Banks, thrifts hanging on

Louisiana banks show signs of life

By CYNDY FALGOUT
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As U.S. banks continued their downward spiral of declining profits and mounting loan problems, Louisiana's commercial banks clung to a precarious recovery through the first quarter of 1991, recently released bank performance data indicated.

The state's banks reported a dip in profits, a rise in loan losses and a decline in total loans during the 12 months ending March 31, according to figures compiled by Sheshunoff Information Services Inc., a Texas bank consulting firm.

However, more Louisiana banks reported profits in January-March than in the same 1990 period, unlike U.S. banks, and the rate of failures and mergers slowed in Louisiana while increasing nationwide.

Local bankers said in recent interviews that they believe the state's banks continue to pull out of the downward cycle now gripping the nation's financial industry.

However, with tight competition and a changing marketplace, Louisiana banks likely will join their counterparts across the country in the consolidation trend predicted for coming years, bankers said.

"I think we will have the opportunity," said..."
As for local industry downsizing, state labor reports indicate that bank employment slipped 0.7 percent to 29,500 during the 12 months ending in March. Baton Rouge area banking jobs remained flat at 4,100 in the Baton Rouge area during the period, according to state Department of Employment and Training figures.

"I feel that eventually, the number of banks will continue to decrease," Gay said. "I don't think there's any doubt about it - more mergers and more consolidations."

However, "I think that the rest of the country - that is, financial institutions - will be a result of the state's 223 banks reporting losses for the quarter ending March 31, compared to 86 percent of the state's 228 banks reporting profits for the quarter ending March 31, compared to 86 percent of all banks.

The bank also reported losses for the first quarter of 1990. Certain bank assets and deposits were acquired by Mississippi Bank.

"I see a definite improvement in the economy," he said. "We're not just looking at the past few days, but we're seeing consistent gains in the area and state, he said.


The year before, first-quarter losses were posted by Hibernia and American Bank and Trust, which failed Aug. 2, 1990. Certain bank assets and deposits were acquired by Mississippi Bank.

"I think that the rest of the country - that is, financial institutions - will be a result of the state's 223 banks reporting losses for the quarter ending March 31, compared to 86 percent of the state's 228 banks reporting profits for the quarter ending March 31, the Sheshunoff data showed.

That compared to 16 banks, or 7 percent, lost to failure or merger in the state during the prior 12-month period.

The Baton Rouge area dropped one bank from its total with the Oct. 19 merger of Commercial National Bank into Sunburst Bank.

By contrast, the U.S. banking industry lost a net 253, or 3 percent, of its banks during the 12 months to a total of 12,232 on March 31, the report showed.

Sheshunoff president Alex Sheshunoff predicted the banking industry would continue its contraction in the second quarter of 1991, as marginal institutions fail or merge into stronger ones to survive and grow.

"The two major trends in banking of the decade will be consolidating banks and downsizing staffs," Sheshunoff said in a prepared statement.

"Five years from today we will have significantly fewer banks and fewer employees in those banks," he said.

"Most importantly, however, they will be stronger, more profitable banks with a stronger focus on providing banking services at a lower cost to their customers."

As if to punctuate the predictions, Sheshunoff made in his July 15 report, New York banking giants Chemical Bank Corp. and Manufacturers Hanover Corp. that day announced plans to merge.

A major theme of the transaction would create a new Chemical Bank with more than $135 billion in assets, the second largest bank in the country behind Citicorp with $217 billion, according to published reports.

Last week, North Carolina's NCNB Corp. confirmed plans announced in June that it would merge with GS-

Sheshunoff had the closure of a couple of the state's banks in May.

While the state's lending market was in deficit, the number of banks in the state had declined from 228 to 223 in the past year.

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As for the state's banks, they must qualify as sound risks to be in a boom period.

Thus, most area and state banks are limiting or shrinking their asset size to improve their capital ratios, Thompson said.

While the cost of doing business remains high, the banks are benefiting from the economic downturn. Sixty-two percent of the state's banks have reported losses for the month-period ending March 31, compared to 86 percent of the state's 228 banks reporting profits for the month-period ending March 31, the Sheshunoff data showed.

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