Pan Asia Bank continues to excel with a PAT of over one billion rupees



Aravinda Perera, Chairman, Pan Asia Bank.



Naleen Edirisinghe, Director/CEO, Pan Asia Bank.

Pan Asia Banking Corporation reported a 180 percent increase in Profit After Tax (PAT) for first quarter of 2025, reaching 1.02 billion rupees. Earnings per Share (EPS) more than doubling to 2.30 rupees reflecting effective portfolio and cost management, amid external challenges. The Bank’s strong focus on asset quality is evident in its low Stage three Loan Ratio of 2.79 percent as of March 31, 2025, reflecting effective credit risk management. Despite government restrictions on recoveries, the Bank adapted its strategies to mitigate impacts. The Stage three Provision Cover improved to 61.50 percent driven by prudent provisioning for financially distressed borrowers and sectors. Since late 2023, market interest rates for lending and deposits have declined due to policy rate reductions by the CBSL Monetary Board. As a result, the Bank’s interest income for 1Q 2025 has dropped by nine percent. However, interest expense for 1Q 2025 decreased by 17 percent due to lower rates, even with a strong growth in deposits. Consequently, net interest income increased by five percent during 1Q 2025 as the reduction in interest expense exceeded the decline in interest income.

The Bank’s net fee and commission income rose by 25 percent, driven by higher fee income from loans and advances due to increased credit demand from low-interest rates and favorable macroeconomic conditions. Net trading gains fell by 50 percent during the reporting period, mainly due to a decline in capital gains from investments in unit trusts and Sri Lanka Government Rupee Securities at FVPL. However, there was a significant increase in fair value gains from these assets during 1Q 2025. The Bank also reported a capital gain of 176 million rupees as derecognition gains on financial assets at FVOCI during 1Q 2025.

The Bank’s Cost-to-Income Ratio improved significantly by over 500 bps to 47 percent in 1Q 2025. Other operating expenses rose by 17 percent due to effective cost management, despite increases from new branch openings, technological enhancements, and general price hikes. The Bank reported a Net Interest Margin (NIM) of 4.62 percent for 1Q 2025, with a Return on Equity (ROE) of 15.23 percent and a Pre-Tax Return on Assets (ROA) of 2.22 percent.

The Bank’s total assets increased by three percent, mainly due to loans, advances, and investments in unit trusts. Loans and advances grew by four percent driven by higher credit demand in the SME and Retail banking segments. Customer deposits rose by 6.5 billion rupees, reaching 197.8 billion rupees. The CASA base increased by over three billion rupees, improving the CASA Ratio by 85 bps. During 1Q 2025, the Bank maintained a strong capital and liquidity position, with capital buffers above regulatory requirements. The Common Equity Tier 1 Capital Ratio was 17.09 percent, and the Tier 1 Capital Ratio was 17.09 percent, both significantly above the required minimums of seven percent and 8.50 percent The Total Capital Ratio reached 18.72 percent exceeding the 12.50 percent minimum, while the Leverage Ratio stood at 7.91 percent well above the three percent requirement.

Despite a significant loan book expansion in 1Q 2025, liquidity remained strong, with an All-Currency Liquidity Coverage Ratio (LCR) of 263.77 percent and a Rupee LCR of 210.24 percent, both exceeding regulatory requirements. The Net Stable Funding Ratio (NSFR) of 148.62 percent highlights the Bank’s capability to secure stable funding amid improving economic conditions, emphasizing its commitment to financial stability and sustainable growth.

Naleen Edirisinghe, Director/CEO, Pan Asia Bank, said: “Pan Asia Bank remains resilient amid external challenges, delivering strong financial results for 1Q 2025. Our substantial growth in total assets and 180 percent increase in PAT highlight our effective strategy, which we will enhance to boost earnings from core banking and

improve operational efficiencies. We continue to innovate and advance our digital products and services, supported by our top-tier team, as we aim for new milestones ahead.”