

Contributions to Management Science

More information about this series at <http://www.springer.com/series/1505>

Robert C. Gericke

Corporate Governance and Risk Management in Financial Institutions

An International Comparison Between Brazil
and Germany

 Springer

Robert C. Gericke
Frankfurt am Main, Germany

ISSN 1431-1941 ISSN 2197-716X (electronic)
Contributions to Management Science
ISBN 978-3-319-67310-3 ISBN 978-3-319-67311-0 (eBook)
<https://doi.org/10.1007/978-3-319-67311-0>

Library of Congress Control Number: 2018932418

© Springer International Publishing AG, part of Springer Nature 2018

This work is subject to copyright. All rights are reserved by the Publisher, whether the whole or part of the material is concerned, specifically the rights of translation, reprinting, reuse of illustrations, recitation, broadcasting, reproduction on microfilms or in any other physical way, and transmission or information storage and retrieval, electronic adaptation, computer software, or by similar or dissimilar methodology now known or hereafter developed.

The use of general descriptive names, registered names, trademarks, service marks, etc. in this publication does not imply, even in the absence of a specific statement, that such names are exempt from the relevant protective laws and regulations and therefore free for general use.

The publisher, the authors and the editors are safe to assume that the advice and information in this book are believed to be true and accurate at the date of publication. Neither the publisher nor the authors or the editors give a warranty, express or implied, with respect to the material contained herein or for any errors or omissions that may have been made. The publisher remains neutral with regard to jurisdictional claims in published maps and institutional affiliations.

Printed on acid-free paper

This Springer imprint is published by the registered company Springer International Publishing AG part of Springer Nature.

The registered company address is: Gewerbestrasse 11, 6330 Cham, Switzerland

I'd like to thank my mother Ingeborg, who from early on planted and nourished the idea in me of one day writing a doctoral thesis. For this and a thousand other reasons, this monograph is dedicated to her.

Preface

In this monograph, we have discussed various aspects of corporate governance and risk management from an international viewpoint and with a special focus on Brazil and Germany as well as banking, taking into account the developments since the beginning of the latest financial crisis in 2007/2008 and until 2013/2014.

Clearly, Brazil and Germany are quite different countries—culturally and economically. Still, there are some similarities, reflected for instance in total market capitalization of listed companies or the Open Budget Index.

In terms of corporate governance, we could confirm that the general impression is still that of clear differences, but when looking deeper into the different topics, we found that differences are diminishing as Brazil is improving in these areas, while Germany appears to progress quite slowly.

With regard to risk management, differences are perceived to be strong overall but appear to be muted in the area of financial services, certainly due to strict and similar or even identical regulation (e.g., Basel III).

Our analysis of data from surveys used for this study shows that there have been moderate increases in perceived quality, regulation, and importance of both risk management and corporate governance. This is largely true for both countries; still we found that especially regarding corporate governance, such increases have been lower or even nonexistent in Germany.

The reason might be that the Brazilian society feels a stronger necessity to improve in those areas than that of Germany, which might have started from a higher level. Still, the crises (financial and European sovereign) have had more impact—although still moderate—on Germany than on Brazil.

The hypotheses that corporate governance and risk management had become more important over the 2007–2013 period could however not be fully confirmed, given that results of the analysis of annual reports did not produce consistent results.

Agreement existed among participants in our survey that risk management is a part of corporate governance, although also here, affirmation from participants covering Germany was weaker than that from respondents working in Brazil.

Consequently, we believe that risk management should be included as a section in its own right in those corporate governance codes where this is not yet the case. This would also help to further strengthen the conceptual integration of risk management as part of corporate governance and might support the advancement of both.

Furthermore, the establishment of risk, advisory, and remuneration committees (where not already in place) and family councils for family-owned businesses might be helpful to instill more discipline and achieve a higher internal independence.

In summary, no major changes have been perceived to have taken place in the areas of corporate governance and risk management since the beginning of the financial crisis, while it is evident that a number of (regulatory) developments have occurred during that period. They may however have been relatively constant and were therefore, subjectively, less noted, or expectations had been higher so that the actions taken appear weak in the perception of our respondents.

Keywords: Corporate governance, Risk management, Financial institutions, Brazil and Germany

Frankfurt, Germany
Summer 2017

Robert C. Gericke

Acknowledgments

I would like to thank everyone who supported me before and during the elaboration of this document. Without their support, the realization of this dream would not have been possible for me. Despite all the valuable contributions received, all remaining errors or omissions are entirely mine.

While it would be almost impossible to name everyone to whom I am deeply grateful in relation to this monograph, I'd like to mention a few.

First and foremost, I am highly indebted to my doctoral advisor, Professor Doutor Renato Pereira, who somehow managed to push me into the right direction all along—and finally over the finish line just before the deadline.

Furthermore, I am grateful to all professors and lecturers of the doctoral course preceding the elaboration of this paper—their input has been very helpful in forming a basis for this study, particularly in showing the width and depth of the faculty of economics. The same is true for the colleagues in that course who shared their know-how and passion for academic work with me.

Also, I'd like to thank everyone who responded to my queries, be it in libraries, universities, publishers, or associations in Brazil, Germany, or Portugal. A special “*obrigado*” goes out to those employees of organizations who forwarded the links to the questionnaires to their members and colleagues.

Most of the hypotheses presented here could not have been tested without the time and energy 282 respondents put into answering my survey, and the results of the same would not have become that clear to me without the dedication and hard work of Magdalena Kwiatkowska whom I am deeply grateful for her analytical support.

Independently from this thesis, I am forever indebted to those gentlemen I am lucky enough to consider my mentors and who, together with many others, instilled in me the curiosity, endurance, and attitude needed to joyfully embrace every project—no matter how challenging—just like they do: Hans-Jürgen Albrecht, Markus Enders, and Erfried Seidl.

Last but certainly not least, I'd like to express my heartfelt gratitude to my wife Michelle, who endured years during which this project stood between us and many other things we could have done while I was reading or writing—we shall do them now! *Te amo pra sempre.*

Contents

1	Introduction	1
1.1	Corporate Governance, Risk Management, and the Latest Financial Crisis	1
1.2	Rationale	2
1.3	Hypotheses	3
1.4	Structure	4
2	Literature Review	5
2.1	Corporate Governance	8
2.1.1	Definitions	8
2.1.2	Questions Regarding Definitions	14
2.1.3	What Is Corporate Governance?	16
2.1.4	The Role of Boards	19
2.1.5	The Growing Role of Institutional Investors	20
2.1.6	Key Sources of Corporate Governance	20
2.1.7	Corporate Governance, Financial Performance and the Cost of Equity	23
2.1.8	Corporate Governance and Transparency	24
2.1.9	Sustainability and Corporate Social Responsibility	24
2.1.10	Stakeholder Management	38
2.1.11	Principal-Agent-Conflict (Agency Theory)	38
2.1.12	Compensation/Remuneration	40
2.1.13	Two-Tier Board	46
2.1.14	Accounting and Controlling	48
2.1.15	Corporate Governance in Stock Market Organizations	49
2.1.16	Shareholder Activism	50
2.1.17	Social Responsibility	50
2.1.18	Corruption	52
2.1.19	Corporate Governance in Emerging Markets	58
2.1.20	Corporate Governance in Brazil	61

- 2.1.21 Corporate Governance in Germany 70
- 2.1.22 Corporate Governance and Financial Institutions 75
- 2.1.23 Comparative Corporate Governance 77
- 2.1.24 Corporate Governance During and After the 2007–2009
Financial Crisis 80
- 2.2 Risk Management 81
 - 2.2.1 Risk 82
 - 2.2.2 Quantitative Aspects of Risk 84
 - 2.2.3 Probability 86
 - 2.2.4 Risk Management in Financial Institutions 90
 - 2.2.5 Beta 92
 - 2.2.6 Risk-Return Relationship 92
 - 2.2.7 Risk Management 93
 - 2.2.8 Risk Assessment 96
 - 2.2.9 Risk Mitigation 100
 - 2.2.10 Risk Monitoring 100
 - 2.2.11 Risk Strategy 100
 - 2.2.12 Risk Management Under ISO 31000 100
 - 2.2.13 Risk Management in Brazil 113
 - 2.2.14 Risk Management in Germany 114
 - 2.2.15 Conclusions 115
- 2.3 Governance, Risk Management, and Compliance 116
 - 2.3.1 Corporate Governance and Risk Management 116
 - 2.3.2 Risk Governance 117
 - 2.3.3 Compliance 118
- 2.4 Financial Institutions and Banking 119
 - 2.4.1 Financial Markets Today 119
 - 2.4.2 Financial Institutions 120
 - 2.4.3 Banking 121
- 2.5 The 2007–2009 Financial Crisis 123
 - 2.5.1 Lessons Learned from the Crisis 125
- 2.6 Summary 125
- 3 Institutional Background 127**
 - 3.1 Banking Regulation 129
 - 3.1.1 Basel Committee on Banking Supervision 129
 - 3.1.2 Banking Regulation in Brazil 131
 - 3.1.3 Banking Regulation in Germany/Europe 133
 - 3.2 Corporate Governance Frameworks 134
 - 3.2.1 Global Reporting Initiative (GRI) 134
 - 3.2.2 Corporate Governance Rules in Brazil 135
 - 3.2.3 Corporate Governance Rules in Germany 139
 - 3.3 Risk Management Regulation 145
 - 3.3.1 Risk Management Regulation in Brazil 147
 - 3.3.2 Risk Management Regulation in Germany 147

3.4	Brazilian Banks Under Analysis	150
3.4.1	Banco Do Brasil	151
3.4.2	BNDES—Banco Nacional Do Desenvolvimento	155
3.4.3	Bradesco	158
3.4.4	Caixa Econômica Federal	159
3.4.5	Itaú	163
3.4.6	Summary	166
3.5	German Banks Under Analysis	166
3.5.1	Commerzbank	166
3.5.2	Deutsche Bank	169
3.5.3	DZ Bank	175
3.5.4	KfW	177
3.5.5	HypoVereinsbank: UniCredit Bank AG	183
3.6	Summary	185
3.6.1	Banking Regulation	185
3.6.2	Corporate Governance Frameworks	185
3.6.3	Risk Management Regulation	185
3.6.4	Banks Under Analysis	186
4	Research Design	187
4.1	Introduction	187
4.2	Methodology	188
4.3	Data	188
4.4	Identification of Variables	189
4.4.1	Independent Variables	189
4.4.2	Dependent Variables	189
4.5	Overview of Research Design	190
4.6	Sample and Data Collection Procedures	190
4.6.1	Survey	190
4.6.2	Annual Reports	193
4.7	Analysis Procedures	194
4.7.1	Survey	194
4.7.2	Annual Reports	198
4.8	Summary	202
4.8.1	Survey	202
4.8.2	Annual Reports	203
5	Discussion and Conclusion	205
5.1	Conclusions	206
5.2	Limitations	207
5.3	Suggestions for Further Investigation	207
	Bibliography	209

List of Abbreviations

3BL	Triple Bottom Line (also: TBL)
AG	<i>Aktiengesellschaft</i> (German Stock Corporation)
AIFM	Alternative Investment Fund Managers Directive
AktG	<i>Aktiengesetz</i> (German Stock Companies Act)
ANBIMA	<i>Associação Brasileira das Entidades dos Mercados Financeiro e de Capitais</i> (Brazilian Association of Financial and Capital Market Entities)
APE	<i>Associações de Poupança e Empréstimo</i> (Brazilian savings and loan associations)
AQR	Asset Quality Review
AR	Annual Report
BaFin	<i>Bundesanstalt für Finanzdienstleistungsaufsicht</i> (German Banking Supervisory Authority)
BB	Banco do Brasil
BCB	<i>Banco Central do Brasil</i> (Central Bank of Brazil)
BCBS	Basel Committee on Banking Supervision
BCGI	Brazilian Corporate Governance Index
BIITS	Brazil, India, Indonesia, Turkey, and South Africa
BilMoG	<i>Bilanzmodernisierungsgesetz</i> (German Act regarding the modernization of accounting rules)
BilReG	<i>Bilanzrechtsreformgesetz</i> (Act for the reform of accounting laws)
BIS	Bank for International Settlements
BPB	<i>Bundeszentrale für politische Bildung</i> (Federal Agency for Political Education)
BR	Brazil/Brazilian
BRIC	Brazil, Russia, India, and China
BRL	Brazilian Real
BSP	Board Service Provider
CA	Corporate Accountability
CAM	Câmara de Arbitragem do Mercado (Brazilian Arbitration Panel)
CBRM	Change-Based Risk Management

CC	Corporate Citizenship
CEC	Corporate Environmental Citizenship
CEE	Central and Eastern Europe
CEO	Chief Executive Officer
CER	Corporate Environmental Responsibility
CIRS	Critical Incident Reporting System
CFO	Chief Financial Officer
CFP	Corporate Financial Performance
CG	Corporate Governance
CMN	<i>Conselho Monetário Nacional</i> (Brazilian National Monetary Council)
COO	Chief Operating Officer
COSO	Committee of Sponsoring Organizations of the Treadway Commission
COSY	Company Oriented Sustainability
CP	Corporate Philanthropy
CR	Corporate Responsibility
CRD	Capital Requirements Directive
CRO	Chief Risk Officer
CS	Corporate Sustainability
CSP	Corporate Social Performance
CSR	Corporate Social Responsibility (also: RSC)
CVM	<i>Comissão de Valores Mobiliários</i> (Brazilian Securities and Exchanges Commission)
DAX	<i>Deutscher Aktienindex</i> (German Stock Market Index)
DB	Deutsche Bank
DE	Germany/German
D&O	Directors' and officers' liability insurance
DZB	DZ Bank
EC	European Commission
ECB	European Central Bank
ecoDa	European Confederation of Directors' Associations
E-KPI	Environmental Key Performance Indicator
EL	Expected Loss
ELC	Expected Loss Class
E P&L	Environmental Profit and Loss Statement
EN	English
ERM	Enterprise Risk Management
ERP	Enterprise Resource Planning
ESG	Environmental, Social and Governance
EU	European Union
EUR	Euro
FDI	Foreign Direct Investment
FKAG	<i>Finanzkonglomerate-Aufsichtsgesetz</i> (German Financial Conglomerates Supervisory Act)
FMEA	Failure Mode and Effects Analysis

FMT	Financial Market Trends
FTE	Full Time Equivalent
FVC	Financial Vehicle Corporation
GAAP	Generally Accepted Accounting Principles
GARP	Global Association of Risk Professionals
GCC	Global Corporate Citizenship
GCGC	German Corporate Governance Code (<i>Deutscher Corporate Governance Kodex</i>)
GDP	Gross Domestic Product
GEC	Group Executive Committee
GmbH	<i>Gesellschaft mit beschränkter Haftung</i> (German Limited Liability Company)
GRC	Governance, Risk, and Compliance
GRCo	Global Risk Committee
GRI	Global Reporting Initiative
H	Hypothesis
HACCP	Hazard Analysis and Critical Control Points
HAZOP	Hazard and Operability Study
HGB	<i>Handelsgesetzbuch</i> (German Commercial Code)
HR	Human Resources
HVB	HypoVereinsbank AG/UniCredit
IBGC	<i>Instituto Brasileiro de Governança Corporativa</i> (Brazilian Institute of Corporate Governance)
IBGE	<i>Instituto Brasileiro de Geografia e Estatística</i> (Brazilian Institute of Geography and Statistics)
ICAAP	Internal Capital Adequacy Assessment Process
ICGN	International Corporate Governance Network
ICS	Internal Control System
IF	Investment Fund
IFRS	International Financial Reporting Standards
IGC	<i>Índice de Governança Corporativa</i> (Brazilian Corporate Governance Index)
ILO	International Labour Organization
IMF	International Monetary Fund
IPCA	<i>Índice Nacional de Preços ao Consumidor Amplo</i> (Brazilian Extended National Consumer Price Index)
IPCG	<i>Instituto Português de Corporate Governance</i> (Portuguese Corporate Governance Institute)
IPO	Initial Public Offering
ISE	<i>Índice de Sustentabilidade Empresarial</i> (Sustainability Index of BM&FBovespa)
IT	Information Technology
KAGB	<i>Kapitalanlagegesetzbuch</i> (German Capital Investment Act)

KonTraG	<i>Gesetz zur Kontrolle und Transparenz im Unternehmensbereich</i> (German Transparency and Control Act)
KPI	Key Performance Indicator
KRI	Key Risk Indicator
KWG	<i>Kreditwesengesetz</i> (German Banking Act)
LC	Local currency
LCR	Liquidity Coverage Ratio
LCT	Local currency in thousands
LGD	Loss Given Default
LTi	Long term incentive
LTIP	Long-term incentive plan
M&A	Mergers and Acquisitions
MaRisk	<i>Mindestanforderungen an das Risikomanagement</i> (German Minimum Requirements for Risk Management)
MFI	Monetary Financial Institution
MMF	Money Market Fund
MP	Member of Parliament
MR	Management Report
MRC	Management Risk Controlling
N/A	Not applicable/not available
NGO	Non-governmental Organization
NSFR	Net Stable Funding Ratio
NYSE	New York Stock Exchange
OECD	Organization for Economic Cooperation and Development
OCB	Organizational Citizenship Behavior
OTC	Over the Counter
PCGC	Portuguese Corporate Governance Code (<i>Código de Governo das Sociedades do IPCG</i>)
PCGK	Public Corporate Governance Kodex (German Public Corporate Governance Code)
PDCA	Plan-Do-Control-Act
PDSA	Plan-Do-Study-Act
PEVC	Private Equity and Venture Capital
PD	Probability of Default
PPP	Purchase Power Parity
PRI	Principles for Responsible Investment
PT	Portugal/Portuguese
Q	Question(s)
RM	Risk Management
RMR	Risk Management Report
ROA	Return on Assets
RSC	<i>Responsabilidade Social Corporativa</i> (Corporate Social Responsibility (also: CSR))
RWA	Risk-Weighted Assets

SE	<i>Societas Europaea</i> (European Company)
SEC	Securities and Exchange Commission
SD	Sustainable Development
SME	Small and Medium-Sized Enterprises
SoFFin	<i>Sonderfonds Finanzmarktstabilisierung</i> (German State fund for financial market stabilization)
SPSS	Statistical Package for the Social Sciences (IBM software)
SRI	Socially Responsible Investment
SRM	Single Resolution Mechanism
STI	Short-term incentive
TAA	Total Adjusted Asset
TBL	Triple Bottom Line (also: 3BL)
TBRL	Brazilian Reais in thousands
TEUR	Euros in thousands
TransPuG	<i>Gesetz zur weiteren Reform des Aktien- und Bilanzrechts, zur Transparenz und Publizität</i> (German Act for further reform of the stock and accounting rules, for transparency and publicity)
UK	United Kingdom
UN	United Nations
UNO	United Nations Organization
UNEP	United Nations Environment Programme
UNEP FI	United Nations Environment Program Finance Initiative
US	United States (of America) (also: USA)
USA	United States of America (also: US)
USD	United States Dollar
VaR	Value at Risk
VorstOG	<i>Vorstandsvergütungs-Offenlegungsgesetz</i> (German Act regarding the disclosure of management board's compensation)
ZCG	<i>Zeitschrift für Corporate Governance</i> (German Review of Corporate Governance)

List of Figures

Fig. 2.1	Market capitalization of Brazil, Germany, USA as % of GDP. Source: knoema.com (license CC BY-ND 4.0; 03.09.2014)	7
Fig. 2.2	Market capitalization of Brazil, Germany, USA in current US\$. Source: knoema.com (license CC BY-ND 4.0; 03.09.2014)	7
Fig. 2.3	Hofstede’s cultural dimensions BR-DE. Source: Hofstede	8
Fig. 2.4	Categorization of Corporate Governance Definitions. Source: own illustration	10
Fig. 2.5	Pyramid and Levels of Corporate Governance Definitions. Source: own illustration	13
Fig. 2.6	CSR and Sustainability. Source: Loew et al. (2004:12)	25
Fig. 2.7	The intersections with sustainable business performance. Source: Wieser (2005:44)	26
Fig. 2.8	The relationship between CSR, CC and SCG and sustainable development. Source: Loew et al. (2004:13)	29
Fig. 2.9	Global Governance (*Also “Public Corporate Governance”). Source: own illustration	37
Fig. 2.10	Diagnostic Typology of Organizational Stakeholders. Source: Savage et al. (1991:65)	39
Fig. 2.11	Management cognitive bias influences loss aversion. Source: Rossi (2012b:11)	45
Fig. 2.12	Weak governance and risk infrastructure amplifies risk-taking behaviour. Source: Rossi (2012b:13)	45
Fig. 2.13	Social Responsibility—Schematic overview of ISO 26000. Source: ISO.org (15.03.2017)	51
Fig. 2.14	World map—Corruption. Source: Transparency.org	54
Fig. 2.15	Brazilian and German GDP, PPP (current international \$). Source: knoema.com (license CC BY-ND 4.0; 03.09.2014)	63
Fig. 2.16	Brazilian and German GDP, constant 2005 US\$. Source: knoema.com (license CC BY-ND 4.0; 03.09.2014)	64

Fig. 2.17	Brazilian and German GDP per capita (current international \$). Source: knoema.com (license CC BY-ND 4.0; 03.09.2014)	64
Fig. 2.18	CG institutions in BRIC countries in the Helmke-Levitsky framework. Source: Estrin and Prevezer (2011:61)	67
Fig. 2.19	Risk curve. Source: Kaplan and Garrick (1981:14)	86
Fig. 2.20	Frequency of fatalities due to man-caused events. Source: Kaplan and Garrick (1981:15)	87
Fig. 2.21	Risk curve and damage types. Source: Kaplan and Garrick (1981:16)	88
Fig. 2.22	Probability curve. Source: Kaplan and Garrick (1981:19)	90
Fig. 2.23	Risk curve in probability of frequency format. Source: Kaplan and Garrick (1981:21)	91
Fig. 2.24	The “ <i>KRI Process Road Map</i> ”. Source: Shinkman and Herd (2014)	95
Fig. 2.25	Risk Management Framework. Source: Safetyrisk.net	96
Fig. 2.26	Risk Management System	101
Fig. 2.27	Risk profile (patient security)	102
Fig. 2.28	The risk management process. Source: Brühwiler (2009a:25)	104
Fig. 2.29	Plan	108
Fig. 2.30	Implement	108
Fig. 2.31	Appraise	109
Fig. 2.32	Improve	109
Fig. 2.33	The Crisis in Crisis Management. Source: Plamper (2010:124); own translation	112
Fig. 2.34	Crisis in Risk Management. Source: own presentation based on Plamper (2010:124)	113
Fig. 2.35	GDP growth. Source: knoema.com (license CC BY-ND 4.0; 03.09.2014)	124
Fig. 3.1	Legal Systems	128
Fig. 3.2	Defining material aspects and boundaries—process overview. Source: GRI (2013:90)	135
Fig. 3.3	Bank Lending in Brazil (as % of GDP). Source: Itaú AR (2013:A-6)	151
Fig. 3.4	12-Months IPCA Inflation Rate (Brazil). Source: Itaú AR (2013:A-7)	152
Fig. 3.5	Banco do Brasil Organizational Structure. Source: BB AR (2012:18)	153
Fig. 3.6	Banco do Brasil ownership structure. Source: http://www45.bb.com.br/docs/ri/ra2013/eng/ra/02.htm [17.09.2017]	154
Fig. 3.7	Banco do Brasil Corporate Governance structure. Source: BB AR (2012:6)	155
Fig. 3.8	BNDES organizational structure. Source: BNDES AR (2012:20)	157

Fig. 3.9	Bradesco Product Portfolio. Source: Bradesco AR (2013:4)	159
Fig. 3.10	Bradesco Capital Structure and Management. Source: Bradesco AR (2012:18)	160
Fig. 3.11	Bradesco Corporate Governance Structure. Source: Bradesco AR (2013:54)	161
Fig. 3.12	Bradesco Risk Management. Source: Bradesco Risk Management Report Q4/2013:9	161
Fig. 3.13	Indices including Commerzbank. Source: Commerzbank AR (2013:20)	168
Fig. 3.14	Commerzbank's risk management structure. Source: Commerzbank AR (2013:100)	169
Fig. 3.15	Commerzbank's Risk Committee. Source: Commerzbank AR (2013:100)	169
Fig. 3.16	Deutsche Bank Management Structure. Source: DB AR (2013:20)	170
Fig. 3.17	Deutsche Bank Shareholder Structure. Source: DB AR (2013:30)	171
Fig. 3.18	DB-NCOU reporting 2013 (excerpt). Source: DB AR (2013:60) ...	172
Fig. 3.19	DB-NCOU asset breakdown. Source: DB AR (2013:60)	172
Fig. 3.20	DB RWA 2012-2013. Source: DB AR (2013:61)	173
Fig. 3.21	DB Risk Management Governance Structure. Source: DB MR (2013:64 [152])	175
Fig. 3.22	DZ Bank Group. Source: DZB AR 2013:3 (cover)	176
Fig. 3.23	DZ Bank's Risk Management Governance Structure. Source: DZB AR (2013:79)	180
Fig. 4.1	Participants by job function. Source: own presentation	195
Fig. 4.2	Participants' industries. Source: own presentation	195
Fig. 4.3	Respondents' work experience in years. Source: own presentation	196
Fig. 4.4	Respondents' geography of activity. Source: own presentation ...	196
Fig. 4.5	Respondents' risk management jurisdictions. Source: own presentation	197
Fig. 4.6	Respondents' corporate governance jurisdictions. Source: own presentation	197
Fig. 4.7	Word count evolution, Brazil and Germany. Source: own presentation	200
Fig. 4.8	Word count evolution, Brazil. Source: own presentation	200
Fig. 4.9	Word count evolution, Germany. Source: own presentation	201
Fig. 4.10	Word count evolution "risk", Brazil and Germany. Source: own presentation	202

List of Tables

Table 1.1	Externalities of banking in Brazil, Germany, and the US	2
Table 2.1	Terms relating to sustainability and CSR	27
Table 2.2	Concepts and definitions related to sustainable development ...	30
Table 2.3	Internal and external dimension of CSR	35
Table 2.4	Corruption comparison Brazil/Germany	53
Table 2.5	Typology of informal institutions	59
Table 2.6	Formal shareholder rights and creditor rights	60
Table 2.7	How effective are formal corporate governance institutions? ...	61
Table 2.8	Market segmentation and investment limits for pension funds in Brazil	69
Table 2.9	German Laws regarding Codetermination	71
Table 2.10	Empirical Studies—Compliance within German CG	73
Table 2.11	German stock market comparison	75
Table 2.12	Scenario list	85
Table 2.13	Scenario List with Cumulative Probability	85
Table 3.1	Basel III phase-in arrangements	131
Table 3.2	GCGC Appendix Table rel. 4.2.5, 1. bullet point	143
Table 3.3	Basel III Overview	146
Table 3.4	Five largest Brazilian banks	151
Table 3.5	BNDES products and services	156
Table 3.6	Caixa Financial Ratios and Items 2013	162
Table 3.7	Itaú measures of CSR	165
Table 3.8	Itaú main risk types	165
Table 3.9	Five largest German banks	166
Table 3.10	Deutsche Bank Risk Profile 2013	174
Table 3.11	DZ Bank Risk Typology	178
Table 3.12	Reumeration Table for KfW 2013	182
Table 3.13	HVB Risk Typology	184