

Pan Asia Bank posts strong performance with Profit After Tax of over 2.1 billion rupees for H1 2025



Aravinda Perera, Chairman, PABC.



Naleen Edirisinghe, Director and CEO, PABC.

Pan Asia Banking Corporation reported an impressive financial performance for H1 2025 amidst diverse challenges emerging from the gradually reviving but challenging macro-economic environment. In financial terms, the Bank witnessed another growth and profitability period, with an increase in Profit After Tax (PAT) of 110 percent. This growth reflects the robust portfolio management, effective cost management, and commitment to generating sustainable profits. As a result, the Bank ended H1 2025 with a PAT of 2.15 billion rupees, more than double the Earnings Per Share (EPS) from the previous year to reach 4.86 rupees.

The Bank's robust performance was complemented by the ability to navigate external challenges adeptly and an unwavering commitment to asset quality, which was reflected in maintaining one of the lowest Stage three Loan Ratios in the industry of 2.39 percent as of June 30, 2025, a testament to rigorous credit risk management and underwriting standards. While the government-imposed restrictions on recoveries posed headwinds, the Bank proactively refined its recovery strategies to minimise the impact.

Market interest rates for lending and deposits gradually aligned with the policy decisions taken by the Monetary Board of the Central Bank of Sri Lanka (CBSL) to reduce the policy rates several times over. Consequently, the Bank's interest income for 1H 2025 decreased by five percent due to its response to the market conditions, in a situation of increased average loan portfolio. Interest expenses for 1H 2025 decreased by 12 percent against the interest expense for 1H 2024 due to prevailing low interest rates despite the strong growth in the average deposit book. Consequently, the net interest income increased by seven percent during 1H 2025 as interest expense outpaced the drop in interest income.

The Bank's Cost-to-Income Ratio improved remarkably by over 475 bps to 47.92 percent in 1H 2025 from 52.68 percent in 2024. The increase in other operating expenses was contained at 15 percent due to the effective cost management strategies of the Bank, despite the cost increases primarily caused by the new branch opening and other technological enhancement projects conducted by the Bank, and the general price increase of goods and services.

The Bank's total assets experienced an increase of seven percent, mainly driven by loans and advances. The loans and advances book expanded by 14 percent during the period under review, mainly due to increased credit demand from all 3 segments of SME Banking, Corporate Banking, and Retail Banking. In the meantime, the Bank's total customer deposit base recorded a healthy growth of 13 billion rupees or increased by seven percent, passing the 204 billion rupees mark to end the 1H 2025. During 1H 2025, the Bank maintained a robust capital and liquidity position. Its Capital buffers were well above regulatory minimums, with the Common Equity Tier 1 Capital Ratio at 16.65 percent, Tier 1 Capital Ratio at 16.65 percent, and Total Capital Ratio at 18.32 percent. The Leverage Ratio also remained strong at 7.89 percent, significantly exceeding the minimum requirement of three percent.

Naleen Edirisinghe, Director and CEO, Pan Asia Bank, said: "Pan Asia Bank's strong

performance in 1H 2025 is a clear reflection of our disciplined execution and unwavering focus on value creation. Despite a dynamic external environment, we delivered steady growth and improved profitability, validating the strength of our core banking strategy. Our consistent asset expansion and bottom-line growth speak to our customers' trust in us. We remain committed to driving digital innovation, enhancing customer experiences, and sustaining operational excellence to unlock further value and long-term growth."