Sunburst Bank reports $3.812 million profit

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Sunburst Bank of Louisiana reported profits on Monday of $3.812 million for the 12 months ending Dec. 31, 1989 compared to the $1.452 million earned May through December 1988.

The sale of the bank's credit card portfolio in March 1989 and the longer operations period contributed to the increase in earnings, according to A. Jackson Huff, Sunburst president and chief executive officer.

The bank realized a $2 million profit when it sold its $14.7 million credit card portfolio to First Bankcard Center in March 1989.

Sunburst Bank of Louisiana entered the Baton Rouge market after purchasing some of the assets and assuming the deposits in May 1988 of Capital Bank & Trust Co., a bridge bank formed after Capital Bank & Trust Co. failed in October 1987.

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Sunburst's return on average assets was 1.36 percent. This means it earned $1.36 for every $100 in assets. Its return on equity was 19, Huff said.

Meanwhile, Sunburst's parent company, Grenada Sunburst System Corp. of Grenada, Miss., reported Monday its profits fell 50.4 percent to $6.1 million in 1989 from $12.3 million in 1988.

The decrease in annual earnings came from a previously announced $6 million boost in the provision for loan losses and a shrinking interest spread last year, according to the company.

In addition, Grenada lost $1 million from the sale of certain investment portfolio securities "as a planned strategy to manage interest rate sensitivity," the company reported.

Grenada's 1989 fourth quarter earnings fell 14.8 percent to $2.7 million compared to the $3.1 million earned during the same 1988 period. Continued pressure from relatively high short-term interest rates on Grenada's banks' interest spread was the primary reason for the profit drop, the company reported.

Gross loans for the $1.7 billion-asset Grenada grew 10.9 percent to $1 billion at Dec. 31, 1989, an increase of $101 million from year-end 1988. Deposits stood at $1.5 billion at Dec. 31, 1989, up 7.7 percent, or $109 million, over 1988, the company reported.

The Grenada board on Monday also announced a first quarter cash dividend of 15 cents per share. The dividend is payable April 2 to shareholders of record on March 15.