Web:www.horseforex.com
Email:support@horseforex.com

Deutsche Bank to exit equities trading in radical overhaul

Deutsche Bank has unveiled one of the most radical banking overhauls since the financial crisis, closing swaths of its trading unit and hiving off €74bn of assets as the struggling German lender calls time on its 20-year attempt to break into the top ranks of Wall Street.

Deutsche confirmed it would close down its lossmaking equities trading business and shrink its bond and rates trading operations in a long-awaited announcement on Sunday afternoon.

It is also creating a new bad bank — dubbed a “capital release unit” — that will comprise €74bn of risk-weighted assets, equivalent to €288bn of leverage exposure on the balance sheet.

Around €3bn of upfront restructuring costs will push the bank into a second-quarter net loss of €2.8bn, and the total bill is expected to rise to €7.4bn by the end of 2022, the bank said in a statement.

The bank said it “intends to fund its transformation from its existing resources, without requiring additional capital”.

The new strategy by Christian Sewing, chief executive, signals a retreat from Deutsche’s global ambitions and its aim to be Europe’s main rival to Goldman Sachs. One year ahead of Deutsche’s 150th anniversary, Mr Sewing is refocusing the lender on its historic roots — financing German and European corporate clients and domestic retail banking.

“These actions are designed to allow Deutsche to focus on and invest in its core, market-leading businesses of corporate banking, financing, foreign exchange, origination and advisory, private banking and asset management,” the lender said.

As many as 20,000 jobs are also expected to be cut, but the bank did not mention headcount reductions in its initial statement. Most of the job losses are set to come at the investment bank, particularly the underperforming operations on Wall Street and in the City of London.

Two top executives have already departed as part of the overhaul — Garth Ritchie, investment banking chief, and Frank Strauss, head of retail banking. Sylvie Matherat, chief regulatory officer, is also expected to leave, according to people briefed on the plan.