

Pan Asia Bank announces Stellar Performance with a PAT of over 4.1 billion for FY 2024



Aravinda Perera, Chairman, Pan Asia Bank and Naleen Edirisinghe, Director/CEO, Pan Asia Bank.

Pan Asia Banking Corporation delivered a strong financial performance for the year ending December 31, 2024. The Bank reported a 123 percent increase in Profit After Tax (PAT) and a 159 percent rise in Profit Before Tax (PBT), ending the year with a PAT of 4.13 billion rupees and Earnings per Share (EPS) of 9.34 rupees. The Bank demonstrated its commitment to asset quality by maintaining one of the lowest stage three loan ratios in the industry at 3.10 percent by the end of 2024, reflecting our strong credit risk management. Despite challenges from government-imposed recovery restrictions, the bank enhanced its recovery strategies, resulting in an improvement of the Stage 3 provision cover ratio from 47.13 percent in 2023 to 60.10 percent in 2024.

In response to declining market interest rates set by the CBSL, the Bank’s interest income for 2024 decreased by 17 percent year-on-year. However, interest expenses decreased by 30 percent due to lower rates, even with strong deposit growth. As a result, net interest income rose by 18 percent in 2024, as the reduction in interest expenses outpaced the decline in income. The Bank’s net fee and commission

income grew by 24 percent in 2024, driven by increased demand for credit amidst a low-interest rate environment. However, net gains from trading fell by 17 percent due to a drop in capital gains from Sri Lanka Government Rupee Securities. Operating expenses rose by 20 percent, with personnel costs increasing by 32 percent owing to higher salaries, bonuses, and allowances. The cost-to-income ratio increased by 262 basis points to 52.68 percent, as operating expenses surged faster than operating income. Other operating expenses were limited to a 12 percent increase due to effective cost management despite rising VAT and general price increases. Return on Equity (ROE) surged to 17.30 from 8.62 percent in the previous year, reflecting the Bank's ability to generate greater returns for shareholders through strong earnings growth and operational efficiencies. Return on Assets (ROA) improved to 1.68 percent, showcasing effective asset utilization and risk management. The Net Interest Margin (NIM) increased by 26 basis points to 4.93 percent in 2024.

Total assets grew by 13 percent, driven by a 15 percent expansion in loans and advances due to rising credit demand, particularly in corporate and SME banking. Customer deposits increased by 16 billion rupees, surpassing 190 billion rupees, with a significant rise in Current and Savings Accounts improving the CASA Ratio by 334 basis points in 2024. During the year under review, the Bank maintained a strong capital and liquidity position. Capital buffers exceeded regulatory requirements, with the Common Equity Tier 1 Capital Ratio at 19.17 percent and the Total Capital Ratio at 20.98 percent. The leverage ratio improved to 8.18 percent. Despite significant loan book expansion, liquidity remained robust, with an All-Currency Liquidity Coverage Ratio (LCR) of 344.37 percent and a Rupee LCR of 264.10 percent. The improved Net Stable Funding Ratio (NSFR) of 153.44 percent highlights the Bank's capacity to secure stable funding in a recovering economic environment, demonstrating its commitment to financial stability and sustainable growth.

Naleen Edirisinghe, Director/CEO, Pan Asia Bank, said: "Pan Asia Bank continues to demonstrate resilience despite external challenges by delivering on the fundamentals. Our solid financial and operational results for 2024 affirm that we are well-positioned to achieve our financial goals. The strong growth witnessed in our total asset book, along with a 123 percent increase in PAT, underscores the effectiveness of our strategy, which we will accelerate to drive greater earnings from core banking while enhancing operational efficiencies. All our branches made profits on cumulative basis demonstrating a rejuvenated nation. The spirit of

innovation continues to propel Pan Asia Bank forward as we make notable strides in digitalizing our products and services, backed by an industry-best team, paving the way for new milestones in the coming year.”