

Hungarian Bank Suffers from Bad Russian Loans

By [The Moscow Times](#)

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BUDAPEST — Hungary-based OTP Bank, one of Eastern Europe's biggest lenders, saw quarterly profit knocked by bad Russian loans and said it was bracing for tougher times ahead as its expansion abroad stalls.

Provisioning against bad consumer debt in Russia — where a fifth of the loans are behind payment — and a special tax in its home market burdened second-quarter net profit, the bank said Thursday.

"It seems like we'll have to prepare for some lean times in Russia after the very profitable 3 or 4 years we have had there," deputy chief executive Laszlo Bencsik told reporters.

Bencsik said the OTP would stick to its plans to retool its Russian business even amid the adverse environment to focus more on general retail banking and small businesses but would not enter corporate financing.

(Reuters)

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3