SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

(Mark one)

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

For the quarterly period ended September 30, 2015

OR

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

For the transition period from __________ to __________

Commission file number 000-17820

LAKELAND BANCORP, INC.

(Exact name of registrant as specified in its charter)

New Jersey	**22-2953275**
(State or other jurisdiction of	**(I.R.S. Employer**

incorporation or organization)	**Identification No.)**
250 Oak Ridge Road, Oak Ridge, New Jersey	**07438**
(Address of principal executive offices)	**(Zip Code)**

(973) 697-2000

(Registrant s telephone number, including area code)

(Former name, former address and former fiscal year, if changed since last report.)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes x No ¨

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, any Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (Section 232.405 of this chapter) during the preceding 12 months (or such shorter period that the registrant was required to submit and post such files). Yes x No ¨

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

Large accelerated filer	¨	Accelerated filer	x
Non-accelerated filer	¨	Smaller reporting Company	¨

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act.): Yes ¨ No x

APPLICABLE ONLY TO CORPORATE ISSUERS:

Indicate the number of shares outstanding of each of the issuer s classes of common stock, as of the latest practicable date.

As of October 30, 2015, there were 37,906,481 outstanding shares of Common Stock, no par value.

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LAKELAND BANCORP, INC.

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The Securities and Exchange Commission maintains a web site which contains reports, proxy and information statements and other information relating to registrants that file electronically at the address: http:/ / www.sec.gov.

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Lakeland Bancorp, Inc. and Subsidiaries

CONSOLIDATED BALANCE SHEETS

	September 30, 2015 (unaudited)	December 31, 2014
	(dollars in thousands except share and per share amounts)	
ASSETS:		
Cash	$ 117,743	$ 102,549
Interest-bearing deposits due from banks	5,396	6,767
Total cash and cash equivalents	123,139	109,316
Investment securities available for sale, at fair value	424,893	457,449
Investment securities held to maturity; fair value of $123,154 at September 30, 2015 and $109,030 at December 31, 2014	121,550	107,976
Federal Home Loan Bank and other membership bank stock, at cost	12,852	9,846
Loans held for sale	1,920	592
Loans, net of deferred costs (fees)	2,851,347	2,653,826
Less: allowance for loan and lease losses	30,994	30,684
Net loans	2,820,353	2,623,142
Premises and equipment, net	35,439	35,675
Accrued interest receivable	8,827	8,896
Goodwill	109,974	109,974
Other identifiable intangible assets	1,644	1,960
Bank owned life insurance	65,014	57,476
Other assets	17,495	16,023
TOTAL ASSETS	$ 3,743,100	$ 3,538,325
LIABILITIES		
Deposits:		
Noninterest bearing	$ 694,267	$ 646,052
Savings and interest-bearing transaction accounts	1,907,858	1,864,805
Time deposits under $100 thousand	164,291	165,625
Time deposits $100 thousand and over	153,257	114,337
Total deposits	2,919,673	2,790,819
Federal funds purchased and securities sold under agreements to repurchase	131,356	108,935
Other borrowings	244,428	202,498
Subordinated debentures	31,238	41,238
Other liabilities	18,718	15,397

TOTAL LIABILITIES		3,345,413		3,158,887
STOCKHOLDERS EQUITY				
Common stock, no par value; authorized shares, 70,000,000; issued 37,906,481 shares at September 30, 2015 and 37,910,840 shares at December 31, 2014		385,941		384,731
Retained earnings (Accumulated deficit)		7,861		(6,816)
Accumulated other comprehensive income		3,885		1,523
TOTAL STOCKHOLDERS EQUITY		397,687		379,438
TOTAL LIABILITIES AND STOCKHOLDERS EQUITY	$	3,743,100	$	3,538,325

The accompanying notes are an integral part of these consolidated financial statements.

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Lakeland Bancorp, Inc. and Subsidiaries

CONSOLIDATED STATEMENTS OF INCOME - UNAUDITED

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2015	2014	2015	2014
	(In thousands, except per share data)			
INTEREST INCOME				
Loans, leases and fees	$ 29,123	$ 27,949	$ 85,230	$ 82,405
Federal funds sold and interest-bearing deposits with banks	7	24	30	46
Taxable investment securities and other	2,639	2,387	8,001	7,448
Tax-exempt investment securities	390	436	1,198	1,376
TOTAL INTEREST INCOME	32,159	30,796	94,459	91,275
INTEREST EXPENSE				
Deposits	1,464	1,256	4,093	3,762
Federal funds purchased and securities sold under agreements to repurchase	33	19	92	69
Other borrowings	1,328	1,069	3,753	2,728
TOTAL INTEREST EXPENSE	2,825	2,344	7,938	6,559
NET INTEREST INCOME	29,334	28,452	86,521	84,716
Provision for loan and lease losses	332	1,194	1,942	4,276
NET INTEREST INCOME AFTER PROVISION FOR LOAN AND LEASE LOSSES	29,002	27,258	84,579	80,440
NONINTEREST INCOME				
Service charges on deposit accounts	2,614	2,689	7,404	7,911
Commissions and fees	984	1,371	3,487	3,466
Gains on sales and calls of investment securities	173		190	2
Gain on debt redemption and extinguishment	1,830		1,830	
Gains on sales of loans	515	143	1,244	378
Income on bank owned life insurance	455	365	1,542	1,090
Other income	116	241	686	406
TOTAL NONINTEREST INCOME	6,687	4,809	16,383	13,253
NONINTEREST EXPENSE				
Salaries and employee benefits	12,376	11,327	36,270	33,340
Net occupancy expense	2,067	2,017	6,888	6,675
Furniture and equipment	1,881	1,605	5,166	4,958
Stationery, supplies and postage	395	368	1,137	1,056

Marketing expense	396	629	1,052	1,491
FDIC insurance expense	474	489	1,523	1,501
Legal expense	301	144	742	636
Expenses on other real estate owned and other repossessed assets	27	50	46	165
Long term debt prepayment penalty	2,407		2,407	
Merger related expenses	330		330	
Core deposit intangible amortization	98	111	316	353
Other expenses	3,080	2,945	9,192	8,782
TOTAL NONINTEREST EXPENSE	23,832	19,685	65,069	58,957
Income before provision for income taxes	11,857	12,382	35,893	34,736
Income tax expense	4,032	4,136	11,876	11,546
NET INCOME	$ 7,825	$ 8,246	$ 24,017	$ 23,190
PER SHARE OF COMMON STOCK				
Basic earnings	$ 0.20	$ 0.22	$ 0.63	$ 0.61
Diluted earnings	$ 0.20	$ 0.22	$ 0.63	$ 0.61
Dividends	$ 0.085	$ 0.075	$ 0.245	$ 0.218

The accompanying notes are an integral part of these consolidated financial statements.

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Lakeland Bancorp, Inc. and Subsidiaries

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME-UNAUDITED

	For the Three Months Ended September 30, 2015	For the Three Months Ended September 30, 2014	For the Nine Months Ended September 30, 2015	For the Nine Months Ended September 30, 2014
	(in thousands)		(in thousands)	
NET INCOME	$ 7,825	$ 8,246	$ 24,017	$ 23,190
OTHER COMPREHENSIVE INCOME, NET OF TAX:				
Unrealized securities gains (losses) during period	1,972	(1,136)	2,470	4,649
Reclassification for gains included in net income	(106)		(123)	(2)
Change in pension liability, net	5	5	15	15
Other Comprehensive Income (Loss)	1,871	(1,131)	2,362	4,662
TOTAL COMPREHENSIVE INCOME	$ 9,696	$ 7,115	$ 26,379	$ 27,852

The accompanying notes are an integral part of these consolidated financial statements.

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Lakeland Bancorp, Inc. and Subsidiaries

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS EQUITY - UNAUDITED

Nine Months Ended September 30, 2015

	Common Stock	Retained Earnings (Accumulated deficit)	Accumulated Other Comprehensive Income	Total
		(dollars in thousands)		
BALANCE January 1, 2015	$ 384,731	($ 6,816)	$ 1,523	$ 379,438
Net Income		24,017		24,017
Other comprehensive income, net of tax			2,362	2,362
Stock based compensation	1,259			1,259
Retirement of restricted stock	(254)			(254)
Issuance of stock	22			22
Exercise of stock options, net of excess tax benefits	183			183
Cash dividends, common stock		(9,340)		(9,340)
BALANCE September 30, 2015 (UNAUDITED)	$ 385,941	$ 7,861	$ 3,885	$ 397,687

The accompanying notes are an integral part of these consolidated financial statements.

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Lakeland Bancorp, Inc. and Subsidiaries

CONSOLIDATED STATEMENTS OF CASH FLOWS - UNAUDITED

	For the Nine Months Ended September 30, 2015	2014
	(dollars in thousands)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$ 24,017	$ 23,190
Adjustments to reconcile net income to net cash provided by operating activities:		
Net amortization of premiums, discounts and deferred loan fees and costs	3,077	2,553
Depreciation and amortization	2,786	2,634
Amortization of intangible assets	317	353
Provision for loan and lease losses	1,942	4,276
Loans originated for sale	(54,467)	(15,504)
Proceeds from sales of loans	54,383	15,569
Gains on sales and calls of securities	(190)	(2)
Gain on debt redemption and extinguishment	(1,830)	
Gains on sales of loans held for sale	(1,244)	(378)
Gains on proceeds from bank owned life insurance policies	(378)	
Gains on other real estate and other repossessed assets	(100)	(143)
Gains on sales of premises and equipment	(6)	(50)
Long-term debt prepayment penalty	2,407	
Stock-based compensation	1,259	1,121
Increase in other assets	(4,151)	(188)
Decrease in other liabilities	3,343	790
NET CASH PROVIDED BY OPERATING ACTIVITIES	31,165	34,221
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from repayments on and maturity of securities:		
Available for sale	55,528	41,704
Held to maturity	16,371	18,064
Proceeds from sales of securities		
Available for sale	33,563	15,646
Held to maturity		1,374
Purchase of securities:		
Available for sale	(54,683)	(65,174)
Held to maturity	(30,367)	(22,901)
Purchase of bank owned life insurance	(7,000)	
Proceeds from bank owned life insurance policy	1,035	
Net increase in Federal Home Loan Bank Stock	(3,006)	(893)
Net increase in loans and leases	(200,489)	(148,397)
Proceeds from sales of other real estate and repossessed assets	1,332	1,098
Proceeds from dispositions and sales of premises and equipment	28	102

Capital expenditures		(2,986)		(1,904)
NET CASH USED IN INVESTING ACTIVITIES		(190,674)		(161,281)
CASH FLOWS FROM FINANCING ACTIVITIES				
Net increase in deposits		128,947		67,858
Increase in federal funds purchased and securities sold under agreements to repurchase		22,421		30,805
Proceeds from other borrowings		69,523		135,700
Repayments of other borrowings		(30,000)		(75,000)
Early redemption and extinguishment of subordinated debentures		(8,170)		
Excess tax benefits		59		70
Exercise of stock options		124		86
Retirement of restricted stock		(254)		(104)
Issuance of stock		22		74
Dividends paid		(9,340)		(7,984)
NET CASH PROVIDED BY FINANCING ACTIVITIES		173,332		151,505
Net increase in cash and cash equivalents		13,823		24,445
Cash and cash equivalents, beginning of period		109,316		102,721
CASH AND CASH EQUIVALENTS, END OF PERIOD	$	123,139	$	127,166

The accompanying notes are an integral part of these consolidated financial statements.

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Notes to Consolidated Financial Statements (Unaudited)

Note 1. Significant Accounting Policies

Basis of Presentation.

This quarterly report presents the consolidated financial statements of Lakeland Bancorp, Inc. (the Company) and its subsidiary, Lakeland Bank (Lakeland). The accounting and reporting policies of the Company conform with accounting principles generally accepted in the United States of America (U.S. GAAP) and predominant practices within the banking industry.

The Company s unaudited interim financial statements reflect all adjustments, such as normal recurring accruals that are, in the opinion of management, necessary for the fair presentation of the results of the interim periods. The results of operations for the nine months ended September 30, 2015 do not necessarily indicate the results that the Company will achieve for all of 2015. You should read these interim financial statements in conjunction with the audited consolidated financial statements and accompanying notes that are presented in the Lakeland Bancorp, Inc. Annual Report on Form 10-K for the year ended December 31, 2014.

On May 21, 2014, the Company s Board of Directors authorized a 5% stock dividend which was distributed on June 17, 2014 to holders of record as of June 3, 2014. All weighted average, actual share and per share information set forth in this Quarterly Report on Form 10-Q have been adjusted retroactively for the effects of the stock dividend.

The financial information in this quarterly report has been prepared in accordance with the Company s customary accounting practices. Certain information and footnote disclosures required under U.S. GAAP have been condensed or omitted, as permitted by rules and regulations of the Securities and Exchange Commission.

Certain reclassifications have been made to prior period financial statements to conform to the 2015 presentation.

Note 2. Share-Based Compensation

The Company grants stock options, restricted stock and restricted stock units (RSUs) under the 2009 Equity Compensation Program. Share-based compensation expense of $1,259,000 and $1,121,000 was recognized for the nine months ended September 30, 2015 and 2014, respectively. As of September 30, 2015, there was unrecognized compensation cost of $314,000 related to unvested restricted stock; that cost is expected to be recognized over a weighted average period of approximately 1.5 years. Unrecognized compensation expense related to unvested stock options was approximately $58,000 as of September 30, 2015 and is expected to be recognized over a period of 1.7 years. Unrecognized compensation expense related to RSUs was approximately $1.3 million as of September 30, 2015, and that cost is expected to be recognized over a period of 1.5 years.

In the first nine months of 2014, the Company granted 1,942 shares of restricted stock at a grant date fair value of $11.21 per share under the 2009 Equity Compensation Program. Compensation expense on these shares is expected to average approximately $4,000 per year over a five year period. No restricted stock was granted in the first nine months of 2015.

In the first nine months of 2015, the Company granted 131,509 RSUs at a weighted average grant date fair value of $11.08 per share under the Company s 2009 Equity Compensation Program. These units vest within a range of two to three years. A portion of these RSUs will vest subject to certain performance conditions in the restricted stock unit agreement. There are also certain provisions in the compensation program which state that if a holder of the RSUs reaches a certain age and years of service, the person has effectively earned a portion of the RSUs at that time. Compensation expense on these restricted stock units is expected to average approximately $485,000 per year over a three year period. In the first nine months of 2014, the Company granted 127,797 RSUs at a weighted average grant date fair value of $10.65 per share under the Company s 2009 Equity Compensation Program. Compensation expense on these RSUs is expected to average approximately $453,000 per year over a three year period.

There were no grants of stock options in the first nine months of 2015 or 2014.

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Option activity under the Company s stock option plans is as follows:

	Number of shares	Weighted average exercise price	Weighted average remaining contractual term (in years)	Aggregate intrinsic value
Outstanding, January 1, 2015	311,705	$ 9.69		$ 681,861
Issued				
Exercised	(16,918)	7.34		
Forfeited	(32,785)	11.48		
Expired				
Outstanding, September 30, 2015	262,002	$ 9.60	2.24	$ 492,831
Options exercisable at September 30, 2015	241,002	$ 9.62	2.15	$ 457,255

The aggregate intrinsic value in the table above represents the total pre-tax intrinsic value (the difference between the Company s closing stock price on the last trading day of the first nine months of 2015 and the exercise price, multiplied by the number of in-the-money options).

The aggregate intrinsic value of stock options exercised during the nine months ended September 30, 2015 and 2014 was $68,000 and $42,000, respectively. Exercise of stock options during the first nine months of 2015 and 2014 resulted in cash receipts of $124,000 and $86,000, respectively.

Information regarding the Company s restricted stock and changes during the nine months ended September 30, 2015 is as follows:

	Number of shares	Weighted average price
Outstanding, January 1, 2015	160,284	$ 9.21
Granted		
Vested	(86,696)	9.11
Forfeited	(88)	9.39
Outstanding, September 30, 2015	73,500	$ 9.32

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Information regarding the Company s RSUs (all unvested) and changes during the nine months ended September 30, 2015 is as follows:

	Number of shares	Weighted average price
Outstanding, January 1, 2015	98,535	$ 10.64
Granted	131,509	11.08
Vested	(25,566)	11.02
Forfeited	(715)	10.78
Outstanding, September 30, 2015	203,763	$ 10.88

Note 3. Comprehensive Income

The components of other comprehensive income are as follows:

	September 30, 2015			September 30, 2014		
For the quarter ended:	Before tax amount	Tax Benefit (Expense) (in thousands)	Net of tax amount	Before tax amount	Tax Benefit (Expense) (in thousands)	Net of tax amount
Net unrealized gains on available for sale securities						
Net unrealized holding gains (losses) arising during period	$ 3,117	($ 1,145)	$ 1,972	($ 1,787)	$ 651	($ 1,136)
Reclassification adjustment for net gains arising during the period	(164)	58	(106)			
Net unrealized gains (losses)	$ 2,953	($ 1,087)	$ 1,866	($ 1,787)	$ 651	($ 1,136)
Change in minimum pension liability	7	(2)	5	7	(2)	5
Other comprehensive income (loss), net	$ 2,960	($ 1,089)	$ 1,871	($ 1,780)	$ 649	($ 1,131)

For the nine months ended:	Before tax amount	Tax Benefit (Expense) (in thousands)	Net of tax amount	Before tax amount	Tax Benefit (Expense) (in thousands)	Net of tax amount
Net unrealized gains on available for sale securities						
Net unrealized holding gains arising during period	$ 3,876	($ 1,406)	$ 2,470	$ 7,253	($ 2,604)	$ 4,649

Reclassification adjustment for net gains arising during the period	(190)	67	(123)	(3)	1	(2)
Net unrealized gains	$ 3,686	($ 1,339)	$ 2,347	$ 7,250	($ 2,603)	$ 4,647
Change in minimum pension liability	23	(8)	15	23	(8)	15
Other comprehensive income, net	$ 3,709	($ 1,347)	$ 2,362	$ 7,273	($ 2,611)	$ 4,662

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The following table shows the changes in the balances of each of the components of other comprehensive income for the periods presented (in thousands):

Changes in Accumulated Other Comprehensive Income by Component (a)

	For the Three Months Ended September 30, 2015			For the Three Months Ended September 30, 2014		
	Unrealized Gains on Available-for-sale Securities	Pension Items	Total	Unrealized Gains (Losses) on Available-for-sale Securities	Pension Items	Total
Beginning Balance	$ 2,012	$ 2	$ 2,014	$ 1,136	($ 18)	$ 1,118
Other comprehensive income (loss) before classifications	1,972	5	1,977	(1,136)	5	(1,131)
Amounts reclassified from accumulated other comprehensive income	(106)		(106)			
Net current period other comprehensive income (loss)	1,866	5	1,871	(1,136)	5	(1,131)
Ending balance	$ 3,878	$ 7	$ 3,885	$	($ 13)	($ 13)

	For the Nine Months Ended September 30, 2015			For the Nine Months Ended September 30, 2014		
	Unrealized Gains and Losses on Available-for-sale Securities	Pension Items	Total	Unrealized Gains (Losses) on Available-for-sale Securities	Pension Items	Total
Beginning Balance	$ 1,531	($ 8)	$ 1,523	($ 4,647)	($ 28)	($ 4,675)
Other comprehensive income before classifications	2,470	15	2,485	4,649	15	4,664
Amounts reclassified from accumulated other comprehensive income	(123)		(123)	(2)		(2)
	2,347	15	2,362	4,647	15	4,662

Net current period other comprehensive income										
Ending balance	$ 3,878	$	7	$ 3,885	$		($	13)	($	13)

(a) All amounts are net of tax.

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Note 4. Statement of Cash Flow Information, Supplemental Information

	For the Nine Months Ended September 30, 2015	2014
	(in thousands)	
Supplemental schedule of noncash investing and financing activities:		
Cash paid during the period for income taxes	$ 11,651	$ 10,824
Cash paid during the period for interest	7,880	6,492
Transfer of loans and leases into other repossessed assets and other real estate owned	1,025	1,417

Note 5. Earnings Per Share

The following schedule shows the Company s earnings per share for the periods presented:

(In thousands, except per share data)	For the Three Months Ended September 30, 2015	2014	For the Nine Months Ended September 30, 2015	2014
Net income available to common shareholders	$ 7,825	$ 8,246	$ 24,017	$ 23,190
Less: earnings allocated to participating securities	68	65	189	162
Net income allocated to common shareholders	$ 7,757	$ 8,181	$ 23,828	$ 23,028
Weighted average number of common shares outstanding - basic (1)	37,856	37,764	37,837	37,741
Share-based plans (1)	159	113	139	109
Weighted average number of common shares - diluted (1)	38,015	37,877	37,976	37,850
Basic earnings per share	$ 0.20	$ 0.22	$ 0.63	$ 0.61
Diluted earnings per share	$ 0.20	$ 0.22	$ 0.63	$ 0.61

(1) Weighted average shares for 2014 were adjusted for 5% stock dividend distributed June 17, 2014 to shareholders of record on June 3, 2014.

Options to purchase 83,054 shares of common stock at a weighted average price of $12.29 per share were outstanding and were not included in the computations of diluted earnings per share for the three and nine months ended September 30, 2015 because the exercise price was greater than the average market price.

Options to purchase 288,850 shares of common stock at a weighted average price of $11.88 per share were outstanding and were not included in the computation of diluted earnings per share for the three and nine months ended September 30, 2014 because the exercise price was greater than the average market price.

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Note 6. Investment Securities

AVAILABLE FOR SALE	**September 30, 2015**				December 31, 2014			
	Amortized Cost	**Gross Unrealized Gains**	**Gross Unrealized Losses**	**Fair Value**	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
	(in thousands)				(in thousands)			
U.S. treasury and U.S. government agencies	**$ 78,455**	**$ 667**	**$ (11)**	**$ 79,111**	$ 94,466	$ 261	$ (807)	$ 93,920
Mortgage-backed securities, residential	**283,066**	**3,552**	**(951)**	**285,667**	309,162	2,868	(2,075)	309,955
Mortgage-backed securities, multifamily	**10,263**	**55**	**(16)**	**10,302**	4,973	3		4,976
Obligations of states and political subdivisions	**30,089**	**844**	**(110)**	**30,823**	29,764	888	(133)	30,519
Other debt securities	**497**	**5**		**502**	494	11		505
Equity securities	**16,443**	**2,297**	**(252)**	**18,488**	16,196	1,589	(211)	17,574
	$ 418,813	**$ 7,420**	**$ (1,340)**	**$ 424,893**	$ 455,055	$ 5,620	$ (3,226)	$ 457,449

HELD TO MATURITY	**September 30, 2015**				December 31, 2014			
	Amortized Cost	**Gross Unrealized Gains**	**Gross Unrealized Losses**	**Fair Value**	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
	(in thousands)				(in thousands)			
U.S. government agencies	**$ 35,482**	**$ 584**	**$**	**$ 36,066**	$ 20,477	$ 232	$ (84)	$ 20,625
Mortgage-backed securities, residential	**37,665**	**624**	**(163)**	**38,126**	42,309	645	(385)	42,569
Mortgage-backed securities, multifamily	**2,185**	**1**	**(34)**	**2,152**	2,259		(60)	2,199
Obligations of states and political subdivisions	**44,695**	**662**	**(170)**	**45,187**	41,401	658	(90)	41,969
Other debt securities	**1,523**	**100**		**1,623**	1,530	138		1,668
	$ 121,550	**$ 1,971**	**$ (367)**	**$ 123,154**	$ 107,976	$ 1,673	$ (619)	$ 109,030

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The following table shows investment securities by stated maturity. Securities backed by mortgages have expected maturities that differ from contractual maturities because borrowers have the right to call or prepay, and are, therefore, classified separately with no specific maturity date (in thousands):

	September 30, 2015			
	Available for Sale		Held to Maturity	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Due in one year or less	$ 3,518	$ 3,559	$ 5,697	$ 5,707
Due after one year through five years	69,771	70,746	18,727	19,160
Due after five years through ten years	35,231	35,609	49,645	50,361
Due after ten years	521	522	7,631	7,648
	109,041	110,436	81,700	82,876
Mortgage-backed securities	293,329	295,969	39,850	40,278
Equity securities	16,443	18,488		
Total securities	$ 418,813	$ 424,893	$ 121,550	$ 123,154

The following table shows proceeds from sales of securities, gross gains and gross losses on sales or calls of securities and other than temporary impairments for the periods indicated (in thousands):

	For the Three Months Ended		For the Nine Months Ended	
	September 30,		September 30,	
	2015	2014	2015	2014
Sale proceeds	$ 22,091	$	$ 33,563	$ 17,020
Gross gains	223		251	346
Gross losses	(50)		(61)	(344)

The above sales in 2014 include sales of $1.4 million in held to maturity mortgage-backed securities of which the Company had already collected over 90% of the principal outstanding. The Company realized $73,000 in gains on sales of these securities.

Gains or losses on sales of investment securities are based on the net proceeds and the adjusted carrying amount of the securities sold using the specific identification method.

Securities with a carrying value of approximately $351.1 million and $356.1 million at September 30, 2015 and December 31, 2014, respectively, were pledged to secure public deposits and for other purposes required by applicable laws and regulations.

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The following table indicates the length of time individual securities have been in a continuous unrealized loss position at September 30, 2015 and December 31, 2014:

September 30, 2015	**Less than 12 months**		**12 months or longer**		**Total**		
AVAILABLE FOR SALE	**Fair value**	**Unrealized Losses**	**Fair value**	**Unrealized Losses**	**Number of securities**	**Fair value**	**Unrealized Losses**
			(dollars in thousands)				
U.S. treasury and U.S. government agencies	**$ 5,148**	**$ 11**	**$**	**$**	**1**	**$ 5,148**	**$ 11**
Mortgage-backed securities, residential	**32,764**	**252**	**52,992**	**699**	**26**	**85,756**	**951**
Mortgage-backed securities, multifamily	**5,272**	**16**			**1**	**5,272**	**16**
Obligations of states and political subdivisions	**2,349**	**44**	**1,804**	**66**	**9**	**4,153**	**110**
Equity securities			**4,896**	**252**	**2**	**4,896**	**252**
	$ 45,533	**$ 323**	**$ 59,692**	**$ 1,017**	**39**	**$ 105,225**	**$ 1,340**
HELD TO MATURITY							
U.S. government agencies	**$**	**$**	**$**	**$**		**$**	**$**
Mortgage-backed securities, residential	**8,879**	**31**	**7,103**	**132**	**6**	**15,982**	**163**
Mortgage-backed securities, multifamily			**895**	**34**	**1**	**895**	**34**
Obligations of states and political subdivisions	**10,807**	**141**	**2,024**	**29**	**16**	**12,831**	**170**
	$ 19,686	**$ 172**	**$ 10,022**	**$ 195**	**23**	**$ 29,708**	**$ 367**

December 31, 2014	**Less than 12 months**		**12 months or longer**		**Total**		
AVAILABLE FOR SALE	**Fair value**	**Unrealized Losses**	**Fair value**	**Unrealized Losses**	**Number of securities**	**Fair value**	**Unrealized Losses**
			(dollars in thousands)				
U.S. government agencies	$ 5,057	$ 28	$ 46,135	$ 779	11	$ 51,192	$ 807
Mortgage-backed securities, residential	34,832	177	74,414	1,898	28	109,246	2,075
Obligations of states and political subdivisions	1,266	29	5,033	104	12	6,299	133
Other debt securities							

Equity securities						4,819		211	2		4,819		211
	$	41,155	$	234	$	130,401	$	2,992	53	$	171,556	$	3,226
HELD TO MATURITY													
U.S. government agencies	$		$		$	5,736	$	84	1	$	5,736	$	84
Mortgage-backed securities, residential		6,236		50		17,557		335	8		23,793		385
Mortgage-backed securities, multifamily						2,199		60	2		2,199		60
Obligations of states and political subdivisions		1,290		7		4,206		83	13		5,496		90
	$	7,526	$	57	$	29,698	$	562	24	$	37,224	$	619

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Management has evaluated the securities in the above table and has concluded that none of the securities are other-than-temporarily impaired. The cause of the fair values being below cost is due to interest rate movements and is deemed temporary. All investment securities are evaluated on a periodic basis to identify any factors that would require a further analysis. In evaluating the Company s securities, management considers the following items:

- The Company s ability and intent to hold the securities, including an evaluation of the need to sell the security to meet certain liquidity measures, or whether the Company has sufficient levels of cash to hold the identified security in order to recover the entire amortized cost of the security;

- The financial condition of the underlying issuer;

- The credit ratings of the underlying issuer and if any changes in the credit rating have occurred;

- The length of time the security s fair value has been less than amortized cost; and

- Adverse conditions related to the security or its issuer if the issuer has failed to make scheduled payments or other factors.

If the above factors indicate that an additional analysis is required, management will perform and consider the results of a discounted cash flow analysis.

As of September 30, 2015, the equity securities include investments in other financial institutions for market appreciation purposes. Those equities had a purchase price of $2.7 million and a market value of $4.9 million as of September 30, 2015.

As of September 30, 2015, equity securities also included $13.6 million in investment funds that do not have a quoted market price but use net asset value per share or its equivalent to measure fair value.

The funds include $2.9 million in funds that are primarily invested in community development loans that are guaranteed by the Small Business Administration (SBA). Because the funds are primarily guaranteed by the federal government there are minimal changes in market value between accounting periods. These funds can be redeemed with 60 days notice at the net asset value less unpaid management fees with the approval of the fund manager. As of September 30, 2015, the net amortized cost equaled the market value of the investment. There are no unfunded commitments related to this investment.

The funds also include $10.7 million in funds that are invested in government guaranteed loans, mortgage-backed securities, small business loans and other instruments supporting affordable housing and economic development. The Company may redeem these funds at the net asset value calculated at the end of the current business day less any unpaid management fees. As of September 30, 2015, the amortized cost of these securities was $10.8 million and the fair value was $10.7 million. There are no restrictions on redemptions for the holdings in these investments other than the notice required by the fund manager. There are no unfunded commitments related to this investment.

Note 7. Loans, Leases and Other Real Estate.

The following sets forth the composition of Lakeland s loan and lease portfolio as of September 30, 2015 and December 31, 2014:

	September 30, 2015	December 31, 2014
	(in thousands)	
Commercial, secured by real estate	$ 1,676,703	$ 1,529,761
Commercial, industrial and other	290,961	238,252
Leases	55,057	54,749
Real estate - residential mortgage	400,247	431,190
Real estate - construction	100,208	64,020
Home equity and consumer	330,588	337,642
Total loans	2,853,764	2,655,614
Less: deferred fees	(2,417)	(1,788)
Loans, net of deferred fees	$ 2,851,347	$ 2,653,826

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At September 30, 2015 and December 31, 2014, home equity and consumer loans included overdraft deposit balances of $571,000 and $791,000, respectively. At September 30, 2015 and December 31, 2014, the Company had $662.0 million and $338.5 million in loans pledged for actual and potential borrowings at the Federal Home Loan Bank of New York (FHLB).

Non-Performing Assets and Past Due Loans

The following schedule sets forth certain information regarding the Company s non-performing assets and its accruing troubled debt restructurings:

(in thousands)	September 30, 2015	December 31, 2014
Commercial, secured by real estate	$ 8,176	$ 7,424
Commercial, industrial and other	832	308
Leases	154	88
Real estate - residential mortgage	8,805	9,246
Real estate - construction		188
Home equity and consumer	3,530	3,415
Total non-accrual loans and leases	$ 21,497	$ 20,669
Other real estate and other repossessed assets	819	1,026
TOTAL NON-PERFORMING ASSETS	$ 22,316	$ 21,695
Troubled debt restructurings, still accruing	$ 11,927	$ 10,579

Non-accrual loans included $1.9 million and $1.3 million of troubled debt restructurings as of September 30, 2015 and December 31, 2014, respectively. As of September 30, 2015, the Company had $8.8 million in residential mortgages and consumer home equity loans that were in the process of foreclosure.

An age analysis of past due loans, segregated by class of loans as of September 30, 2015 and December 31, 2014, is as follows:

September 30, 2015	30-59 Days Past Due	60-89 Days Past Due	Greater Than 89 Days	Total Past Due	Current	Total Loans and Leases	Recorded Investment greater than 89 Days and still accruing
				(in thousands)			
Commercial, secured by real estate	$ 2,347	$ 1,136	$ 6,859	$ 10,342	$ 1,666,361	$ 1,676,703	$
Commercial, industrial and other	127	385	833	1,345	289,616	290,961	
Leases	299		154	453	54,604	55,057	
Real estate - residential mortgage	2,815	663	7,814	11,292	388,955	400,247	
Real estate - construction	1,100			1,100	99,108	100,208	
Home equity and consumer	1,319	433	2,976	4,728	325,860	330,588	123
	$ 8,007	$ 2,617	$ 18,636	$ 29,260	$ 2,824,504	$ 2,853,764	$ 123
December 31, 2014							
Commercial, secured by real estate	$ 2,714	$ 2,999	$ 5,972	$ 11,685	$ 1,518,076	$ 1,529,761	$
Commercial, industrial and other	944	2	308	1,254	236,998	238,252	
Leases	108	24	88	220	54,529	54,749	
Real estate - residential mortgage	3,325	354	6,710	10,389	420,801	431,190	
Real estate - construction	224		188	412	63,608	64,020	
Home equity and consumer	1,583	598	2,951	5,132	332,510	337,642	66
	$ 8,898	$ 3,977	$ 16,217	$ 29,092	$ 2,626,522	$ 2,655,614	$ 66

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Impaired Loans

The Company defines impaired loans as all non-accrual loans and leases with recorded investments of $500,000 or greater. Impaired loans also includes all loans modified in troubled debt restructurings. Impaired loans as of September 30, 2015, September 30, 2014 and December 31, 2014 are as follows:

September 30, 2015	Recorded Investment in Impaired loans	Contractual Unpaid Principal Balance	Specific Allowance (in thousands)	Interest Income Recognized	Average Investment in Impaired loans
Loans without specific allowance:					
Commercial, secured by real estate	$ 13,355	$ 13,760	$	$ 297	$ 13,032
Commercial, industrial and other	1,214	1,907		11	796
Real estate - residential mortgage	2,319	2,325			2,185
Real estate - construction					94
Home equity and consumer	818	819		5	905
Loans with specific allowance:					
Commercial, secured by real estate	5,993	6,167	441	180	5,632
Commercial, industrial and other	1,055	1,055	43	34	1,055
Leases	9	9	9		6
Real estate - residential mortgage	722	722	77	27	722
Real estate - construction	386	386	14	9	288
Home equity and consumer	1,028	1,028	664	41	1,058
Total:					
Commercial, secured by real estate	$ 19,348	$ 19,927	$ 441	$ 477	$ 18,664
Commercial, industrial and other	2,269	2,962	43	45	1,851
Leases	9	9	9		6
Real estate - residential mortgage	3,041	3,047	77	27	2,907
Real estate - construction	386	386	14	9	382
Home equity and consumer	1,846	1,847	664	46	1,963
	$ 26,899	$ 28,178	$ 1,248	$ 604	$ 25,773

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September 30, 2014	Recorded Investment in Impaired loans	Contractual Unpaid Principal Balance	Specific Allowance (in thousands)	Interest Income Recognized	Average Investment in Impaired loans
Loans without specific allowance:					
Commercial, secured by real estate	$ 15,393	$ 16,047	$	$ 318	$ 15,899
Commercial, industrial and other	416	920		43	1,446
Real estate - residential mortgage	252	252			275
Real estate - construction	189	189			411
Home equity and consumer					
Loans with specific allowance:					
Commercial, secured by real estate	3,301	3,771	219	119	3,875
Commercial, industrial and other	149	149	12	5	170
Real estate - residential mortgage	1,211	1,013	171	6	170
Real estate - construction					
Home equity and consumer	1,326	1,326	686	36	1,044
Total:					
Commercial, secured by real estate	$ 18,694	$ 19,818	$ 219	$ 437	$ 19,774
Commercial, industrial and other	565	1,069	12	48	1,616
Real estate - residential mortgage	1,463	1,265	171	6	445
Real estate - construction	189	189			411
Home equity and consumer	1,326	1,326	686	36	1,044
	$ 22,237	$ 23,667	$ 1,088	$ 527	$ 23,290

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December 31, 2014	Recorded Investment in Impaired loans	Contractual Unpaid Principal Balance	Specific Allowance (in thousands)	Interest Income Recognized	Average Investment in Impaired loans
Loans without specific allowance:					
Commercial, secured by real estate	$ 14,172	$ 15,520	$	$ 436	$ 16,092
Commercial, industrial and other	327	1,697		43	1,513
Real estate - residential mortgage	1,681	1,681			308
Real estate - construction	188	552			464
Home equity and consumer	741	741		7	153
Loans with specific allowance:					
Commercial, secured by real estate	5,666	5,818	634	156	3,858
Commercial, industrial and other	425	425	10	9	342
Real estate - residential mortgage	1,238	1,238	217	19	438
Real estate - construction					
Home equity and consumer	1,255	1,255	1,031	41	975
Total:					
Commercial, secured by real estate	$ 19,838	$ 21,338	$ 634	$ 592	$ 19,950
Commercial, industrial and other	752	2,122	10	52	1,855
Real estate - residential mortgage	2,919	2,919	217	19	746
Real estate - construction	188	552			464
Home equity and consumer	1,996	1,996	1,031	48	1,128
	$ 25,693	$ 28,927	$ 1,892	$ 711	$ 24,143

Interest that would have been accrued on impaired loans during the first nine months of 2015 and 2014 had the loans been performing under original terms would have been $1.1 million and $1.3 million, respectively. Interest that would have accrued for the year ended December 31, 2014 was $1.8 million.

Credit Quality Indicators

The class of loans is determined by internal risk rating. Management closely and continually monitors the quality of its loans and leases and assesses the quantitative and qualitative risks arising from the credit quality of its loans and leases. It is the policy of Lakeland to require that a Credit Risk Rating be assigned to all commercial loans and loan commitments. The Credit Risk Rating System has been developed by management to provide a methodology to be used by Loan Officers, department heads and Senior Management in identifying various levels of credit risk that exist within Lakeland s loan portfolios. The risk rating system assists Senior Management in evaluating Lakeland s commercial loan portfolio, analyzing trends, and determining the proper level of required reserves to be recommended to the Board. In assigning risk ratings, management considers, among other things, a borrower s debt service coverage, earnings strength, loan to value ratios, industry conditions and economic conditions. Management categorizes commercial loans and commitments into a one (1) to nine (9) numerical structure with rating 1 being the strongest rating and rating 9 being the weakest. Ratings 1 through 5W are considered Pass ratings.

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The following table shows the Company s commercial loan portfolio as of September 30, 2015 and December 31, 2014, by the risk ratings discussed above (in thousands):

September 30, 2015 Risk Rating	Commercial, secured by real estate	Commercial, industrial and other	Real estate-construction
1	$	$ 1,593	$
2		9,781	
3	65,354	57,606	
4	507,462	104,436	14,598
5	974,232	91,851	81,029
5W - Watch	45,775	6,292	179
6 - Other Assets Especially Mentioned	37,591	5,092	1,989
7 - Substandard	46,289	14,310	2,413
8 - Doubtful			
9 - Loss			
Total	$ 1,676,703	$ 290,961	$ 100,208

December 31, 2014 Risk Rating	Commercial, secured by real estate	Commercial, industrial and other	Real estate-construction
1	$	$ 1,040	$
2		8,755	
3	69,243	30,386	
4	479,667	91,836	7,527
5	867,023	69,723	51,833
5W - Watch	40,991	15,572	225
6 - Other Assets Especially Mentioned	27,764	8,057	2,710
7 - Substandard	45,073	12,883	1,725
8 - Doubtful			
9 - Loss			
Total	$ 1,529,761	$ 238,252	$ 64,020

The risk rating tables above do not include consumer or residential loans or leases because they are evaluated on their payment status.

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Allowance for Loan and Lease Losses

As part of an ongoing evaluation process of developing the Allowance for Loan Losses estimate, management continually evaluates and updates their assumptions based on the current economic environment and their own loss experience. During the third quarter of 2015, the Company refined and enhanced its assessment of the adequacy of the allowance for loan and lease losses by extending the lookback period on its commercial loan portfolios from three years to five years and by extending the lookback period for all other portfolios from two to three years in order to capture more of the economic cycle. It also enhanced its qualitative factor framework to include a factor that captures the risk related to appraised real estate values, and how those values could change in relation to a change in capitalization rates. This enhancement is meant to increase the level of precision in the allowance for loan and lease losses. As a result, the Company will no longer have an unallocated segment in its allowance for loan losses, as the risks and uncertainties meant to be captured by the unallocated allowance have been included in the qualitative framework for the respective portfolios. As such, the unallocated allowance has in essence been reallocated to the certain portfolios based on the risks and uncertainties it was meant to capture.

The following table details activity in the allowance for loan and lease losses by portfolio segment for the three and nine months ended September 30, 2015 and 2014:

Three Months Ended September 30, 2015 Allowance for Loan and Lease Losses:	Commercial, secured by real estate	Commercial, industrial and other	Leases	Real estate-residential mortgage	Real estate-construction	Home equity and consumer	Unallocated	Total
				(in thousands)				
Beginning Balance	$ 13,919	$ 2,868	$ 954	$ 3,016	$ 725	$ 5,919	$ 2,773	$ 30,174
Charge-offs	(41)	(131)	(17)	(151)		(244)		(584)
Recoveries	977	43	4	8		40		1,072
Provision	6,812	(1,467)	(256)	(651)	704	(2,037)	(2,773)	332
Ending Balance	$ 21,667	$ 1,313	$ 685	$ 2,222	$ 1,429	$ 3,678	$ 0	$ 30,994

Three Months Ended September 30, 2014 Allowance for Loan and Lease Losses:	Commercial, secured by real estate	Commercial, industrial and other	Leases	Real estate-residential mortgage	Real estate-construction	Home equity and consumer	Unallocated	Total
				(in thousands)				
Beginning Balance	$ 14,042	$ 3,601	$ 654	$ 4,231	$ 536	$ 4,111	$ 2,691	$ 29,866
Charge-offs	(134)	(143)	(229)	(192)		(675)		(1,373)
Recoveries	97	215		3	8	37		360
Provision	(714)	(678)	403	97	(36)	1,465	657	1,194
Ending Balance	$ 13,291	$ 2,995	$ 828	$ 4,139	$ 508	$ 4,938	$ 3,348	$ 30,047

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Nine Months Ended September 30, 2015 Allowance for Loan and Lease Losses:	Commercial, secured by real estate	Commercial, industrial and other	Leases	Real estate-residential mortgage	Real estate-construction	Home equity and consumer	Unallocated	Total
				(in thousands)				
Beginning Balance	$ 13,577	$ 3,196	$ 582	$ 4,020	$ 553	$ 6,333	$ 2,423	$ 30,684
Charge-offs	(1,392)	(205)	(546)	(257)	(20)	(920)		(3,340)
Recoveries	1,341	127	24	11	106	99		1,708
Provision	8,141	(1,805)	625	(1,552)	790	(1,834)	(2,423)	1,942
Ending Balance	$ 21,667	$ 1,313	$ 685	$ 2,222	$ 1,429	$ 3,678	$	$ 30,994

Nine Months Ended September 30, 2014 Allowance for Loan and Lease Losses:	Commercial, secured by real estate	Commercial, industrial and other	Leases	Real estate-residential mortgage	Real estate-construction	Home equity and consumer	Unallocated	Total
				(in thousands)				
Beginning Balance	$ 14,463	$ 5,331	$ 504	$ 3,214	$ 542	$ 2,737	3,030	29,821
Charge-offs	(1,925)	(755)	(394)	(701)	(25)	(1,759)		(5,559)
Recoveries	451	894		12	9	143		1,509
Provision	302	(2,475)	718	1,614	(18)	3,817	318	4,276
Ending Balance	$ 13,291	$ 2,995	$ 828	$ 4,139	$ 508	$ 4,938	$ 3,348	$ 30,047

Loans receivable summarized by portfolio segment and impairment method are as follows:

At September 30, 2015	Commercial, secured by real estate	Commercial, industrial and other	Leases	Real estate-residential mortgage	Real estate-construction	Home equity and consumer	Total
			(in thousands)				
Ending Balance: Individually evaluated for impairment	$ 19,348	$ 2,269	$ 9	$ 3,041	$ 386	$ 1,846	$ 26,899
Ending Balance: Collectively evaluated for impairment	1,657,355	288,692	55,048	397,206	99,822	328,742	2,826,865
Ending Balance (1)	$ 1,676,703	$ 290,961	$ 55,057	$ 400,247	$ 100,208	$ 330,588	$ 2,853,764

(1) Excludes deferred fees

At December 31, 2014	Commercial, secured by real estate	Commercial, industrial and other	Leases	Real estate-residential mortgage	Real estate-construction	Home equity and consumer	Total
			(in thousands)				
Ending Balance: Individually evaluated for impairment	$ 19,838	$ 752	$	$ 2,919	$ 188	$ 1,996	$ 25,693
Ending Balance: Collectively evaluated for impairment	1,509,923	237,500	54,749	428,271	63,832	335,646	2,629,921
Ending Balance (1)	$ 1,529,761	$ 238,252	$ 54,749	$ 431,190	$ 64,020	$ 337,642	$ 2,655,614

(1) Excludes deferred fees

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The allowance for loan and lease losses is summarized by portfolio segment and impairment classification as follows:

At September 30, 2015	Commercial, secured by real estate	Commercial, industrial and other	Leases	Real estate-residential mortgage	Real estate-construction	Home equity and consumer	Unallocated	Total
				(in thousands)				
Ending Balance: Individually evaluated for impairment	$ 441	$ 43	$ 9	$ 77	$ 14	$ 664	$	$ 1,248
Ending Balance: Collectively evaluated for impairment	21,226	1,270	676	2,145	1,415	3,014		29,746
Ending Balance	$ 21,667	$ 1,313	$ 685	$ 2,222	$ 1,429	$ 3,678	$	$ 30,994

At December 31, 2014	Commercial, secured by real estate	Commercial, industrial and other	Leases	Real estate-residential mortgage	Real estate-construction	Home equity and consumer	Unallocated	Total
				(in thousands)				
Ending Balance: Individually evaluated for impairment	$ 634	$ 10	$	$ 217	$	$ 1,031	$	$ 1,892
Ending Balance: Collectively evaluated for impairment	12,943	3,186	582	3,803	553	5,302	2,423	28,792
Ending Balance	$ 13,577	$ 3,196	$ 582	$ 4,020	$ 553	$ 6,333	$ 2,423	$ 30,684

Lakeland also maintains a reserve for unfunded lending commitments which is included in other liabilities. This reserve was $1.5 million and $1.1 million at September 30, 2015 and December 31, 2014, respectively. The Company analyzes the adequacy of the reserve for unfunded lending commitments in conjunction with its analysis of the adequacy of the allowance for loan and lease losses. For more information on this analysis, see Risk Elements in Management s Discussion and Analysis.

Troubled Debt Restructurings

Troubled debt restructurings are those loans where concessions have been made due to borrowers financial difficulties. Restructured loans typically involve a modification of terms such as a reduction of the stated interest rate, a moratorium of principal payments and/or an extension of the maturity date at a stated interest rate lower than the current market rate of a new loan with similar risk. The Company considers the potential losses on these loans as well as the remainder of its impaired loans while considering the adequacy of the allowance for loan and lease losses.

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The following table summarizes loans that have been restructured during the three and nine months ended September 30, 2015 and 2014:

	For the Three Months Ended September 30, 2015			For the Three Months Ended September 30, 2014		
	Number of Contracts	Pre-Modification Outstanding Recorded Investment	Post-Modification Outstanding Recorded Investment	Number of Contracts	Pre-Modification Outstanding Recorded Investment	Post-Modification Outstanding Recorded Investment
	(Dollars in thousands)			(Dollars in thousands)		
Troubled Debt Restructurings:						
Commercial, secured by real estate		$	$		$	$
Commercial, industrial and other						
Leases						
Real estate - residential mortgage				4	1,211	1,211
Real estate - construction						
Home equity and consumer				3	317	317
		$	$	7	$ 1,528	$ 1,528

	For the Nine Months Ended September 30, 2015			For the Nine Months Ended September 30, 2014		
	Number of Contracts	Pre-Modification Outstanding Recorded Investment	Post-Modification Outstanding Recorded Investment	Number of Contracts	Pre-Modification Outstanding Recorded Investment	Post-Modification Outstanding Recorded Investment
	(Dollars in thousands)			(Dollars in thousands)		
Troubled Debt Restructurings:						
Commercial, secured by real estate	2	$ 1,458	$ 1,458	2	$ 1,697	$ 1,697
Commercial, industrial and other	3	1,933	1,933			
Leases	1	14	14			
Real estate - residential mortgage				4	1,211	1,211
Real estate - construction	1	396	396			
Home equity and consumer	1	9	9	6	652	652
	8	$ 3,810	$ 3,810	12	$ 3,560	$ 3,560

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The following table summarizes as of September 30, 2015 and 2014, loans that were restructured within the previous 12 months that have subsequently defaulted:

	For the Nine Months Ended			
	September 30, 2015		September 30, 2014	
	Number of Contracts	Recorded Investment	Number of Contracts	Recorded Investment
	(Dollars in thousands)		(Dollars in thousands)	
Defaulted Troubled Debt Restructurings:				
Commercial, secured by real estate		$	1	$ 32
Commercial, industrial and other				
Leases				
Real estate - residential mortgage			1	179
Real estate - construction				
Home equity and consumer				
		$	2	$ 211

Mortgages Held for Sale

Residential mortgages originated by the bank and held for sale in the secondary market are carried at the lower of cost or fair market value. Fair market value is generally determined by the value of purchase commitments on individual loans. Losses are recorded as a valuation allowance and charged to earnings. As of September 30, 2015, the Company had $1.9 million in mortgages held for sale compared to $592,000 as of December 31, 2014.

Other Real Estate and Other Repossessed Assets

At September 30, 2015 the Company had other real estate owned and other repossessed assets of $803,000 and $16,000, respectively. The other real estate owned that the Company held at September 30, 2015 included $675,000 in residential property acquired as a result of foreclosure proceedings or through a deed in lieu of foreclosure. At December 31, 2014, the Company had other real estate owned and other repossessed assets of $977,000 and $49,000, respectively.

Note 8. Estimated Fair Value of Financial Instruments and Fair Value Measurement

Fair Value Measurement

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in the principal or most advantageous market for an asset or liability in an orderly transaction between market participants at the measurement date. U.S. GAAP establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three broad levels giving the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest level priority to unobservable inputs (level 3 measurements). The following describes the three levels of fair value hierarchy:

Level 1 unadjusted quoted prices in active markets for identical assets or liabilities; includes U.S. Treasury Notes, and other U.S. Government Agency securities that actively trade in over-the-counter markets; equity securities and mutual funds that actively trade in over-the-counter markets.

Level 2 quoted prices for similar assets or liabilities in active markets; or quoted prices for identical or similar assets or liabilities in markets that are not active; or inputs other than quoted prices that are observable for the asset or liability including yield curves, volatilities, and prepayment speeds.

Level 3 unobservable inputs for the asset or liability that reflect the Company s own assumptions about assumptions that market participants would use in the pricing of the asset or liability and that are consequently not based on market activity but upon particular valuation techniques.

The Company s assets that are measured at fair value on a recurring basis are its available for sale investment securities. The Company obtains fair values on its securities using information from a third party servicer. If quoted prices for securities are available in an active market, those securities are classified as Level 1 securities. The Company has U.S. Treasury Notes and certain equity securities that are classified as Level 1 securities. Level 2 securities were primarily comprised of U.S. Agency bonds, residential mortgage-backed securities, obligations of state and political subdivisions and corporate securities. Fair values were estimated primarily by obtaining quoted prices for similar assets in active markets or through the use of pricing models supported with market data information. Standard inputs include benchmark yields, reported trades, issuer spreads, bids and offers. On a quarterly basis, the Company reviews the pricing information received from the Company s third party pricing service. This review includes a comparison to non-binding third-party quotes.

The fair values of derivatives are based on valuation models from a third party using current market terms (including interest rates and fees), the remaining terms of the agreements and the credit worthiness of the counter party as of the measurement date (Level 2).

The following table sets forth the Company s financial assets that were accounted for at fair value on a recurring basis as of the periods presented by level within the fair value hierarchy. During the nine months ended September 30, 2015, the Company did not make any transfers between any levels within the fair value hierarchy. Financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement:

September 30, 2015	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2) (in thousands)	Significant Unobservable Inputs (Level 3)	Total Fair Value
Assets:				
Investment securities, available for sale				
U.S. treasury and government agencies	$ 4,958	$ 74,153	$	$ 79,111
Mortgage backed securities		295,969		295,969
Obligations of states and political subdivisions		30,823		30,823
Other debt securities		502		502
Equity securities	4,875	13,613		18,488
Total securities available for sale	9,833	415,060		424,893
Non-hedging interest rate derivatives		1,836		1,836
Total Assets	$ 9,833	$ 416,896	$	$ 426,729
Non-hedging interest rate derivatives	$	$ 1,836	$	$ 1,836
Total Liabilities	$	$ 1,836	$	$ 1,836
December 31, 2014				
Assets:				

Investment securities, available for sale							
U.S. treasury and government agencies	$	8,321	$	85,599	$	$	93,920
Mortgage backed securities				314,931			314,931
Obligations of states and political subdivisions				30,519			30,519
Other debt securities				505			505
Equity securities		4,154		13,420			17,574
Total securities available for sale		12,475		444,974			457,449
Non-hedging interest rate derivatives				37			37
Total Assets	$	12,475	$	445,011	$	$	457,486
Non-hedging interest rate derivatives	$		$	37	$	$	37
Total Liabilities	$		$	37	$	$	37

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The following table sets forth the Company s assets subject to fair value adjustments (impairment) on a nonrecurring basis. Assets are classified in their entirety based on the lowest level of input that is significant to the fair value measurement:

September 30, 2015	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Fair Value
		(in thousands)		
Assets:				
Impaired Loans and Leases	$	$	$ 26,899	$ 26,899
Loans held for sale		1,920		1,920
Other real estate owned and other repossessed assets			819	819
December 31, 2014				
Assets:				
Impaired Loans and Leases	$	$	$ 25,693	$ 25,693
Loans held for sale		592		592
Other real estate owned and other repossessed assets			1,026	1,026

Impaired loans are evaluated and valued at the time the loan is identified as impaired at the lower of cost or market value of the underlying collateral. Because most of Lakeland s impaired loans are collateral dependent, fair value is generally measured based on the value of the collateral, less estimated costs to sell, securing these loans and leases and is classified at a level 3 in the fair value hierarchy. Collateral may be real estate, accounts receivable, inventory, equipment and/or other business assets. The value of the real estate is assessed based on appraisals by qualified third party licensed appraisers. The appraisers may use the sales comparison approach, the cost approach or the income approach to value the collateral using discount rates (with ranges of 5-11%) or capitalization rates (with ranges of 3-8%) to evaluate the property. The value of the equipment may be determined by an appraiser, if significant, inquiry through a recognized valuation resource, or by the value on the borrower s financial statements. Field examiner reviews on business assets may be conducted based on the loan exposure and reliance on this type of collateral. Appraised and reported values may be adjusted based on management s historical knowledge, changes in market conditions from the time of valuation, and/or management s expertise and knowledge of the client and client s business. Loans that are not collateral dependent are evaluated based on a discounted cash flow method. Impaired loans are reviewed and evaluated on at least a quarterly basis for additional impairment and adjusted accordingly, based on the same factors identified above.

The Company has a held for sale loan portfolio that consists of residential mortgages that are being sold in the secondary market. The Company records these mortgages at the lower of cost or market value. Fair value is generally determined by the value of purchase commitments.

Other real estate owned (OREO) and other repossessed assets, representing property acquired through foreclosure, are recorded at fair value less estimated disposal costs of the acquired property on the date of acquisition and thereafter remeasured and carried at lower of cost or fair market value. Fair value on other real estate owned is based on the appraised value of the collateral using the sales comparison approach or the income approach with discount rates or capitalization rates similar to those used in impaired loan valuation. The fair value of other repossessed assets is estimated by inquiry through recognized valuation resources.

Changes in the assumptions or methodologies used to estimate fair values may materially affect the estimated amounts. Changes in economic conditions, locally or nationally, could impact the value of the estimated amounts of impaired loans, OREO and other repossessed assets.

Fair Value of Certain Financial Instruments

Estimated fair values have been determined by the Company using the best available data and an estimation methodology suitable for each category of financial instruments. Management is concerned that there may not be reasonable comparability between institutions due to the wide range of permitted assumptions and methodologies in the absence of active markets. This lack of uniformity gives rise to a high degree of subjectivity in estimating financial instrument fair values.

The estimation methodologies used, the estimated fair values, and recorded book balances at September 30, 2015 and December 31, 2014 are outlined below.

This summary, as well as the table below, excludes financial assets and liabilities for which carrying value approximates fair value. For financial assets, these include cash and cash equivalents. For financial liabilities, these include noninterest bearing demand deposits, savings and interest-bearing transaction accounts and federal funds sold and securities sold under agreements to repurchase. The estimated fair value of demand, savings and interest-bearing transaction accounts is the amount payable on demand at the reporting date. Carrying value is used because there is no stated maturity on these accounts, and the customer has the ability to withdraw the funds immediately. Also excluded from this summary and the following table are those financial instruments recorded at fair value on a recurring basis, as previously described.

The fair value of Investment Securities Held to Maturity was measured using information from the same third-party servicer used for Investment Securities Available for Sale using the same methodologies discussed above. Investment Securities Held to Maturity includes $5.0 million in short-term municipal bond anticipation notes that are non-rated and do not have an active secondary market or information readily available on standard financial systems. As a result, the securities are classified as Level 3 securities. These are investments in municipalities in the Company s market area, and management performs a credit analysis on the municipality before investing in these securities.

Federal Home Loan Bank of New York (FHLB) stock is an equity interest that can be sold to the issuing FHLB, to other Federal Home Loan Banks, or to other member banks at its par value. Because ownership of these securities is restricted, they do not have a readily determinable fair value. As such, the Company s FHLB Stock is recorded at cost or par value and is evaluated for impairment each reporting period by considering the ultimate recoverability of the investment rather than temporary declines in value. The Company s evaluation primarily includes an evaluation of liquidity, capitalization, operating performance, commitments, and regulatory or legislative events.

The net loan portfolio at September 30, 2015 and December 31, 2014 has been valued using a present value discounted cash flow where market prices were not available. The discount rate used in these calculations is the estimated current market rate adjusted for credit risk. The valuation of the Company s loan portfolio is consistent with accounting guidance but does not fully incorporate the exit price approach.

For fixed maturity certificates of deposit, fair value was estimated based on the present value of discounted cash flows using the rates currently offered for deposits of similar remaining maturities. The carrying amount of accrued interest payable approximates its fair value.

The fair value of long-term debt is based upon the discounted value of contractual cash flows. The Company estimates the discount rate using the rates currently offered for similar borrowing arrangements. The fair value of subordinated debentures is based on bid/ask prices from brokers for similar types of instruments.

The fair values of commitments to extend credit and standby letters of credit are estimated using the fees currently charged to enter into similar agreements, taking into account the remaining terms of the agreements and the present creditworthiness of the counterparties. For fixed-rate loan commitments, fair value also considers the difference between current levels of interest rates and the committed rates. The fair value of guarantees and letters of credit is based on fees currently charged for similar agreements or on the estimated cost to terminate them or otherwise settle the obligations with the counterparties at the reporting date. The fair value of commitments to extend credit and standby letters of credit are deemed immaterial.

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The following table presents the carrying values, fair values and placement in the fair value hierarchy of the Company s financial instruments as of September 30, 2015 and December 31, 2014:

September 30, 2015	Carrying Value	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1) (in thousands)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Financial Instruments - Assets					
Investment securities held to maturity	$ 121,550	$ 123,154	$	$ 118,176	$ 4,978
Federal Home Loan Bank and other membership bank stocks	12,852	12,852		12,852	
Loans and leases, net	2,820,353	2,823,128			2,823,128
Financial Instruments - Liabilities					
Certificates of Deposit	317,548	317,568		317,568	
Other borrowings	244,428	249,872		249,872	
Subordinated debentures	31,238	25,583			25,583
December 31, 2014					
Financial Instruments - Assets					
Investment securities held to maturity	$ 107,976	$ 109,030	$	$ 103,916	$ 5,114
Federal Home Loan Bank and other membership bank stocks	9,846	9,846		9,846	
Loans and leases, net	2,623,142	2,624,581			2,624,581
Financial Instruments - Liabilities					
Certificates of Deposit	279,962	279,439		279,439	
Other borrowings	202,498	205,343		205,343	
Subordinated debentures	41,238	30,929			30,929

Note 9. Derivatives

Lakeland is a party to interest rate derivatives that are not designated as hedging instruments. Under a program, Lakeland executes interest rate swaps with commercial lending customers to facilitate their respective risk management strategies. These interest rate swaps with customers are simultaneously offset by interest rate swaps that Lakeland executes with a separate third party, such that Lakeland minimizes its net risk exposure resulting from such transactions. Because the interest rate swaps associated with this program do not meet the hedge accounting requirements, changes in the fair value of both the customer swaps and the offsetting swaps are recognized directly in earnings. The changes in the fair value of the swaps offset each other, except for the credit risk of the counterparties, which is determined by taking into consideration the risk rating, probability of default and loss given default for all counterparties. As of September 30, 2015 and December 31, 2014, Lakeland had $2.0 million and $505,000, respectively, in available for sale securities pledged for collateral on its interest rate swaps with the financial institution.

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The following table presents summary information regarding these derivatives for the periods presented (dollars in thousands):

September 30, 2015	Notional Amount	Average Maturity (Years)	Weighted Average Fixed Rate	Weighted Average Variable Rate	Fair Value
Customer interest rate swaps	($ 35,766)	14.8	4.540%	1 Mo Libor + 2.00	$ 1,836
3rd Party interest rate swaps	35,766	14.8	4.540%	1 Mo Libor + 2.00	(1,836)

December 31, 2014	Notional Amount	Average Maturity (Years)	Weighted Average Fixed Rate	Weighted Average Variable Rate	Fair Value
Customer interest rate swaps	($ 17,279)	5.7	3.840%	1 Mo Libor + 2.21	$ 37
3rd party interest rate swaps	17,279	5.7	3.840%	1 Mo Libor + 2.21	($ 37)

Note 10. Goodwill and Intangible Assets

The Company has recorded goodwill of $110.0 million at September 30, 2015 and December 31, 2014 which includes $22.9 million from the Somerset Hills acquisition in 2013 and $87.1 million from prior acquisitions. The Company reviews its goodwill and intangible assets annually, on November 30, or more frequently if conditions warrant, for impairment. In testing goodwill for impairment, the Company compares the estimated fair value of its reporting unit to its carrying amount, including goodwill. The Company has determined that it has one reporting unit, Community Banking.

The Company recorded $2.7 million in core deposit intangible for the Somerset Hills acquisition. Year-to-date, it has amortized $316,000 in core deposit intangible. The estimated future amortization expense for the remainder of 2015 and for each of the succeeding five years ended December 31 is as follows (dollars in thousands):

For the year ended:	
2015	$ 99
2016	366
2017	316
2018	267
2019	218
2020	168

Note 11. Borrowings

At September 30, 2015, the Company had federal funds purchased and securities sold under agreements to repurchase of $97.0 million and $34.4 million respectively. The securities sold under agreements to repurchase are overnight sweep arrangement accounts with our customers. The Company also had $50.0 million in long-term securities sold under agreements to repurchase included in other borrowings which have maturities ranging from one to seven years. As of September 30, 2015, the Company had $110.6 million in securities pledged for its securities sold under agreements to repurchase, including $107.6 million in mortgage backed securities and $3.0 million in U.S. government agency securities.

At times the market values of securities collateralizing our securities sold under agreements to repurchase may decline due to changes in interest rates and may necessitate our lenders to issue a margin call which requires Lakeland to pledge additional collateral to meet that margin call.

Note 12. Early Redemption and Extinguishment of Debt

On August 3, 2015, The Company redeemed and extinguished $10.0 million of Lakeland Bancorp Capital Trust IV debentures and recorded a $1.8 million gain on the redemption and extinguishment of debt. The interest rate on this debenture floated at LIBOR plus 152 basis points and had a rate of 1.80% at the time of extinguishment.

Note 13. Pending Acquisition

On August 3, 2015, the Company entered into an agreement and Plan of Merger (the Merger Agreement) with Pascack Bancorp, Inc., pursuant to which Pascack Bancorp will merge with and into the Company, and Pascack Bancorp s wholly owned subsidiary, Pascack Community Bank, will merge with and into Lakeland Bank. The Merger Agreement provides that the shareholders of Pascack Bancorp will receive, at their election, for each outstanding share of Pascack Bancorp common stock that they own at the effective time of the merger or would own upon conversion of preferred stock, either 0.9576 shares of Lakeland Bancorp common stock or $11.35 in cash, subject to proration as described in the Merger Agreement, so that 90% of the aggregate merger consideration will be shares of Lakeland Bancorp common stock and 10% will be cash. Lakeland Bancorp expects to issue an aggregate of 3,314,328 shares of its common stock in the merger, and will also cash out outstanding Pascack Bancorp options. The transaction is valued at approximately $43.8 million in the aggregate, or $11.35 per share. As of June 30, 2015, Pascack Bancorp had consolidated total assets, total loans, total deposits and total stockholders equity of $402.7 million, $334.0 million, $304.8 million and $33.3 million, respectively. Pascack Bancorp had net income of $2.4 million for the year ended December 31, 2014.

In October 2015, the Company and Pascack Bancorp received approvals from the Federal Deposit Insurance Corporation and the New Jersey Department of Banking and Insurance to complete the merger of the bank subsidiaries, Pascack Community Bank with and into Lakeland Bank. The Federal Reserve Board has advised that the merger of the bank holding companies, Pascack Bancorp with and into the Company, does not require its approval. The transaction has been approved by the board of directors of each of Lakeland Bancorp and Pascack Bancorp. Subject to approval of the shareholders of Pascack Bancorp, the Company anticipates completing the merger in the fourth quarter of 2015.

Note 14. Recent Accounting Pronouncements

In September 2015, the Financial Accounting Standards Board (FASB) issued an accounting standards update simplifying the accounting for adjustments made to provisional amounts recognized in a business combination, eliminating the requirement to retrospectively account for those adjustments. To simplify the accounting for adjustments made to provisional amounts, the amendments in the accounting standards update require that the acquirer recognize adjustments to provisional amounts that are identified during the measurement period in the reporting period in which the adjustment amount is determined. The acquirer is required to also record, in the same period s financial statements, the effect on earnings of changes in depreciation, amortization, or other income effects, if any, as a result of the change to the provisional amounts, calculated as if the accounting had been completed at the acquisition date. In addition, an entity is required to present separately on the face of the income statement or disclose in the notes to the financial statements the portion of the amount recorded in current-period earnings by line item that would have been recorded in previous reporting periods if the adjustment to the provisional amounts had been recognized as of the acquisition date. This amendment is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2015.

In May 2015, the FASB issued an accounting standards update clarifying how investments valued using the net asset value practical expedient within the fair value hierarchy should be classified. The accounting standards update was issued to address diversity in practice by exempting investments measured using the net asset value expedient from categorization in the fair value hierarchy. This accounting standards update is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2015. The adoption of this update is not expected to have a material impact on the Company s financial statements.

In April 2015, the FASB issued an accounting standards update requiring that debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of the debt liability consistent with the presentation of debt discounts. The purpose of this update is to simplify the presentation of debt issuance costs and to align the US GAAP presentation of debt more closely with international accounting standards. In August 2015, the FASB issued a subsequent update which discussed presentation and subsequent measurement of debt issuance costs associated with line-of-credit arrangements. These amendments are effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2015. The adoption of these updates are not expected to have a material impact on the Company s financial statements.

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In January 2015, the FASB issued an accounting standards update regarding the elimination of the concept of the extraordinary items from the statement of operations. The purpose of this update is to simplify the statement of operations presentation and to align the US GAAP income statement more closely with international accounting standards. This update is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2015. The adoption of this update is not expected to have a material impact on the Company s financial statements.

In June 2014, the FASB issued an accounting standards update regarding share based payments that requires that a performance target that affects vesting and that could be achieved after the requisite service period be treated as a performance condition. This update is effective for interim and annual periods beginning after December 15, 2015. The amendments can be applied prospectively to all awards granted or modified after the effective date or retrospectively to all awards with performance targets that are outstanding as of the beginning of the earliest annual period presented and to all new or modified awards thereafter. Early adoption is permitted. The Company has determined that adoption of this update is not expected to have a material impact on its accounting and disclosures.

In June 2014, the FASB issued an accounting standards update that aligns the accounting for repurchase to maturity transactions and repurchase agreements executed as a repurchase financing with the accounting for other typical repurchase agreements. Going forward, these transactions would all be accounted for as secured borrowings. This update is effective for the first interim or annual period beginning after December 15, 2014. In addition, the disclosure of certain transactions accounted for as a sale is effective for the first interim or annual period beginning on or after December 15, 2014, and the disclosure for transactions accounted for as secured borrowings is required for annual periods beginning after December 15, 2014, and interim periods after March 15, 2015. The Company adopted this update in 2015. The disclosures required by this update are contained in Note 11. The Company does not engage in repurchase to maturity transactions, and therefore the adoption of this update did not have a material impact on the Company s financial results.

In May 2014, the FASB issued an accounting standards update that clarifies the principles for recognizing revenue. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to a customer in an amount that reflects the consideration to which the entity expects to be entitled in exchange for these goods or services. This guidance is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2017. The Company is still evaluating the potential impact on the Company s financial statements.

In January 2014, the FASB issued an accounting standards update to clarify when a creditor should be considered to have received physical possession of residential real estate property collateralizing a consumer mortgage loan such that the loan should be derecognized and the real estate recognized. These amendments clarify that an in substance repossession or foreclosure occurs, and a creditor is considered to have received physical possession of residential real estate property collateralizing a consumer mortgage loan, upon either: (a) the creditor obtaining legal title to the residential real estate property upon completion of a foreclosure; or (b) the borrower conveying all interest in the residential real estate property to the creditor to satisfy that loan through completion of a deed in lieu of foreclosure or through a similar legal agreement. This update is effective for annual periods and interim periods within those annual periods beginning after December 15, 2014. The Company adopted this update in the first quarter of 2015, and the disclosures required are included in Note 7. The adoption of this update did not have a material impact on the Company s financial statements.

PART I ITEM 2

Management s Discussion and Analysis of

Financial Condition and Results of Operations

This section should be read in conjunction with Management s Discussion and Analysis of Financial Condition and Results of Operations included in the Company s Annual Report on Form 10-K for the year ended December 31, 2014.

Statements Regarding Forward Looking Information

The information disclosed in this document includes various forward-looking statements that are made in reliance upon the safe harbor provisions of the Private Securities Litigation Reform Act of 1995 with respect to credit quality (including delinquency trends and the allowance for loan and lease losses), corporate objectives, and other financial and business matters. The words anticipates, projects, intends, estimates, expects, believes, plans, may, could, and other similar expressions are intended to identify such forward-looking statements. The Company cautions that these forward-looking statements are necessarily speculative and speak only as of the date made, and are subject to numerous assumptions, risks and uncertainties, all of which may change over time. Actual results could differ materially from such forward-looking statements.

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In addition to the risk factors disclosed elsewhere in this document, the following factors, among others, could cause the Company s actual results to differ materially and adversely from such forward-looking statements: changes in the financial services industry and the U.S. and global capital markets, changes in economic conditions nationally, regionally and in the Company s markets, the nature and timing of actions of the Federal Reserve Board and other regulators, the nature and timing of legislation affecting the financial services industry including, but not limited to, the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, government intervention in the U.S. financial system, changes in levels of market interest rates, pricing pressures on loan and deposit products, credit risks of the Company s lending and leasing activities, customers acceptance of the Company s products and services, competition, failure to obtain the required approval from Pascack Bancorp, Inc. shareholders for the merger of Pascack Bancorp, Inc. into Lakeland Bancorp, Inc. and failure to realize anticipated efficiencies and synergies if the holding company merger and the merger of Pascack Community Bank into Lakeland Bank are consummated.

The above-listed risk factors are not necessarily exhaustive, particularly as to possible future events, and new risk factors may emerge from time to time. Certain events may occur that could cause the Company s actual results to be materially different than those described in the Company s periodic filings with the Securities and Exchange Commission. Any statements made by the Company that are not historical facts should be considered to be forward-looking statements. The Company is not obligated to update and does not undertake to update any of its forward-looking statements made herein.

Critical Accounting Policies, Judgments and Estimates

The accounting and reporting policies of the Company and its subsidiaries conform to accounting principles generally accepted in the United States of America and predo