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\$2.8 Billion Loss at Citigroup on More Write-Downs

By [ERIC DASH](#)

[Citigroup](#) reported a \$2.8 billion loss in the third quarter, the fourth consecutive period that the global banking giant has been swamped by write-downs on investments and steeper losses on consumer loans.

The bank took more than \$13.2 billion in charges in the third quarter, bringing the total amount of write-offs and credit losses since the [credit crisis](#) began last year to more than \$64 billion.

And as more signs of a global slowdown surface, the bank continues to come under pressure. Although the write-downs in its investment bank declined for the third quarter, losses in Citigroup's global consumer businesses rose sharply. Credit costs increased 84 percent, to \$9.1 billion driven by charge-offs and reserve increases in the bank's credit card, consumer finance and banking operations.

Every major region of the world where Citigroup operates, with the exception of the one anchored by the Middle East, reported a decline in revenue.

The quarterly loss was a stark reversal from the \$2.2 billion the bank earned in the period a year ago. The loss was 60 cents a share, compared with a gain of 42 cents a share in the third quarter a year ago. Revenue fell 23 percent, to \$16.7 billion.

[Vikram S. Pandit](#), Citigroup's chairman and chief executive, said in a statement that the bank's results reflected a "difficult environment" and write-downs as the bank sheds more than \$400 billion in noncore operations, low-returning assets and toxic mortgages. Citigroup also eliminated 11,000 jobs in the third quarter, bringing the total number of layoffs to 23,000 this year,

Although Mr. Pandit said they were making "excellent progress," he gave no indication of when the bank would return to profitability.

Mr. Pandit only hinted at the \$25 billion investment stake that Citigroup accepted along with eight other big banks at the behest of Treasury Secretary [Henry M. Paulson Jr.](#) And Mr. Pandit did not address Citigroup's failed bid for the [Wachovia Corporation](#), a move that executives believed was a potentially game-changing deal for Citigroup's domestic banking franchise. [Wells Fargo](#) swooped in with a counter-offer that derailed the bid; both sides are now waging an intense battle in the courts.

Citigroup has long been considered a bellwether for the global financial services industry. Its range of businesses, from investment banking to credit cards, and sprawling international reach are rivaled by only a handful of banks.

On paper, the diversified bank was supposed to be the ideal business model for these tumultuous times. But as the markets gyrated wildly and the global economy teeters, Citigroup shares have plummeted along with most other banks.

Citigroup is the latest big bank to announce results in what is expected to be yet another dismal quarter for nearly all financial firms. [Merrill Lynch](#), which sold itself to [Bank of America](#), also reported a \$5.1 billion loss on Thursday morning, the fifth consecutive loss. Earlier, Bank of America, [JPMorgan Chase](#), Wells Fargo and State Street reported earnings that were similarly muted by sobering economic projections. And dozens of small and regional banks have not yet reported their results.

Much of Citigroup's loss was concentrated in investment banking, which is known as the institutional clients group. The unit reported \$81 million in negative revenue, hurt by write-downs. Chief among those was \$4 billion tied to its various exposures to faltering home loans, including assets belonging to various structured investment vehicles; \$1.2 billion tied to Alt-A mortgages and \$919 million related to its exposure to bond insurance companies. It included a \$792 million charge tied to lending to private equity deals, a once-lucrative business that has left Citi with billions of dollars in loans and bonds it cannot sell.