BR thrifts lose $19.9 million

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East Baton Rouge Parish savings and loans collectively lost $19.9 million during the first nine months of 1989, 60 percent less than the $49.5 million lost in the same 1988 period.

Losses for the state and nation, however, continued to mount, according to third quarter 1989 data released by Sheshunoff Information Services, a Texas firm that tracks the performance of financial institutions.

Fifty-six of Louisiana's 89 thrifts lost money through Sept. 30. The state's savings and loan industry lost a collective $318.8 million, 75 percent more than the $182 million the industry lost in the same 1988 period.

Louisiana was among 30 of 50 states reporting overall thrift losses, which increased 32 percent nationwide to $11.6 billion by Sept. 30, compared to the $8.8 billion lost the year before.

"A three-tiered industry is emerging," Sheshunoff president Alex Sheshunoff said in a prepared statement. "First there is a healthy segment of over 1,700 well-capitalized, profitable institutions financing home ownership primarily with savings deposits.

"Second are the troubled thrifts, which due either to bad location, bad management, or bad luck, find themselves undercapitalized and often losing money, he said.

"Third are the federally owned thrifts that have officially died and are currently between owners." In East Baton Rouge Parish, only Citizens and... See Thrifts, 3C

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Equitable Trust savings and loan associations remained solvent through Sept. 30. Citizens reported tangible capital of $3.9 million, or 4.45 percent of assets for the period. Equitable's tangible capital totaled $2.6 million, or 8.07 percent of assets, by Sept. 30.

Under the federal Financial Institutions Reform, Recovery and Enforcement Act, or so-called 'thrift-bailout bill,' signed into law in August, thrifts were required after Dec. 7 to maintain net worth, or capital, equal to 3 percent of assets, half of which must be tangible capital.

Capital-Union Savings, with tangible capital of negative $37,856 by Sept. 30, meaning it's in the red by that amount, is awaiting response from federal regulators on its recapitalization plan, said Edward L. Abbott, president and CEO.

First City Savings and Loan Association, First Federal Savings and Loan Association and River City Federal Savings Bank were conserved during the first nine months of 1989. River City was acquired by Hibernia National Bank in October.

That Baton Rouge's losses were less during the 1989 period than the year before, while the state's losses increased, is evidence of the "swiss cheese economy," said Fred C. Dent, state Commissioner of Financial Institutions.