



Zenith Bank Plc FY 2024 Audited Result: Trading Gains Drives PBT to N1.33trn.



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Nigeria's big-ticket retail commercial banks are following the lead of their global counterparts, shifting their corporate operations towards off-balance sheet transactions involving FX forward plays, swaps, securitization, and leasing or leasing-like repayment arrangements. Zenith Bank's substantial diversion to off-balance sheet assets and higher credit creation strengthened its year-end (FY) 2024 performance. The HoldCo's profit rose above the N1trn mark as the combined significant growth in interest income (+144.14%) and non-interest income (+19.72%) lifted gross earnings to N3.97trn, absorbing higher operating expenses, foreign revaluation losses, and net monetary loss, chasing derecognition of losses on investment securities.

A breakdown of the holding company's interest income showed 56% came from loans & advances, 21% from treasury bills and 16% from government bonds, suggesting a significant portion of income stemmed from core operations, while 80% of non-interest income came from trading, and less than 20% came from fees and commissions.

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The bank's digital and fee-based activities generated income worth N206.87 billion in FY 2024, driven mainly by electronic product fees (N80.05 billion), foreign withdrawal charges (N78.53bn), and account maintenance fees (N72.93bn). The group's profit before tax rose by +66.70% to N1.33trn and profit after tax settled lower at N1.03trn due to higher tax deduction worth N293.95bn, which includes the windfall tax levy of N63.31bn.

From the financial position scene, the customer deposits, loans and investment securities rose by double digits to N21.96trn, N9.97trn, and N5.09trn, respectively. The loan concentration remained in the southwest region, and Oil & Gas, manufacturing, and government were the dominant recipients. Analysts observed the bank doubled its activities in consumer lending, rising by +126.40% to N336.53bn in FY 2024.

The bank proposed a final dividend of N4.00 per share (N4.00 in FY'23), which translates to a dividend yield of 8.18% based on the stock's closing price as of March 26, 2025 (see table 1).

Table 1:

ZENITH'S KEY HIGHLIGHTS			
Key Highlights	FY 2023 (Nbn)	FY 2024 (Nbn)	Growth Rate (%)
Gross earnings	2,131.75	3,970.96	86.28%
Interest income	1,114.67	2,721.38	144.14%
Interest expense	408.49	992.47	142.96%
Operating expenses	291.73	586.64	101.09%
Non-interest income	918.87	1,100.11	19.72%
Profit Before Tax	795.96	1,326.85	66.70%
Profit After Tax	676.91	1,032.90	52.59%
Earnings per share (Naira)	21.55	32.87	52.53%
Total Assets	20,368.46	29,957.53	47.08%
Shareholder's Equity	2,323.38	4,029.27	73.42%
Deposit size	15,167.74	21,959.37	44.78%
Loans and advances	6,556.47	9,965.36	51.99%
Retained Earnings	1,179.39	2,015.51	70.89%
Cash and Cash balances with CBN	4,253.37	5,888.22	38.44%

Ratios

Despite the group's large earnings, the financial ratios showed a slight squeeze, with the non-performing loan ratio rising to 4.7%, the ROE dropping to 32.50%, the Cost-to-Income ratio (CIR) climbing to 38.90%, and the cost of funds settling higher at 4.80%. However, the high-interest-rate environment sustained an upward trend in the net interest margin to 9.50%, loan-to-deposit ratio (LDR) to 50.10%, and loan-to-asset ratio (LAR) to 33.26% (see Table 2).

Table 2:

ZENITH'S RATIOS		
Ratios	FY 2023	FY 2024
Net profit margin	31.75%	26.01%
Return on equity	36.60%	32.50%
Return on assets	4.10%	4.10%
Net interest margin	7.30%	9.50%
Cost-to-income	36.10%	38.90%
Loan-to-deposit (LDR)	46.50%	50.10%
Loan-to-assets	32.19%	33.26%
NPL	4.40%	4.70%
Cost of funds	3.00%	4.80%

Valuation

Zenith's price-to-book value (P/BV) remained below 1.00x in FY 2024, despite substantial year-end financial reporting gains; the group's price-to-earnings (P/E) ratio fell to 1.49x in the same year. The market's valuation of the group remained conservative, as reflected in its lower P/BV and P/E ratios (see table 3).

Table 3:

ZENITH'S VALUATION		
Valuation	FY 2023	FY 2024
Price to Earnings (P/E)	1.81x	1.49x
Price to Book (P/B)	0.69x	0.50x

Share Price Movement.

Zenith's share price saw higher volatility in 2024, sliding downward from January to March and April to June, where it levelled off at a 52-week low of N30.50 on June 28, 2024. The group's share price was bullish, closing the year at N45.50 and returning +16.67% to investors. The rally was sustained in the first quarter (Q1) of 2025, generating a return of 25.38% as of March 27, 2025 (see Chart 1).

Chart 1:

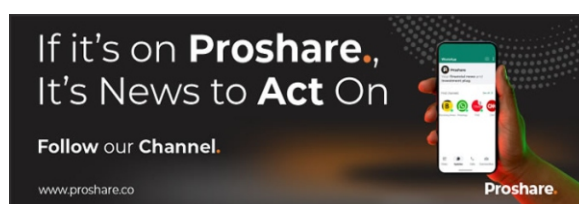
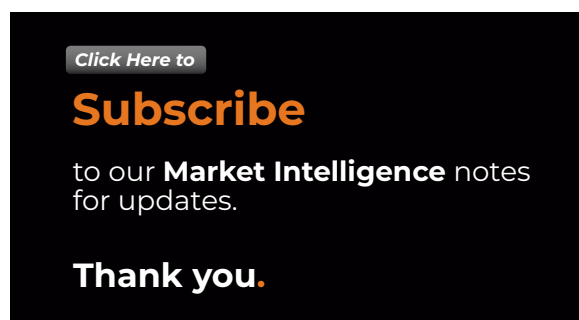


Closing Thoughts.

The Nigerian banking industry has been a beneficiary of the high-interest rate environment since 2023, taking advantage of wider interest margins, higher investment yields, and currency hedging opportunities to grow the income statement. The possibility of a market correction might threaten the industry-wide performance going forward. The banking group may continue to expand its continental presence, drive earnings growth, and adapt to emerging exchange rate stability.

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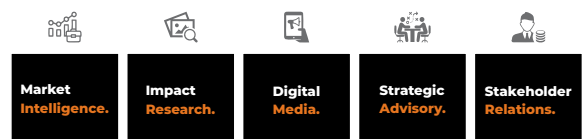
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