Four of five S&Ls in BR lose money

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Four of the five savings and loans based in East Baton Rouge Parish lost money in 1989, according to Sheshunoff Information Services, Inc., a company that tracks banks and savings institutions' performance.

The five institutions cumulative loss totaled $23.72 million in 1989, Sheshunoff reported. By comparison, the five thrifts had a cumulative loss of $10.08 million in 1988 and $4.12 million in 1987.

However, the thrift industry's total loss for 1989 would have been higher had the performance of River City Federal Savings & Loan been counted. River City, a grossly insolvent thrift that had lost $10.14 million through September 1989, was purchased in October 1989 by Hibernia National Bank.

Three of the five remaining thrifts await federal action. First City Savings and Loan Association and First Federal Savings and Loan Association were placed in a federal conservatorship last year and each are awaiting liquidation by the Resolution Trust Corporation.

The RTC was created by the FIRREA, which is the Financial Institutions Reform, Recovery and Enforcement Act of 1989.

The third insolvent institution is Capital-Union Savings, which is awaiting response from federal regulators on its recapitalization plan, according to Edward L. Abbott, president and CEO of Capital-Union.

"It's still pending," Abbott said of the plan. "I know there are people looking at it. We submitted a plan and that's as far as I can go."

According to Sheshunoff, Capital-Union lost $17.85 million in 1989, which accounts for about 75 percent of East Baton Rouge Parish thrift losses.

Citizens Savings was the area's only thrift reporting a profit for 1989, earning $124,000. Citizens net income slipped slightly from 1988 when it earned $140,000, but is above 1987 net income of $27,000, Sheshunoff reported.

"Citizens continues to lead the pack," said Fred Dent, state commissioner of financial institutions.

"They have been ahead in management ability for years."

Both Citizens and Equitable Trust were solvent based on federal tangible capital requirements. Under FIRREA, a thrift must maintain three percent capital, half of which must be tangible.

Capital, or net worth, is used to absorb potential losses.

Sheshunoff reports that Citizens had tangible capital of 4.63 percent of total assets, or $2.9 million, at year-end 1989, while Equitable's tangible capital was 7.32 percent of total assets, or $2.3 million, at year-end 1989, Sheshunoff indicated.

The Texas-based tracking firm reported that Equitable lost $251,000 in 1989 as compared to a loss of $77,000 in 1988.

Louisiana savings and loans collectively lost $468,108 million in 1989 while the national thrift industry lost a combined $19 billion, Sheshunoff reported.

A total 1,925, or 62 percent of the nation's 3,083 thrifts were profitable, Sheshunoff said. "Contrary to what the industry totals might suggest, many S&Ls are strong, profitable institutions," said President Alex Sheshunoff.