Bancorp  
 OceanFirst Financial Corp.

**Acquired Company**

Park Sterling Corporation  
 Paragon Commercial Corporation  
 CU Bancorp  
 Stonegate Bank  
 Independent Alliance Banks, Inc.  
 Citywide Banks of Colorado, Inc.  
 First Community Financial Partners, Inc.  
 First Texas BHC, Inc.  
 Pacific Continental Corporation  
 Southwest Bancorp, Inc.  
 Heritage Oaks Bancorp  
 Carlisle Bancshares, Inc.  
 Cascade Bancorp  
 Middleburg Financial Corporation  
 Merchants Bancshares, Inc.  
 Cardinal Financial Corporation  
 SinoPac Bancorp  
 Standard Bancshares, Inc.  
 Suffolk Bancorp  
 Southeastern Bank Financial Corporation  
 Your Community Bankshares, Inc.  
 California Republic Bancorp  
 Avenue Financial Holdings, Inc.  
 Anchor Bancorp Wisconsin Inc.  
 Cape Bancorp, Inc.

For each selected transaction, KBW derived the following implied transaction statistics, in each case based on the transaction consideration value paid for the acquired company and using financial data based on the acquired company's then latest publicly available financial statements and, to the extent publicly available, consensus street estimates (except as otherwise indicated) prior to the announcement of the respective transaction:

Price per common share to tangible book value per share of the acquired company (in the case of selected transactions involving a private acquired company, this transaction statistic was calculated as total transaction consideration divided by total tangible common equity);

Tangible equity premium to core deposits (total deposits less time deposits greater than \$100,000) of the acquired company, referred to as core deposit premium;

Price per common share to LTM EPS of the acquired company (in the case of selected transactions involving a private acquired company, this transaction statistic was calculated as total transaction consideration divided

by LTM earnings);

Price per common share to current year estimated EPS of the acquired company in the 18 selected transactions in which consensus street estimates for the acquired company were then available (or, in the case of the Simmons First National Corporation/First Texas BHC, Inc. transaction, where the current year's earnings estimate for the acquired company was provided in the investor presentation filed in conjunction with the announcement of that transaction).

KBW also reviewed the price per common share paid for the acquired company for the 20 selected transactions in which the acquired company was publicly traded as a premium to the closing price of the acquired

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company one day prior to the announcement of the respective transaction (expressed as a percentage and referred to as the one-day market premium). The above transaction statistics for the selected transactions were compared with the corresponding transaction statistics for the proposed Transactions based on the implied transaction value for the proposed Transactions of \$36.50 per outstanding share of WashingtonFirst common stock and using historical financial information for WashingtonFirst as of and for the twelve month period ended March 31, 2017, estimated 2017 EPS data of WashingtonFirst from consensus street estimates of WashingtonFirst and financial and operating forecasts and projections of WashingtonFirst provided by WashingtonFirst management, and the closing price of WashingtonFirst common stock on May 12, 2017.

The results of the analysis are set forth in the following table (excluding the impact of LTM EPS multiples for three of the selected transactions, which multiples were considered to be not meaningful because they were greater than 35.0x):

	WashingtonFirst	Selected Transactions			75 <sup>th</sup> Percentile
		25 <sup>th</sup> Percentile	Average	Median	
Price / Tangible Book Value (x)	2.56x	1.84x	2.08x	2.11x	2.38x
Core Deposit Premium (%)	24.6%	11.5%	14.1%	14.2%	18.3%
Price / LTM EPS (x)	25.9x	19.7x	23.4x	22.5x	27.1x
Price / Current Year EPS (x)	24.1x <sup>(1)</sup> /22.8x <sup>(2)</sup>	19.7x	22.3x	21.2x	24.3x
One-Day Market Premium (%)	30.8%	8.1%	23.9%	17.9%	35.9%

(1) Based on 2017 EPS mean consensus street estimate.

(2) Based on 2017 EPS estimate provided by WashingtonFirst management.

No company or transaction used as a comparison in the above selected transaction analysis is identical to WashingtonFirst or the proposed Transactions. Accordingly, an analysis of these results is not mathematical. Rather, it involves complex considerations and judgments concerning differences in financial and operating characteristics of the companies involved.

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**Relative Contribution Analysis.** KBW analyzed the relative standalone contribution of Sandy Spring and WashingtonFirst to various pro forma balance sheet and income statement items and the pro forma market capitalization of the combined entity. This analysis did not include purchase accounting adjustments or cost savings. To perform this analysis, KBW used (i) balance sheet and net income data for Sandy Spring and WashingtonFirst as of or for the twelve month period ended March 31, 2017, (ii) 2017 and 2018 net income consensus street estimates for Sandy Spring, as adjusted in the case of 2018 for current tax rates as provided by Sandy Spring management, (iii) financial forecasts and projections relating to the net income of WashingtonFirst provided by WashingtonFirst management, and (iv) market price data as of May 12, 2017. The results of KBW's analysis are set forth in the following table, which also compares the results of KBW's analysis with the implied pro forma ownership percentages of Sandy Spring and WashingtonFirst stockholders in the combined company assuming that each outstanding share of WashingtonFirst common stock will be converted into 0.8713 of a share of Sandy Spring common stock in the proposed Transactions:

	Sandy Spring as a % of Total	WashingtonFirst as a % of Total
<b>Ownership</b>		
At exchange ratio of 0.8713	68%	32%
<b>Balance Sheet</b>		
Total Assets	72%	28%
Gross Loans Held For Investment	71%	29%
Deposits	69%	31%
Tangible Common Equity	71%	29%
<b>Income Statement</b>		
LTM GAAP Net Income	74%	26%
2017 Estimated GAAP Net Income	74%	26%
2018 Estimated GAAP Net Income	72%	28%
<b>Market Capitalization</b>		
	73%	27%

**WashingtonFirst Discounted Cash Flow Analysis.** KBW performed a discounted cash flow analysis of WashingtonFirst to estimate a range for the implied equity value of WashingtonFirst. In this analysis, KBW used financial forecasts and projections relating to the net income and assets of WashingtonFirst provided by WashingtonFirst management, and assumed discount rates ranging from 10.0% to 14.0%. The ranges of values were derived by adding (i) the present value of the estimated excess cash flows that WashingtonFirst could generate over the period from December 31, 2017 through 2022 as a standalone company, and (ii) the present value of WashingtonFirst's implied terminal value at the end of such period. KBW assumed that WashingtonFirst would maintain a tangible common equity to tangible asset ratio of 8.00% and would retain sufficient earnings to maintain that level. In calculating the terminal value of WashingtonFirst, KBW applied a range of 14.0x to 18.0x estimated 2023 net income. This discounted cash flow analysis resulted in a range of implied values per share of WashingtonFirst common stock of \$24.30 to \$36.16.

The discounted cash flow analysis is a widely used valuation methodology, but the results of such methodology are highly dependent on the assumptions that must be made, including asset and earnings growth rates, terminal values, dividend payout rates, and discount rates. The foregoing discounted cash flow analyses did not purport to be indicative of the actual values of WashingtonFirst.

**Forecasted Pro Forma Financial Impact Analysis.** KBW performed a pro forma financial impact analysis that combined projected income statement and balance sheet information of Sandy Spring and WashingtonFirst. Using

(i) closing balance sheet estimates as of December 31, 2017 for Sandy Spring and WashingtonFirst, (ii) consensus street estimates of Sandy Spring for 2017 and 2018 (as adjusted in the case of 2018 for current tax rates as provided by Sandy Spring management) and assumed long-term growth rates for Sandy Spring provided by Sandy Spring management, (iii) consensus street estimates of WashingtonFirst for 2017, 2018 and 2019 as discussed with KBW by Sandy Spring management, and (iv) pro forma assumptions (including the cost

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savings and related expenses expected to result from the merger and purchase accounting and other adjustments assumed with respect thereto) provided by Sandy Spring management, KBW analyzed the potential financial impact of the Transactions on certain projected financial results of Sandy Spring. This analysis indicated the Transactions could be accretive to Sandy Spring's 2018 estimated EPS (excluding the impact of restructuring charges which may be realized during 2018) and 2019 estimated EPS and dilutive to Sandy Spring's estimated tangible book value per share as of December 31, 2017. Furthermore, the analysis indicated that, pro forma for the Transactions, Sandy Spring's leverage ratio and Total Risk Based Capital Ratio as of December 31, 2017 could be higher and each of Sandy Spring's tangible common equity to tangible assets ratio, Common Equity Tier 1 Ratio and Tier 1 Risk-Based Capital Ratio as of December 31, 2017 could be lower. For all of the above analysis, the actual results achieved by Sandy Spring following the Transactions may vary from the projected results, and the variations may be material.

***Miscellaneous.*** KBW acted as financial advisor to WashingtonFirst and not as an advisor to or agent of any other person. As part of its investment banking business, KBW is continually engaged in the valuation of bank and bank holding company securities in connection with acquisitions, negotiated underwritings, secondary distributions of listed and unlisted securities, private placements and valuations for various other purposes. As specialists in the securities of banking companies, KBW has experience in, and knowledge of, the valuation of banking enterprises. In the ordinary course of its and their broker-dealer businesses, and in the case of WashingtonFirst further to an existing sales and trading relationship with a KBW affiliate, KBW and its affiliates may from time to time purchase securities from, and sell securities to, WashingtonFirst and Sandy Spring. In addition, as a market maker in securities, KBW and its affiliates may from time to time have a long or short position in, and buy or sell, debt or equity securities of WashingtonFirst or Sandy Spring for its and their own accounts and for the accounts of its and their respective customers and clients.

Pursuant to the KBW engagement agreement, WashingtonFirst agreed to pay KBW a total cash fee equal to 1.0% of the aggregate merger consideration, \$250,000 of which became payable to KBW with the rendering of its opinion and the balance of which is contingent upon the closing of the first-step merger. WashingtonFirst also agreed to reimburse KBW for reasonable out-of-pocket expenses and disbursements incurred in connection with its retention and to indemnify KBW against certain liabilities relating to or arising out of KBW's engagement or KBW's role in connection therewith. In addition to this present engagement, during the two years preceding the date of its opinion, KBW has provided investment banking and financial advisory services to WashingtonFirst and received compensation for such services. KBW acted as an underwriter in connection with WashingtonFirst's December 2015 registered offering of common stock. In addition, KBW acted as placement agent in connection with WashingtonFirst's October 2015 private placement of subordinated debt securities. During the two years preceding the date of its opinion, KBW has not provided investment banking or financial advisory services to Sandy Spring for which compensation was received. KBW provided investment banking assistance to Sandy Spring in the two years preceding the date of its opinion in regard to a potential transaction that was considered but not consummated by Sandy Spring, in connection with which KBW did not enter into an engagement agreement or receive compensation. KBW may in the future provide investment banking and financial advisory services to WashingtonFirst or Sandy Spring and receive compensation for such services.

**Sandy Spring's Reasons for the Transactions; Recommendation of the Sandy Spring Board**

After careful consideration, the Sandy Spring board, at a meeting held on May 15, 2017, unanimously approved the merger agreement. Accordingly, the Sandy Spring board unanimously recommends that Sandy Spring stockholders vote FOR the Sandy Spring share issuance.

In reaching its decision to approve the merger agreement, the integrated mergers and the other transactions contemplated by the merger agreement, and to recommend that its stockholders approve the Sandy Spring share



issuance, the Sandy Spring board evaluated the merger agreement and the Transactions in consultation with Sandy Spring management, as well as Sandy Spring's legal counsel and financial advisors, and considered a

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number of factors in favor of the Transactions, including the following material factors, which are not presented in order of priority:

the fact that the Transactions are consistent with Sandy Spring's long-term strategic goal of creating stockholder value by being and remaining a preeminent community bank in the Washington, D.C. area, including through growth by acquisitions;

the fact that the Transactions are expected to create the largest locally-headquartered community bank in the Washington, D.C. metropolitan area and bring together two well-known financial services brands in the local community;

the fact that WashingtonFirst is among the few, and most attractive, acquisition targets of scale in the Washington, D.C. region;

the unusually complementary branch footprints of Sandy Spring and WashingtonFirst;

the fact that the Transactions would respond immediately to Sandy Spring's need for more scale in the attractive northern Virginia market;

the complementary cultures of Sandy Spring and WashingtonFirst and prospects for a smooth integration of key personnel and systems;

each of Sandy Spring's and WashingtonFirst's businesses, operations, financial condition, earnings and prospects, including the view of the Sandy Spring board that WashingtonFirst's business and operations complement Sandy Spring's existing operations and lines of business;

the nature and quality of WashingtonFirst's loan portfolio and deposit base;

the fact that the Transactions will enhance Sandy Spring's operating scale at reasonable pricing;

the current and prospective environment in which Sandy Spring and WashingtonFirst operate, including national, regional and local economic conditions, the competitive environment for financial institutions generally and the likely effect of these factors on Sandy Spring both with and without the Transactions;

its review and discussions with Sandy Spring's management and its legal counsel and financial advisors concerning the due diligence investigation of WashingtonFirst and the potential financial impact of the

Transactions on the combined company;

management's expectation that Sandy Spring will retain its strong capital position upon completion of the Transactions;

the financial presentation, dated May 15, 2017, of Sandler O'Neill to the Sandy Spring board and the opinion, dated May 15, 2017, of Sandler O'Neill to the Sandy Spring board as to the fairness, from a financial point of view and as of the date of the opinion, to Sandy Spring of the merger consideration, as more fully described below under the section of this joint proxy statement/prospectus entitled "Opinion of Sandy Spring's Financial Advisor";

the terms of the merger agreement, including the expected tax treatment and deal protection and termination fee provisions, which it reviewed with Sandy Spring's outside legal and financial advisors; and

the regulatory and other approvals required in connection with the Transactions and the expectation that such regulatory and other approvals will be received in a timely manner and without the imposition of unacceptable conditions.

The Sandy Spring board also considered potential risks associated with the Transactions in connection with its deliberations of the Transactions, including (i) the potential risk of diverting management attention and resources from the operation of Sandy Spring's business and towards the completion of the Transactions; (ii) the

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potential risks associated with achieving anticipated cost synergies and savings and successfully integrating WashingtonFirst's business, operations and workforce with those of Sandy Spring; and (iii) the other risks identified in the sections of this joint proxy statement/prospectus entitled "Risk Factors" beginning on page 26 and "Cautionary Statement Regarding Forward-Looking Statements" beginning on page 32.

The foregoing discussion of the factors considered by the Sandy Spring board is not intended to be exhaustive, but, rather, includes the material factors considered by the Sandy Spring board. In reaching its decision to approve the merger agreement, the integrated mergers and the other transactions contemplated by the merger agreement. The Sandy Spring board did not quantify or assign any relative weights to the factors considered, and individual directors may have given different weights to different factors. The Sandy Spring board considered all these factors as a whole and overall considered the factors to be favorable to, and to support, its determination. It should be noted that this explanation of the Sandy Spring board's reasoning and all other information presented in this section is forward-looking in nature and, therefore, should be read in light of the factors discussed under the section of this joint proxy statement/prospectus entitled "Cautionary Statement Regarding Forward-Looking Statements" beginning on page 32.

For the reasons set forth above, the Sandy Spring approved the merger agreement. The Sandy Spring board unanimously recommends that the Sandy Spring stockholders vote "FOR" the Sandy Spring share issuance proposal and "FOR" the Sandy Spring adjournment proposal.

**Opinion of Sandy Spring's Financial Advisor**

By letter dated March 27, 2017 Sandy Spring retained Sandler O'Neill to render a fairness opinion to the Sandy Spring board in connection with Sandy Spring's consideration of a possible business combination with WashingtonFirst. Sandler O'Neill is a nationally recognized investment banking firm whose principal business specialty is financial institutions. In the ordinary course of its investment banking business, Sandler O'Neill is regularly engaged in the valuation of financial institutions and their securities in connection with mergers and acquisitions and other corporate transactions.

Sandler O'Neill rendered a fairness opinion in connection with the proposed Transactions. At the May 15, 2017 meeting at which the Sandy Spring board considered and approved the merger agreement, Sandler O'Neill delivered to the Sandy Spring board its oral opinion, which was subsequently confirmed in writing, to the effect that, as of such date, the exchange ratio provided for in the Transactions was fair to Sandy Spring from a financial point of view.

**The full text of Sandler O'Neill's opinion is attached as Annex F to this joint proxy statement/prospectus. The opinion outlines the procedures followed, assumptions made, matters considered and qualifications and limitations on the review undertaken by Sandler O'Neill in rendering its opinion. The description of the opinion set forth below is qualified in its entirety by reference to the full text of the opinion. Sandy Spring stockholders are urged to read the entire opinion carefully in connection with their consideration of the Sandy Spring share issuance proposal.**

**Sandler O'Neill's opinion speaks only as of the date of the opinion. The opinion was directed to the Sandy Spring board in connection with its consideration of the merger and is directed only to the fairness, from a financial point of view, of the exchange ratio to Sandy Spring. Sandler O'Neill's opinion does not constitute a recommendation to any Sandy Spring stockholder as to how such Sandy Spring stockholder should vote at any meeting of stockholders called to consider and vote upon the Sandy Spring share issuance proposal. It does not address the underlying business decision of Sandy Spring to engage in the Transactions, the form or structure of the Transactions, the relative merits of the Transactions as compared to any other alternative business**

**strategies that might exist for Sandy Spring or the effect of any other transaction in which Sandy Spring might engage.** Sandler O Neill did not express any opinion as to the fairness of the amount or nature of the compensation to be received in the Transactions by any Sandy Spring or

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WashingtonFirst officers, directors, or employees, or class of such persons, relative to the compensation to be received in the Transactions by any other stockholders. Sandler O'Neill's opinion was approved by Sandler O'Neill's fairness opinion committee.

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

an execution version of the merger agreement, dated May 15, 2017;

certain publicly available financial statements and other historical financial information of Sandy Spring and its bank subsidiary that Sandler O'Neill deemed relevant;

certain publicly available financial statements and other historical financial information of WashingtonFirst and its bank subsidiary that Sandler O'Neill deemed relevant;

publicly available consensus analyst earnings per share estimates for Sandy Spring for the years ending December 31, 2017 and December 31, 2018, as well as estimated dividends per share and long term earnings per share and asset growth rates for the years thereafter, as discussed with and confirmed by the senior management of Sandy Spring;

publicly available consensus analyst earnings per share estimates for WashingtonFirst for the years ending December 31, 2017 and December 31, 2018, as well as estimated dividends per share and long term earnings per share and asset growth rates for the years thereafter, as discussed with and confirmed by the senior management of WashingtonFirst;

the pro forma financial impact of the Transactions on Sandy Spring based on certain assumptions relating to transaction expenses, purchase accounting adjustments and cost savings, as provided by the senior management of Sandy Spring;

the publicly reported historical price and trading activity for Sandy Spring common stock and WashingtonFirst common stock, including a comparison of certain stock trading information for Sandy Spring common stock, WashingtonFirst common stock and certain stock indices as well as publicly available information for certain other similar companies the securities of which are publicly traded;

a comparison of certain financial information for Sandy Spring and WashingtonFirst with similar bank and thrift institutions for which information is publicly available;

the financial terms of certain recent business combinations in the bank and thrift industry (on a regional and nationwide basis), to the extent publicly available;

the current market environment generally and the banking environment in particular; and

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

Sandler O'Neill also discussed with certain members of the senior management of Sandy Spring the business, financial condition, results of operations and prospects of Sandy Spring and held similar discussions with the senior management of WashingtonFirst and their representatives regarding the business, financial condition, results of operations and prospects of WashingtonFirst.

In preparing its analyses, Sandler O'Neill used publicly available consensus analyst earnings per share estimates for Sandy Spring for the years ending December 31, 2017 and December 31, 2018, as well as estimated dividends per share and long term earnings per share and asset growth rates for the years thereafter, as discussed with and confirmed by the senior management of Sandy Spring. In addition, in preparing its analyses Sandler O'Neill used publicly available consensus analyst earnings per share estimates for WashingtonFirst for the years ending December 31, 2017 and December 31, 2018, as well as estimated dividends per share and long term earnings per share and asset growth rates for the years thereafter, as discussed with and confirmed by the senior management of WashingtonFirst. Sandler O'Neill also received and used in its pro forma analyses certain

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assumptions relating to transaction expenses, purchase accounting adjustments and cost savings, as provided by the senior management of Sandy Spring. With respect to the foregoing information, the respective managements of Sandy Spring and WashingtonFirst confirmed to Sandler O'Neill that such information reflected (or, in the case of the publicly available consensus analyst earnings per share estimates referred to above, were consistent with) the best currently available estimates and judgments of those respective managements of the future financial performance of Sandy Spring and WashingtonFirst, respectively, and Sandler O'Neill assumed that such performance would be achieved. Sandler O'Neill expressed no opinion as to such information, or the assumptions on which such information was based. Sandler O'Neill also assumed that there had been no material change in Sandy Spring's or WashingtonFirst's assets, financial condition, results of operations, business or prospects since the date of the most recent financial statements made available to Sandler O'Neill. Sandler O'Neill assumed in all respects material to its analysis that Sandy Spring and WashingtonFirst would remain as going concerns for all periods relevant to Sandler O'Neill's analyses.

Sandler O'Neill also assumed, with Sandy Spring's consent, in all respects material to its analysis, that (i) each of the parties to the merger agreement will comply in all material respects with all material terms and conditions of the merger agreement and all related agreements, that all of the representations and warranties contained in such agreements are true and correct in all material respects, that each of the parties to such agreements will perform in all material respects all of the covenants and other obligations required to be performed by such party under such agreements and that the conditions precedent in such agreements were not and will not be waived, (ii) in the course of obtaining the necessary regulatory or third party approvals, consents and releases with respect to the Transactions, no delay, limitation, restriction or condition will be imposed that would have an adverse effect on Sandy Spring, WashingtonFirst or the Transactions or any related transaction, (iii) the Transactions and any related transaction will be consummated in accordance with the terms of the merger agreement without any waiver, modification or amendment of any material term, condition or agreement thereof and in compliance with all applicable laws and other requirements, and (iv) the Transactions will qualify as a tax-free reorganization for federal income tax purposes. Sandler O'Neill expressed no opinion as to any of the legal, accounting or tax matters relating to the Transactions or any other transactions contemplated in connection therewith.

Sandler O'Neill's opinion was necessarily based on financial, economic, market and other conditions as in effect on, and the information made available to Sandler O'Neill as of, the date thereof. Events occurring after the date thereof could materially affect Sandler O'Neill's opinion. Sandler O'Neill has not undertaken to update, revise, reaffirm or withdraw its opinion or otherwise comment upon events occurring after the date thereof. Sandler O'Neill expressed no opinion as to the trading values of Sandy Spring common stock or WashingtonFirst common stock at any time or what the value of Sandy Spring common stock will be once it is actually received by the holders of WashingtonFirst common stock and WashingtonFirst non-voting common stock.

In performing its analyses, Sandler O'Neill made numerous assumptions with respect to industry performance, general business, economic, market and financial conditions and other matters, which are beyond the control of Sandler O'Neill, Sandy Spring and WashingtonFirst. Any estimates contained in the analyses performed by Sandler O'Neill are not necessarily indicative of actual values or future results, which may be significantly more or less favorable than suggested by these analyses. Additionally, estimates of the values of businesses or securities do not purport to be appraisals or to reflect the prices at which such businesses or securities might actually be sold. Accordingly, these analyses and estimates are inherently subject to substantial uncertainty. In addition, Sandler O'Neill's opinion was among several factors taken into consideration by the Sandy Spring board in making its determination to approve the merger agreement and the merger. Consequently, the analyses described below should not be viewed as determinative of the decision of the Sandy Spring board with respect to the fairness of the exchange ratio. The type and amount of consideration payable in the merger were determined through negotiation between Sandy Spring and WashingtonFirst and the decision to enter into the merger agreement was solely that of the Sandy Spring board.



The following is a summary of the material financial analyses presented by Sandler O'Neill to the Sandy Spring board in connection with its opinion. The summary is not a complete description of the financial analyses

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underlying the opinion or the presentation made by Sandler O'Neill to the Sandy Spring board, but summarizes the material analyses performed and presented in connection with such opinion. The financial analyses summarized below include information presented in tabular format. **In order to fully understand the financial analyses, these tables must be read together with the accompanying text.** The tables alone do not constitute a complete description of the financial analyses. The preparation of a fairness opinion is a complex analytic process involving various determinations as to appropriate and relevant methods of financial analysis and the application of those methods to the particular circumstances. Therefore, a fairness opinion is not readily susceptible to partial analysis or summary description. In arriving at its opinion, Sandler O'Neill did not attribute any particular weight to any analysis or factor that it considered, but rather made qualitative judgments as to the significance and relevance of each analysis and factor. Accordingly, Sandler O'Neill believes that its analyses and the summary of its analyses must be considered as a whole and that selecting portions of its analyses and factors or focusing on the information presented below in tabular format, without considering all analyses and factors or the full narrative description of the financial analyses, including the methodologies and assumptions underlying the analyses, could create a misleading or incomplete view of the process underlying its analyses and opinion.

**Summary of Proposed Merger Consideration and Implied Transaction Metrics**

Sandler O'Neill reviewed the financial terms of the proposed Transactions. Pursuant to the terms of the merger agreement, at the effective time of the first-step merger, by virtue of the first-step merger, automatically and without any action on the part of the holder thereof, each share of WashingtonFirst common stock and each share of WashingtonFirst non-voting common stock that is issued and outstanding at the effective time, except for the excluded shares, shall become and be converted into the number of shares of Sandy Spring common stock as follows: (i) if the Sandy Spring volume-weighted average price is greater than \$53.23, the exchange ratio shall equal 0.8210; (ii) if the Sandy Spring volume-weighted average price is greater than \$50.15 and equal to or less than \$53.23, the exchange ratio shall equal the quotient of \$43.70 divided by the Sandy Spring volume-weighted average price; (iii) if the Sandy Spring volume-weighted average price is equal to or greater than \$37.07 and equal to or less than \$50.15, the exchange ratio shall equal 0.8713; (iv) if the Sandy Spring volume-weighted average price is equal to or greater than \$34.00 and less than \$37.07, the exchange ratio shall be equal to the quotient of \$32.30 divided by the Sandy Spring volume-weighted average price; and (v) if the Sandy Spring volume-weighted average price is less than \$34.00, the exchange ratio shall equal 0.9500. Using Sandy Spring's May 12, 2017 closing stock price of \$41.89, an implied exchange ratio of 0.8713, and based upon the following (as provided by WashingtonFirst management), (a) 13,055,408 shares of WashingtonFirst common stock and WashingtonFirst non-voting common stock outstanding, and (b) 570,303 outstanding WashingtonFirst options with a weighted average strike price of \$14.77, Sandler O'Neill calculated an implied transaction value per share of \$36.50 and an aggregate implied transaction value of approximately \$488.9 million.

Sandler O'Neill calculated the following implied transaction metrics:

Transaction Price / Last Twelve Months ( LTM ) Ended March 31, 2017 Earnings Per Share	25.9x
Transaction Price / 2017 Median Analyst Estimated Earnings Per Share	24.0x
Transaction Price / 2018 Median Analyst Estimated Earnings Per Share	21.7x
Transaction Price / March 31, 2017 Book Value Per Share	239%
Transaction Price / March 31, 2017 Tangible Book Value Per Share	256%
Tangible Book Premium / Core Deposits <sup>(1)</sup>	23.5%
Market Premium as of May 12, 2017	30.8%

- (1) Core deposits equal to total deposits less jumbo CDs (greater than \$100,000)

**Table of Contents*****Stock Trading History***

Sandler O'Neill reviewed the historical publicly reported trading prices of Sandy Spring common stock and WashingtonFirst common stock for the three year period ended May 12, 2017. Sandler O'Neill then compared the relationship between the movements in the price of Sandy Spring common stock and WashingtonFirst common stock, respectively, to movements in their respective peer groups (as described below) as well as certain stock indices.

**Sandy Spring's Three-Year Stock Performance**

	<b>Beginning Value May 12, 2014</b>	<b>Ending Value May 12, 2017</b>
Sandy Spring	100%	169.7%
Sandy Spring Peer Group	100%	163.3%
NASDAQ Bank Index	100%	126.1%
S&P 500 Index	100%	143.8%

**WashingtonFirst's Three-Year Stock Performance**

	<b>Beginning Value May 12, 2014</b>	<b>Ending Value May 12, 2017</b>
WashingtonFirst	100%	203.3%
WashingtonFirst Peer Group	100%	167.6%
NASDAQ Bank Index	100%	126.1%
S&P 500 Index	100%	143.8%

***Sandy Spring Comparable Company Analysis***

Using publicly available information, Sandler O'Neill compared selected financial information for Sandy Spring with a group of financial institutions selected by Sandler O'Neill. The Sandy Spring peer group consisted of publicly-traded banks and thrifts headquartered in the Mid-Atlantic and Southeast regions with total assets between \$3.0 billion and \$7.5 billion, whose securities are publicly traded on a major exchange and whose non-performing assets / total assets is less than 1%, and LTM return on average assets is greater than 0.75% (which we refer to as the Sandy Spring Peer Group in this section). The Sandy Spring Peer Group included the following companies:

Bridge Bancorp, Inc.  
 Bryn Mawr Bank Corporation  
 CenterState Banks, Inc.  
 Financial Institutions, Inc.  
 First Commonwealth Financial Corporation  
 First of Long Island Corporation  
 Flushing Financial Corporation  
 Lakeland Bancorp, Inc.

Peapack-Gladstone Financial Corporation  
 S&T Bancorp, Inc.  
 ServisFirst Bancshares, Inc.  
 State Bank Financial Corporation  
 Tompkins Financial Corporation  
 TriState Capital Holdings, Inc.  
 TrustCo Bank Corp NY  
 WSFS Financial Corporation

Northfield Bancorp, Inc.

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The analysis compared publicly available financial information for Sandy Spring with the corresponding data for the Sandy Spring Peer Group as of or for the twelve months ended March 31, 2017, with pricing data as of May 12, 2017. The table below sets forth the data for Sandy Spring and the median, mean, high and low data for the Sandy Spring Peer Group:

	Sandy Spring	Sandy Spring Peer Group Median	Sandy Spring Peer Group Mean	Sandy Spring Peer Group High	Sandy Spring Peer Group Low
Total assets (\$ in millions)	5,201	4,887	5,055	7,065	3,293
Loans / Deposits (%)	105.1	96.1	94.5	113.4	75.8
Tangible common equity/Tangible assets (%)	8.95	8.32	8.89	15.52	6.16
Non-performing assets <sup>(1)</sup> / Total assets (%)	0.61	0.56	0.53	0.88	0.09
CRE / Total RBC Ratio (%)	279.6	291.1	293.4	548.0	23.2
LTM Return on average assets (%)	1.08	0.94	1.02	1.40	0.77
LTM Return on average equity (%)	9.91	9.81	10.02	16.55	5.24
LTM Net interest margin (%)	3.51	3.36	3.35	4.68	2.20
LTM Efficiency ratio (%)	57.24	58.11	56.66	65.97	38.31
Price/Tangible book value (%)	219	216	221	366	143
Price/LTM Earnings per share	19.2	19.2	19.1	24.7	12.4
Price/2017 Est. Earnings per share (x)	17.2	17.9	18.6	27.9	15.5
Price/2018 Est. Earnings per share (x)	16.2	16.1	16.6	26.4	14.3
Current Dividend Yield (%)	2.5	2.1	1.8	3.4	0.0
Market value (\$ in millions)	1,004	845	973	1,942	479

(1) Nonperforming assets defined as nonaccrual loans and leases, renegotiated loans and leases and real estate owned.

**WashingtonFirst Comparable Company Analysis**

Using publicly available information, Sandler O'Neill compared selected financial information for WashingtonFirst with a group of financial institutions selected by Sandler O'Neill (which we refer to as the WashingtonFirst Peer Group in this section). The WashingtonFirst Peer Group consisted of publicly-traded banks and thrifts headquartered in the Mid-Atlantic and Southeast regions with total assets between \$1.0 billion and \$4.0 billion, whose securities are publicly traded on a major exchange, with LTM return on average assets greater than 0.85%, LTM efficiency ratio less than 65.00%, and non-performing assets / total assets less than 1.5%. The WashingtonFirst Peer Group included the following companies:

Arrow Financial Corporation  
 Bear State Financial, Inc.  
 Bryn Mawr Bank Corporation  
 C&F Financial Corporation  
 Carolina Financial Corporation

First Community Bancshares, Inc.  
 First of Long Island Corporation  
 National Bankshares, Inc.  
 Northfield Bancorp, Inc.  
 Old Line Bancshares, Inc.

Charter Financial Corporation  
Citizens & Northern Corporation  
Codorus Valley Bancorp, Inc.  
Financial Institutions, Inc.

Peoples Financial Services Corp.  
Southern First Bancshares, Inc.  
Unity Bancorp, Inc.

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The analysis compared publicly available financial information for WashingtonFirst with the corresponding data for the WashingtonFirst Peer Group as of or for the twelve months ended March 31, 2017, with pricing data as of May 12, 2017. The table below sets forth the data for WashingtonFirst and the median, mean, high and low data for the WashingtonFirst Peer Group:

	WashingtonFirst	WashingtonFirst Peer Group Median	WashingtonFirst Peer Group Mean	WashingtonFirst Peer Group High	WashingtonFirst Peer Group Low
Total assets (\$ in millions)	2,059	2,024	2,213	3,860	1,226
Loans / Deposits (%)	95.1	96.6	91.9	113.4	62.3
Tangible common equity/Tangible assets (%)	9.01	8.83	9.99	15.52	6.16
Non-performing assets <sup>(1)</sup> / Total assets (%)	0.37	0.59	0.66	1.30	0.09
CRE / Total RBC Ratio (%)	370.9	224.7	227.9	402.2	79.1
LTM Return on average assets (%)	0.99	1.00	1.02	1.26	0.85
LTM Return on average equity (%)	9.60	9.68	9.34	13.15	5.24
LTM Net interest margin (%)	3.50	3.72	3.73	6.24	2.89
LTM Efficiency ratio (%)	62.61	58.48	59.16	64.99	48.83
Price/Tangible book value (%)	196	178	182	273	132
Price/LTM Earnings per share (x)	19.8	17.8	18.0	24.7	12.0
Price/2017 Est. Earnings per share (x)	18.4	16.8	18.0	27.9	15.5
Price/2018 Est. Earnings per share (x)	16.6	14.8	16.2	26.4	13.4
Current Dividend Yield (%)	1.0	2.0	2.1	4.5	0.0
Market value (\$ in millions)	361	313	393	845	165

(1) Nonperforming assets defined as nonaccrual loans and leases, renegotiated loans and real estate owned.

**Selected Transactions Analysis**

Sandler O'Neill reviewed two groups of recent merger and acquisition transactions consisting of a national group as well as a regional group. The national group consisted of nationwide bank & thrift transactions with announced deal values, target total assets between \$1.5 billion and \$3.0 billion, target LTM return on average assets greater than 0.75%, and target non-performing assets/ total assets less than 1.00% announced between January 1, 2013 and May 12, 2017 (which we refer to as the Nationwide Precedent Transactions in this section). The regional group consisted of bank & thrift transactions in the Mid-Atlantic and Southeast with target total assets between \$1.0 billion and \$10.0 billion, target LTM return on average assets greater than 0.50%, and target non-performing assets/ assets less than 1.50% announced between January 1, 2015 and May 12, 2017 (which we refer to as the Regional Precedent Transactions).

The Nationwide Precedent Transactions group was composed of the following transactions:

**Acquiror:**

TowneBank  
PacWest Bancorp

**Target:**

Paragon Commercial Corp.  
CU Bancorp



Home BancShares Inc.  
Simmons First National Corp.  
Pacific Premier Bancorp  
People's United Financial Inc.  
South State Corporation  
Mechanics Bank  
Western Alliance Bancorp  
Simmons First National Corp.  
Prosperity Bancshares Inc.  
Provident New York Bancorp

Stonegate Bank  
First Texas BHC Inc.  
Heritage Oaks Bancorp  
Suffolk Bancorp  
Southeastern Bank Financial Corp.  
California Republic Bancorp  
Bridge Capital Holdings  
Community First Bancshares Inc.  
FVNB Corp.  
Sterling Bancorp

Using the latest publicly available information prior to the announcement of the relevant transaction, Sandler O'Neill reviewed the following transaction metrics: transaction price to last-twelve-months earnings per

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share, transaction price to median analyst estimated earnings per share, transaction price to tangible book value per share, core deposit premium, and 1-day market premium. Sandler O'Neill compared the indicated transaction metrics for the merger to the median, mean, high and low metrics of the Nationwide Precedent Transactions group.

	<b>WashingtonFirst/ Sandy Spring</b>	<b>Median Nationwide Precedent Transactions</b>	<b>Mean Nationwide Precedent Transactions</b>	<b>High Nationwide Precedent Transactions</b>	<b>Low Nationwide Precedent Transactions</b>
Transaction price/LTM earnings per share	25.9x	22.5x	21.3x	26.7x	11.9x
Transaction price/Median analyst estimated earnings per share	24.0x	20.0x	20.5x	25.1x	15.4x
Transaction price/Tangible book value per share	256%	221%	220%	284%	168%
Core deposit premium	23.5%	15.1%	14.6%	21.1%	8.1%
1-Day market premium	30.8%	15.0%	22.4%	50.1%	1.4%

The Regional Precedent Transactions group was composed of the following transactions:

**Acquiror:**

TowneBank  
 South State Corporation  
 Home BancShares Inc.  
 IBERIABANK Corp.  
 Pinnacle Financial Partners  
 Renasant Corp.  
 United Bankshares Inc.  
 F.N.B. Corp.  
 OceanFirst Financial Corp.  
 People's United Financial Inc.  
 South State Corporation  
 Pinnacle Financial Partners  
 Sandy Spring Financial Corp.  
 TowneBank  
 Univest Corp. of Pennsylvania  
 United Bankshares Inc.

**Target:**

Paragon Commercial Corp.  
 Park Sterling Corporation  
 Stonegate Bank  
 Sabadell United Bank N.A.  
 BNC Bancorp  
 Metropolitan BancGroup Inc.  
 Cardinal Financial Corp.  
 Yadkin Financial Corporation  
 Ocean Shore Holding Co.  
 Suffolk Bancorp  
 Southeastern Bank Financial Corp.  
 Avenue Financial Holdings Inc.  
 Cape Bancorp Inc.  
 Monarch Financial Holdings  
 Fox Chase Bancorp Inc.