



SHARE PRICE

GHS 18.50



COMPANY ANALYSIS

Report Date: 12TH August 2021

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BUSINESS PROFILE

Standard Chartered Bank Ghana Limited is the oldest commercial bank in Ghana and has been listed on the Ghana Stock Exchange since 1991. It began its operations in 1896 as the Bank of British West Africa and served as the Central Bank of the Gold Coast in the pre-independence era until 1953. The Bank has three client segments – Corporate and Institutional Banking, Retail Banking and Commercial Banking supported by five product groups – Transaction Banking, Financial Markets, Retail Products, Wealth Management and Corporate Finance.

Being Ghana’s premier bank, Standard Chartered has been at the fore front of financial market development supporting trade and investment activities of their customers and clients. The Bank continues to support Ghana’s diverse sectors of the economy, leading international loan syndications to finance key economic activities such as cocoa and the emerging oil and gas sector.

Capital Market development has been a key area of interest for Standard Chartered Bank. The Bank played a leading role in the creation of a secondary Fixed-Income market for bond trading to increase trading channels and improved price discovery for Investors and Issuers.

Standard Chartered continues to lead the way in the digital revolution in the banking industry. They are developing standardized digital platforms to meet rapidly changing client needs at the right scale and effectively engaging their clients across digital channels. With a cutting-edge mobile and online banking platform, their clients enjoy a consistent online experience across laptops or mobile devices and the convenience of banking from the location of their choice. In 2019, the Bank launched a full digital bank on mobile – SC Mobile providing end to end client onboarding and up to seventy in-branch service requests digitized on mobile.

Given the heritage and legacy, SCB provides thought leadership on key industry topics to help shape and build the banking and financial services industry by engaging key stakeholders such as regulators, policy makers and the Government.

Being part of an international banking group with footprints in 59 markets worldwide, SCB connects companies, institutions, and individuals to their world’s fastest growing and most dynamic regions. Their heritage and values are expressed in their brand promise, here for good.

Standard Chartered Bank Ghana Limited has been the recipient of several local and international awards, demonstrating its leadership in the market.

Equity Highlight

MARKET
CAP

2,493.03
Mil

ISSUED
SHARES

134.76 Mil

DIVIDEND

GHS 1.74

DIVIDEND
YIELD

9.36%

BETA

1.45

CAPM

6.40%

• KEY STATS

Price	Year High	Year Low	52-Week High	52-Week High	200DMA	100DMA
18.60	18.60	16.31	18.60	13.53	17.33	18.38

50DMA	6-M change	3-M change	Max Price	Lowest Price	EPS	Book value
18.57	2.48%	2.20%	70.00	0.05	1.84	11.29

Avg. Daily Vol.	Avg. Daily Val	P/E Ratio	P/B Ratio	ROA	ROE
1,041	18,739	10.11x	1.65x	2.67	16.33

PRICE PERFORMANCE OVERVIEW

AVERAGE DAILY TRADED PRICE(GHS) (Y-o-Y)

2016	2017	2018	2019	2020
14.38	18.98	27.85	18.88	18.40

Price Volatility (Beta)

1.45



Performance in the past 5-yrs

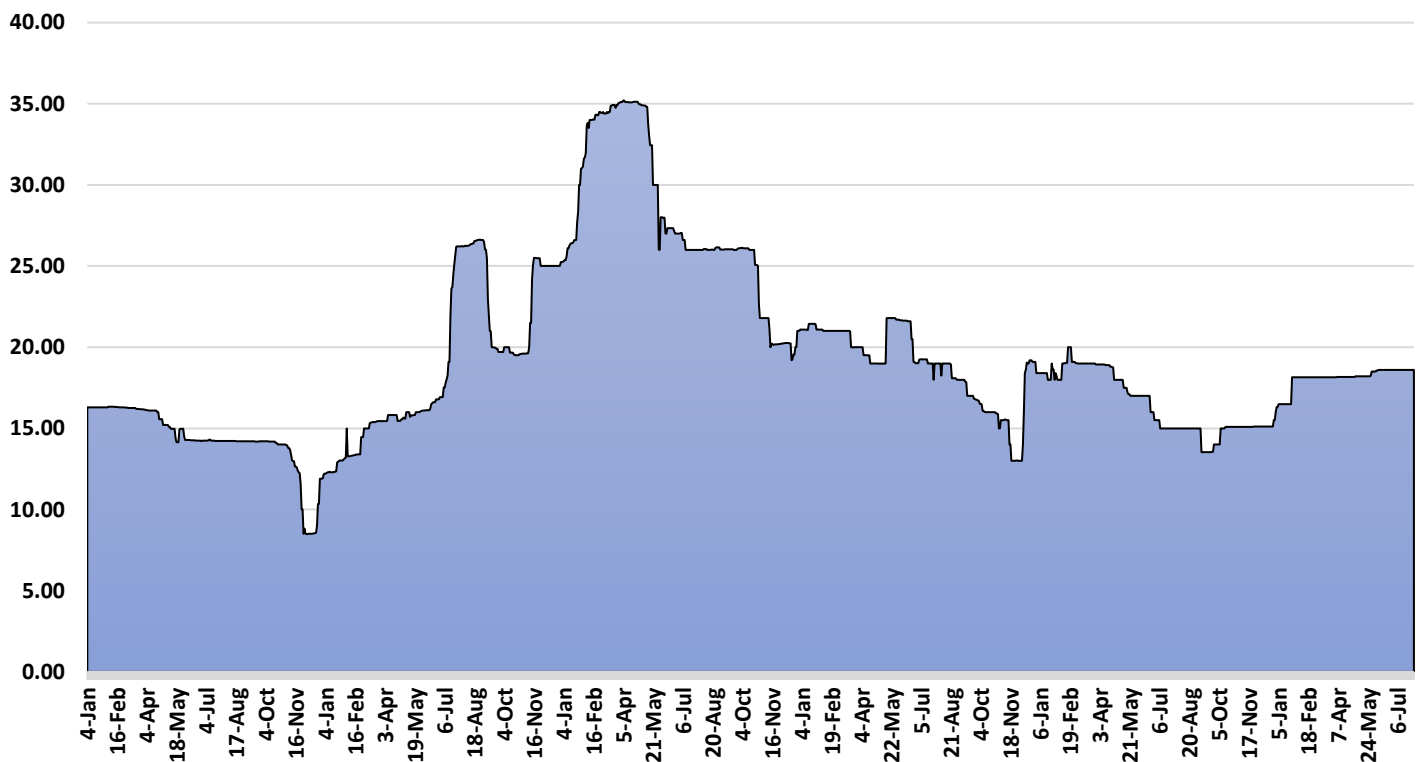
Bullish Price GHS35.20

Bearish Price GHS8.49

SCB open the year (2021) at GHS16.31 and is currently trading at GHS18.60; representing a gain of 14.04%.

The current price of the company is its highest value traded in the past 52-weeks. The moving averages forecasts an upward trend of the stock.

5-Years Price movement



INDUSTRY (BANKING) PRICE MOVEMENT

YEAR TO DATE PRICE MOVEMENT

Indicator	Price (GH¢)	Year High	Year Low	52-week High	52-week Low	200 Days	100 Days	50 Days
ACCESS	3.49	4.39	3.49	4.39	3.49	4.16	3.97	3.65
ADB	5.06	5.06	5.06	5.06	5.06	5.06	5.06	5.06
CAL	0.70	0.84	0.60	0.84	0.60	0.72	0.73	0.71
EGH	7.30	7.30	7.00	7.50	4.96	6.69	7.03	7.01
ETI	0.06	0.08	0.05	0.08	0.05	0.07	0.07	0.07
GCB	5.39	5.40	4.05	5.40	3.60	4.56	5.03	5.37
RBGH	0.45	0.45	0.41	0.45	0.40	0.43	0.45	0.45
SCB	18.60	18.60	16.31	18.60	13.53	17.33	18.38	18.57
SOGEGH	0.95	0.95	0.64	0.95	0.62	0.76	0.85	0.91
TBL	0.34	0.34	0.30	0.34	0.34	0.34	0.34	0.34

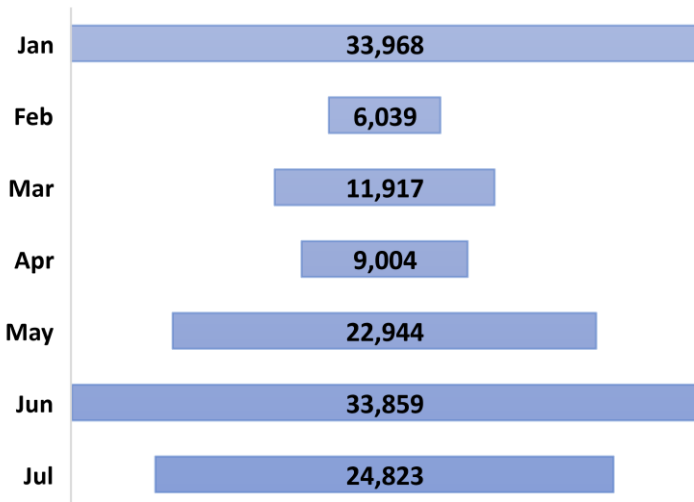
Volumes and Values

Volumes traded between (2016-2020)

4.90 Mil.

Volumes traded between January and July 2021 is **142,554**.

Volumes Traded (2021)

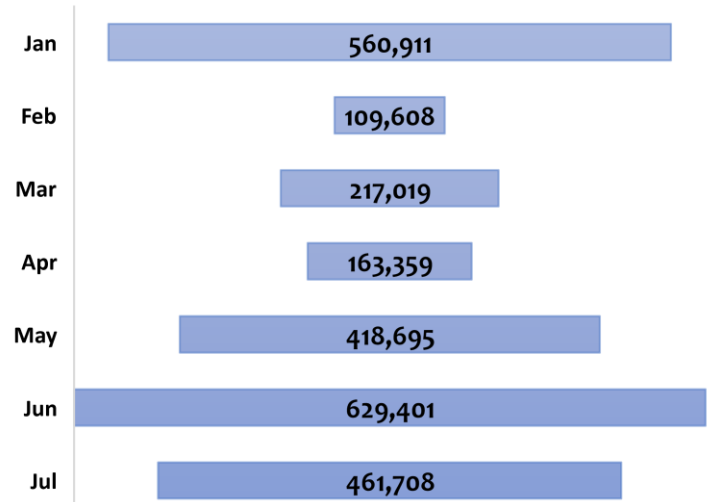


Values traded between (2016-2020)

GHS94.1 Mil.

Values traded between January and July 2021 is **GHS2,560,701**.

Values Traded (2021)



Valuation

Book value per share (BVPS)

CURRENT (BVPS)

11.29

5-YR AVG. (BVPS)

9.10

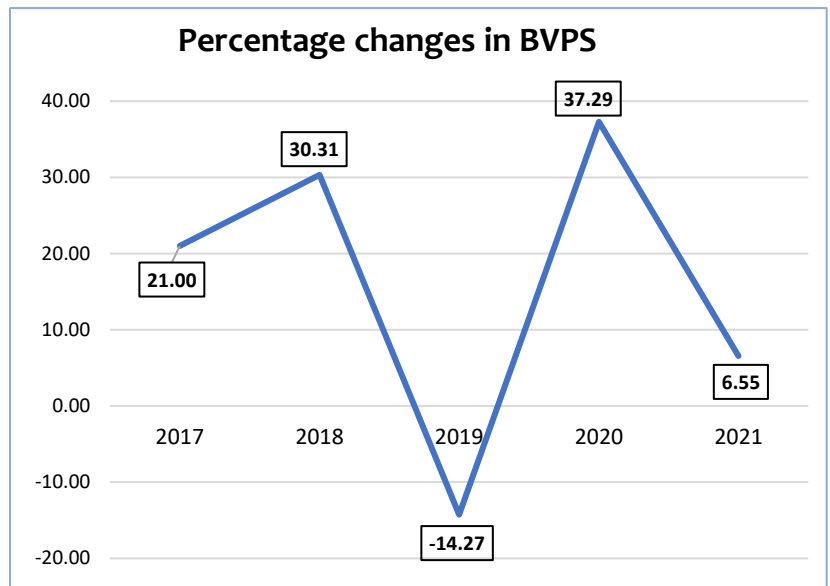
Book value per share (BVPS) is the ratio of equity available to common shareholders divided by the number of outstanding shares. This signifies the minimum value of a company's equity and measures the book value of a firm on a per-share basis.

BVPS is used mainly by stock investors to evaluate a company's stock price.

The current book value of the company is GHS11.29; this is 64.75% or GHS7.31 lower than the current price of GHS18.60.

HISTORICAL (BVPS)

Q2 2017	Q2 2018	Q2 2019	Q2 2020	Q2 2021
6.91	9.00	7.72	10.59	11.29



Price to Book Value (P/B Ratio)

CURRENT P/B Ratio

1.65x

5-YR AVERAGE P/B Ratio

2.17x

HISTORICAL AND CURRENT (P/B Ratio)

Q2 2017	Q2 2018	Q2 2019	Q2 2020	Q2 2021
2.45	2.81	2.47	1.46	1.65

price-to-book ratio (P/B ratio) compares a firm's share price to its book value. It is calculated by dividing the company's stock price per share by its book value per share (BVPS). The market value of equity is typically higher than the book value of a company. P/B ratio is used by investors to identify potential investments.

The P/B ratio of SCB is 1.65x. This implies that's the price of the stock is 1.6x its book value per share. The current P/B ratio is the company's second-lowest record in 5-years.

Earnings Per Share (EPS)

CURRENT EPS

1.84

5-YR AVERAGE EPS

1.39

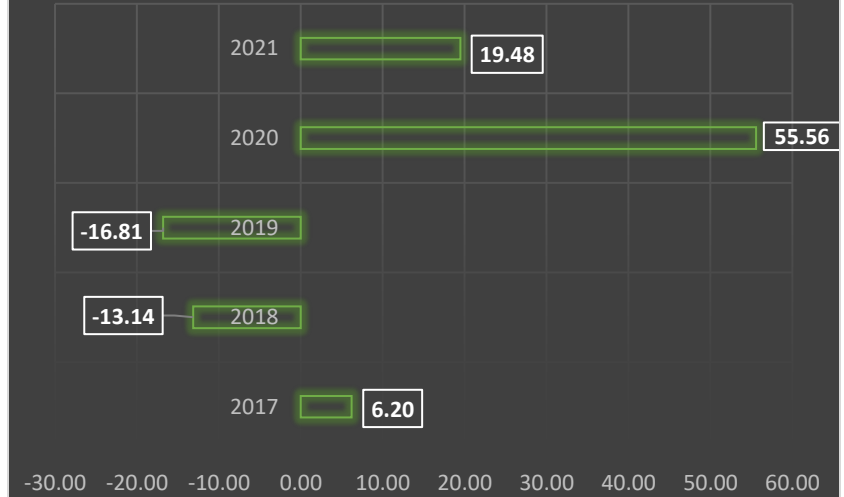
Earnings per share (EPS) is calculated as a company's profit divided by the outstanding shares of its common stock. The resulting number serves as an indicator of a company's profitability.

The earnings per share (GHS1.84) reported in Q2 2021 is the company's highest return in our 5-years review. Earnings per share's 5-year growth rate is 10.26%.

HISTORICAL (EPS)

Q2 2017	Q2 2018	Q2 2019	Q2 2020	Q2 2021
1.37	1.19	0.99	1.54	1.84

Percentage change in EPS



Price To Earnings Per Share (P/E Ratio)

CURRENT P/E Ratio

10.11X

5-YR AVG. P/E Ratio

14.59

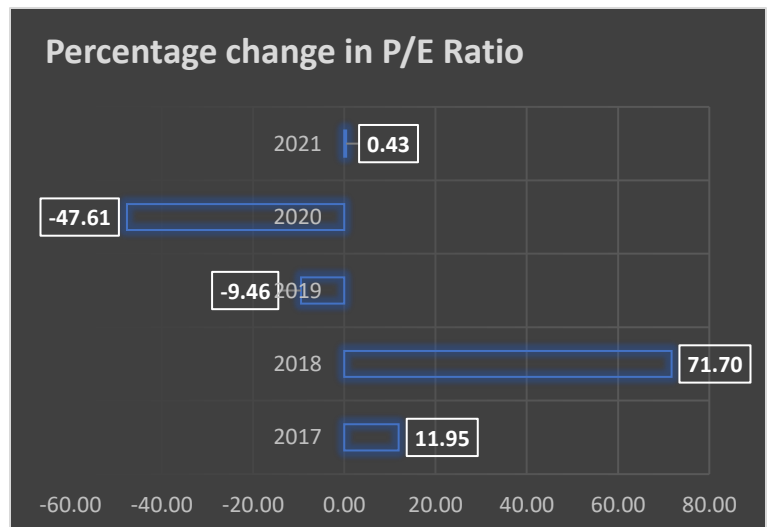
The price-to-earnings ratio (P/E ratio) is a ratio for valuing a company. This is calculated by measuring its current share price relative to its per-share earnings (EPS).

The current 10.11x p/e ratio is the company's second-lowest P/E ratio in 5-years. The p/e ratio implies that the price of the stock is 10.11x times the earnings, or an investor is willing to pay GHS10.11 for the current GHS1.84 earnings per share. The current 10.11x p/e ratio shows a decline in share price when compared to the 5-years average of 14.59x.

HISTORICAL P/E Ratio

Q2 2017	Q2 2018	Q2 2019	Q2 2020	Q2 2021
12.36	21.22	19.21	10.06	10.11

Percentage change in P/E Ratio



Dividend Payment

Historical Dividends

2016	2017	2018	2019	2020
1.12	-	1.04	1.56	1.74

5-Yr Av. Dividend

GHS1.09

Dividend grew by 202.7% between 2015 and 2017. Dividend paid in the last 3-years has an average growth rate of 18.13%, and 30.77% growth rate in the last 2-years.

Dividend Yield

2016	2017	2018	2019	2020
0.07	-	0.048	0.104	0.094

5-Yr Av. Dividend yield

GHS0.063

Dividend yield grew by 95.197% between 2018 and 2020.

Financial Performance Review

Income statement	Q2 2017. GHC'000	Q2 2018. GHC'000	Q2 2019. GHC'000	Q2 2020. GHC'000	Q2 2021. GHC'000	5-year av. Growth (%)
Net interest income	229,325	238,459	282,601	289,317	307,881	7.55
Operating income	326,907	357,539	415,496	477,213	538,154	12.65
Profit before income tax	226,674	196,987	190,088	297,792	369,451	15.11
Profit after tax	158,672	137,891	133,062	208,454	248,395	13.06
Earnings per share						
Basic	1.37	1.19	0.99	1.54	1.84	10.26
Diluted	1.37	1.19	0.99	1.54	1.84	10.26
Statement of Financial Position	Q2 2017. GHC'000	Q2 2018. GHC'000	Q2 2019. GHC'000	Q2 2020. GHC'000	Q2 2021. GHC'000	5-year av. Growth (%)
Total asset	4,508,860	5,584,499	6,960,981	8,372,613	9,303,175	18.70
Loans and advances to customers	1,364,822	1,242,429	1,429,246	1,796,372	1,837,789	11.46
Deposits from customers	3,239,078	4,178,742	4,588,803	5,367,677	5,954,844	16.91
Total equity	797,829	1,039,686	1,039,810	1,427,535	1,520,981	19.03
Total liability	797,829	1,039,686	1,039,810	1,427,535	1,520,981	18.85

Key ratio	Q2 2017. GHC'000	Q2 2018. GHC'000	Q2 2019. GHC'000	Q2 2020. GHC'000	Q2 2021. GHC'000
Liquidity Ratio	81.60	85.57	-	90.66	79.34
Net profit margin	48.54	38.57	32.02	43.68	46.16
Return on asset	3.52	2.47	1.91	2.49	2.67
Return on equity	19.89	13.26	12.80	14.60	16.33
Capital Adequacy ratio	23.69	30.73	-	30.58	24.19
Non-performing loans	41.79	48.16	-	24.19	23.16

REQUIRED RATE OF RETURNS (RRR)

The required rate of return on the stock helps to determine the minimum amount of return an investor requires to make it worthwhile to own a stock, also referred to as the “cost of equity”

In arriving at our opinions, we used the following models: Dividend discount model (Gordon Growth Model), average price performance over the past 5years, Risk premium, Required Rate of Return using the **capital asset pricing model formula**: Cost of equity = Risk free rate of return + Premium expected for risk. Cost of equity = Risk free rate of return + Beta × (market rate of return – risk free rate of return).

RRR using (Gordon Growth model)

29.18%

GGM suggest that the stock should be GHS24.03 by year end.

Dividend Discount Model (DDM)

-36.54%

GHS25.39

The DDM suggest that the stock is undervalued 36.54% and that the intrinsic value of the stock should be GHS25.39.

Capital asset pricing model (CAPM)

6.40%

The expected return of the stock based on the CAPM formula is 6.40%:

Projected Average Price returns

8.29%

Volatility (Beta)

1.45

Market Risk Premium

-4.21%

Estimated Dividend growth rate

18.13%

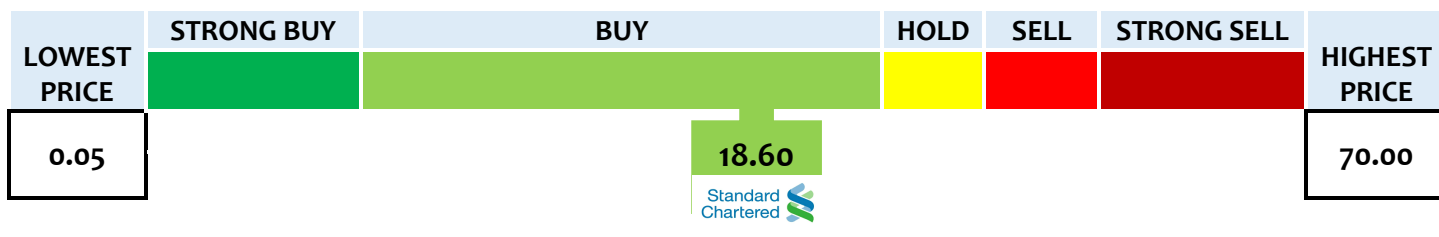
Expected dividend payment in 3-years should be around GHS2.06



estimated price by year end

GHS 23.19

Analyst Opinion



Standard Chartered Bank's Growth.

- The Bank's revenue has grown significantly by 334.23% over the last 10-years, 64.62% over the last 5-years, and 29.52% over the last 3-years.
- Deposit from customers has improved by 245.83% in 10-years, 83.84% in 5-years, and 29.77% in 3-years.
- Net profit has surged 333.35% over the past 10-years, 56.55% over the past 5-years, and 86.68% in 3-years.
- Shareholders' equity growth; (**10-years:** 626.06%), (**5-years:** 90.64%), and (**3-years:** 46.27%).
- Total asset base growth; (**10-years:** 22.74%), (**5-years:** 106.33%), and (**3-years:** 33.65).
- Dividend growth; (**10-years:** 207.21%), (**5-years:** 55.36%), and (**3-years:** 67.31%).
- Earnings per share growth; (**5-years:** 34.31%), and (**3-years:** 85.86%).

A company's growth is key concern to small, medium, and long-term investors. The above shows Standard Chartered bank's strength, growth concern and dedication toward a solid and improved company performance going forward.

Besides its longevity on the Ghana Stock Exchange, Standard Chartered Bank has proven itself over the years as a good stock to buy with a strong financial position, frequent dividend payment, and an impressive market return. Investor's sentiment in the stock has grown over the years thereby making SCB share one of the most liquid and traded stocks on the Ghana stock market.

Considering the current 10.11x p/e ratio which shows a decline in share price when compared to the 5-years average of 14.59x, the dividend discount model of -36.54% which indicates that the share is undervalued, the required rate of return using Gordon's Growth model (29.18%), and the beta of the stock (1.45) among other parameters used shows that SCB share price is undervalued, and we expect it to be trading higher than the current GHS18.60.

Based on our estimation we forecasted the share price to be trading around GHS23.19 by year end. We therefore suggest SCB as a **"BUY"** for medium-term and long-term investment.

Multiples for value Estimation

Before arriving at an opinion, we estimated the intrinsic value of these companies as well as several trading multiples: including historical, recent, and estimated earnings per share; historical and estimated average price to earnings ratios; historical and estimated dividend per share; historical and recent dividend payout ratios; book value per share, average price to book ratio, historical and projected price movement, dividend discount model, Beta of the stock, etc.

The above approach is purely quantitative and may not reflect the likely events on the market. Therefore, qualitative consideration was also used to support our opinion.

Below are factors which may affect our projections.

Huge volumes transfer of shares over a period, insider dealings, changes in revenue and profitability of the company published at a given point. Significant changes in dividend payout ratio and P/E ratios, expected required rate of returns. Traders' discretion and opinions on the price, publicly published news of the company at any given time.

OTHER COMPANIES UNDER REVIEW BY UMB STOCKBROKERS LTD



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CORPORATE PROFILE

UMB Stockbrokers Limited (UMBS) a Licensed Dealing Member of the Ghana Stock Exchange (GSE), was established in 1975 and has been a pioneer dealer on the GSE. We are licensed by the Securities and Exchange Commission (SEC) as a Broker-Dealer.

Our current line of business includes the provision of brokerage services, equity research, Corporate Finance and Advisory Services, Sponsoring of Stock Exchange listings, Portfolio Management and Share Valuation.

Over the years, we have been a key player in the capital market in Ghana having sponsored the listings of a significant number of companies on the stock market. Notable, amongst these are the Initial Public Offers of SIC, GOIL and the mergers of SG-SSB and Anglo-Gold Ashanti.

We have also assisted most of the listed companies in undertaking corporate actions such as Rights Issues and Bonus Issue, etc.

OUR BUSINESS

UMB Stockbrokers Ltd offers tailor-made corporate finance and advisory solutions to private and institutional clients, and to government ministries, departments, and agencies. Being one of Ghana's premier investment banks with over four decades of experience, we have executed several successful transactions in Ghana and have made significant contributions toward the development of the Ghanaian capital market.

We have a rich clientele base and strong relationships with the stakeholders in Ghana's capital market.

SERVICES

Corporate Finance and Advisory

The corporate finance and advisory team combine its wealth of financial, commercial, and technical expertise to provide a full range of advisory services to assist clients evaluate an opportunity or execute a transaction. We develop and offer tailor-made corporate finance and advisory solutions to both individual and institutional clients across several sectors including financial (banking and insurance), real estate, manufacturing, pharmaceutical, agribusiness, education, and transportation just to mention a few.

Capital Markets

Debt Capital Markets

Our Debt Capital Markets (DCM) solutions include debt origination, structuring, syndication, and issuance. The DCM team efficiently delivers innovative solutions to assist clients to raise debt from the Ghanaian market. Our comprehensive range of solutions enables our clients to leverage debt to spur their growth, execute acquisitions, restructure existing debt, and ultimately enhance shareholder value.

Equity Capital Markets

Our Equity Capital Market (ECM) solutions to institutions seeking to raise equity or quasi-equity include financial advisory and issuing house services for initial public offers (IPO), private placements by listed and unlisted companies, and additional equity raising. Through collaborations with our affiliate company UMB Stockbrokers, we have successfully executed several IPOs and private placements in the Ghanaian capital market

Our capital market services we offer include:

- Debt and/or Equity advisory
- Debt conversion and buybacks
- Listed and Unlisted Bond Issues, IPOs, Rights Issues, and Private Placements, Commercial Papers
- Restructuring of both public and private institutions
- Negotiations
- Special situations

Mergers and Acquisitions

We offer tailor-made advice and guidance for mergers and acquisition (M&A) to enable the realization of synergies and unlocking of value. We have been involved in significant M&A transactions in Ghana involving both local and international parties, all of which have contributed to the growth of the Ghanaian capital market.

OUR EXPERIENCE

- Dannex Ayrton Starwin merger
- GOIL Bonus Issue
- PZ Cussons Bonus Issue
- CFAO Tender Offer and De-listing
- Accra Brewery Tender Offer and De-listing
- Fidelity Bank Rights Issue and Private Placement
- CFAO Conversion of Preference Shares to Ordinary Shares
- HFC Bank Rights Issue
- Anglogold Ashanti Rights Issue
- SIC Insurance Company IPO
- GOIL IPO
- British American Tobacco Tender Offer and De-listing
- Ghana Telecom Bond Issue
- Anglogold and Ashanti Goldfields Merger and Listing
- Accra Brewery Rights Issue
- Société Générale Acquisition of SSB Bank
- Ghana Breweries Corporate Restructuring and Rights Issue
- CFAO Rights Issue
- HFC Bank Floatation and Listing of USD Denominated Housing Bonds
- British American Tobacco Merger with Meridian Tobacco
- Mechanical Lloyd IPO
- SSB Bank Privatization
- Ashanti Goldfields Privatization

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