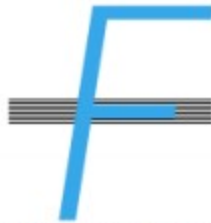


Beyond Microfinance

Five-year-old Bandhan Bank has expanded its loan book across housing, personal and gold loans in under-served and unbanked geographies

BY APRAJITA SHARMA
PHOTOGRAPH BY BANCEEP SINGH



Five years since it started operations as a commercial bank, Bandhan Bank is all set to shed its microfinance-lending tag. It is not just focusing on geographical diversification, but also expanding its loan book across housing (affordable housing finance from Grah Finance merged with Bandhan in October 2021) and high margin personal, gold and MSME loans. It also plans to offer insurance and mutual fund services, albeit through holding company.

Away from the city of Shantinagar, where most financial institutions are based, Bandhan Bank MD and CEO Chandan Bhattacharjee operates out of Kolkata. Despite diversification, he wants to stick to the core, of serving rural India.

"Earlier nobody treated us with their deposits. But, within five years, ₹1,200-crore deposits have come to the bank from 2.5 crore customers. The loan book is at ₹2,000-crore plus. As we grow bigger, we are trying to target

non-micro credit loan profile. The bank started its journey with ₹5,000 crore micro credit out of the total advances of ₹6,000 crore. Now, 40 per cent of advances are non-micro credit (personal ₹3,000 crore). Out of this, ₹1,000 crore is from Grah merger and the balance is non-Grah portfolio," says Ghosh. Over the next five years, the bank is aiming for a business mix of 30 per cent each in micro-credit, housing and MSME loans, and about 10 per cent in other retail loans.

Bandhan has built a base of low-cost CASA (Current Account Savings Account) of 25.2 per cent as on December 2021. Cost of funds has also reduced to 4 per cent as on December 2021, compared to 7.7 per cent in FY21. Deposits of 20 larger depositors as a percentage of total deposits is on the higher side (30.7 per cent) for the bank, but advances to 20 largest borrowers as a percentage of total advances at 4.9 per cent is the lowest among peers.

Collections And Provisions

Microfinance institutions are prone to disruptions. The bank was already reeling under the effects of Covid-19, when the Assam government passed the Micro Finance In-