

Pan Asia Bank Posts Steady Performance in 1Q 2024



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

Pan Asia Banking Corporation reported a steady performance reflecting improved macro-economic conditions as the Bank reported its financial performance during 1Q 2024, which showed judicious portfolio management and prudency in dealing with possible fallout on its asset quality in challenging times. The Bank reported a Pre-tax Profit of 796 million for the quarter ended March 31, 2024, which is a 47 percent increase compared to the corresponding quarter last year, supported by improved net interest income, net fee and commission income, and other operating income.

The Sri Lankan economy has experienced some positive signs of gradual economic recovery and a measure of stability in macro-economic factors compared to the corresponding quarter last year, with the appreciation of LKR against USD and the IMF bailout followed by the Domestic Debt Optimization announcement.

The models used regarding collective impairment in 2023 were continued in 1Q

2024 to ensure that adequate provision buffers were in place to absorb any potential credit risk that could arise in the future. The allowance for overlays applied in 2023 was also continued and maintained during 1Q 2024. Meanwhile, the Bank managed to end the quarter with healthy credit quality matrices due to improved credit underwriting standards and concerted collection & recovery efforts. The Bank also increased impairment provision buffers on Stage 1 and 2 exposures during 1Q 2024 to accommodate the elevated credit risks of affected borrowers/segments.

Since the latter part of 2023, market interest rates for both lending and deposit interest rates have gradually come down in line with the policy decisions by the Monetary Board of CBSL to reduce policy rates a couple of times.

The Bank's net fee and commission income has increased by 17 percent during 1Q 2024, mainly due to the increase in fee income generated from loans and advances due to increased demand for credit, which resulted from the prevailing low-interest rate regime and other conducive macro-economic factors in the country. Personnel expenses are mainly driven by increased staff salaries, bonuses, and allowances. The increase in other operating expenses amounted to 8 percent due to the effective cost management strategies of the Bank. The cost increase is primarily due to increased VAT rates from January 1, 2024, onwards and the general price increase of goods and services such as electricity and traveling expenses.

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The Bank reported a Profit after Tax of 363 million rupees in 1Q 2024, which is a 12 percent increase compared to the corresponding quarter last year. The Bank reported a Net Interest Margin of 4.91 percent for 1Q 2024. The Bank reported a Return on Equity of 6.42 percent and a Pre-Tax Return on Assets of 1.36 percent for the quarter under review.

Naleen Edirisinghe, Director /CEO, Pan Asia Bank, said, "Our resounding performance for the 1Q 2024 demonstrates that we are well on track to meet our ambitious targets post-economic crisis. A growth in the Profit Before Tax of nearly

50 percent for 1Q 2024 affirms the efficacy of our strategy, which will be accelerated to generate greater earnings from core banking while infusing operational efficiencies. Pan Asia Bank leveraged its spirit of innovation backed by digital enhancements and can-do spirit as one team to deliver this encouraging performance, which sets the stage for the coming year”.