

Pan Asia Bank posts Steady Performance

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Pan Asia Banking Corporation reported a steady performance reflecting improved macroeconomic conditions as the Bank reported its financial performance during the first half of 2024. It showed judicious portfolio management and prudence exercised in dealing with possible fallout on its asset quality in challenging times. The Bank reported a Pre-tax Profit of 1,996 million rupees for the six-month period ended June 30, 2024, which is a 32 percent increase compared to the corresponding period 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 period last year, with the appreciation of LKR against USD and the IMF bailout, followed by the domestic and foreign debt optimization announcements made by the Government of Sri Lanka.

The models used regarding collective impairment in 2023 were continued in the first half of 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 first half of 2024. Meanwhile, the Bank managed to end the first half of 2024 with healthy credit quality matrices due to improved credit underwriting standards and concerted collection and recovery efforts.

The Bank's net fee and commission income increased by 24 percent during the first half of 2024, mainly due to the increase in fee income generated from loans and advances. This was due to increased demand for credit resulting from the prevailing low interest rate regime and other conducive macro- economic factors in the country.

The net gains from trading decreased by 57 percent during the reporting period due to the drop in capital gains from Sri Lanka Government Rupee Securities (T-Bills/Bonds) classified under FVPL. The Bank strived for earnings maximization through portfolio re-alignment and effective cost management amidst improved macroeconomic conditions as the Bank reported an improved Cost-to-Income Ratio of 45.77 percent during the first half of 2024 from 48.31 percent for the year 2023. The increase in personnel expenses is mainly driven by increased staff salaries, bonuses, and allowances. The increase in other operating expenses was contained at seven percent due to the bank's effective cost management strategies. The cost increase was primarily due to increased VAT rates from January 1, 2024, and the general price increase of goods and services, such as electricity and traveling expenses.

The Bank reported a Profit after Tax (PAT) of 1,025 million rupees in the first half of 2024, an 11 percent increase compared to the corresponding period last year. The Bank maintains all its capital and liquidity ratios well above the regulatory minimum standards. The Bank's Tier 1 Capital Ratio and Total Capital Ratio as of June 30, 2024 stood at 16.09 and 18.04 percent respectively. Further, the Bank's Leverage Ratio stood at 7.32 percent as of June

30, 2024.

Naleen Edirisinghe, Director and CEO, Pan Asia Bank said, “Our resounding performance for the first half 2024 demonstrates that we are well on track to meet our ambitious targets post the economic crisis.

A growth in PBT of 32 percent for the first half of 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”.

Pan Asia Bank rose five places in Business Today’s Top 40 business organizations ranking for 2022-2023 based on criteria such as portfolio, profits and risks taken, resilience, passion, and how well challenges are met.