

SBI Card doubles its net profit in Q4

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HIGHER FEE INCOME, IMPROVED RECOVERIES

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Our Bureau

Mumbai: SBI Cards and Payment Services (SBI Card) India's largest standalone credit card company said its net profit doubled to ₹175 crore in the fourth quarter ended March 2021 from ₹84 crore a year ago on higher fee income, improved recoveries and lower finance costs.

Total income dropped 2% to ₹2,468 crore during the quarter from ₹2,510 crore a year ago mainly due to a 20% drop in interest income to ₹1,072 crore from ₹1,348 crore in March 2020.

Fee income, however, increased 16% to ₹1,114 crore from ₹959 crore a year earlier.

The company which like its peers was hit by delays in payments last fiscal, stepped up recovery leading to other income doubling to ₹159 crore during the quarter from ₹77 crore a year ago.

A 27% decrease in finance costs during the quarter also helped profits. Total finance costs dropped to ₹277 crore in March 2021 from ₹334 crore in March 2020.

SBI Card had a 19% market share in terms of credit cards in force, up from 18.3% a year ago.

Total cards in force grew by 12% to 1.18 crore as of March 2021 from 1.05 crore in March 2020 while spends grew by 11% at ₹35,943 crore from ₹32,429 crore in March 2020.



Gross NPAs increased to 4.99% of loans from 2.01% a year earlier as the RBI moratorium on classifying loans as NPAs ended with the Supreme Court order in March. Net NPA, too, increased to 1.15% from 0.67% a year ago.

The company has restructured 2.90 lakh accounts totalling ₹2,668 crore under the one-time restructuring allowed by the Reserve Bank of India (RBI) which has increased provisions by ₹76 crore.

These loans make up for more than 10% of the company's gross advances at ₹25,114 crore as of March 2021.

In its notes to the accounts, the company acknowledged that the economic slowdown due to the Covid-19 pandemic has led to a decrease in the use of credit cards by customers and the efficiency in collection efforts.

Based on its current estimates the company has created additional provisions of ₹297 crore on expected credit loss.