Premier reports net income of 1.1 million in first quarter

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Baton Rouge-based Premier Bancorp reported net income of $1.1 million, or 4 cents per share, for the first quarter of 1990, which ended March 31, marking the bank holding company's third consecutive quarter of earnings.

Premier's 1990 quarterly earnings compared to a net loss of $7.3 million, or 30 cents per share, for the first 1989 quarter, Premier said in a prepared statement.

Earnings for the company, which owns Premier Bank, continue to suffer from the costs of carrying a high level of nonperforming assets, which include loans not accruing on their original terms and foreclosed real estate, Premier said. However, Premier reported that its nonperforming assets decreased 8.6 percent to $235 million by March 31 from $257 million the year before.

Those nonperforming assets are part of the approximately $400 million low-quality assets slated for sale to Florida Street National Bank, a special liquidating bank Premier announced in July it would form to help dispose of its problem loans.

Plans for the spin-off have been delayed while the New York investment firm Kidder Peabody & Co. tried unsuccessfully to sell about $113 million in junk bonds to complete FSNB's financing package.

Premier also has hired Merrill Lynch & Co. to help sell the bonds. The company intends to close

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the deal as soon as market conditions allow, Premier said.

Meanwhile, the bank's special assets division continues trying to liquidate the assets slated for sale to FSNB, Premier said. About $85 million of the $400 million troubled loans and assets have been collected since the division was created Aug. 1, Premier said.

Jerry Lemmons, hired to be chief operating officer and secretary of FSNB when it was formed, has resigned to become chief executive officer of an affiliate of his former employer, Mellon Bank Corp., said Nancy Richmond, Premier's senior vice president and treasurer. Mellon pioneered the bad-asset bank concept in 1988.

Also during the quarter, Premier's annual examination by the Office of the Comptroller of the Currency was completed, Premier said.

Examiners found that Premier's nonperforming assets had been properly identified and that the company had taken adequate reserves against possible loan losses, Premier said.

Stricter OCC examinations in recent months reportedly have forced some regional banks to reclassify some performing loans as nonperforming and reserve larger amounts as protection against future losses.

Such an examination contributed to New Orleans-based Hibernia Corp.'s loss of $25 million of the first 1990 quarter - the first time the company failed to report quarterly earnings for 16 years.

Premier's total assets declined to 6.0 percent to $4.119 billion by March 31, 1990, from $4.382 billion the year before. Net loans declined 8.5 percent to $2.130 billion from $2.327 billion during the period.

Loan demand was not strong enough to make up for the lost in liquidated assets during the period, Richmond said.

Premier also reported its deposits decreased 2.2 percent to $3.637 billion at the end of the first 1990 quarter, from $3.718 billion the year before. The company lost some public-fund deposits to higher bids by other institutions, and lost other deposits obtained last year in a special promotion that have since rolled over, Richmond said.

Premier's primary capital — that is, its stockholders' equity and loan loss reserve — totaled $232.2 million, or 5.52 percent of total assets on March 31, Premier said. Healthy banks are required to maintain primary capital at a minimum 5.5 percent of assets.