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U.S. Bancorp Q2 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions) Your first question comes from Todd Hagerman - Credit Suisse.

Todd Hagerman - Credit Suisse

Richard, just following those comments and talking about your outlook, particularly describing it as such in terms as challenging and stressful. In terms of the business you talked earlier in the year about the new revenue opportunities and the build out as opposed to rationalizing the business. Given the outlook and the updated credit outlook, how were you thinking about the business now going forward, given the change, particularly as it relates to credit?

Richard Davis

I think one of the parts of that question is if we're going to change any of our current plans for the investments in the company, I'm not. The current credit environment, while, as I said challenging and stressful and all those other things is certainly diminishing our bottom line impact, if you look above the line, before losses and before loan loss provision adds, the core company is operating at levels as good as it has in the past two years, in fact that better in some cases.

Part of that is because we've continued to stay on the offense and stick to the basic business of Banking and not been worried about any of the issues that have been focusing some of our peers, but we've also been investing in these initiatives, many of which we've mentioned over the prior quarters and those are really coming through.

In a normal environment I would spend this whole conference call telling you about power Banc and talking about wealth management and talking about corporate trust and payments and I would get into those details and I'm happy to do that at any time, but given that the byline right now is credit quality, liquidity, capital and protection of the dividend, I don't want to lose the sight that this company is still working in the old fashioned scenario where losses are higher, but we're operating just like we did a couple years ago on trying to grow the future of the company through these revenue initiatives and 54,000 employees in the company, 52,000 spend every day working on moving forward while maybe 2,000 of us worry about making sure that we're protecting where we got up to this point in the cycle.

I'm actually quite optimistic about the benefits and you'll see them come through when the loan loss provision adds stops and when loan losses start to moderate, I think you'll see some really quality revenue benefits coming from this company that you haven't seen in a generation past.

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