



Wema Bank Full-year 2024 Report: Higher Interest and Non-interest **Income sustains Gross Earnings Rally.**



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Issue Date:

Saturday February 01, 2025

A Market Intelligence and Strategic Advisory Group Report

Production:

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Leveraging the high-interest rate environment on loan repricing and digital strategy, Wema Bank had a stellar performance in its unaudited FY 2024 financial statement. The group's gross earnings increased by +89.61% to N430.26bn in FY 2024, driven by +89.52% and +89.94% growth in interest and non-interest income to N351.83bn and N78.43bn, respectively. The interest income came largely from loans & advances and investment securities, while non-interest income can be attributed to fee & commission income and FX revaluation gains. The bank's digital presence generated N14.11bn in FY 2024, up **+91.97%** from N7.35bn in FY 2023. The financial position improved, with total assets, deposits, and loans increasing by double-digits to N3.62trn, N2.79trn, and N1.20trn in FY 2024, respectively.

Wema Bank raised N40bn through right issue in December 2024 and set to wrap up its capital raise by issuing N200bn through right issue and special placement starting April 01, 2025 (see table 1).

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Table 1:

WEMA BANK'S KEY HIGHLIGHT			
Key Highlight	FY 2023 (N'bn)	FY 2024 (N'bn)	Growth Rate (%)
Gross Earnings	226.91	430.26	89.61%
Interest Income	185.64	351.83	89.52%
Interest expense	93.92	181.64	93.39%
Non-interest Income	41.29	78.43	89.94%
Operating expenses	78.77	131.79	67.31%
Profit Before Tax	43.66	102.10	133.84%
Profit After Tax	35.99	88.83	146.84%
Earnings per share	2.79	4.15	48.75%
Total Assets	2,248.24	3,619.12	60.98%
Shareholder's Equity	139.30	260.86	87.27%
Deposit Size	1881.43	2788.12	48.19%
Loan Advances	801.10	1,203.18	50.19%
Cash and Cash equivalent	220.23	284.46	29.16%

Source: Financial Statement, Proshare Research

Performance Ratios.

The tier-2 Bank's ratio showed positive performance, with improved cost optimization (lower CIR), higher shareholder's return, profitability, and wider interest margins (see table 2).

Table 2:

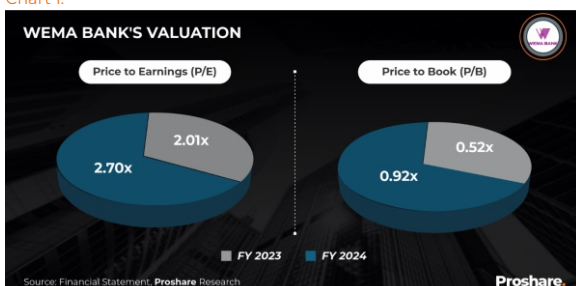
WEMA BANK'S RATIOS		
Ratios	FY 2023	FY 2024
Cost-to-income	64%	56%
Net profit margin	16%	21%
Return on equity	26%	34%
Return on assets	1.60%	2.45%
Net interest margin	6%	8%
Loan-to-deposit (LDR)	43%	43%
Loan-to-assets	36%	33%

Source: Financial Statement, Proshare Research

Valuation

Wema's price-to-earnings and price-to-book fell to 2.01x and 0.52x in FY 2024 from 2.70x and 0.92x in FY 2023, respectively, suggesting that the bank has strong fundamentals relative to market sentiment, making it attractive for investors (see chart 1).

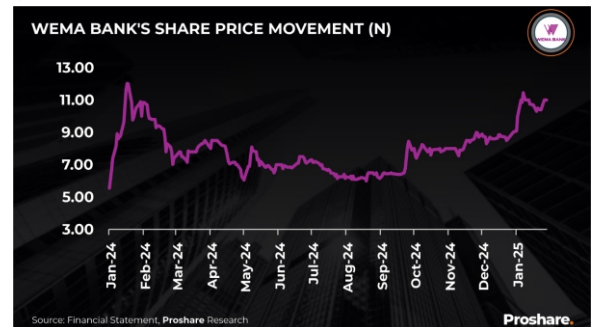
Chart 1:



Share Price Movement.

Wema Bank's share price rally halted in February 2024, falling below the peak price of N12.03 on January 18, 2024. The expected post recapitalisation share price mark down made investors slightly cautious about banking stocks. However, the share price recovered in the fourth quarter, settling at N9.05 on December 31, 2024, and returned 63.06% in 2024 (see chart 2).

Chart 2:



The expected positive outcome of the recapitalization exercise in improving the capital base, growing funding capacity, and strategic investment in viable real sectors should sustain the banking sector's positive performance in 2025. This initial assessment of the bank's result (audited) suggest that the same might hold true for Wema. However, the recent stability in the exchange rate could threaten Wema and other banks' ability to score large FX revaluation gains as seen in 2023 and 2024 and expected rate cut could squeeze net interest margin.

For further updates on **Wema Bank**, follow the company **Proshare Investor Relations (IR) Portal**.

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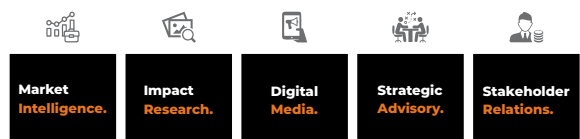
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This report was published on February 01, 2025, and is based on the best publicly available information at that time. The PDF version was created on February 03, 2025. For comments, feedback, and updates, kindly send us an e-mail via research@proshare.co. Thank you.



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