
NO COMMENT FROM MERKEL ON DEUTSCHE BANK'S WOES

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EuroNews

The troubles continue for Deutsche Bank, Germanys largest lender. Its shares again hit a new record low at one stage on Tuesday as investors fretted about how many billions it will have to pay in fines to the US Department of Justice for wrongdoing in the run up to the 2008 financial crisis.

German Chancellor Angela Merkel is kept her distance from the mess when asked about it at a news conference: I only want to say that Deutsche Bank is a part of the German banking and financial sector. And of course we hope that all companies, also if they face temporary problems, can develop in the right direction. I dont want to comment beyond that.

Deutsche Bank □ facing a \$14 billion demand from Washington □ denies that it has ever asked for help from the German government.

Merkel has in the past has been a hard liner on too-big-to-fail banks and cannot risk alienating voters now.

Tom Stevenson, Investment Director at Fidelity International, explained: I dont think we should be surprised that the German government is unwilling to step up to the mark and to bail Deutsche Bank out, to send money essentially to the US on behalf of Deutsche Bank. We have got elections next year in Germany and there are simply no votes in supporting a failing bank.

Many in the German banking sector are facing difficulties.

Commerzbank, the countrys second biggest lender, saw its shares fall on Tuesday on reports it plans to cut around 9,000 jobs □ nearly 20 percent of its workforce □ over the next few years and will not pay a dividend to its shareholders this year.

The revamp is expected to cost around one billion euros, Reuters reported citing a person close to the banks supervisory board.

Chief Executive Martin Zielke is due to present the plan to Commerzbanks supervisory board this week and expects to unveil it publicly on Friday.

Following a bailout in 2009 the German state currently owns 15.6 percent of Commerzbank, reduced from its previous 25 percent stake.

Deutsche Banks shares have fallen by more than half since the start of the year, while Commerzbank is down almost 40 percent.

Kaynak/Source: