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## Sandy Spring Bancorp Q1 2008 Earnings Call Transcript

### Question-and-Answer Session

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**Operator**

The first question we have comes from Matt Schultheis - Ferris, Baker Watts.

**Matt Schultheis - Ferris, Baker Watts**

Hi, good afternoon gentlemen. What were the severance costs associated with LIFT in this quarter?

**Philip Mantua**

So far to-date the severance costs in the first quarter are roughly around \$100,000.

**Matt Schultheis - Ferris, Baker Watts**

And you will probably have more in the future I am assuming?

**Philip Mantua**

It's possible that we could as we continue to roll out the other elements of the initiative.

**Matt Schultheis - Ferris, Baker Watts**

As I looked at your breakdown of non-interest income and I normalized it for security gains, there is a large jump in the insurance commissions and I was wondering if those are contingent commissions coming in the first quarter?

**Philip Mantua**

Yes they are, about \$600,000 more than slightly down from the first quarter of last year, but nevertheless \$600,000 that won't recur in any of the other quarters for the rest of the year.

**Matt Schultheis - Ferris, Baker Watts**

So, you were up roughly say \$200,000 over the fourth quarter adjusting for that?

**Philip Mantua**

Well, yes that's correct although there is one another one-time item that is running through non-interest income that's also related to the Visa settlement. \$175,000 of a reversal, although it's running through non-interest income of an accrual we made for potential litigation back in the fourth

quarter that you may recall. So that \$175,000 won't reoccur in the non-interest category either. It's in a miscellaneous category.

**Matt Schultheis - Ferris, Baker Watts**

As far as your non-performers, what was the impact on your net interest margin of those this quarter?

**Philip Mantua**

Let's see. It's probably worth roughly 10 or 15 basis points.

**Matt Schultheis - Ferris, Baker Watts**

Is some of that reversal as well as just simply carrying them on the balance sheet?

**Philip Mantua**

No I would say that's primarily just a carry effect.

**Operator**

Your next question comes from Jennifer Demba – Suntrust Robinson Humphrey.

**Jennifer Demba – Suntrust Robinson Humphrey**

You mentioned that the non-performer increase was primarily related to commercial construction credits. To date we haven't heard many banks talk about deterioration in their commercial portfolio. Can you give us some color there about what you are seeing in those two credits specifically and then what you are seeing in the rest of your portfolio as well?

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