Portfolio Manager’s Views

Why do we invest in Bangkok Bank?

August 2026

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1. Executive Summary

1 **Special Feature: Why do we invest in Bangkok Bank?** (Refer to pages 3-5)

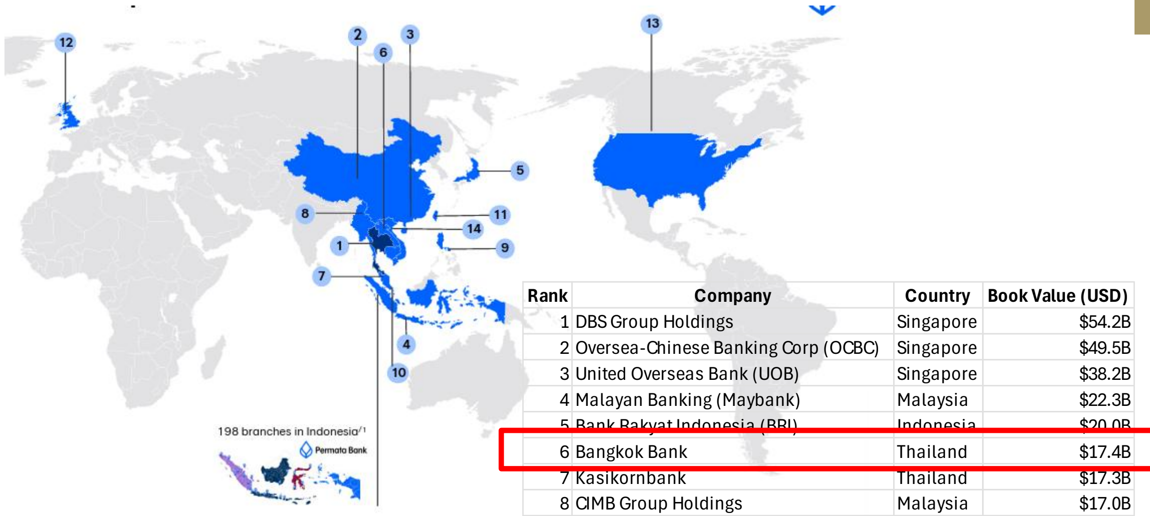
2 **US markets were broadly flat** in July as renewed US–Iran tensions briefly pushed Brent crude above US$100/bbl before focus shifted to 2Q earnings and AI-related capital expenditure. The US earnings season remained strong, with 85% of companies beating expectations. However, investors became more selective over where AI-driven profits will accrue. Emerging markets underperformed, with the MSCI EM Index falling 3.0%, as concerns over China's progress in advanced chips weighed on Korean and Taiwanese semiconductor stocks.

3 **Malaysia diverged from the regional trend**, with the FBM KLCI rising 3.7% MoM to 1,725. Strong domestic fundamentals supported the market, with 2Q26 GDP growth at 5.8% YoY and June inflation easing to 1.9%. Foreign investors returned as net buyers, with inflows concentrated in financial services. Improved political stability following Barisan Nasional's Johor election win also supported sentiment. We remain constructive on Malaysia and see opportunities to accumulate on market weakness.

4 FBM KLCI valuations remain undemanding, with FY26 PER of 15.3x (10Y range 12.5x–21.7x), PBV of 1.6x (10Y range 1.2x–1.9x), and a forecast dividend yield of 4.2% (10Y range 2.7%–4.7%) [Source: Bloomberg].

Feature: Bangkok Bank (BBL)

Exhibit 1: Bangkok Bank international presence & ASEAN top 8 book value (in USD)



Rank	Company	Country	Book Value (USD)
1	DBS Group Holdings	Singapore	$54.2B
2	Oversea-Chinese Banking Corp (OCBC)	Singapore	$49.5B
3	United Overseas Bank (UOB)	Singapore	$38.2B
4	Malayan Banking (Maybank)	Malaysia	$22.3B
5	Bank Rakyat Indonesia (BRI)	Indonesia	$20.0B
6	Bangkok Bank	Thailand	$17.4B
7	Kasikornbank	Thailand	$17.3B
8	CIMB Group Holdings	Malaysia	$17.0B

Source: Bangkok Bank, Bloomberg

1 Bangkok Bank is the sixth largest banks in ASEAN with exposure in 14 foreign countries.

Bangkok Bank ranks sixth by book value among ASEAN banks and first among Thai banks. With operations reaching 14 foreign countries, the bank also has a significant regional presence, including ownership of Permata Bank in Indonesia.

Exhibit 2: Bangkok Bank 10 years return vs SET Index vs SETBANK Index

	Security	Currency	Price Change	Total Return	Difference	Annual Eq
1)	BBL TB Equity	THB	12.32%	68.21%	34.53%	5.33%
2)	SET Index	THB	6.53%	33.68%	--	2.94%
3)	SETBANK Index	THB	20.27%	77.54%	43.86%	5.90%

Source: Bloomberg

2 It provides a good exposure to Thailand.

Bangkok Bank has historically outperformed the SET index. It has generated a 5.3% annualised return over the past 10 years against the SET Index’s 2.9% annualised return.

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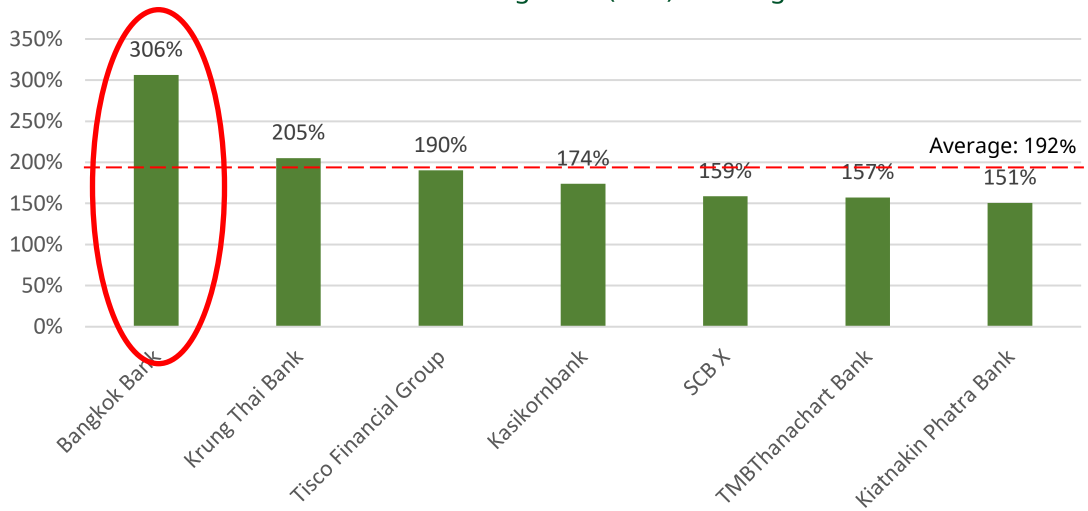
Exhibit 3: Thai banks’ 2025 Non-Performing Loan (NPL) Coverage Ratio

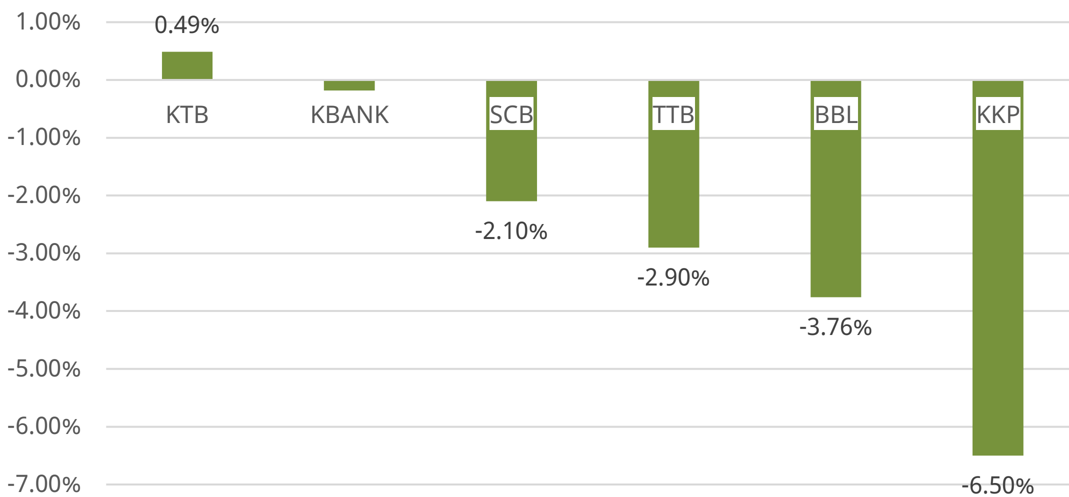


Source: Bloomberg

3 BBL has the strongest credit safety net to protect against its bad loans.

BBL’s NPL Coverage ratio of 306% far exceeds the industry average of 192%. In other words, for every 1 baht of bad loans, it has set aside 3.06 baht as a cushion. The industry average is only 1.92 baht cushion.

Exhibit 4: Thai banks’ FY25 loan growth (YoY%)



Source: Bloomberg

4 Negative loan growth incentives banks to pay out dividends.

Thailand’s 2025 GDP growth was weak at around 2%. This led to weak credit demand and negative loan growth across most Thai banks. With slower loan growth, banks have less need to retain profits to support their loan books. It allows them to theoretically distribute >90% of net profit as dividends.

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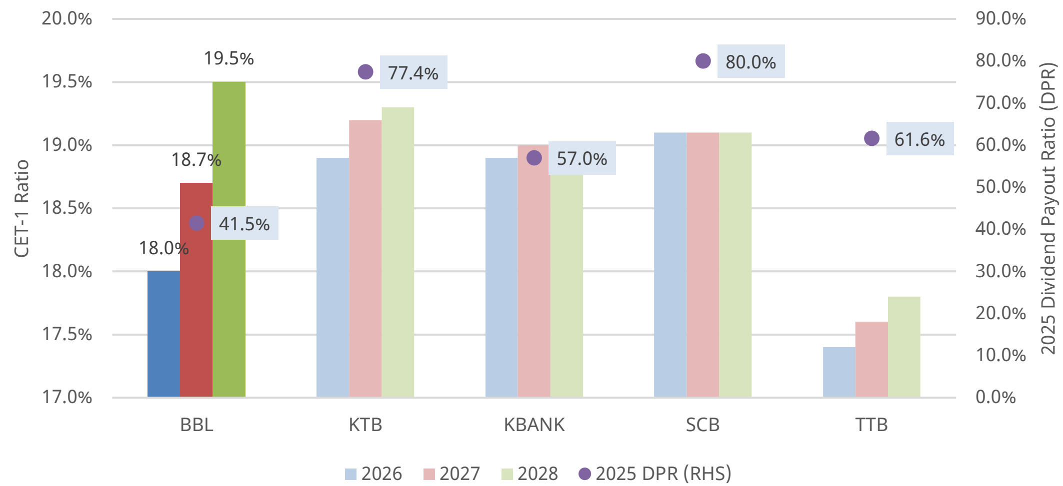
Exhibit 5: Thai banks’ CET-1 ratio forecast assuming fixed DPR.

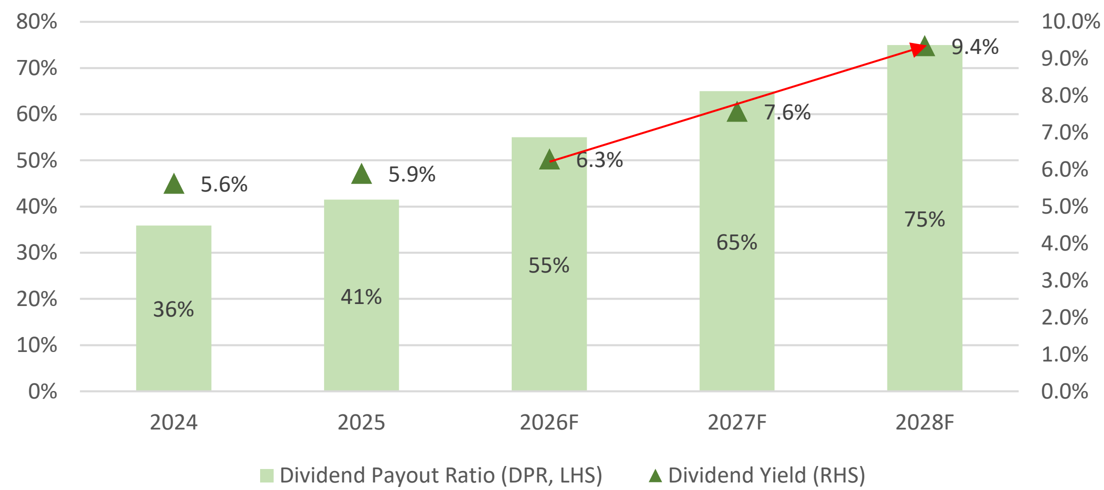


Source: Bloomberg

5 **As such, Bangkok Bank is piling up capital faster than any other Thai bank at the current DPR.**

Assuming a dividend payout ratio (DPR) similar to 2025, Bangkok Bank’s capital ratio will grow from 18.0% to 19.5% by 2028 and will be the highest among Thai banks. We took the view that BBL will raise its DPR, which is already the industry low.

Exhibit 6: Bangkok Bank’s DPR vs Div Yield forecast (2024-2028F)



Source: Bloomberg, Astute Fund Research
(2024-2025 Div Yield is calculated on full-year DPS divided by the price of the last trading day of each year)
(2026F-2028F Div Yield is calculated on projected DPS divided by the last price as of 13/8/2026 @ THB 191.00)

6 **We expect Bangkok Bank to raise its DPR in the next three years.**

Based on BBL’s price of THB 191.00, we expect Bangkok Bank to distribute dividend yields of 6.3%, 7.6%, and 9.4% for the next three years.
We view this as an attractive thesis to own Bangkok Bank at current price levels.

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Appendices

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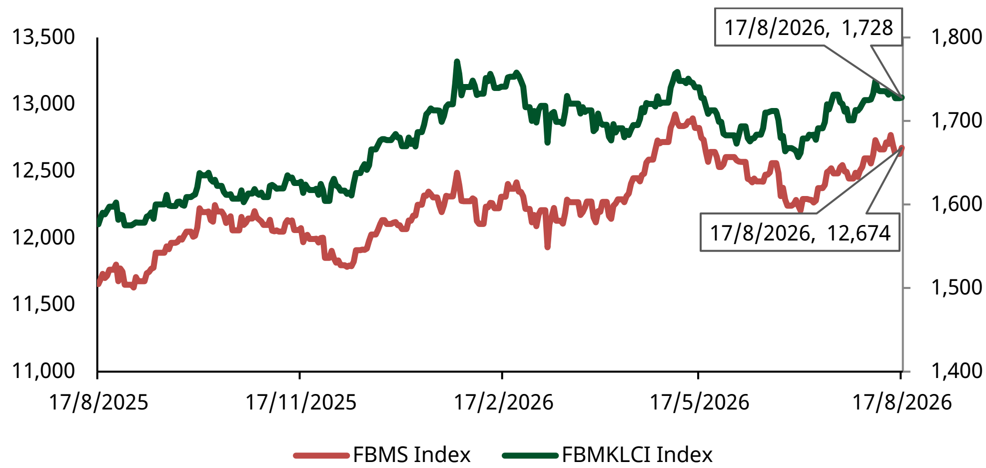
Appendices

Exhibit 8: KLCI & Shariah Index

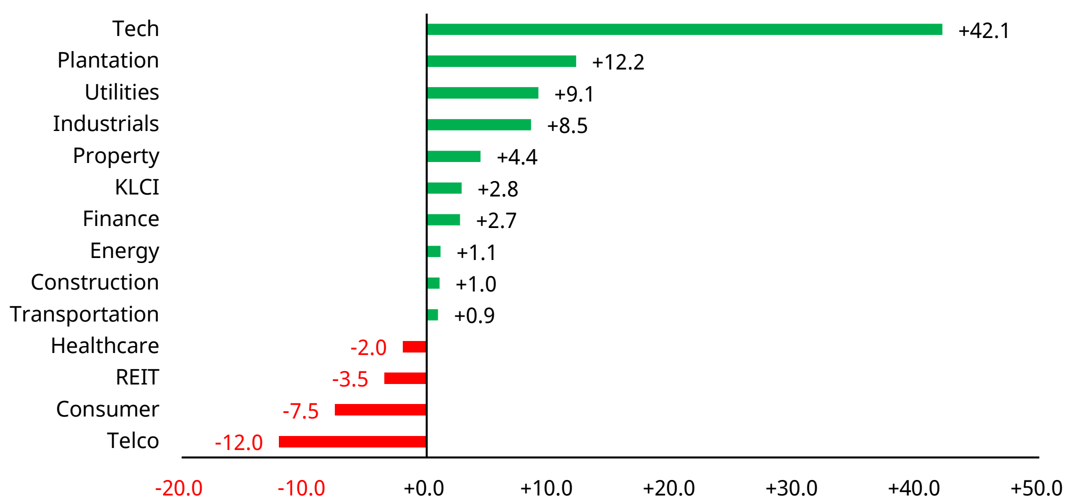


Source: Bloomberg

1 KLCI rebounded since April as sentiment recovers on stronger Tech stocks performance.

The KLCI rose 3.7% in July 2026, while the FBM Shariah rose 2.5% during the same period.

Exhibit 9: Sector Performances 2026 (%)



Source: Bloomberg

2 Sector Performance YTD-26 – Tech Leads, Telco Lags

Tech (+42.1%) was the clear standout in YTD-26, followed by Plantation (+12.2%), Utilities (+8.5%), and Industrials (+8.5%). Telco, on the other hand (-12.0%) was the top underperformer.

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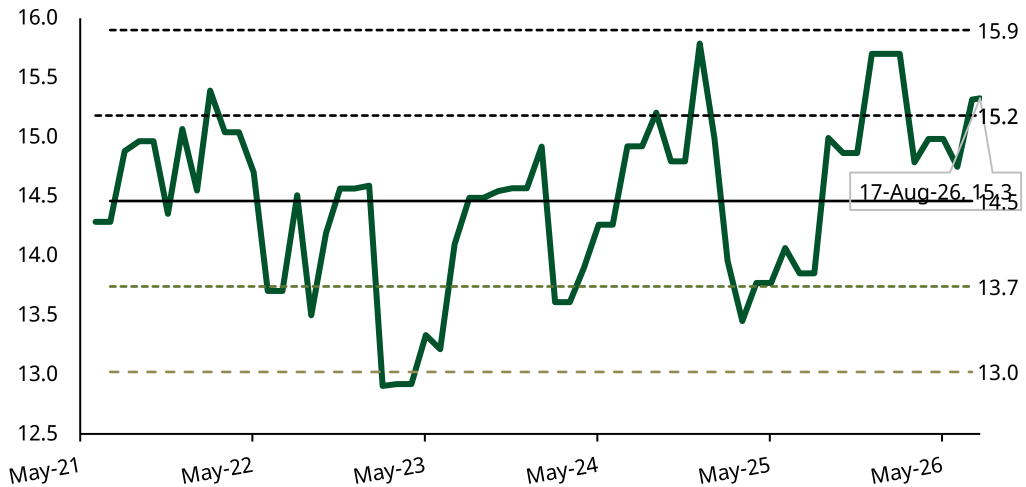
Exhibit 10: KLCI's FY26 PER (x)

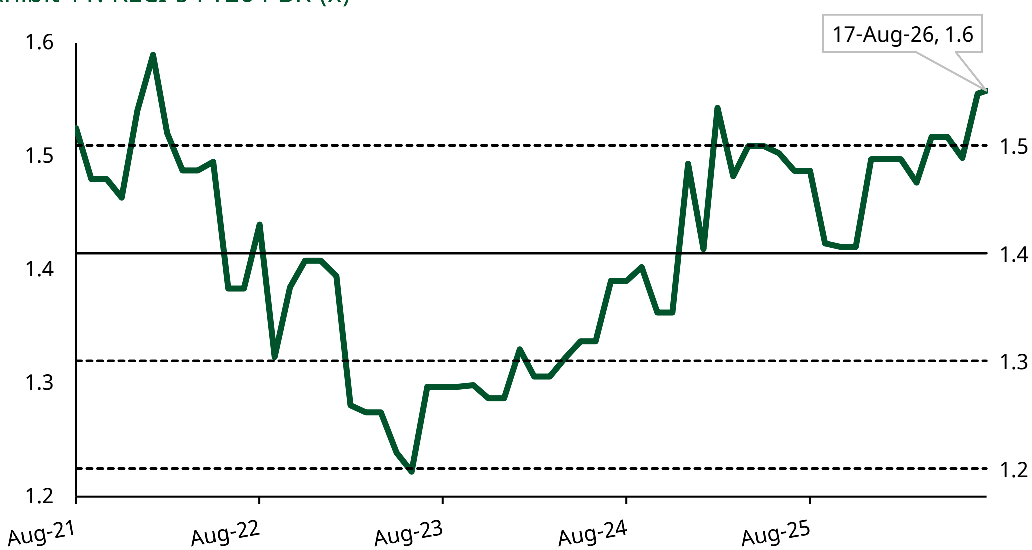


Source: Bloomberg

3 **The KLCI's valuation is valued above the 5-year mean.**

The KLCI trades at a FY26 PER of 15.3x (5Y range 12.4x to 16.7x, 5Y mean of 14.5x).

Exhibit 11: KLCI's FY26 PBR (x)



Source: Bloomberg

4 **This is the same for KLCI's PBR.**

The KLCI trades at a FY26 PBR of 1.6x (5Y range 1.2x to 1.6x, 5Y mean 1.4x).

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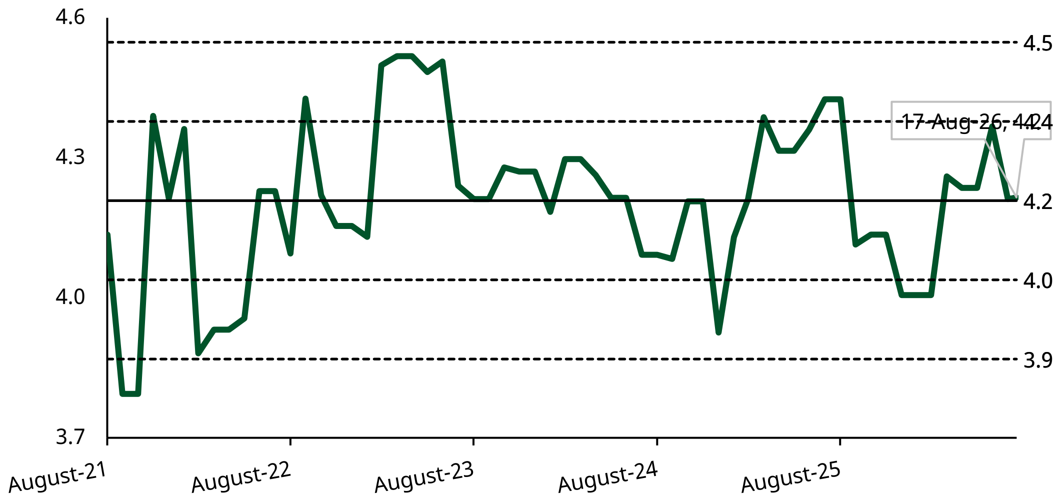
Exhibit 12: KLCI's FY26 DY (%)

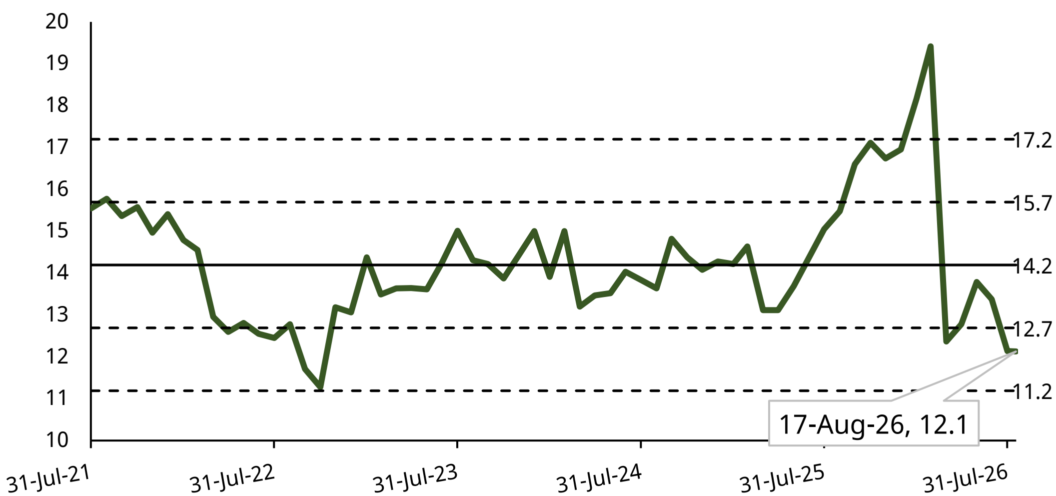


Source: Bloomberg

5 The KLCI dividend yield is attractive.

The KLCI trades at a FY26 DY of 4.2% (5Y range 3.6% to 702%, mean of 4.2%). The appealing dividend yield is likely to support share prices.

Exhibit 13: MSCI AxJ Index's FY26 PER (x)



Source: Bloomberg

6 Asia ex Japan has corrected below historical averages.

The MSCI AC Asia ex Japan index trades at a FY26 PE of 12.1x (5Y range 20.0x to 12.1x, mean of 14.2x).

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