




ZENITH BANK PLC FY 2025

Earnings Report Update

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Company Overview

Zenith Bank Plc is a Nigerian commercial bank primarily engaged in providing banking and financial intermediation services to corporate and retail customers. Its core operations include deposit mobilization, lending, trade finance, treasury services, and electronic banking, delivered through an extensive network of branches and digital platforms across Nigeria and selected international markets.

Billion NGN(₦)	FY 2023	FY 2024	FY 2025
Nigeria	1,883.90	3,502.28	3,431.11
Africa	174.60	275.41	545.10
EUROPE	106.59	235.06	260.18

Geographical Performance

Income Analysis (FY2021–FY2025)

Billion NGN(₦)	FY 2022	FY 2023	FY 2024	FY 2025
Interest income	540.17	1,144.67	2,721.38	3,672.96
Net interest income	366.63	736.18	1,728.90	2,639.53
Non-Interest income	380.97	932.09	1,133.89	404.95
Earnings before tax	284.65	795.96	1,326.85	1,263.37
Net income	223.91	676.91	1,032.90	1,040.55
Earnings per share	7.14	21.55	32.86	25.32

Zenith Bank Plc's income performance over FY'21–FY'25 remained largely interest-driven, supported by asset repricing and balance sheet growth. Interest income and net-interest income surged in FY'23–FY'24, reflecting strong yield pass-through and efficient asset-liability management, while FY'25 moderation mainly reflects base effects and partial normalization in yields.

However, earnings quality weakened due to volatility in non-interest income, driven by trading losses and FX revaluation impacts in FY'25. This pressured profitability, with profit before tax declining and net income growth flattening, alongside margin compression, highlighting rising cost pressures and increased sensitivity to non-core income fluctuations.

Cost Analysis (FY2021–FY2025)

Billion NGN(₦)	FY 2022	FY 2023	FY 2024	FY 2025
Interest expenses	173.54	408.49	992.47	1,033.43
Provision for loan losses	123.25	409.62	658.81	742.19
Non-interest expenses	339.69	449.47	843.35	1,039.50
Income tax expenses	60.74	119.05	293.96	222.82

Zenith Bank Plc’s cost profile over FY’21–FY’25 reflects sustained pressure across funding and credit lines. Interest expenses rose sharply through FY’24, driven by monetary tightening and deposit repricing, before moderating in FY’25, indicating funding cost stabilization and improved asset-liability mix optimization.

Loan loss provisions followed a similar trajectory, peaking in FY’23 amid aggressive risk recognition, then easing through FY’25 as asset quality conditions improved and incremental credit stress declined. This suggests a transition from a high-cost risk cycle to a more stable credit environment.

However, operating and regulatory costs remained elevated, driven by digital investments and increased levies, resulting in margin compression despite strong revenue growth. This signals a shift toward a normalization phase, where cost discipline and efficiency gains will be critical to sustaining profitability.

Balance Sheet and Cash Flow Summary

Billion NGN(₦)	FY 2022	FY 2023	FY 2024	FY 2025
Total assets	12,285.63	20,368.46	29,957.53	31,458.05
Total liabilities	10,906.69	18,045.08	25,928.25	26,533.85
Total equities	1,378.94	2,323.38	4,029.27	4,924.21
Net cash from operations	1,179.12	1,786.55	822.92	2,479.28
Net cash from financing	-97.61	-576.81	101,346.00	-1,947.86
Net cash from investing	-363.23	-1,395.44	-107.53	-2,475.56
Net change in cash	718.28	-185.70	816.73	-1,944.14

FY'25 financial position reflects measured balance sheet growth, with a strategic shift toward liquidity and sovereign assets, as treasury bills and cash balances expanded while loan growth remained modest. Asset quality trends were mixed, with lower overall provisioning but rising Stage 3 loans indicate residual credit risk. Strong deposit growth and reduced borrowings underscore improved funding efficiency and a deleveraging stance, while capital was reinforced by retained earnings and the recent banking sector recapitalization. Robust operating cash flows supported increased investment in fixed income securities, ensuring solid liquidity despite regulatory constraints, and positioning the bank defensively for stability.

Performance Drivers

The performance was underpinned by strong net-interest income growth, driven by asset repricing and increased exposure to high-yield government securities. A resilient deposit franchise supported stable, low-cost funding, preserving margins despite a rising interest rate environment and reinforcing its core earnings strength.

Operating cash flow surged significantly, reflecting high earnings quality and efficient cash conversion, while the balance sheet was tactically reallocated toward treasury bills, signaling a conservative, yield-focused strategy. Additionally, strong capital accretion through retained earnings enhanced buffers, improving loss absorption capacity and supporting future growth potential.

Zenith Bank Plc faces earnings volatility driven by swings in non-core income, particularly from trading and FX exposures, raising concerns around earnings consistency. Additionally, rising cost pressures, spanning interest expenses, operating costs, and regulatory levies, have contributed to margin compression and reduced operating leverage in FY'25.

Asset quality signals remain mixed, with declining overall provisions but rising Stage 3 loans indicate residual credit risk. Meanwhile, modest loan growth reflects a cautious lending stance, potentially limiting yield opportunities. Regulatory constraints, including high CRR and sector-specific taxes, continue to weigh on liquidity and overall profitability.

Investor Concerns

OUR INSIGHT



Zenith Bank Plc's FY'25 performance reflects a strong, interest-driven earnings base supported by solid liquidity and capital. However, growth is moderating amid rising costs, trading income volatility, and emerging asset quality pressures. A shift toward sovereign assets highlights prudent risk management but suggests constrained credit expansion. However, the bank remains resilient, with near-term performance dependent on cost control, stable non-interest income, and effective navigation of regulatory and macroeconomic headwinds.



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