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Deutsche Bank Heeds Qatari Investors With New Board Member

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[Deutsche Bank](#) AG [DB 0.37%](#) said it heeded the preference of Qatari investors in naming a new supervisory board member after the Qataris significantly increased their stake in the bank to become its biggest shareholder.

The Qataris, through investment vehicles Paramount Services Holdings Ltd. and Supreme Universal Holdings Ltd., which [invest on behalf of the royal family](#), now hold just under 10% of Deutsche Bank shares, the German lender said in announcing the stake increase and board appointment Friday.

Deutsche Bank shares have dropped 42% this year and more than 54% in the past 12 months, to €13.02 as of Friday. The lender has struggled to get traction in a multiyear turnaround under a new chief executive, as European investment banks broadly face tougher market conditions. Shares were largely unchanged Friday.

Deutsche Bank said that Bonn-based lawyer Stefan Simon, 46, a partner at Flick Gocke Schaumburg, had been appointed to the board. He will stand for shareholder election at Deutsche Bank's general meeting in May 2017.

One central player in the developments announced Friday is former Deutsche Bank executive Michele Faissola, who, with other employees, was represented by Mr. Simon two years ago in testimony before Germany regulators investigating benchmark-rigging allegations, according to people familiar with the matter.

Since leaving Deutsche Bank last year, Mr. Faissola has advised the Qataris on their Deutsche Bank stake and other investments, the people said. He told contacts with the Qataris this year that he had been impressed with Mr. Simon during their limited interactions while at Deutsche Bank and considered him the best candidate shortlisted by the board and presented to the Qataris for their input, one of the people said.

Mr. Faissola was head of asset and wealth management at Deutsche Bank and wasn't accused of wrongdoing in connection with the benchmark-rigging probes. His departure in late 2015 came amid a broad management shake-up under Chief Executive John Cryan.

Previously, the Qataris owned a total 6.1% of Deutsche Bank shares as of Aug. 2015, after buying a €1.75 billion stake as part of an €8 billion capital hike by the bank in early 2014, under then-co-chief executives Anshu Jain and Jürgen Fitschen.

The exact timing and pricing of the Qataris' recent share purchases weren't disclosed Friday. Based on the share-price range during the relevant period, the Qataris invested between €600 million and €1.4 billion in the stake increase announced Friday. Representatives of the royal family couldn't be reached Friday.

Deutsche Bank's disclosure Friday that the Qataris suggested nominating Mr. Simon to the supervisory board was unusual, corporate-governance experts say. Big investors commonly weigh in on such matters, but their views typically remain private. People close to the bank said the aim was to provide transparency about the process.

A Frankfurt-based spokesman for Mr. Simon said he has done legal work for Deutsche Bank since 2013.

"We are pleased that our Qatari shareholders are banking on the success of Deutsche Bank as shown through their long-term holdings," Paul Achleitner, the supervisory board chairman, said Friday in the bank's statement about the board appointment and Qatari stake increase. Mr. Achleitner praised Mr. Simon's experience in corporate law, governance and compensation.

Mr. Simon became a partner at his law firm at age 33 and has experience in mergers, financial restructurings and tax law, according to his spokesman. He said Mr. Simon hasn't had any "direct dealings" with the Qatari funds or the royal family, and is resigning his law-firm partnership to avoid any conflicts of interest with its work in financial services.

The supervisory board has 20 members, half of them elected by German employees of Deutsche Bank, in keeping with typical corporate-governance practices in the country. The board appoints and oversees the bank's CEO and other top management and makes key decisions about compensation.

Mr. Simon will fill a seat vacated this year by Georg Thoma, a

German lawyer who resigned following disagreements with other board members over how he was carrying out his role on the board's integrity committee.

Deutsche Bank faces bigger challenges than many rivals in settling longstanding legal investigations and cutting costs while trying to keep its sprawling trading and banking operations strong. Investors have voiced persistent concerns about the bank's relatively thin capital cushion. Executives have said they want to avoid selling shares, and aim to improve capital ratios by selling assets and reducing leverage and expenses.

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