

# Bandhan Bank bets big on affordable housing finance

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Shedding its identity as a microfinance firm, Bandhan Bank is now eyeing a big role in the affordable housing finance segment. This comes in the wake of its recent acquisition of Gruh Finance, the housing finance arm of HDFC.

The bank is expecting that a little less than 50 per cent of its portfolio will

be dominated by affordable housing loans in the next three to five years.

The bank will stay away from loans to large corporate entities. Small and medium enterprises, too, will not be the major focus area of the bank in the years to come, C S Ghosh, managing director (MD) and chief executive officer (CEO) of Bandhan Bank told *Business Standard*.

“In MSME (micro small and medi-

um enterprises) loans, we are cautious. Affordable housing will grow, and it will diversify our books,” he added.

After acquisition of Gruh Finance, Bandhan Bank’s microfinance portfolio has already come down from around 85 per cent to nearly 60 per cent. Of the remaining 40 per cent, nearly 30 per cent constitutes affordable housing loans, and around 10 per cent MSME loans. “In three to five

years, microfinance and non-microfinance portfolios, which is 60 per cent and 40 per cent now, respectively, would be 50 per cent each,” said Ghosh.

Last financial year, Bandhan Bank had to make a whopping ₹385 crore provision for its exposure to the troubled infra financier, IL&FS, which dented its profit. This is why the bank will stay away from large corporate loans in the near future. On October 17, 2019,

Bandhan Bank completed the acquisition of Gruh. After this, around 195 branches of the housing finance firm came under the fold of Bandhan. Moreover, in its own 106 bank branches, Bandhan has opened Gruh desks.

Bandhan Bank is working on a digital strategy, and data analytics will help find customers who can be extended bigger lines of credit, including housing loans, said Ghosh.