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Deutsche Bank Lost \$1.6 Billion on a Bond Bet.

One of the banking industry's biggest soured bets since the financial crisis involved a complex municipal-bond investment. Warren Buffett was enmeshed in the deal.

Deutsche Bank AG DB -0.12% racked up a loss of \$1.6 billion over nearly a decade on a complex municipal-bond investment that it bought in the runup to the 2008 financial crisis, and failed to confront head-on even as markets were upended and regulations tightened.

The loss, which hasn't previously been reported, represents one of Deutsche Bank's largest ever from a single wager—roughly quadruple its entire 2018 profit—and ranks as one of the banking industry's biggest soured bets in the last decade.

The prolonged struggle over how to handle the investment sheds light on cultural and financial challenges inside one of Europe's biggest banks that have hampered its ability to compete with stronger U.S. rivals.

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The Wall Street Journal

By Jenny Strasburg and Gretchen Morgenson

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