

## U.S. Bancorp profit falls to lowest since 2001



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By Jonathan Stempel

NEW YORK (Reuters) - U.S. Bancorp (NYSE:[USB](#) - [News](#)), one of the 10 largest U.S. banks, said quarterly profit fell 65 percent to its lowest level since 2001, hurt by costs to boost credit reserves and write down investments.

The results show how the recession and credit crisis have not spared even lenders considered relatively conservative. U.S. Bancorp's mix of businesses is less directly exposed to the health of consumer borrowers than that at many rivals.

Chief Executive Richard Davis expressed confidence the Minneapolis-based lender can ride out the credit crisis, which has caused credit losses to skyrocket and banks' share prices to sink.

"Part of this is just confidence, and that might be the biggest part," Davis said on a conference call.

He added that "getting the housing situation fixed will be the first remedy," and noted: "Make no mistake, consumers and businesses are spending less, they're traveling less, and they're watching their nickels and dimes."

In morning trading, shares of U.S. Bancorp were down \$1.90, or 12.4 percent, to \$13.44 despite a partially recovery in the broader banking sector following steep losses on Tuesday.

Fourth-quarter profit for U.S. Bancorp fell to \$330 million, or 15 cents per share, from \$942 million, or 53 cents, a year earlier. Net revenue rose 1 percent to \$3.62 billion.

Analysts on average expected profit of 18 cents per share on revenue of \$3.6 billion, Reuters Estimates said.

Profit was the lowest since the third quarter of 2001, according to Reuters data.

U.S. Bancorp more than quintupled the amount set aside for credit losses, to \$1.27 billion, reflecting falling home values and increased stress in commercial and construction loans. Net charge-offs nearly tripled to \$632 million.

Both amounts were in line with the bank's projections last month. Davis said he expects net charge-offs to continue to increase 20 percent to 30 percent quarter-over-quarter.

U.S. Bancorp also suffered \$253 million of securities losses, mainly for writedowns tied to so-called structured investment vehicles. Davis said further SIV losses will likely be smaller.

The bank received \$6.6 billion of capital from the U.S. Treasury Department's Troubled Asset Relief Program, and in November acquired banking operations of failed California lenders Downey Financial Corp (Other OTC:[DWNFQ.PK](#) - [News](#)) and PFF Bancorp Inc (OTC BB:[PFFBQ.OB](#) - [News](#)), adding 213 branches.

U.S. Bancorp has 2,791 branches in 24 U.S. states, mostly in the western two-thirds of the country, and \$265.9 billion of assets.

Through Tuesday, the bank's shares had fallen 50 percent in the last year, compared with a 68 percent decline in the KBW Bank Index (Philadelphia:[^BKX](#) - [News](#)).

(Reporting by Jonathan Stempel; editing by John Wallace)

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