

US: Bank Consolidation Continues

U.S. Bank acquires two California banks

By [Global Research](#)

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The U.S. Bank has taken over the banking operations, including all deposits and virtually all assets, of two financial institutions in Southern California, authorities confirmed on Saturday.

The two institutions are Downey Savings and Loan Association and PFF Bank & Trust of Rancho Cucamonga, both based in Newport Beach near Los Angeles.

U.S. Bank's parent company U.S. Bancorp said the takeover took place Friday night in a transaction facilitated by the Federal Deposit Insurance Corp (FDIC).

"The timing of this transaction could not be better, as we have just completed the highly successful integration of our Mellon 1stBusiness Bank acquisition in Los Angeles and Orange County," said Joseph M. Otting, vice chairman of commercial banking and U.S. Bancorp's Western U.S. senior executive.

"With the addition of the Downey Savings & Loan and PFF Bank & Trust branch locations, we continue to widen our distribution network in our growing California and Arizona markets," he said.

The banks are the 21st and 22nd to fail in the nation this year, and the fourth and fifth banks to close in California, according to the FDIC.

The combined 213 branches of the two organizations will reopen as branches of U.S. Bank under their normal business hours, including those with Saturday hours.

Customers will automatically become depositors of U.S. Bank, and their accounts will continue to be insured by the FDIC, which stressed that depositors will be able to access their money over the weekend by writing checks or using ATM or debit cards.

Downey Savings' branches are in Southern California, the Bay Area and Central California, with the exception of five locations in Arizona. PFF's branches are in eastern Los Angeles, northern Orange, San Bernardino and Riverside counties.

U.S. Bank acquires 12.8 billion dollars of assets and assumes 11.3 billion dollars of liabilities, including 9.7 billion dollars of deposits, of Downey Savings & Loan; and 3.7 billion dollars in assets and 3.5 billion dollars of liabilities, including 2.4 billion dollars of deposits, of PFF Bank & Trust.

As part of the transactions, U.S. Bank said it has agreed to assume the first 1.5 billion and 100 million dollars of expected losses on the assets of Downey Savings & Loan and PFF Bank & Trust, respectively.

Any losses in excess of those amounts will be subject to a loss-sharing agreement with the FDIC.

Under the agreement, U.S. Bank will also implement a loan modification program similar to the one the FDIC announced in August stemming from the failure of another California bank, the IndyMac Bank.

Prior to the takeover, U.S. Bank, the sixth-largest commercial bank in the United States, operated 2,556 banking offices nationwide, including 353 in California.

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