

Interview

Global DNA

An Interview with **Josef Ackermann, Chairman of the Management Board and the Group Executive Committee, Deutsche Bank AG, Frankfurt**

EDITORS' NOTE *Josef Ackermann joined Deutsche Bank's board of managing directors in 1996, and assumed his current posts in May 2002. Ackermann is also a supervisory board member of Bayer AG, Deutsche Luftbansa AG, Linde AG, and Siemens AG, and the chairman of the Institute of International Finance (IFF). He studied economics and social sciences at the University of St. Gallen, and in 1977 joined Schweizerische Kreditanstalt (SKA), now Credit Suisse Group. Ackermann eventually rose to become President of SKA in 1993.*

COMPANY BRIEF *One of the largest banks in the world, Deutsche Bank AG (NYSE:DB) offers investment banking, asset management, private wealth management, and retail banking services to corporate and private clients through its two operating segments: Corporate and Investment Banking, and Private Client and Asset Management. With more than 63,000 employees in 74 countries around the globe, the bank (www.db.com) reported net income of \$4.2 billion in 2005.*

How much "Deutsche" is left in Deutsche Bank? You have so many different cultures in the bank. You've taken minority stakes in overseas banks in China and Russia; you're expanding in India with branches there. Is there any Deutsche DNA left?

Our DNA has evolved in true Darwinian fashion. Throughout the process of transforming ourselves from a mainly German financial institution to a truly international force, we've always faced the perennial question of our identity. We are proud of our roots in Germany, but we're also proud of our long-term history in locations such as China and India. We are proud of our brand and of what Deutsche Bank stands for now – a global, dynamic investment bank with a strong and profitable private clients franchise. As we've grown our businesses around the world we have evolved and strengthened, which gives us a unique and truly global DNA.

You've reached your financial objectives in 2005. What is the next growth opportunity?

We gained a great deal of credibility by achieving the 25 percent RoE [return on average shareholders' equity] target we set for ourselves in 2005, and also for our record first quarter in 2006. But we continually try to do things better and are always on the lookout for potential areas of growth. In sales and trading, we are pursuing synergies, as well as looking for new ways to utilize our intellectual capital on behalf of our clients. In investment banking, we are improving our coverage efforts and want to further strengthen our position in the U.S. and in Asia, and also in the Middle East and Latin America. We have repositioned our asset management business to take advantage of our global footprint and to target new business trends. In our private wealth management and retail banking businesses, we are looking for growth opportunities outside our traditional strongholds and will develop new products and penetrate new markets. We will continue to set new targets for ourselves to benefit our shareholders, our clients, and our employees.

You've spoken about the importance of share-price development versus having a large market capitalization. Which is better?

Different organizations will have different views based on their particular revenue stream, growth objectives, and analysis of the competitive landscape. For Deutsche Bank, our focus has been on share-price development, and we have seen an overdue increase in our share price over the 2005 to 2006 period. For me, the important principle is the ability to stay competitive and nimble. We are strong enough in the markets where we choose to compete to beat rivals with larger market capitalizations. That is the key point. We have benefited from, and will continue to focus on, our successful strategy of organic growth. If we continue to deliver profitability and growth, our share price will further develop in a way that will make investors happy.

What is your long-term goal for Deutsche Bank during your tenure as Chief Executive? Is there anything you would you like to change in the bank?

I would like Deutsche Bank to be widely recognized as a leading global financial institution. We have made enormous progress in a relatively short time-frame, and that is a tribute to both my management team and all our employees. I hope to continue to build on the culture of meritocracy, entrepreneurship, dedication, and creativity that has brought us to where we are today. These qualities will serve us well as we expand to the next phase of our development. On a more general note, I would like to see us demonstrate more clearly the case for business in society and the huge contributions it makes to social welfare. We have made, and are still making, a tremendous effort to reach out to communities around the world through our philanthropic efforts and our corporate citizenship activities.

In this world of constant innovation, how does the bank keep up with a constantly changing IT environment?

It is vital for our clients that we remain at the forefront of technological innovation. As an example, our global transaction banking business differentiates itself because of its enhanced IT platform for the delivery of its products. Across the firm, we have looked at ways to monitor new developments in technology and either build our own proprietary systems or partner with other firms in order to manage costs. A strong infrastructure is essential to a firm our size, with its immense trading volumes in the investment bank and high transactional retail volumes.

Has your ability to attract top talent to the bank changed over the last six or seven years of growth?

Absolutely, it has changed beyond all recognition. It is a testament to the heads of all of our businesses that we can now attract world-class talent to our platform. In the U.S., for example, there is no longer any question about our commitment to the market, and we attract the



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best from Wall Street, M.B.A. programs, and colleges in our recruitment efforts. Overall, we encourage a culture of meritocracy and dynamism, and that is what draws young people who are eager to learn and succeed, as well as more seasoned bankers looking for a challenge, to Deutsche Bank.

How do you inspire a quality of respect, admiration, and inspiration in your co-workers? How do you motivate them?

You do it by demonstrating a personal commitment to your colleagues and an interest in what they are striving to achieve. I travel extensively, visiting our offices around the world and meeting with our employees, to convey my support and thanks for all they have accomplished. I also feel it is important

to communicate the bank's strategy and vision, so that everyone has a vested interest in its success. Of course, most of my time is spent with clients. I think it is important for a manager to be a "doer," as well as a leader. Lastly, motivation is built on success, so I encourage all of our employees to continue to be competitive in the pursuit of our goals – even as we increasingly improve on our performance.

As a leader, what is the most important factor as you strive for excellence, integrity, and trust? What drives you?

The most important thing is to trust your instincts and your judgment. Listen to all sides of an argument, but do not become distracted. In business, there will always be those who question your strat-

egy and your vision. So it is vital to demonstrate a determination in the pursuit of your goals and to lead through personal commitment. Patience is definitely a virtue when it comes to solving business problems, and I think it is important to stay one step ahead of the issues facing your organization and its clients. A culture of integrity and trust, blended with a solutions-based approach, is an unbeatable combination.

You and your brother, who is a doctor, grew up in a small Swiss village, living next to the railroad tracks. You have said that you often wondered where the trains were going, and that gave you the yearning to travel and go out into the world. What did you really want to be when you were growing up?

When I was young I enjoyed sports, music, languages, and mathematics. I knew that, wherever my career took me, I would benefit from the values of practice and discipline that all those activities share. I considered careers in politics, academia, and economics, and the banking sector has elements of all these disciplines. I am grateful that my career has given me the opportunity to travel the world, meet business and government leaders from around the globe, and have the experience of managing an international and multicultural firm like Deutsche Bank.

What is your greatest frustration?

Personally, I am frustrated by people who stereotype. We should all be able to see past stereotypes and appreciate that people, countries, issues, and even companies are multilayered, multifaceted, and complicated enough not to warrant just a simple analysis. It is easy to join in with the loudest voice, while not understanding the issues. It is more difficult to show integrity and formulate your own opinion without prejudice. We have to encourage constant dialogue, understanding, and education to ensure a world without stereotypes.

What is your greatest joy?

My greatest joy is my family; there is nothing I enjoy more than spending time with them. It is important to have a healthy work-life balance, in order to keep a good perspective on your career. Success can be measured not only in business or financial terms, but more importantly, by the strong network of family support that you cultivate.

What advice would you give to young people who yearn to create the success you have enjoyed?

Stay focused on your goals. Learn from criticism, but do not let it distract or slow you down. Look for a mentor who can guide you through decisions, changes, and shifts in strategic direction. Be a mentor if you can. Find a career that is in line with your interests, abilities, and work ethic, and success will follow. ●