

Pan Asia Bank records highest ever quarterly Deposits and Advances growth in Q1 2026



Aravinda Perera, Chairman, Pan Asia Bank.



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Pan Asia Banking Corporation delivered a strong financial performance in the first quarter of 2026. Despite external uncertainties, the Bank recorded a Profit Before Tax (PBT) of 1.65 billion rupees and a Profit After Tax (PAT) of 1.05 billion rupees, reflecting disciplined financial management, operational consistency, and prudent risk governance.

The Bank reported solid income growth during the quarter, supported by continued balance sheet expansion and improving business activity across its core banking segments. Interest income increased by 18 percent, while interest expenses rose by 23 percent, driven by strong growth in loans and advances across corporate, SME,

and retail sectors, alongside increased deposit mobilization to support asset growth. Net Interest Income (NII) grew by 12 percent year-on-year, supported by higher lending volumes within a relatively stable interest rate environment.

Non-interest income also recorded significant momentum. Net fee and commission income rose by 55 percent, driven by growth in lending, trade finance, cards, and remittances, while net trading gains increased by over 40 percent due to higher income from unit trusts and FVPL government securities.

Total operating income grew by 14 percent year-on-year, despite a 62 percent decline in FVOCI derecognition gains due to market valuation movements. The Bank maintained strong asset quality, with credit loss expenses declining by 93 percent year-on-year, mainly due to net Stage 3 impairment reversals. Stage 1 and Stage 2 impairment charges stood at 125.94 million and 153.54 million rupees respectively, while a net Stage 3 reversal of 125.30 million rupees reflected improved recoveries and borrower performance. Pan Asia Bank maintained one of the lowest Stage 3 loan ratios in the industry at 1.57 percent, underpinned by robust underwriting standards and proactive portfolio monitoring. The Stage 3 Provision Coverage Ratio remained stable at 62.21 percent, reinforcing balance sheet resilience amid evolving economic conditions.

Net Operating Income, calculated after impairment charges, increased by 17 percent compared to Q1 2025, mainly due to the sharp reduction in credit loss expenses. The Bank continued to prioritize operational efficiency through disciplined cost management. Although the Cost-to-Income Ratio increased marginally due to a one-off reversal of bonus provisions in Q1 2025, underlying cost discipline remained intact while the Bank continued investments in branch expansion, technology upgrades, digitalization, and staff development.

Profitability indicators remained healthy, with the Bank recording a 13 percent year-on-year increase in PBT. The Net Interest Margin (NIM) was sustained at a strong level, supported by effective balance sheet management and stable funding dynamics. Total assets increased by nine percent to 334.61 billion rupees, while customer deposits recorded their strongest quarterly growth, rising by ten percent to 254.19 billion rupees. Growth in both term deposits and CASA balances reflected increasing customer confidence and strengthened funding stability.

Pan Asia Bank maintained strong capital and liquidity buffers, with all regulatory ratios remaining comfortably above minimum requirements. The Common Equity

Tier 1 (CET1) and Tier 1 Capital Ratios stood at 14.86 percent, while the Total Capital Ratio was 16.43 percent. Liquidity indicators also remained robust, with the Rupee LCR at 192.98 percent, All Currency LCR at 151.72, and NSFR at 126.92 percent. Aravinda Perera, Chairman and Naleen Edirisinghe, Director/CEO highlighted the Bank's resilient business model, strong customer confidence, disciplined execution, and commitment to sustainable growth. Looking ahead, Pan Asia Bank remains focused on maintaining high-quality growth, preserving asset quality, enhancing operational efficiency, and delivering long-term value amid evolving macroeconomic conditions.