

**SBI Card Q2 results: Net profit dips 33% as credit cost and bad debt rise**

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The company's cost-to-income ratio stood at 53.4%, down by 375 basis points (bps) YoY but up 449 bps from the previous quarter.



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SBI Card posted a net profit of ₹404.42 crore in Q2 FY25, marking 32.9% decline from ₹602.98 crore in the same quarter last year. Despite the profit dip, the company saw an 8.2% year-on-year (YoY) rise in total revenue, reaching ₹4,421 crore, up from ₹4,087 crore a year ago.

The revenue growth was mainly driven by a 20% increase in interest income, which reached ₹2,290 crore.

However, fee and commission income declined by 2% to ₹2,131 crore.

Finance costs rose 30% YoY to ₹788 crore, which SBI Card attributed to higher receivables, even as operating costs were reduced by 3%.

Increased credit costs affected profitability, with impairment losses and bad debts climbing by 63% to ₹1,212 crore, SBI Card said in a statement.

On the other hand, earnings before credit costs rose 13% YoY to ₹1,757 crore.

The return on average assets (ROAA) dropped from 4.9% to 2.7% and return on average equity (ROAE) fell from 22.3% to 12.5% YoY.

SBI Card continued to expand its footprint, with cards-in-force growing by 10% YoY to 1.96 crore as of Q2 FY25. However, new account openings slowed to 904,000 from 1.14 million in Q2 FY24.

Cardholder spending rose by 3% YoY to ₹81,893 crore, while receivables surged by 23%, hitting ₹55,601 crore.

Market share showed a slight decline, with SBI Card's card-in-force share dropping to 18.5% from 19.2% last year and spend share falling to 15.7% from 18%.

SBI Card remains second in market position for card issuance and third in card spends.

Asset quality slipped during the quarter.

Gross non-performing assets (GNPA) rose to 3.27%, up from 2.43% YoY, while net non-performing assets (NNPA) climbed to 1.19% from 0.89%.

The capital adequacy ratio (CAR) also weakened, standing at 22.1%, down from 23.3% YoY, with Tier I capital at 16.3%, below last year's 20.8%.

The Reserve Bank of India mandates a minimum CAR of 15% for non-deposit-taking systemically important (NBFC-ND-SI) entities, which SBI Card comfortably meets.

SBI Card's balance sheet grew to ₹61,872 crore as of September 30, 2024, compared to ₹58,171 crore in March 2024.

Total advances (net of provisions) were at ₹53,596 crore, while net worth increased to ₹13,161 crore from ₹12,156 crore at the end of March 2024.