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Rosbank Optimistic Despite CEO Arrest

By Guennadi Moukine

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The arrest of the head of Societe Generale's Russian subsidiary did not affect liquidity of the bank and the management board is pleased with how the lender handled with the situation, Rosbank chief financial officer Jean-Philippe Aractingi said Friday.

"What happened is unprecedented," said Aractingi, referring to the bribery scandal involving Rosbank chief executive Vladimir Golubkov and senior vice president Tamara Polyanitsina, and the criminal case opened against them by the Investigative Committee last month.

It is important to note that the criminal charges are against these "two individual people, and not the bank itself," Aractingi said.

"I'm not trying to minimize the event," he added. "It is unfortunate what happened. But it is too early to draw conclusions. The bank is fully cooperating with the investigators," he said.

Over the last two weeks the management board has been working hard to keep operations running and continue serving clients.

The bank engaged auditors from Deloitte to conduct an independent investigation, review risk management procedures and suggest appropriate measures to minimize the possibility of criminal activities sliding under the radar in the future, Aractingi said.

He dismissed suggestions that there were disagreements within the bank's management team. "Some of the things reported are a year or two years old. Then, the bank worked on very complex projects, merging banks, integrating subsidiaries. It took us some time to establish proper governance. Now, when you look at the top 15 [Rosbank] managers in Russia — some of them come from France like me, others are pure Russian. We are all working together. Everybody is united, there no political fight," he said.

Preserving liquidity was the bank's top priority, and the management board is happy with how things are going.

"We've had our Moody rating reaffirmed and despite the incident, we didn't observe any significant client outflow and were able to retain the deposit situation under control. At a client event [last week], we had 200 corporate clients; all of them were confident that we will overcome [the situation]," Aractingi said.

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