Berkshire Hathaway Inc

Warren Buffett's Berkshire Hathaway slashes stakes in Bank of America and Citi

Conglomerate steps up effort to cut its holdings in US lenders over recent months

Warren Buffett's Berkshire Hathaway sold shares in Citigroup worth more than $2.4bn © Reuters

Eric Platt and **Stephen Gandel** in New York

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Warren Buffett's Berkshire Hathaway slashed its stakes in some of the US's biggest banks in the final three months of 2024, as the billionaire investor dumped billions of dollars' worth of Bank of America and Citigroup shares.

The sprawling conglomerate sold nearly three-quarters of its position in Citigroup, selling 40.6mn shares worth more than $2.4bn, according to a filing with US securities regulators published on Friday.

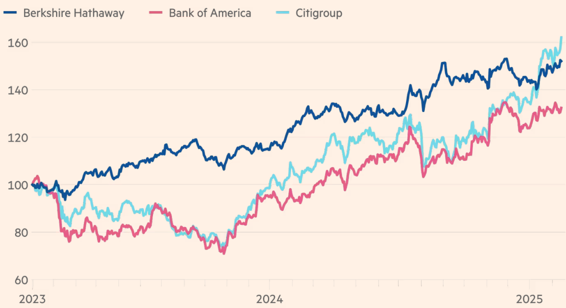
Berkshire also continued to sell shares of BofA, an investment that dates back to the financial crisis when Buffett stepped in to provide ballast to one of the country's largest lenders.

Berkshire, which owned a 13 per cent stake in the bank and has for years been the bank's biggest shareholder, waited for BofA and the wider US financial system to weather the regional banking crisis before it began cutting its position. But starting last July, it began to aggressively cut its stake, sometimes dumping shares on the open market in consecutive trading sessions.

The disclosure on Friday showed Berkshire had cut its stake by a further 95mn shares since mid-October, when its ownership position fell below a 10 per cent reporting threshold. The sales in the weeks that followed reduced Berkshire's stake in BofA to about 8.9 per cent.

Berkshire and two of its big investments

Share prices rebased



Source: LSEG via markets.ft.com

The Omaha-based group also cut its position in Capital One, another large US bank, by nearly a fifth, selling 1.7m shares of the credit card specialist.

Buffett spent most of 2024 pruning Berkshire's mammoth stock portfolio, as he cut or exited positions outright. That included one of his most profitable trades: his investment in Apple.

The filing on Friday indicated that Buffett and his two investment deputies had continued to find few worthwhile wagers in the US stock market, preferring the yields on US Treasury bills, which have bolstered Berkshire's profitability.

The company invested in just one new stock in the fourth quarter, buying $1.2bn worth of shares of Modelo beermaker Constellation Brands.

However, it was unclear if the investment in Constellation had been made by Buffett or by one of his two investment deputies. Analysts and investors generally view investments of $1bn or less as wagers made by Todd Combs or Ted Weschler, the two men who manage a portion of the company's $272bn stock portfolio.

Buffett's exit from bank stocks comes as many investors grow more optimistic on the sector than they have been in years, lifted in part by promises by President Donald Trump to lessen regulation of the industry.

Shares of the nation's biggest banks rose roughly 40 per cent on average last year, as measured by the KBW Bank Index.

Buffett first made a large wager on BofA with an unsolicited $5bn investment in 2011, when it was still nursing huge losses from a pair of ill-advised acquisitions — the $40bn purchase of doomed mortgage broker Countrywide and the bailout of Merrill Lynch.

The investment was a huge vote of confidence for the then newly named BofA chief executive Brian Moynihan, whose performance had yet to convince investors he could turn the bank around. "There have been a lot of financial cowboys in banking," Buffett said in 2022. Moynihan, in his view, was one of the good guys.

However, BofA's decision to invest in longer-dated Treasuries to bolster its earnings during the pandemic backfired when the Federal Reserve began aggressively lifting interest rates in 2022 and 2023.

The investment has left BofA with hundreds of billions of dollars of low-yielding securities, many of which won't mature until 2026 or later. Unable to redeploy that cash into higher-yielding investments, BofA's returns have lagged rivals recently.

For Citi, Berkshire's $3bn stock purchase in 2022 hasn't produced the same positive buzz that it did for BofA.

Citi's chief Jane Fraser, after years of lagging rivals, unveiled a massive restructuring in late 2023. Early last year, Fraser told the bank's top executives that Buffett had relayed his enthusiasm for her plan.

Citi made some progress on cutting costs in 2024, with operating expenses down 4 per cent compared with the previous year, including a 2 per cent reduction in expenditures for staff remuneration and benefits.

The bank's return on tangible common equity — a profitability metric — was 7 per cent in 2024, up from 4.9 per cent in 2023, but lower than its main peers. Citi had targeted 11-12 per cent by the end of 2026, but reduced that range to 10-11 per cent in January.

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