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B. of A. could cut 25,000-30,000 jobs: report



Executives at Bank of America Corp. **BAC -2.82%** are talking about plans to possibly cut as many as 25,000 to 30,000 jobs over the next several years, the Charlotte Observer reported Friday, citing sources familiar with the matter.

Last month, the Charlotte, N.C.-based bank announced that it would trim 3,500 jobs in the third quarter. Previous reports had suggested the total job cuts, part of cost-saving campaign at the bank, could affect thousands more employees.

As of the end of June, the bank employed about 288,000 people.

A Bank of America spokesman declined to comment on future job cuts, the newspaper said.

Full story at <http://www.charlotteobserver.com/2011/09/02/2574344/bank-of-america-layoffs-could.html>

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Bank of America layoffs could reach 30,000

Under pressure to trim costs, bank is working on efficiency campaign.

By **Rick Rothacker**
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As they work to complete the first phase of a major efficiency program, Bank of America Corp. executives are discussing plans that could slash the companywide workforce by as many as 25,000 to 30,000 jobs, sources familiar with the matter said.

The job losses could come over several years, the sources said. The Charlotte-based bank hasn't said how many jobs will be eliminated in the efficiency campaign, although some

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reports had previously said the number could reach 10,000. Executives are still working on final plans.

Broader cuts would be similar to London-based HSBC's plan to eliminate 30,000 jobs, or about 10 percent of its workforce. At the end of June, Bank of America employed about 288,000 workers, with about 15,000 in its headquarters city. A 30,000 reduction would equate to just over 10 percent of the employee base.

Bank of America has more employees than any large U.S. bank. The more profitable JPMorgan Chase has nearly 38,000 fewer workers.

"It's certainly going to be in the tens of thousands, and it's going to be at that level in other large banking institutions," said Dick Bove, a banking analyst at Rochdale Securities who follows Bank of America.

Bank of America chief executive Brian Moynihan, under pressure to improve profitability and build the bank's capital cushion, launched an effort in April called Project New BAC that aims to reduce costs and streamline the company.

Bank of America spokesman Larry Di Rita declined comment Friday on possible job cuts that could come from the initiative. Work continues on Project New BAC, he said.

In the first phase of the program, Bank of America executives are examining the consumer side of the bank, the mortgage business and staff functions. In the fourth quarter of this year and the first quarter of next year, they will tackle capital markets, wealth management and commercial banking operations.

In a memo to senior leaders last month, Moynihan said the management team will meet for a third and final review of "ideas for change" early this month. "We expect to begin communicating major outcomes and next steps soon thereafter," the memo said.

The project is designed to take grass-roots ideas from employees to reduce bureaucracy for workers and improve service to customers. At a time when it's difficult for banks to increase revenue, cutting costs boosts profits, allowing the bank to accumulate the capital it needs to absorb mortgage-related losses and meet new international standards.

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Savings to be 'substantial'

In a conference call with fund manager Bruce Berkowitz last month, Moynihan said the program would come to fruition as we "go past Labor Day" and that savings from the program will be "both material and substantial based on our work to date." The bank will provide more details about the program during its third-quarter earnings call in October, he said.

Bank of America probably will also face questions about expenses when it makes a presentation at the Barclays Capital financial services conference in two weeks.

Ahead of Project New BAC, Bank of America is also in the process of eliminating 3,500 jobs companywide this quarter, in addition to 2,500 reductions that occurred earlier in the year, according to Moynihan's memo. The bank has already started notifying employees affected by the reductions this quarter.

The cuts include layoffs in the global banking and markets unit, including the leveraged finance unit that provides financing for buyout deals. Earlier this week, the bank announced new leadership for that unit after David Flannery moved to a risk management position.

The global banking and markets business, which provides Wall Street-style services such as stock and bond offerings, is concentrated in New York, but cuts have occurred in Charlotte, people familiar with the situation said.

The reductions have included managing director-level employees, who are among the most highly paid at the company. The reduction is part of a regular business review and is similar to action taken last September, a source familiar with the situation said.

Global banking and markets, the unit bulked up by the 2009 Merrill Lynch acquisition, has been one of the bank's best-performing businesses. In the second quarter, it produced about half of the bank's \$13.5 billion in revenue, taking into account an \$11.3 billion loss suffered in the consumer real estate unit.

In recent weeks, Bank of America has announced other moves that could remove jobs from its payroll through the sale of businesses.

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Sale of businesses

The bank said last month that it's selling its Canadian credit card unit, which has about 1,800 employees. It also plans to exit credit card businesses in the United Kingdom and Ireland, which employ about 4,000 workers.

This week, the bank said it plans to sell or wind down its correspondent mortgage lending division, which employs about 1,400. This business fulfills mortgage loans originated by other banks.

Over the years, Bank of America has announced thousands of layoffs but always kept growing through acquisitions and new hiring. In its biggest layoff announcement, Bank of America said in December 2009 that it planned to eliminate up to 35,000 jobs due to its Merrill Lynch acquisition and a slowdown in the economy.

On a combined basis, Bank of America and Merrill Lynch had about 301,000 employees at the end of the fourth quarter of 2008. At the end of the first quarter of 2009, the bank reported 286,625, a drop of about 15,000, or about 5 percent. Since then, the bank's employment has grown mostly because of new staff hired to handle foreclosures and delinquent loans. STAFF WRITER KIRSTEN VALLE PITTMAN CONTRIBUTED.

Original source:

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