Bank, thrift assets in Louisiana decline

The collective assets of Louisiana’s banks and thrifts shrunk 5.5 percent during the four years ending March 31 due largely to the state's economic downturn and resulting loss of population. Also, banks grabbed a larger share of the assets from thrifts over the period, according to the latest figures released by Sheshunoff Information Services Inc., a Texas firm that tracks the performance of banks and savings and loan associations.

With a shrinking pool of total assets, the institutions that reported strong asset growth during the past four years probably robbed assets of other banks and thrifts to do so, said banking analysts and local bank and thrift managers during recent interviews.

Whether banks and thrifts continue to shuffle assets or will experience real growth depends on economic recovery, they said.

Without asset growth, consolidation of banks and thrifts will continue, said banking analyst Gerry O’Meara of Robinson Humphrey Co. in Atlanta.

“If I think the challenge is not looking back and determining who lost assets, it is looking ahead to determine which institutions are going to lead the recovery,” O’Meara said.

“The survivors — the ones that will survive through this economy and thrive in the recovery — will be those institutions with abundant capital,” he said.

“That will give them the flexibility to make it through the tough times and to fund growth.
The state's asset loss reflects the many bank and thrift closures, Huff said. "If you don't have as many banks, obviously, your assets will shrink," he said. When banks or S&Ls close, a lot of the assets and deposits transfer but some go out-of-state and some of them are lost.

"That is absolutely correct," said H. Lynn Juban, president and chief executive officer of Equitable Trust Co., adding that "there is a general feeling of upturn right now," Juban said.

"But if you talk to people about what's going on here and overall, Baton Rouge seems to be doing pretty good," Juban said.

Assets held by Louisiana's banks and thrifts declined steadily since 1986, for an overall 5.5 percent decrease to $49.6 billion by March 31, 1989, Sheshunoff figures show.

While Louisiana lost assets, U.S. banks and thrifts grew 15.0 percent to $1.4 trillion, or 30.6 percent of all bank and thrift assets, by March 31, 1987.

"If you see a bank with substantial growth, then they're getting loans from other banks. But I would say a small percentage should be coming from the economy getting better," H. Lynn Juban, president and chief executive officer of Equitable Trust Co., said.

The bank and thrift failures resulted from massive loan defaults and charge-offs prompted by the state's economic downturn of the past decade, said P. Walker Lockett Jr., president of Baton Rouge-based Premier Bank.

The real estate recession and softening economy that is taking its toll on banks in other parts of the country, particularly the Northeast, should not hurt Louisiana, Lockett said.

"In a broad context, we have already been through, in the past five or six years, what other parts of the country are beginning to go through now," he said. "We see the Northeast region in the front end of that cycle and we think we are close to the back end of that cycle."

Juban added that besides an improved economy, real estate assets also will depend on the amount of loans granted by financial institutions.

"We need people to be doing things," he said. "I think we're starting to see that." Lockett at Premier agreed.

The state's economy was dealt one-two punches by fall-offs in the agriculture and the oil and gas industry and that led to the real estate depression as the decade wore on, he said.

"We see the Northeast region in the front end of that cycle and we think we are close to the back end of that cycle," Juban said.

"But there is a general feeling of upturn right now, Juban said.

"I think we're starting to see that," he said. lockert at Premier agreed.