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PRESS RELEASE

MORTGAGE CRISIS PROMPTS LARGE-SCALE LAYOFFS

Banks and Credit Unions Experience Record Losses, Forced to Layoff Thousands

SAN DIEGO, January 2, 2008 – The subprime mortgage crisis, which has swept the country affecting homeowners everywhere, has now started to take its toll on banks and credit unions nationwide, causing large-scale layoffs and record losses. Major banking corporations such as Washington Mutual, Countrywide, Bank of America, Wachovia and Citigroup have been forced to layoff thousands of their workers in order to compensate for several billion dollars of mortgage losses. Overall, companies in the banking and mortgage industries have cut over 100,000 jobs this year.

Washington Mutual recently announced the closing of 190 of its 336 loan centers and sales offices, as well as the layoffs of more than 3,000 employees due to the subprime crisis. It may take years for Washington Mutual to return to profit making, as they announced expected losses of \$1.8 billion to \$2 billion in the first quarter of 2008. The subprime business was so brutal to Washington Mutual that the nation's largest savings and loan institution has decided to get out of the subprime business altogether and instead rely only on third party brokers. With the housing crisis in a complete tailspin, layoffs like the ones at Washington Mutual are becoming more and more common for major banks, credit unions and mortgage lenders.

Washington Mutual serves as just one example of how many other major financial institutions are reducing staff to compensate from the financial impact of the housing crisis. Another example is Citigroup. It reported that its shares are at a 5 year low causing extensive layoffs of as many as 45,000 employees. While Citigroup feels the economic impact of the subprime crisis, E-Loan Inc, an online mortgage lender, is cutting 44 percent of its workforce due to reduced overall demand for home loans.

Thus it is no longer *just* the homeowners feeling the impact of the subprime mortgage crisis; the financial institutions are getting hit just as hard. FDIC insured institutions across the country have posted net incomes from the third quarter of \$28.7 billion, which is a 25 percent decline from a year ago. Banks have not earned less than \$30 billion in a quarter since 2003. This means layoffs may start to become more and more common in the banking industry, and this may become a trend until the housing crisis straightens out.

Learn More about How the Subprime Mortgage Crisis is affecting the Banking Industry

These large-scale layoffs at major financial institutions are only the beginning. The housing crisis is just starting to hit banks hard and more difficult times lay ahead. San Diego Metropolitan Credit Union financial experts can offer valuable insight into how the subprime crisis is effecting the banking industry, and how it is effecting our local banking and credit union players.

As insiders in the financial industry, SDMCU experts can provide excellent analysis of just how significant these large-scale layoffs are, including:

- How local and national banks are affected by the subprime crisis, and are more layoffs on the way?
- What effect will the bank layoffs have on bank customers?

- Are there financial tips for people affected during this time of layoffs and financial struggles for the banking industry?
- As well as much more vital information and expertise on the current situation.

WHO: San Diego Metropolitan Credit Union

WHAT: The recent surge of layoffs in the banking industry caused by the subprime mortgage crisis

WHEN: Interviews are available immediately and ongoing

WHERE: In-studio or phone interviews with San Diego Metropolitan Credit Union

San Diego Metropolitan Credit Union (SDMCU) is committed to its community and members and provides services to families and individuals to manage their personal finances. SDMCU has been in business since 1934 and serves over 20,000 members. SDMCU's corporate headquarters are located in San Diego and information about SDMCU is available on the worldwide web at www.sdmcu.org.

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