Pan Asia Bank crosses 350 billion rupees assets as half year profits rises 16 percent to 2.5 billion rupees

B D A Perera, Chairman, Pan Asia Bank and Naleen Edirisinghe, Director/CEO, Pan Asia Bank.

Pan Asia Banking Corporation reported a strong financial performance for the six months ended June 30, 2026, recording a Profit After Tax (PAT) of rupees 2.5 billion, representing a 16 percent year-on-year increase. The performance was supported by sustained growth across the Bank’s core businesses, with Net Interest Income increasing by 13 percent and Net Fee and Commission Income rising by 28 percent compared to the corresponding period in 2025.

The Bank achieved a significant milestone during June 2026, surpassing a total asset base of rupees 350 billion for the first time in its 31-year history. Total assets grew by 15 percent year-on-year, reflecting sustained business momentum and the successful execution of the Bank's growth strategy.

Gross Loans and Advances increased by 14 percent to rupees 248.12 billion, driven by healthy credit demand across the SME, Corporate and Retail segments. The expansion was supported by targeted sector-focused strategies and disciplined business origination, enabling the Bank to strengthen its market presence while maintaining prudent lending standards.

Customer deposits grew by 17 percent year-on-year to rupees 271.24 billion as at June 30, 2026, reflecting continued customer confidence in the Bank. Deposit growth was broad-based, supported by both term deposits and low-cost CASA balances, further strengthening the Bank's funding profile. Higher cash reserves and continued growth in foreign currency deposits also contributed to maintaining healthy liquidity buffers.

Total interest income increased by 21 percent year-on-year to rupees 18.21 billion during the first half of 2026, supported by the continued expansion of Loans and Advances and the Bank's strategic focus on strengthening its Corporate and Business Banking segments. Interest expense increased by 27 percent to rupees 11.13 billion, reflecting growth in deposits and borrowings as well as the upward adjustment in interest rates across the industry amid evolving global economic conditions and geopolitical uncertainties.

Consequently, Net Interest Income grew by 13 percent to rupees 7.07 billion. Net Interest Margin (NIM) moderated marginally to 4.29 percent from 4.55 percent in the corresponding period of 2025, primarily due to lower returns from the Government Securities portfolio following movements in market yields.

Net Fee and Commission Income recorded robust growth of 28 percent to rupees 1.46 billion, driven by credit expansion, increased card usage, growth in trade-related business and strong remittance inflows. Trade finance, card-related services and remittance products made significant contributions to the Bank's non-interest income stream.

Net gains from trading and gains from the derecognition of FVOCI financial assets declined by 31 percent and 74 percent, respectively. This was mainly attributable to increases in Treasury bill and Treasury bond yields, which resulted in lower market valuations of fixed-income securities. Fair value losses recorded on government securities classified under FVOCI represented mark-to-market adjustments and did not affect the Bank’s underlying earnings performance. Despite these market-related headwinds, total operating income increased by nine percent to rupees 8.68 billion, highlighting the resilience and diversity of the Bank’s earnings profile.

Pan Asia Bank continued to adopt a prudent and forward-looking approach to risk management, increasing its impairment charge by 32 percent during the period. Stage 1 impairment charges rose to rupees 124.23 million, mainly due to loan book expansion and updated forward-looking macroeconomic risk indicators, while Stage 2 impairment charges amounted to rupees 278.13 million. The Bank also increased Stage 3 impairment provisions by rupees 132.86 million as a prudential measure against selected borrower segments. Asset quality continued to improve, with the Net Stage 3 Loan Ratio declining to 1.39 percent from 1.73 percent at end-2025, while the Gross Stage 3 Loan Ratio improved to 3.97 percent from 4.62 percent. The Stage 3 Provision Coverage Ratio strengthened to 64.92 percent from 62.63 percent at the end of 2025, reflecting the Bank’s conservative provisioning approach and focus on maintaining balance sheet resilience.

Operating expenses increased by 15 percent year-on-year, largely reflecting investments in technology, digital transformation and business infrastructure aimed at supporting future growth and enhancing customer experience.

Cost-to-Income Ratio increased marginally to 50.32 percent from 48.94 percent in the corresponding period of 2025. The Bank continued to focus on process optimisation, automation and expanded digital channels to enhance productivity and operational efficiency. The Bank maintained strong capital and liquidity positions, with regulatory ratios comfortably above minimum requirements. The Common Equity Tier 1 and Tier 1 Ratios stood at 14.93 percent, while the Total Capital Ratio was 16.47 percent. The Rupee Liquidity Coverage Ratio stood at 221.63 percent and the All Currency Liquidity Coverage Ratio at 168.79 percent, while the Net Stable Funding Ratio remained healthy at 128.96 percent. The Leverage Ratio stood at 7.98 percent.

B D A Perera, Chairman said the results reflected the strength of Pan Asia Bank’s business fundamentals, disciplined execution of strategy and continued trust of customers and stakeholders. He noted that total assets exceeded rupees 354 billion during the period, supported by strong growth in advances and customer deposits, while maintaining healthy capital, liquidity and prudent risk management standards. “The Board remains committed to driving long-term value creation through sound governance, operational excellence, and customer-focused banking solutions. We will continue to support individuals, businesses, and communities while strengthening the Bank’s capability to respond to evolving market opportunities,” he stated.

Naleen Edirisinghe, Director/CEO said PBT reached rupees 2.93 billion while PAT increased to rupees 2.50 billion, supported by growth across the Bank’s core banking businesses, healthy net interest earnings and fee-based income. He added that Pan Asia Bank continued to invest in digital transformation, process improvements, analytics capabilities and customer experience enhancement while maintaining a strong focus on risk management and credit quality.