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Schmitz - Member of the Board - Deutsche Bank AG - March 10, 1998

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President Wolfensohn - Briefing Book for President's Meetings - Meeting Material

Dr Ronaldo Schmitz - Member of the Board - Deutsche Bank AG - March 10, 1998

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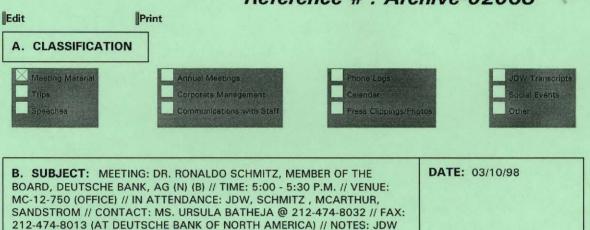
Member of the Board, Deutsche Bank, AG Meeting: Dr. Ronaldo Schmitz

Tuesday, March 10, 1998 \* 5:00 -5:30 p.m. JDW Office

### Archive Management for the President's Office

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## Reference # : Archive-02068



1/27) EXC: JDW // ALI (1/27)

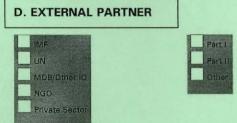
Brief includes:

--- Briefing Note to JDW from M. Malloch Brown, March 5

SPOKE TO SCHMITZ BY PHONE AND AGREED TO MTG. - AS ADVISED 1-ON-1 // (1/27) CFMD. BY FAX // ED ADVISED (SCHAFFER) // (3/9) MR. SANDSTROM ADVISED THAT HE AND MCARTHUR WOULD BE JOINING JDW FOR THIS MEETING // (B) EXTVP // DUE: THURSDAY, MARCH 5 (BY EMAIL

- --- Recent Developments with Deutsche Bank
- --- Bic
- --- World Bank Group Deutsche Bank Business Relations

#### C. VPU Regional **Affilliates** Corporate Central CTR AFR LEG ECA LAC MPS MNA Kennedy Center FPR MIGA SEC/Board TRE



The World Bank Washington, D.C. 20433 U.S.A.

MARK MALLOCH BROWN Vice President External Affairs

March 5, 1998

#### Mr. James D. Wolfensohn

Jim:

# Your Meeting with Dr. Ronaldo Schmitz Vorstand Member, Deutsche Bank Tuesday, March 10, 1998

We understand this meeting is largely a personal one (you know Dr. Schmitz from Princeton) and there are no issues from Dr. Schmitz's side. However, there are some background issues you should be aware of.

Deutsche Bank

In the **new organization of Deutsche Bank**, announced by Rolf Breuel at the end of January, **Ronaldo Schmitz will head the new "Global Corporates and Institutions"** division in a top management tandem with Josef Ackermann, also a *Vorstand* member. This new division, one of the restructured Deutsche Bank's five departments, **will handle most of the Deutsche Bank's investment banking business**.

Attached are more details on the recent developments with Deutsche Bank from our reading of the European press.

World Bank-Deutsche Bank Cooperation

We now have a **two-way exchange program** with Deutsche Bank. The duration of the program is **two years for both ways**.

Ms. Christine Sior of Deutsche Bank has joined the Bank since March, 1997. She is working as Financial Analyst in FSD under Mr. Jonathan Fiechter and involved in projects in Korea. Mr. Ning Zhu of the Bank's Africa Technical Families will start an assignment with Deutsche Bank Research, reporting to Mr. Harald Eggerstedt, as Financial Analyst around May 1998.

World Bank Group Frankfurt Office

You might note that the World Bank Group will open its Frankfurt Office later this spring. One integrated private sector representative will handle both World Bank and IFC relationships with the German private sector from this office. The office will be located on KfW's premises (you visited the space last November). An opening reception is planned for the end of May with Jannik Lindback and Mark Malloch Brown, and we will be pleased to invite Deutsche Bank to join us then.

Deutsche Bank at the World Bank's German Forum

You might want to express that we would like to have Deutsche Bank be at our next German Forum on January 27, 1999 in Munich, hosted by Siemens.

Mar

#### Information on recent developments with Deutsche Bank

Fundamental restructuring has been expected at Deutsche Bank since Rolf Breuel took the helm last year, but the cost of the three-year restructuring plan has surprised analysts. Deutsche Bank has reserved DM 2.5 billion from last year's profits to fund the three year program, which will probably entail significant job cuts. The aims are to reorganize the bank in line with client needs rather than banking activities, to increase the Bank's competitiveness in Europe and increase its middle-class clientele, to position it to take advantage of global growth in asset management, to streamline its central office and to increase its transparency.

The new Global Corporates division to be headed by Schmitz and Ackermann will provide a single point of contact for its clients, integrating commercial and investment banking activities, and develop a strong capital market focus. The four other new divisions will be Retail and Private Clients, Corporate Banking, Asset Management and Transaction Banking. Each of them will be headed by a member of the board, which will be limited to eight members in May, when two of its current members (George Krupp and Ulrich Weiss) retire.

The **reorganization**, and particularly the creation of the new Global Corporates division, has been **interpreted as recognition that the Bank's earlier strategy for its investment arm, Deutsche Morgan Grenfell, had not worked.** The Morgan Grenfell name will be dropped, and the investment bank (acquired in 1988) will disappear as a separate entity.

Along with DM 2.5 million for restructuring, Deutsche Bank is setting aside DM 1.4 billion from its 1997 result to cover possible risks in East Asia. This reportedly doubles its total provision for 1997 and lowers operating earnings by one third. DM 1 billion are reportedly earmarked for risk in Korea, Thailand, Malaysia, and Indonesia, where Deutsche Bank's exposure has been estimated at around DM 9 billion (total exposure in Asia has been estimated at DM 31 million). This level of provisioning—over 10 % of the risk in the four countries—has been considered "prudent" by German analysts. Others have voiced some skepticism about its ability to insulate the institution from the Asian crisis, whose potential effect has been compared to that of the iceberg which hit the Titanic.

After an initial drop in the share price of Deutsche Bank following these announcements, the market reacted positively, boosting the stock by 7.8 % to DM 118.65. The Bank's market capitalization reportedly had dropped by some nine billion marks in the weeks before the announcement, in response to investor worries about the East Asian crisis.

## DR. RONALDO HERMANN SCHMITZ Member of the Board of Managing Directors of Deutsche Bank AG (Germany)

Born on October 30, 1938 in Porto Alegre, Brasil

Career Since 1991	Deutsche Bank AG, Member of the Board of Managing Directors
Since 1991	Deutsche Bank AG, Member of the Board of Managing Directors
1990	Deutsche Bank AG, Executive Vice President
1980	BASF AG, Member of the Board of Managing Directors
1977	BASF Farben & Fasern AG, Münster, Chairman of the Executive Board
1975	BASF Española S.A., Barcelona, Managing Director
1974	BASF Systems, Bedford/USA, Managing Director
1970	BASF AG, Ludwigshafen, Finance
1968	BASF Corporation, New York
1967	BASF AG, Ludwigshafen
1965	Deutsche Treuhandgesellschaft, Frankfurt am Main
Studies	
1964/65	INSEAD, Fontainebleau (France), MBA
1965	Doctorate (Dr. rer. pol.) from Cologne University
1958-62	Studied business administration and economics at Cologne University, graduate in business administration
	Non-executive directorships: Bertelsmann AG, Deutsche Beteiligung AG, Unternehmensbeteiligungsgesellschaft (DBAG), Deutsche Pfandbrief- und Hypothekenbank AG, Gödecke AG, Kaufhof Holding AG, Metallgesellschaft AG, Tchibo Holding AG

February 1998



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March 5, 1998	page 5 of Briefing Note			
Correspondents / Participants				
Subject / Title World Bank Group-Deutsche Bank Ro	elations		·	
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