

Deutsche Bank AG

How a publicity-shy chair is revamping Deutsche Bank

In his first year, Alexander Wynaendts has made management more accountable



Alexander Wynaendts joined Deutsche Bank in May last year © FT montage/Bloomberg/EPA-EFE

Olaf Storbeck in Frankfurt - 16/05/2023 11:50 AM

It took Alexander Wynaendts 13 days to prove his sceptics wrong.

When the Dutch former insurance executive joined Deutsche Bank in May last year, investors feared that the new chair might be a mere figurehead.

Lacking an internal power base, much [banking expertise](#) or many connections in Germany, they were concerned that Wynaendts would be pushed around by Deutsche's management.

He quickly proved otherwise, siding with regulators to oust the head of DWS, the asset manager 80 per cent owned by Deutsche, after the bank's top brass had publicly backed Asoka Wöhrmann in the face of damaging greenwashing allegations.

Wynaendts thought that Wöhrmann's departure was an "obvious decision", say people familiar with his views. It became one of several moments over the past year that helped cement his position at Deutsche.

The 62-year-old's arrival at Deutsche coincided with the bank generating record profits following a decade of crisis. Yet Wynaendts still faces the same issues as his predecessor, Paul Achleitner: flaws in internal controls, regulators demanding continuous improvements, a bloated bureaucracy and high costs.

"We still need to regain the trust and confidence," he told the Financial Times, adding that he was deliberately keeping a low public profile. "I think humility is a good way [to win back confidence] rather than making too much noise."

Wynaendts's quiet progress has begun to win him the respect of insiders and investors.

"He has made a difference already internally," Andreas Thomae, an ESG expert at Deka Investment, a top-20 investor in Deutsche, told the FT.

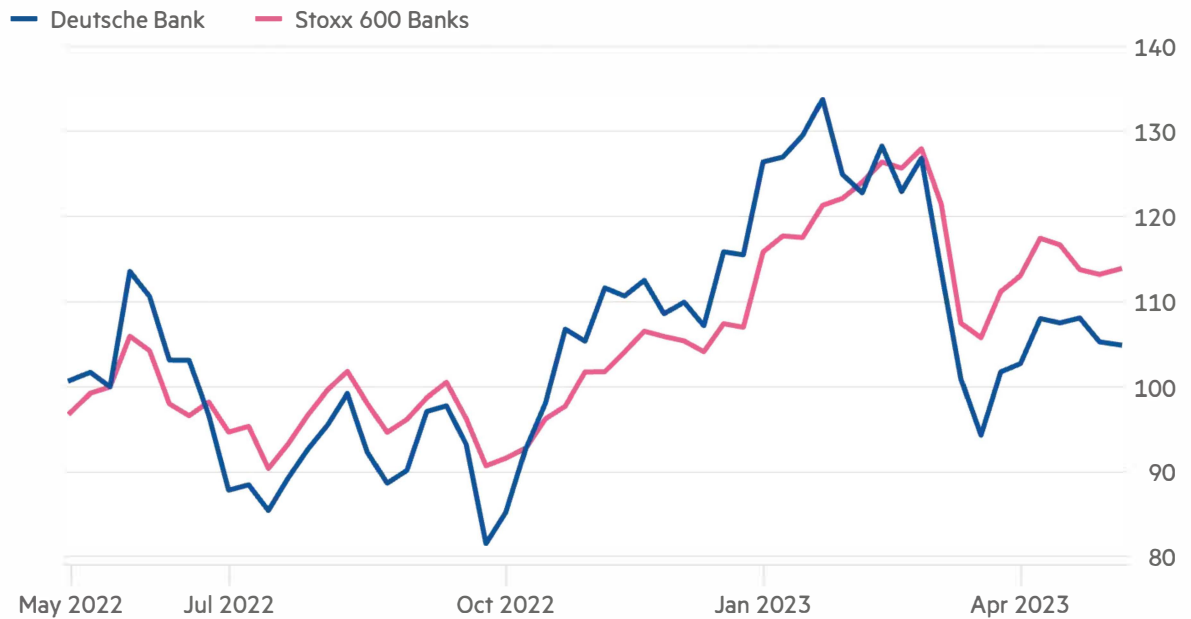
Alexandra Annecke, a portfolio manager at Union Investment, another top-20 investor, said that the chair's focus on rebuilding trust, remediation of control issues and costs were "precisely the right priorities".

Investors say they were heartened by his decision to cut the bonuses for chief executive Christian Sewing and the other executive board members over missed milestones and delays in improving internal controls.

Overcoming scepticism by fellow supervisory board members, Wynaendts imposed a 5 per cent reduction to one of the bonus components, docking €1mn in total, including a €145,000 cut for Sewing.

Deutsche Bank v peers

Share prices rebased, May 19 2022



Source: Refinitiv
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The chair also insisted that the cuts were fully disclosed in the annual report. “We wanted to send a signal to the entire organisation,” he told the FT, adding that everyone should understand that “the management board is held accountable” for the issues. He said he wanted to avoid any potential misunderstanding “about what is the top priority here”.

His management style contrasts with Achleitner’s, who enjoyed the limelight and tried to avoid open conflict as much as possible.

“Paul took it upon himself to speak to people bilaterally” trying to iron out compromises, said a person who experienced both tenures. Achleitner’s critics accuse him of dithering and shying away from tough but necessary decisions. Achleitner declined to comment through a spokesman.

“Alex is more open. He lets people see each other’s opinions” in the boardroom, the person said. Initially, board members could barely believe this new approach. “It was like: Oh, we’re really talking about this! This is not a foregone conclusion,” says one.

Wynaendts is also more hands-on than is considered normal under Germany’s two-tier board system where the supervisory board formally has no role to play in day-to-day operations, say people familiar with the matter.

During the meltdown of Credit Suisse, he was personally involved in discussions around if and when Deutsche lowered its exposure to the Swiss bank, say the people.

However, for all the progress, some investors remain wary of Wynaendts's outsider status, pointing to the fact that his German is not yet good enough for him to run Deutsche's annual shareholders' meeting, scheduled for Wednesday.

Others are concerned about his relationship with the bank's chief executive and his handling of at least one crucial decision.

Sewing, who had a close relationship with Achleitner, has taken time to get used to the new chair, say people familiar with the matter.

The two took opposite sides on one of the most important decisions during Wynaendts's first year: whether deputy chief executive Karl von Rohr's contract would be extended past October 2023.

The CEO wanted to keep von Rohr, a personal friend and longtime confidant, according to the people familiar with the matter. Von Rohr also had the backing of workers' representatives, who have seats on the supervisory board that appoints the bank's executives.

But when it became clear that Wynaendts was not a big fan of von Rohr — pointing to his handling of the DWS greenwashing allegations and the slow progress in restructuring Deutsche's domestic retail unit — Sewing backed down without a fight, say people familiar with the discussions.

Eventually, von Rohr pre-empted a formal decision by the board not to extend his contract, and last month announced that he would not seek another term. "Karl did not have many other options left," said one insider.

Critics argue that Wynaendts did not handle the process well, as the discussions over von Rohr's future dragged on for more than six months and involved a series of damaging leaks.

The CEO and chair's relationship is "growing in a very positive direction", says a person close to both men, adding that from the beginning they both had "great respect" for each other. "We are working very well together," says Wynaendts.

Wynaendts, von Rohr and Sewing declined to comment.

The Deutsche chair says his main job is to "support" management and help them "to do what they need to do".

Asked if that occasionally required him to be annoying, Wynaendts said that “I think we have avoided the need to come to that”.

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