

Bandhan Bank is on recovery path

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Small and vulnerable borrowers have been able to repay their loans, micro lender Bandhan Bank Ltd's September quarter metrics showed. That means that the unlocking of the economy since June has helped small borrowers get back on their financial feet following the lockdown.

The lender reported a 95% collection efficiency for the quarter for microfinance loans. Overall collection efficiency was 92% for the quarter. Small business loans also showed

a healthy trend of repayments. This augurs well for asset quality as small businesses have been the most vulnerable segment during the covid-19 pandemic.

Bandhan Bank seems to be on track to reach pre-covid levels in terms of repayment track record. That said, it made additional provisions towards covid-19 risks in the September quarter as well, taking the total amount set aside to ₹2,096 crore. The lender saw some improvement in terms of loan growth, though

pre-covid levels are yet to be reached in all segments. Advances growth stood at 14.2% for the bank and the microfinance book grew by 27%.

As the lender made provisions towards covid-19 risks in the September quarter as well, its net profit dropped over 5% year-on-year. That was less than what the street had anticipated. Investors seem to have taken note of the improved metrics as shares of the bank rose 4% on Monday.

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