The Financial Express
SBI Cards net up 13.6% due to healthy interest income, improvement in asset quality
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FE BUREAU
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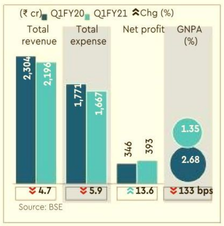
SBI CARDS AND Payment Services on Monday reported a 13.6% year-on-year (y-o-y) jump in its net profit to ₹393 crore for the quarter ended June, due to healthy interest income, improved asset quality, and decline in provisions.

The credit card company, promoted by the country's largest lender State Bank of India (SBI), saw a sharp decline in the customers availing moratorium. The accounts under moratorium went down to 1.5 lakh in June 2020, compared to 12.5 lakh in May 2020, SBI Cards said. The provisions in the June quarter saw 49% y-o-y drop to ₹80 crore.

The company claims to have made substantial improvement, post lockdown amid Covid-19. "The daily average spends improved to 76.5% of pre Covid-19 level for June 2020, compared to 54.0% for May 2020," SBI Cards said. The new accounts acquisition has improved from 80,000 in May, 2020 to 1,81,000 in June 2020, it further added.



The interest income of the company increased 34.6% y-o-y in the June quarter to ₹1,412 crore. Similarly, the income from fees and services stood at ₹668 crore in the first quarter for financial year 2021 (FY21), compared to ₹916 crore in June quarter, last year. The receivables grew 10% y-o-y to ₹23,330 crore, compared to ₹21,231 crore as of June, 2020.

The expenses also brought some respite for SBI Cards in the June quarter. The total expenses for the company came down by 5.9% y-o-y in the June quarter to ₹1,667 crore. The finance cost of the company in the June quarter decreased by 9 % y-o-y to ₹275 crore.

The asset quality of the credit card company showed improvement in the June quarter. The gross non-performing assets (GNPAs) came down by 133 basis points (bps) to 1.35%, compared to 2.68% in the same quarter last year. Sequentially, gross NPAs came down by 65 bps, compared to 2% in the March quarter of 2020.

The capital adequacy ratio in June 2020 stood at 24.4% compared to 18.9% as of June, 2019. As per the capital adequacy norms issued by the Reserve Bank of India (RBI), company's capital to risk ratio consisting of tier I and tier II capital should not be less than 15%.