



# NewsWatch

▪ July 2018

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The first and only Bank Governance data provider for comprehensive benchmarking and comparative analysis. Improving governance decisions for compliance with best practice and meeting supervisory expectations.



## ABOUT THE NEWSWATCH

### Objective

We gather current corporate governance news related to banks to assist our clients in staying up to date on current topics and trends in Corporate Governance. This is essential for the content of our database, reports and publications. We follow the banks in our database closely to keep informed about any corporate governance changes they may go through in order to give our clients the most relevant and useful information possible.

### Area coverage

- Europe: Benelux with France, DACH, Eastern Europe, Southern Europe, Scandinavia
- UK and Ireland
- North America
- Oceania
- MENA

### Scope

- Our primary focus is on corporate governance news related to banks
- We may also include major news events concerning leading banks
- If there are no relevant news related to bank governance from a region, major corporate governance news related to leading companies in other industries may be included

## □ Europe

### ■ Danske Bank's head of group compliance quits

<https://www.ft.com/content/1dcb534a-850a-11e8-96dd-fa565ec55929>

- Anders Jorgensen has been Head of Compliance since 2014.
- He says his resignation has nothing to do with Danske's money laundering scandal.
- The scandal, which was caused by money laundering, took place from 2007-2015 and is one of the largest of its kind in Europe.

### ■ Shareholder criticism of Cerberus' dual role as Deutsche Bank's biggest investors and advisor

<https://www.ft.com/content/3b10d8f2-8420-11e8-96dd-fa565ec55929>

- Even though the private equity firm will most likely not be allowed to buy or sell Deutsche bank shares during the period they are advising, big shareholders are afraid Cerberus will get access to confidential information.
- Deutsche will just have to trust that information disclosed to Cerberus advisory department will not be passed on to their investment department.

### ■ Credit Suisse fined \$77m for their corrupt hiring practices in China

<https://www.ft.com/content/32a20a16-805f-11e8-8e67-1e1a0846c475>

- Credit Suisse's Hong Kong investment bank hired people based on their close ties with the government between 2007 and 2013.
- The aim was to make deals with large Chinese state-owned companies through these connections
- The bank has therefore agreed to pay the \$77m fine to the USD Department of Justice and Securities and Exchange commission.

### ■ Governance weaknesses at Raiffeisen makes regulator question the co-operative structure of banks

<https://www.ft.com/content/c7054d0c-7e99-11e8-8e67-1e1a0846c475>

- Finma, the Swiss financial supervisor, reports a lack of good corporate governance on the Raiffeisen board which may have allowed the Chair to take advantage and make a "personal financial gain at the bank's expense".
- The regulator says that they think the co-operative banking structure is part of the reason for the weak governance.
- Managing director of Moody's, Carola Schuler, is however critical to Finma's claim and says that there is no evidence that co-operative companies have worse corporate governance than limited ones.

### ■ Société Générale to buy Commerzbank's Equity, Markets and Commodity (EMC) business unit

<https://www.ft.com/content/fc7e093a-7e51-11e8-8e67-1e1a0846c475>

- Société Générale is looking to increase its market share in Germany.
- The EMC business has €12bn of assets under management.
- The deal is expected to close before the end of the year.

## □ UK and Ireland

### ■ Lloyds Banking Group reopens whistle blower case

<https://www.ft.com/content/179b83d8-8b5d-11e8-bf9e-8771d5404543>

- The Banks Chairman, Norman Blackwell decided to reopen the case as it was damaging the banks reputation.
- The reopening of the case comes after pressure on Lloyds to explain their treatment of the whistle blower, Sally Masterton, who left the in 2014.
- Masterton had written a report criticising the handling of a fraud that made lending to small business difficult as their scores were substantially decreased.

### ■ Disincentivising short-termism in the updated Corporate Governance Code

<https://www.ft.com/content/e919c4de-8828-11e8-b18d-0181731a0340>

- Bonus paid as shares to the top management in listed companies must be held for a minimum of 5 years.
- Although the code is not mandatory, companies have to explain their reason for not complying to shareholders.
- This is a step in the right direction, but the code does not go far enough as it fails to make recommendations for targets of minority representation on boards or that boards should include a worker representative.

## ▣ North America

### ■ The world's first business integrity rating agency

<https://www.ft.com/content/f4cfde28-7bab-11e8-bc55-50daf11b720d>

- A former US government counter terrorism expert and emerging markets healthcare lawyer are launching the rating agency to prevent business with organised criminals and support anti-money laundering.
- The rating agency, *Sigma*, will publish its first ratings this month on the conduct of 500 financial groups in 16 emerging markets.
- Sigma uses artificial intelligence to gather information of publicly available disclosures which then will be used to give the company a rating between zero and 100.

## □ Oceania

### ■ Australia executive pay continues to increase, whilst workers' wage declines

<https://www.ft.com/content/e8b7df82-8961-11e8-bf9e-8771d5404543>

- The Australian Council of Superannuation Investors showed median realised pay for ASX 100 executives increased by 12.4% to A\$ 4.36m (US\$3.24m) while bonuses increased by 18%.
- It was reported that 74 out of 80 chief executives eligible for a bonus received one, the median bonus was 70.5% of maximum entitlement.
- Australia's Superannuation Investors have started to challenge companies refusing to address executive pay by voting against remuneration reports at annual meetings.
- In line with Australia's two strike rule, shareholders can remove a company's board if more than 25% of them reject a pay report on two consecutive occasions.

## □ MENA

## ■ Kuwait Finance House in talks for potential merger

<https://www.arabianbusiness.com/banking-finance/400955-kuwait-bank-in-merger-talks-to-create-92bn-islamic-lender>

- Kuwait Finance House is looking to have talks with Bahrain's Ahli United Bank on the discussion of a merger between the two entities.
- This would result in an Islamic lender with about \$92bn of assets.

## ■ Gulf banking transparency on the rise

<https://www.arabianbusiness.com/banking-finance/400467-middle-east-banks-transparency-improving-study-shows>

- New look at non-credit risk factors demonstrates the GCC banks are improving in areas that their peers in Europe, Africa and Latin America are not.
- According to the founder of Sigma Ratings (a non-credit ratings agency), countries in the Arabian Gulf region are more transparent than in many countries.
- According to the study, in terms of transparency and compliance, Arabian Gulf region outperforms its Latin American and European counterparts



## ABOUT **AKTIS**

Aktis is the first and only bank governance data platform. The Aktis data universe provides accurate and trustworthy insight to levels previously unavailable for corporate governance. Aktis is rapidly expanding beyond the banking sector to bring high quality data and valuable insight to all businesses in all sectors.

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