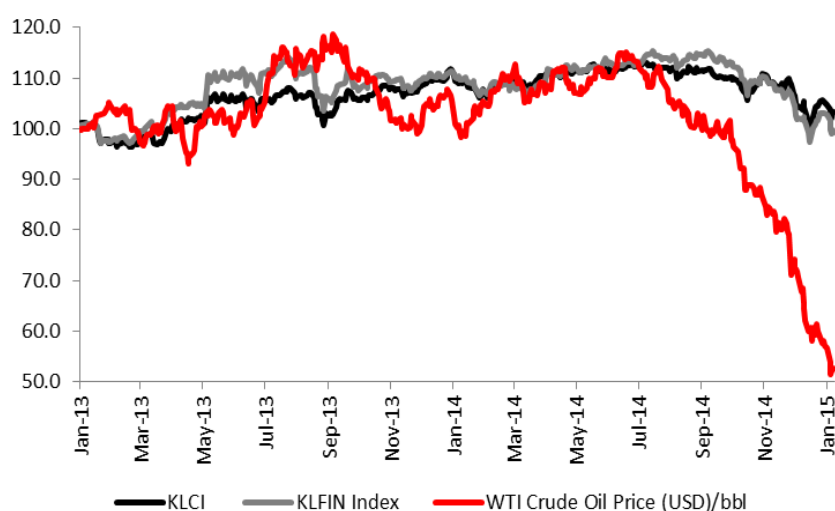


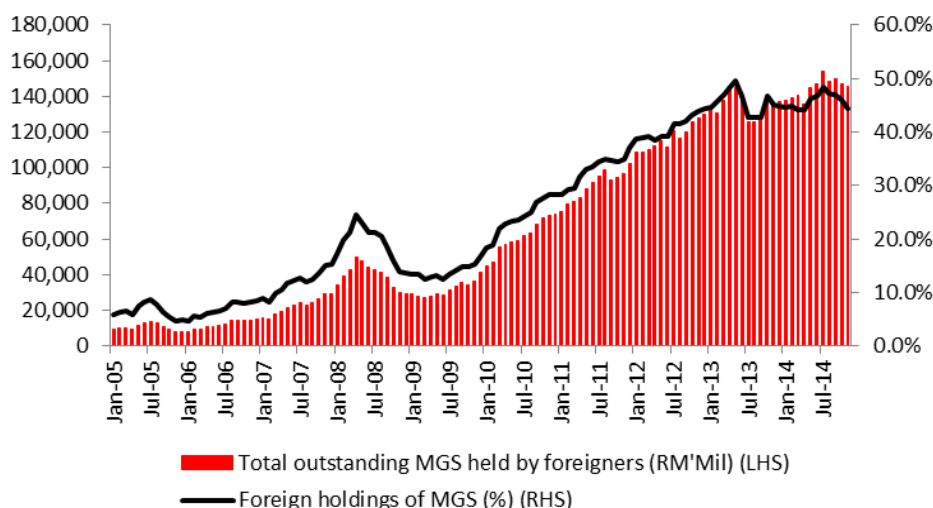
BANKING - Foreign shareholdings of banks

- OPEC announced its decision of not to cut oil production on 27th November 2014. Since then, both WTI and Brent crude oil continued to trend downwards. The WTI and Brent crude oil slipped 38.6% and 36.8% to USD45.24/bbl and USD45.89/bbl respectively. Meanwhile, the KLFIN moved almost in tandem with the broader KLCI Index and shed 6.8% to 15,224.34 points.

Trend of KLCI, KLFIN Index and WTI Crude Oil



Foreign holdings in MGS

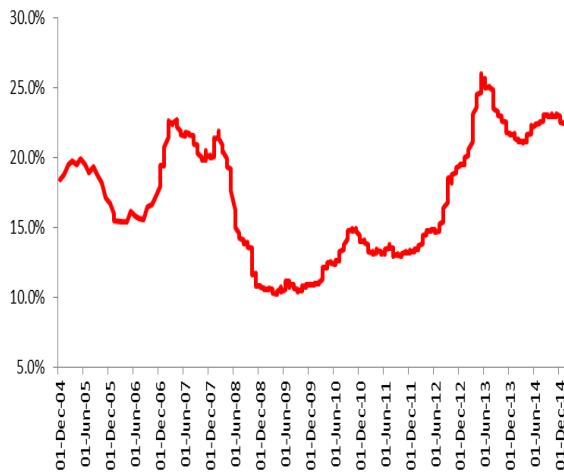


- Foreign holdings for MGS have risen from circa 12% in 1H09 and eventually peaked at around 50% in 1H13. The massive retreat of crude oil price and weakening Ringgit in 2H14 saw some foreign holders of MGS shedding their positions as evident by the decline in foreign holdings of MGS from 48.4% in July'14 to 44.5% in Nov'14.
- Similarly, based on our observation, there has been a slight drop in the foreign shareholdings of some banks based on position as of end Dec'14 as compared to Sept'14 (See Table below).
- Noticeably, among the larger drops were in the foreign shareholdings of CIMB. Foreign shareholdings for CIMB reached the lowest of 32.7% in Dec'14. It is noteworthy that prior to the OPEC's decision (or

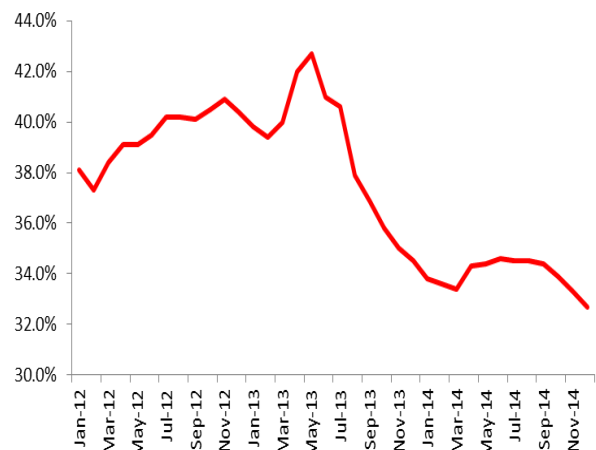
indecision) of late November last year, the foreign shareholdings of CIMB have already started to decline. Thus we believe this may be attributable to weaker performance of the Group from slower capital market activity as well as the decline in CIMB Niaga's earnings.

- In contrast, foreign shareholdings of Hong Leong Bank rose to 9.5% in Dec'14 as compared to 9.33% in Sept'14 while that of RHB Cap was slightly higher at 9.6% in Dec'14 vs. 9.5% in Sept'14.

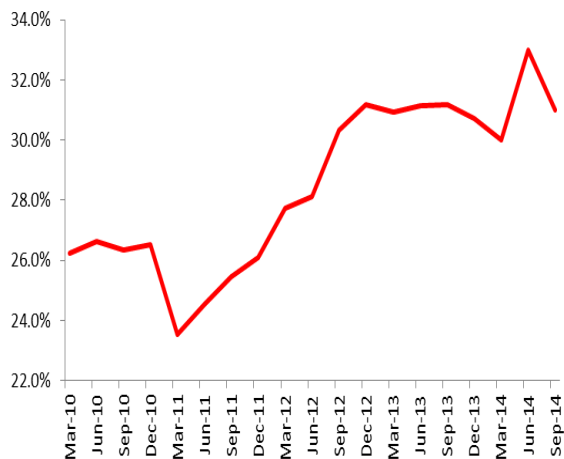
Maybank



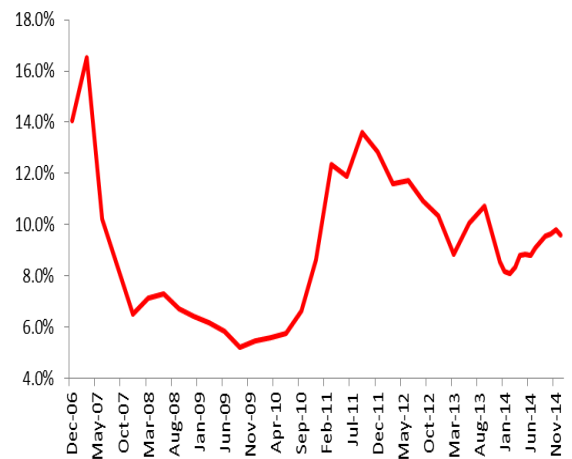
CIMB



Public Bank

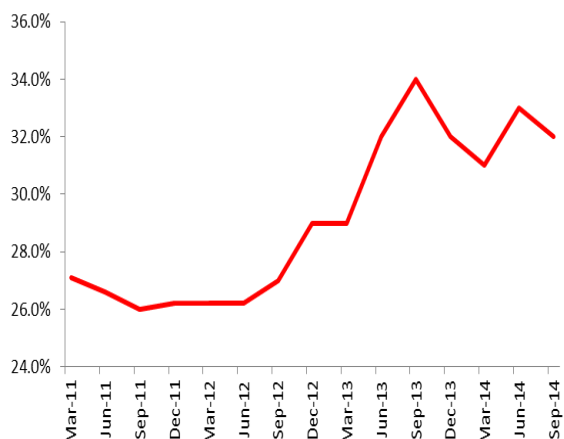


RHB Capital*

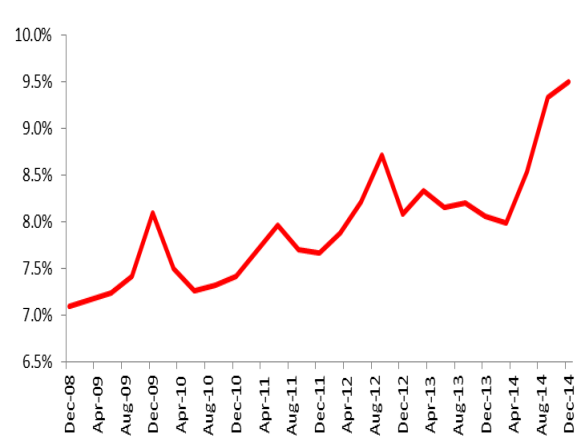


*excludes ADCB/Aabar's stake of 21.22%

AMMB**

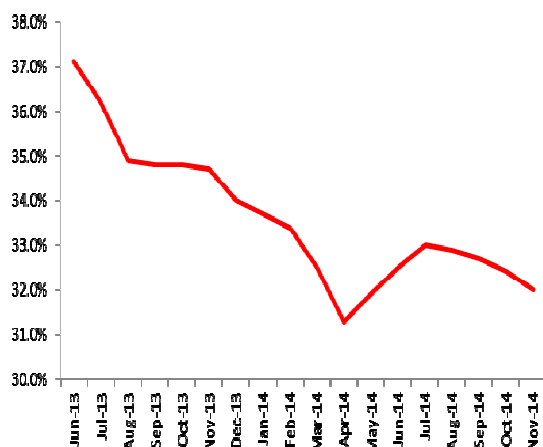


Hong Leong Bank

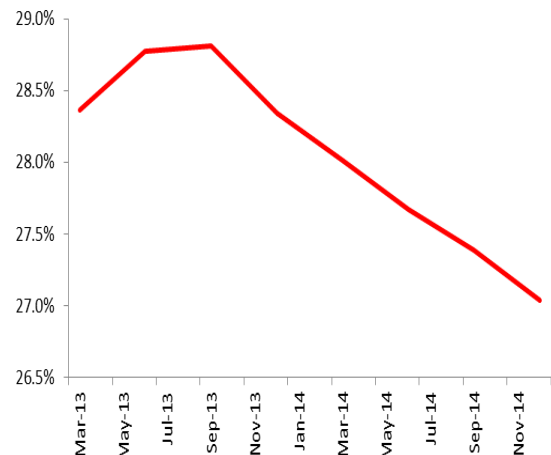


**excludes ANZ's 23.78% stake

Alliance Financial Group



Affin



Source: Companies, MIDFR

Table 1: Foreign shareholding changes of banks

	@ Dec'13 (1)	@ Sept'14 (2)	@ Dec'14 (3)	Change in ppts (3 - 2)	Change in ppts (3 - 1)
Maybank	21.70%	22.96%	22.55%**	-0.4	0.9
CIMB	34.5%	34.4%	32.7%	-1.7	-1.8
Public Bank	30.7%	31.0%	n.a*	n.m	n.m
RHB Cap	8.6%	9.5%	9.6%	0.1	1.0
Hong Leong Bank	8.06%	9.33%	9.50%	0.2	1.4
AMMB	32.0%	32.0%	n.a*	n.m	n.m
AFG	34.0%	32.7%	32.0%^	-0.7	-2.0
Affin	28.3%	27.4%	27.0%	-0.4	-1.3

*foreign shareholdings yet to be available

**represents foreign shareholdings as at 26 Dec 2014

^represents foreign shareholdings as at end Nov'14

- Our economist expects the USD/MYR to be at between 3.50-3.60 and the US Fed to tighten the Fed rate to 1-1.25%.
- Our house view is that crude oil price will recover to an average of USD75 per barrel. However, the pace of recovery is expected to be slow. This is due to: i) the persistence of conventional crude oil producer to maintain production despite lower margins and ii) the unconventional producers (US shale companies) to continue production at high levels due to their hedges on output prices.
- We do not discount the possibility that banks foreign shareholdings may slip further in the event of the following:
 - i. The domestic currency weakens below our expectation;
 - ii. The Fed tightening of interest rate turns out to be more aggressive than expected; and
 - iii. Crude oil prices continue to be on the downward trend.
- We maintain NEUTRAL on the Banking Sector. As of now, there are no changes to our ratings for the stocks under our coverage. We have BUY calls are on Maybank (TP: RM11.20), RHB Cap (TP: RM10.70) and Hong Leong Bank (TP: RM16.30) and a TRADING BUY on CIMB (TP: RM7.27). We are NEUTRAL on AFG (TP: RM5.00), AHB (TP: RM3.30), AMMB (TP: RM7.30), Public Bank (TP: RM19.50).

MIDF EQUITY BEAT

Thursday, 15 January 2015

	Rec.	Price @ 14/01	Target Price	EPS (sen)		PER		Net DPS		Net Div Yield		BV	BV	PBV	PBV
				14	15	14	15	14	15	14	15	14	15	14	15
AMMB	NEUTRAL	6.41	7.30	59.3	58.0	10.8	11.1	24.1	23.0	3.8	3.6	4.4	4.7	1.5	1.4
Maybank	BUY	8.39	11.20	70.0	79.0	12.0	10.6	44.0	48.0	5.2	5.7	5.6	6.0	1.5	1.4
Public Bank	NEUTRAL	17.52	19.50	113.0	121.0	15.5	14.5	51.0	55.0	2.9	3.1	7.1	7.8	2.5	2.2
RHB Capital	BUY	7.65	10.70	82.0	90.0	9.3	8.5	25.0	27.0	3.3	3.5	7.2	7.8	1.1	1.0
Hong Leong	BUY	13.98	16.30	119.4	119.0	11.7	11.7	41.0	39.0	2.9	2.8	8.2	8.6	1.7	1.6
CIMB	TRADING BUY	5.75	7.27	48.0	54.0	12.0	10.6	19.0	21.0	3.3	3.7	4.5	4.8	1.3	1.2
AFG	NEUTRAL	4.67	5.00	37.2	37.0	12.6	12.6	29.5	22.0	6.3	4.7	2.7	2.9	1.7	1.6
Affin	NEUTRAL	2.90	3.30	27.0	34.0	10.7	8.5	14.0	17.0	4.8	5.9	3.9	4.1	0.7	0.7

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MIDF AMANAH INVESTMENT BANK : GUIDE TO RECOMMENDATIONS

STOCK RECOMMENDATIONS

BUY	Total return is expected to be >15% over the next 12 months.
TRADING BUY	Stock price is expected to <i>rise</i> by >15% within 3-months after a Trading Buy rating has been assigned due to positive newsflow.
NEUTRAL	Total return is expected to be between -15% and +15% over the next 12 months.
SELL	<i>Negative</i> total return is expected, by -15% or more, over the next 12 months.
TRADING SELL	Stock price is expected to <i>fall</i> by >15% within 3-months after a Trading Sell rating has been assigned due to negative newsflow.

SECTOR RECOMMENDATIONS

POSITIVE	The sector is expected to outperform the overall market over the next 12 months.
NEUTRAL	The sector is to perform in line with the overall market over the next 12 months.
NEGATIVE	The sector is expected to underperform the overall market over the next 12 months.