Sunburst of La. reports earnings of $618,000

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Sunburst Bank & Trust of Louisiana earned $618,000 during the quarter ending Sept. 30, the first full quarter of earnings reported by the Grenada, Miss.-based bank holding company subsidiary.

Total third-quarter earnings for the overall corporation, Grenada Sunburst Systems Corp., increased 24.5 percent to $3.4 million compared to three months ending Sept. 30, 1987, the company said.

Sunburst formally purchased Capital Bank and Trust Co. NA May 23 from the Federal Deposit Insurance Corp. The FDIC had been operating Capital Bank NA as a bridge bank after Capital Bank and Trust Co. failed in October 1987 because of insolvency.

Between May 23 and June 30, Sunburst Bank of Louisiana earned $233,000 in profits. Third-quarter earnings can be attributed mainly to debt refinancing activity, primarily among individuals, said James T. “Pete” Boone, president and chief executive officer.

But small business loan activity, which remained flat during the summer months, began growing in September, he said.

“In September . . . we put in about a million (dollars) in retail loans for small business loans,” Boone said. “That’s the first month we’ve seen since May.”

Also, sales of income-producing property, such as apartments and small strip shopping, have stepped up in the past 60 days and included purchases by out-of-state buyers, he said.

Loans, including commercial paper, which is listed in the call report among loans, stood at $103.89 million at Sept. 30, compared to $117.12 million at June 30 and $86.11 million when Sunburst assumed the bank May 23.

Loans exclusive of commercial paper have increased about $10 million to $93 million, Boone said.

Total deposits fell to $221.71 million Sept. 30 from $239.58 million June 30 and $239.75 million May 23.

The drop occurred partly because of the loss of the East Baton Rouge Parish School Board deposit account, Boone said.

In addition, the deposits that other banks have with Sunburst fell to $4 million from approximately $13 million after the bank opted not to process cash letters from the institutions. Brokered deposits fell to $2.7 million from $5.8 million during the three-month period and the bank is no longer purchasing brokered deposits, Boone said.

But core deposits, made up of consumer deposit accounts, rose $8 million since May. He credited that increase to the interest rates Sunburst is offering, its advertising campaign and the loans the bank has made which have helped draw in new deposits.

Sunburst’s investments grew to $113.34 million through Sept. 30 from $97.52 million June 30 and $29.30 million May 23. The non-performing assets, loans no longer paying on original terms and including foreclosed real estate, were .53 percent of total assets at Sept. 30.

Boone estimated Sunburst’s loans should grow between $10 million and $15 million, primarily in the commercial loan segment, with some growth in retail lending through year end. Deposits should grow by $4 to $6 million through year end, he said.

The Grenada Sunburst System reported its average earning assets increased $282.9 million to $1.48 billion through Sept. 30 compared to the Sept. 30, 1987.

The increase came from the Baton Rouge operation, the company said. In addition, the company announced Friday that it will pay a cash dividend of 15 cents per share on Jan. 2, 1989 to shareholders or record on Dec. 15, 1988.

Grenada Sunburst stock trades over-the-counter.