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Sandy Spring Bancorp, Inc. Q2 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions) Our first question is from Jennifer Demba of SunTrust Robinson Humphrey.

Jennifer Demba - SunTrust Robinson Humphrey

Good afternoon.

Hunter Hollar

Hello.

Jennifer Demba - SunTrust Robinson Humphrey

Couple of questions. One, your loan growth 12% annualized. Do you anticipate keeping the double-digit type rate of loan growth and do you feel comfortable with that in this environment? You seemed to indicate earlier in your opening remarks that you felt like that was pretty conservative.

Dan Schrider

Jennifer this is Dan. We're finding that in today's market, when we're -- a couple of things converge. One is the underwriting standards and what's happening around us. Which will find some -- that will provide some pressure against growth. And the other is some of the margin pressure that folks are facing, because of the impact of the credit market. So, to answer your question I think that 3% quarterly growth is a reasonable trend for us. We continue to model that out in terms of how it impacts our balance sheet as well as our capital levels. But I would say that we would be satisfied with that level of growth. But without compromising credit quality and with probably a sharper pencil on margin.

Jennifer Demba - SunTrust Robinson Humphrey

Another question. You've had-- right now you have pretty substantial nonperforming assets. But your net charge-offs over the last couple of years have been obviously negligible. What kind of level of charge-off do you anticipate in future quarters now that your MPAs are substantially higher than they've been in recent years?

Hunter Hollar

Well, we certainly as we've stated think we're reserved appropriately for that level of nonperforming assets. So, there's little doubt that our charge-offs will increase as some of those non-performers

move through the pipeline. And of course, they almost have to increase since our history as you noted is, is pretty minimal. So I think it's kind of difficult to put a precise number on that. The important thing from our standpoint is that, that we're reserving for them appropriately, for those nonperforming assets.

Jennifer Demba - SunTrust Robinson Humphrey

If we look at your non-performers geographically would they be weighted towards Virginia or Maryland?

Hunter Hollar

Non-performers would be weighted toward Maryland.

Jennifer Demba - SunTrust Robinson Humphrey

It would. Okay. Any specific counties or -- can you give us any idea of submarket there? Where you're seeing weakness?

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