

SOP TRANSACTION ANNOUNCEMENT: Pascack Bancorp, Inc. (OTCQX: PSBR; Waldwick, NJ) has agreed to merge with Lakeland Bancorp, Inc. (NASDAQ: LBAI; Oak Ridge, NJ)

Deal Value: Approximately \$43.8 million

Sandler O'Neill served as financial advisor to Pascack Bancorp, Inc. in connection with the transaction. This transaction represents Sandler O'Neill's 87th bank or thrift transaction nationwide since January 1, 2014 representing \$14.0 billion in aggregate transaction value, more than any other investment bank during that time period.¹

This transaction represents Sandler O'Neill's 17th Mid Atlantic bank or thrift transaction since January 1, 2014.¹

Oak Ridge, NJ and Waldwick, NJ—August 4, 2015. The Boards of Directors of Lakeland Bancorp, Inc. (NASDAQ: LBAI) ("Lakeland Bancorp"), the parent company of Lakeland Bank, and Pascack Bancorp, Inc. (OTCQX: PSBR) ("Pascack Bancorp"), the parent company of Pascack Community Bank, announced today that the companies have entered into a definitive Agreement and Plan of Merger (the "Merger Agreement"), pursuant to which Pascack Bancorp will be merged with and into Lakeland Bancorp, with Lakeland Bancorp as the surviving bank holding company, and Pascack Community Bank will merge with and into Lakeland Bank, with Lakeland Bank as the surviving bank. The Merger Agreement provides that 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 immediately prior to such effective time, 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 approximately 3.3 million shares of its common stock in the merger, and will cash out outstanding Pascack Bancorp options. The transaction is valued at approximately \$43.8 million on a fully diluted basis, or \$11.35 per share, which represents a 53.4% premium over the closing sale price per share of Pascack Bancorp common stock on July 30, 2015. The transaction is expected to be accretive to Lakeland Bancorp's earnings per share in 2016 and slightly dilutive to tangible book value with an estimated earn back in approximately 3.5 years.

Jon F. Hanson, Pascack Bancorp's Chairman, stated: "We are very excited to be partnering with such a strong, well-managed organization as Lakeland. Together, our franchises create a great presence in one of the most attractive banking markets in the country." Nancy E. Graves, Pascack Bancorp's President and Chief Executive Officer, added: "In addition to sharing a commitment to providing first class customer service, we each bring complimentary products and services to the combined company that we believe will be well received by our customers, and ultimately benefit our shareholders."

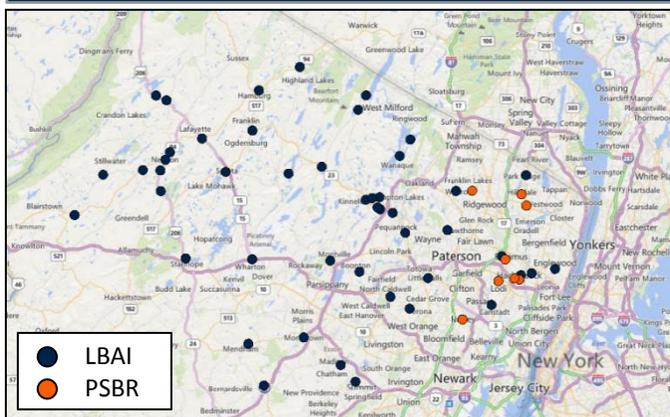
The Boards of Directors of both companies have unanimously approved the mergers. Closing is subject to receipt of approvals from regulators, approval of the holding company merger by Pascack Bancorp's shareholders and other customary conditions. No approval is required from Lakeland Bancorp's shareholders. The closing is expected to occur in the fourth quarter of 2015.

Financial Highlights

(\$ in millions)	PSBR	LBAI
Total Assets	\$402.7	\$3,699.1
Gross Loans	\$334.0	\$2,757.9
Total Deposits	\$304.8	\$2,843.0
Total Equity	\$33.3	\$390.9
TCE/TA	7.8%	7.8%

¹⁾ Source: SNL Financial. Excludes terminated transactions and self-advisory roles

Pro Forma Branch Network



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