S&Ls report $4.89 million loss

By MUKUL VERMA
Advocate business writer

Baton Rouge-based savings and loans collectively lost $4.89 million in the first quarter of 1990, paralleling an $89.34 million loss for Louisiana thrifts and a $3.64 billion loss for the nation's thrift industry, according to figures released by a Texas firm that tracks the performance of thrifts and banks.

Since then, two thrifts — First City Federal Savings & Loan and First Federal Savings and Loan of Scotlandville — have been sold and Capital-Union Savings Association has been conserved by the federal government.

Two local savings and loans remained profitable and reported solid tangible capital levels January through March, Sheshunoff Information Services Inc. reported.

Citizens Savings and Loan's net income increased 17 percent to $41,000 in the first quarter, compared to $35,000 earned in the same 1989 period, Sheshunoff reported.

Equitable Trust Savings & Loan earned $23,000 by March 31; it lost $2,000 in the same period, Sheshunoff reported.

Capital-Union Savings, however, lost $2.15 million in the first quarter of 1990, compared to earnings of $1.32 million in the first quarter of 1989, Sheshunoff reported.

First City lost $1.05 million in the first quarter compared to $161,000 lost in the first quarter 1989. First Federal lost $1.75 million compared to $435,000 lost in the first three months of 1989.

First City and First Federal were operated by the Resolution Trust Corp., the federal agency that oversees insolvent savings and loans, during the first quarter 1990.

First City was sold to Equitable Trust earlier this month. First Federal sold to Life Bancshares in August.

Of the nation's 2,960 thrifts, 1,946, or 68 percent, were profitable during the first quarter of 1990, Sheshunoff reported.

Total thrift assets nationwide dropped 2.3 percent to $1.25 trillion through March 31 from $1.28 trillion through March 31, 1989.

Louisiana thrifts' assets plunged 14 percent to $12.86 billion in March from $15.05 billion in March 1989.

Total assets among the five Baton Rouge thrifts in operation during the first quarter slipped 16.4 percent to $543 million. That compared to $650 million in assets during the 1989 first quarter.

Citizens' total assets dropped by 7 percent to $62 million from $68 million one year ago. Equitable, however, experienced a 6 percent growth in assets to $32 million in the same period. Citizens' and Equitable were the only solvent thrifts in the first quarter.

The state's thrifts combined reported negative tangible capital — meaning they were in the red — through March, Sheshunoff reported.

Capital-Union had negative tangible capital of $52.9 million on March 31, 1990, the Office of Thrift Supervision reported. The thrift attempted to stay alive by submitting a recapitalization plan, but the plan was rejected by federal regulators and Capital-Union was placed in the RTC's conservatorship program. The RTC now operates Capital-Union.

Citizens Savings tangible capital was 4.8 percent of total assets on March 31 and Equitable's tangible capital was 7.35 percent in the same period.

Under the thrift bailout bill, savings and loans must meet three capital requirements to remain solvent, including a tangible capital level of 1.5 percent to absorb potential losses.

The nation's thrift industry's losses reduced its tangible capital. The industry ended the first quarter with a tangible capital level to asset ratio of 4.8 percent, Sheshunoff reported.

Still, 1,896 thrifts with $654 billion in assets finished the first three months of 1990 with tangible capital ratios of 3 percent or more, Sheshunoff reported.

"Many of the 496 S&Ls with negative tangible capital and $271.6 billion in total assets seem destined for a number of fates ranging from new private owners to being liquidated and absorbed by the government," Sheshunoff Information President Alex Sheshunoff said.

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"For the 260 S&Ls with tangible capital ratios of 0 percent to 1.5 percent and $134.2 billion in assets, shrinking the institution — selling assets — often appears to be the most viable route to capital compliance . . .

In Baton Rouge, Citizens' nonperforming loans at first-quarter end were about $358,000, or less than one percent of total loans. Equitable's nonperforming loans were about $3,000, or one-tenth of one percent, in the same period. Capital-Union's nonperforming loans were $8.25 million, or 2.07 percent of all loans. Nonperforming loans are loans no longer accruing on their original terms.

"I think one of the things that's helped us is the pickup in real estate," Citizens President and Chairman Lee Nettles said. "We primarily do first-mortgage real-estate loans. We did see an uptick in real estate activity. It's holding up pretty good through the first six months and the third quarter."

Nettles said the Iraq crisis, which has raised worldwide oil prices above $30 per barrel, has helped firm up real-estate prices, including rent levels. "It's been a positive for our area, no doubt about it," he said of the higher oil prices.

"Our trend is up," said Equitable President and Chief Executive Officer H. Lynn Juban. "The second quarter was twice as good as the first quarter. And our third quarter is better than that. We're moving along the lines that we stated we wanted to do. The acquisition has just accelerated that."

Equitable's success comes from running a conservative institution and consequently developing the image of a safe savings and loan, Juban said.

Of the 86 thrifts operating in Louisiana, 46 lost money in the first quarter, Sheshunoff said.

Collectively, the Louisiana thrifts' net loss of $89.34 million for the first quarter of 1990 compares to $68.91 million loss for the same 1989 period.