

Deutsche Bank to cut 35,000 jobs after \$6.6 billion loss

29/10/2015 20:04 by admin

Frankfurt, Germany: Deutsche Bank says it is cutting 35,000 jobs through redundancies and the sale of businesses as new CEO John Cryan seeks to make Germany's biggest lender more manageable and profitable.

The bank will slash 9,000 full-time jobs, 6,000 contractor positions and sell operations with 20,000 more workers. It will also close local operations in 10 smaller countries.

Most the jobs to be shed by selling businesses are at the bank's Postbank retail bank, which the bank plans to divest. By 2018, the cuts and disposals are to shrink the bank's workforce from around 103,000 to 77,000.

The announcement came Thursday as the bank reported a net loss of 6 billion euros (\$6.6 billion). Net profit was hit by 5.8 billion euros in noncash charges for the reduced value of its investment bank and Postbank.

The bank will not pay a dividend this year and next year to retain capital and strengthen the bank's finances against possible financial turbulence.

Cryan said at a news conference that the bank faced "hard decisions" as he restructures it.

"We must reduce Deutsche Bank's complexity," he said.

The bank has struggled to reduce costs and make its administration more transparent and ethical as it deals with uneven profits and investigations into rigging financial benchmarks. Former co-CEO Anshu Jain resigned in June.

The other co-CEO, Juergen Fitschen is leaving in May.

Cryan warned that "there will be consequences on compensation" when he was asked about the impact on executive bonuses but said he could not yet quantify them.

He said it would be "unacceptable not to share some of the costs that we have suffered" as a "consequence of poor historic behavior." The bank has set aside billions to pay for fines and legal settlements and cons in a several cases, including the rigging by a number of banks of the key interest rate benchmark known as the London Interbank Offered Rate, or Libor.

The bank paid \$2.5 billion to regulators in Britain and the United States to settle the Libor case.

The bank said it would close its onshore operations in Argentina, Chile, Mexico, Peru, Uruguay, Denmark, Finland, Norway, Malta and New Zealand. Some branches in Germany would close as well, Cryan said. Of the 9,000 internal job cuts, about 4,000 will take place in Germany.

- AP