



ECONOMICEDGE
by Keystone Bank Ltd.

A Publication Of Keystone Bank's
Research & Business Strategy
Department

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Macro Economic Outlook Report:

Q1 2025, Capital Importation Report

August 2025

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Research & Business Strategy Department



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Table of Contents

- 01 Executive summary
- 02 Q1 Capital Importation Snapshot
- 03 Capital Importation
- 04 Capital Importation FPI VS FDI
- 05 Capital Importation by Country
- 06 Capital Importation by Sector
- 07 Capital Importation by Banks
- 08 Capital Importation by Subnational Destination
- 09 Top 10 Sectors Attracting the most Foreign Investments
- 10 Conclusion & Outlook

Executive summary

Portfolio Investment
\$5,204.81mn (92.25%)



Direct Investment
\$126.29mn (2.24%)



Other Investment
\$311.17mn (5.52%)

Total Investment
\$5,642.07mn

- Nigeria's total capital importation in Q1 2025 stood at \$5.64 billion, marking a 10.86% increase from \$5.09 billion in Q4 2024, and a significant 67.12% year-on-year rise relative to the \$3.38 billion recorded in Q1 2024.
- Portfolio Investment dominated the inflows with \$5.20 billion, accounting for 92.25% of the total capital importation, reflecting continued investor preference for short-term, high-yield instruments. Other Investment followed with \$311.17 million (5.52%), while Foreign Direct Investment contributed the least at \$126.29 million (2.24%), highlighting ongoing challenges in attracting long-term capital.
- The banking sector emerged as the largest recipient of capital, attracting \$3.13 billion (55.44%), reinforcing its central role in channeling foreign investments. The financing sector received \$2.10 billion (37.18%), while production/manufacturing attracted a modest \$129.92 million (2.30%), pointing to relatively weak industrial capital formation.
- Geographically, the United Kingdom remained the top source of capital, contributing \$3.68 billion (65.26%), followed by South Africa with \$501.29 million (8.88%), and Mauritius with \$394.51 million (6.99%), underscoring Nigeria's deepening ties with key financial hubs.
- Domestically, Abuja (FCT) was the leading destination for capital importation, receiving \$3.05 billion (54.11%), narrowly ahead of Lagos State, which attracted \$2.56 billion (45.44%). Other states, such as Ogun, Oyo, and Kaduna, received marginal inflows of less than 1% collectively.
- Among banks, Standard Chartered Bank Nigeria Ltd received the highest capital inflow with \$2.10 billion (37.29%), followed by Stanbic IBTC Bank with \$1.40 billion (24.78%), and Citibank Nigeria Ltd with \$1.05 billion (18.66%).
- The sharp uptick in capital importation highlights Nigeria's renewed appeal to global portfolio investors, drawn by high yields in money-market and government securities amid attractive interest rate spreads.

Q1, 2025 Capital Importation Snapshot

Total Capital Importation
\$5,642.07mn

Foreign Portfolio Investment accounted for **92.25%** of total capital importation. Other Investments followed with \$311.17mn (5.52%), and Foreign Direct Investment (FDI) recorded the least and accounted for only 2.24% (\$126.29mn).

The increase in money market instrument subscriptions, such as Treasury bills and OMO bills, suggests that investors capitalized on the high yields due to interest rate hikes implemented by the Central Bank of Nigeria (CBN).

• Foreign Portfolio Investment



• Foreign Direct Investment



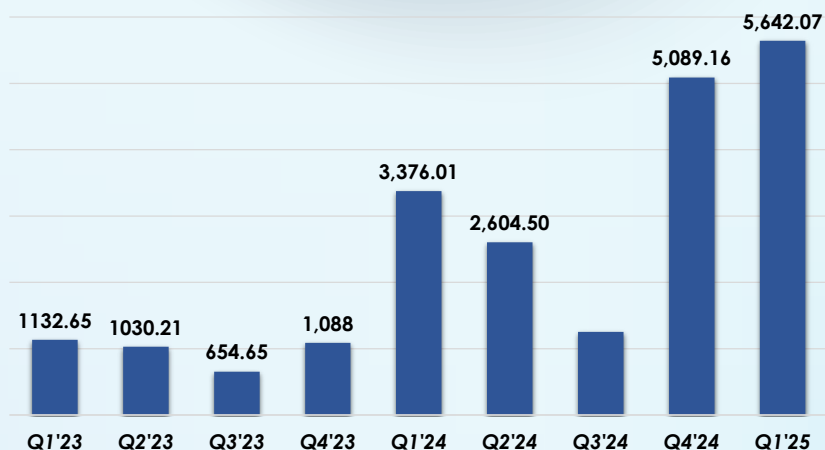
• Other Investment



*Source: NBS Report, Keystone Research

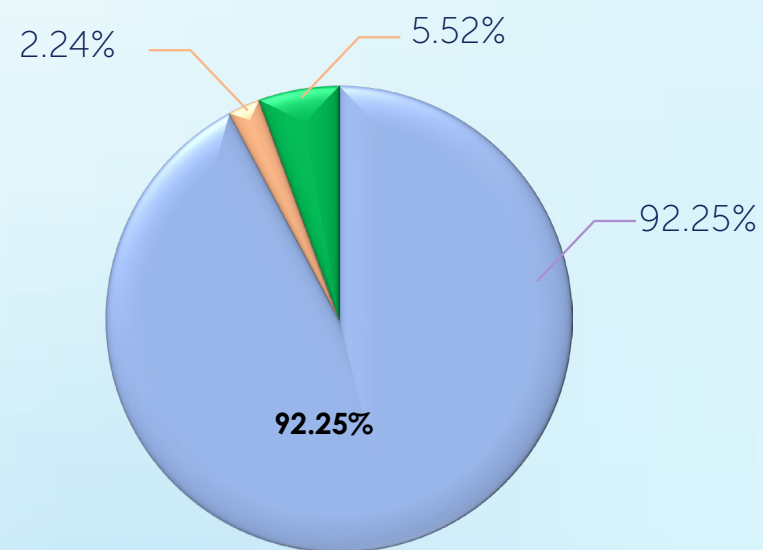
Capital Importation

Total Capital Importation \$'mn



- In Q1 2025, Nigeria's capital importation surged to \$5.64bn, reflecting a 10.86% increase compared to \$5.09bn recorded in Q4 2024.
- On a year-on-year basis, Q1 2025 saw an annual increase of 67.12% compared to \$3.38mn in Q1 2024.
- The uptick signals improved investor sentiment and increased participation in Nigeria's financial markets, particularly through portfolio inflows.

Q1'2025



■ FPI ■ FDI ■ Other Investment

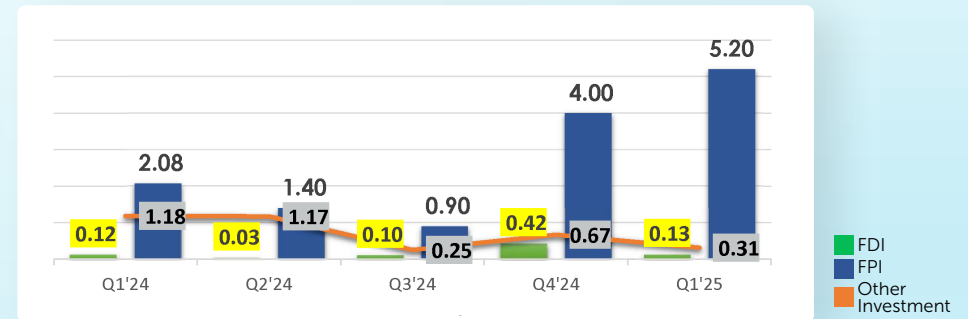
- Portfolio investments dominated Nigeria's capital inflows in Q1 2025, contributing \$5,204.61mn (67.12%), driven largely by foreign investors targeting quick returns in stocks, bonds, and other financial instruments.
- Other investments followed, accounting for 5.52% (\$311.17mn) of total inflows.
- Foreign Direct Investment (FDI) comprised 2.24% (\$126.29 mn), highlighting ongoing challenges in attracting long-term investments essential for sustainable economic growth and job creation.

Capital Inflow FPI vs FDI

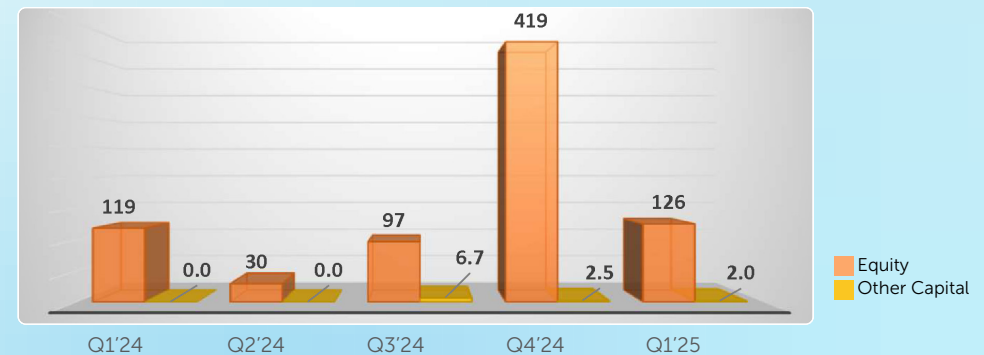
Foreign Direct Investment had the lowest share of total capital importation at \$126.29 million...

- In Q1 2025, Nigeria attracted \$5,204.61million in Foreign portfolio investments, \$311.17 million in Foreign direct investments, and \$126.29million in Other investments.
- This category, which saw a quarter-on-quarter (QoQ) growth of 30.14% and a year-on-year (YoY) increase of 150.75%, was dominated by money market instruments at \$4.21 billion, followed by bonds at \$877.41 million, and equity at \$117.33 million.
- Foreign Direct Investment had the lowest share of total capital importation at \$126.29 million, reflecting ongoing struggles to attract long-term investments. This is attributed to challenges such as high interest rates from the Monetary Policy Rate (MPR), which have redirected capital away from the real sector into money market instruments.

• Capital Importation by Type \$' bn



• FDI by types \$' mn



• FPI by types \$'bn



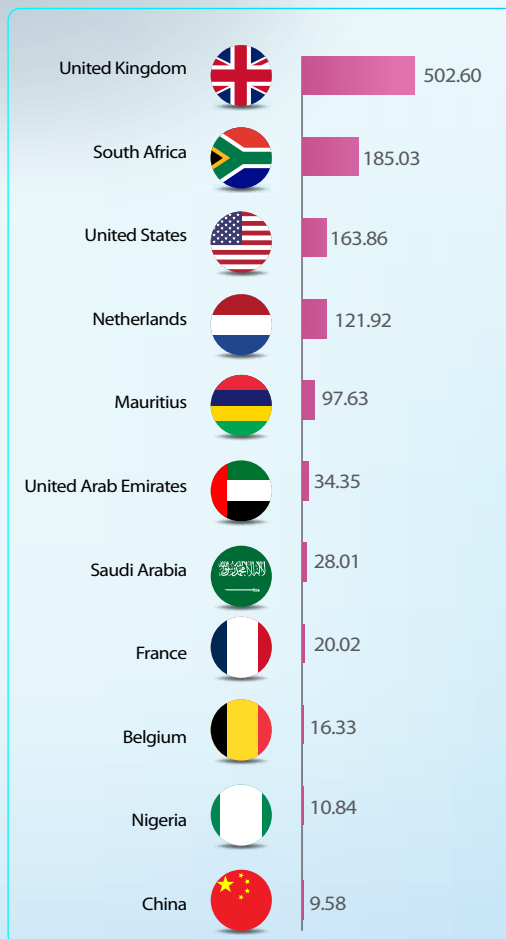
Capital Importation by Country



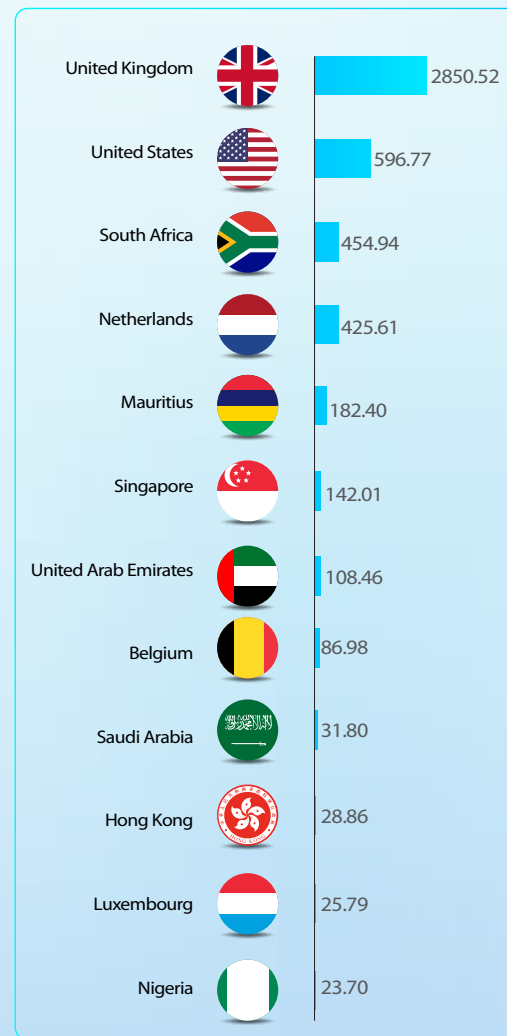
Q2, 2024 \$'mn



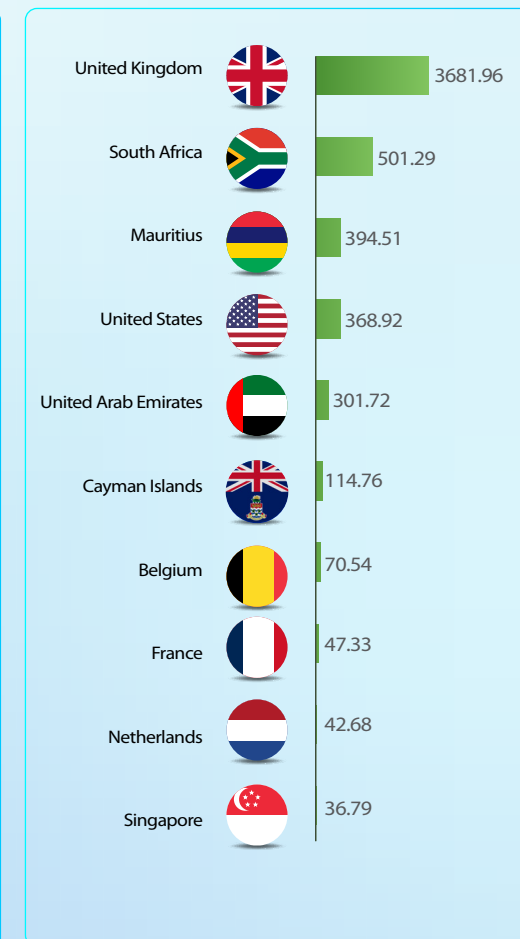
Q3, 2024 \$'mn



Q4, 2024 \$'mn



Q1, 2025 \$'mn

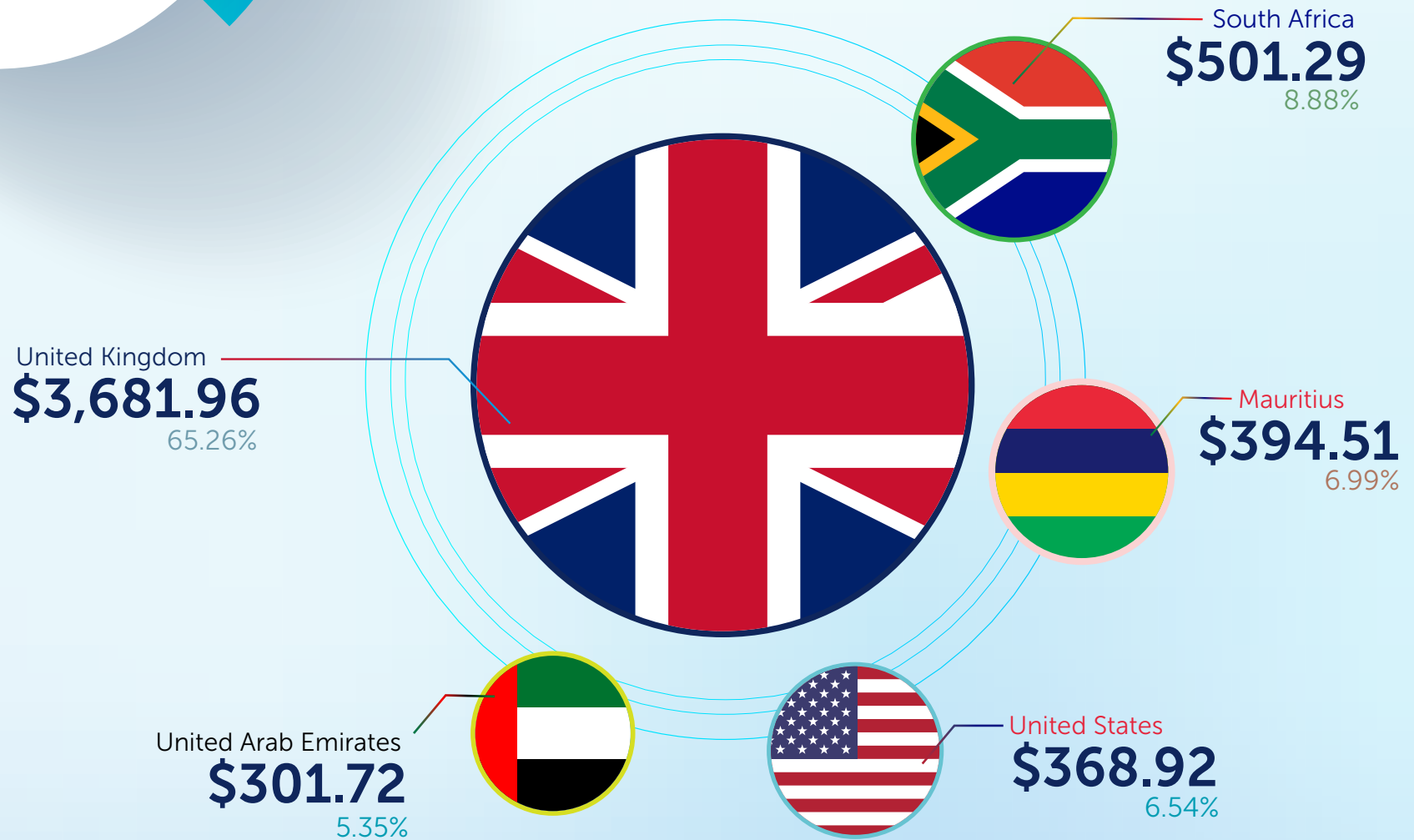


In terms of origin, capital importation was predominantly sourced from the United Kingdom and remains the largest source of investment inflows into Nigeria at 65.26% of total investment, followed by the Republic of South Africa at 8.88% and Mauritius (6.99%).

*Source: NBS Report, Keystone Research

Capital Importation by Country/sector

Top Five Country Of Origin



*Source: NBS Report, Keystone Research

By Selected Sector (US\$ Million)

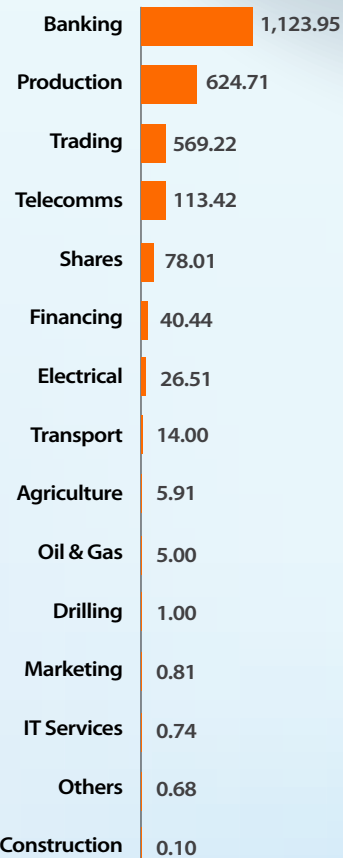
Banking	Financing	Production	Trading
3,127.92 (55.44%)	2,097.48 (37.18%)	129.92 (2.30%)	34.39 (0.61%)
Shares	Electrical	IT Services	Telecoms
115.26 (2.04%)	9.03 (0.16%)	7.21 (0.13%)	80.78 (1.43%)
Agriculture	Others	Health & Social work	Packaging
24.15 (0.43%)	1.25 (0.02%)	6.22 (0.11%)	1.94 (0.03%)
Construction	Marketing	Automobile	Brewering
1.29 (0.02%)	2.97 (0.05%)	0.72 (0.01%)	0.69 (0.01%)



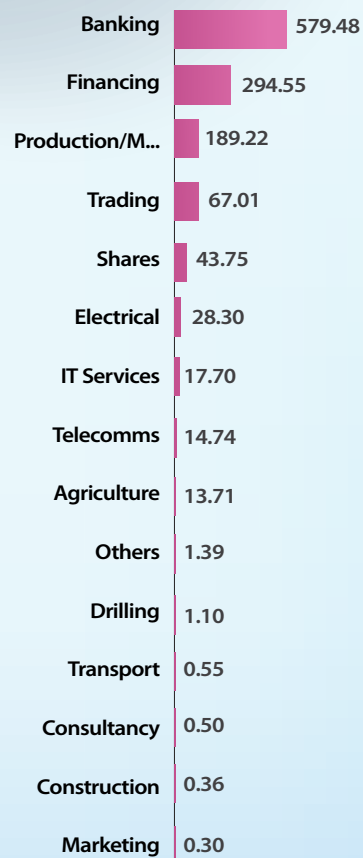
5,642.07 (100%)

Capital Importation by Sector

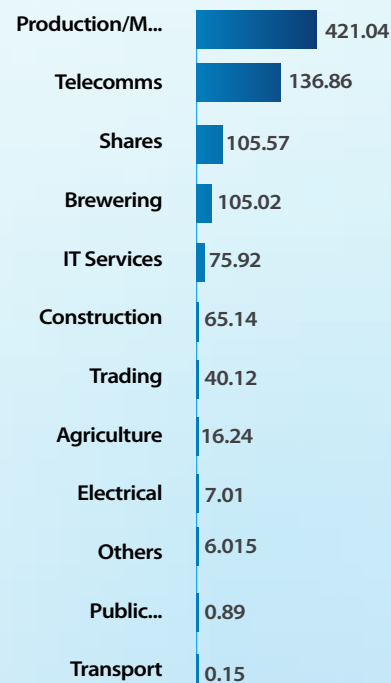
Q2, 2024 \$'mn



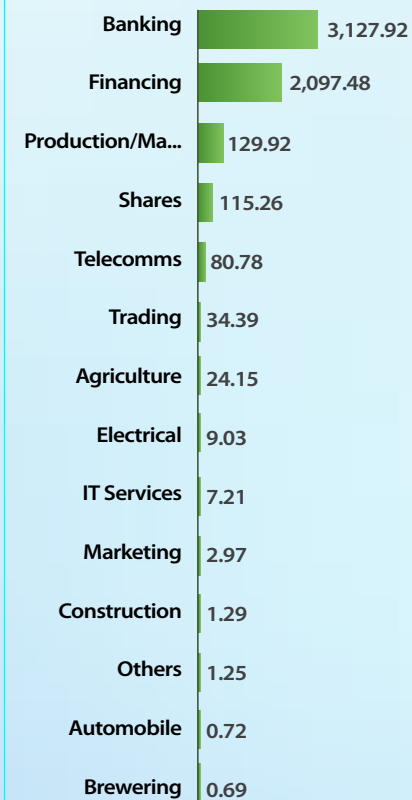
Q3, 2024 \$'mn



Q4, 2024 \$'mn



Q1, 2025 \$'mn

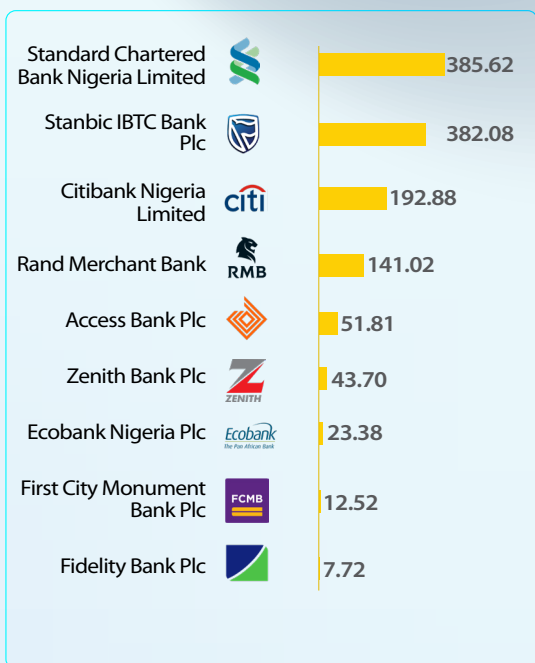


The Banking sector recorded the highest inflow with US\$3127.92 million, representing 55.44% of total capital imported in Q1 2025, followed by the Financing sector, valued at US\$2097.48million (37.18%), and the Production/Manufacturing sector with US\$129.92 million (2.30%) respectively.

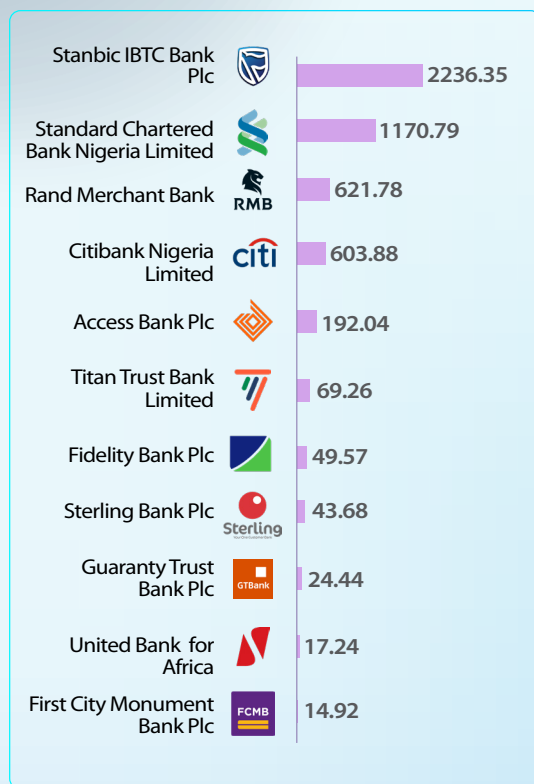
Capital Importation by Banks

Foreign-owned banks remain huge recipients of investment

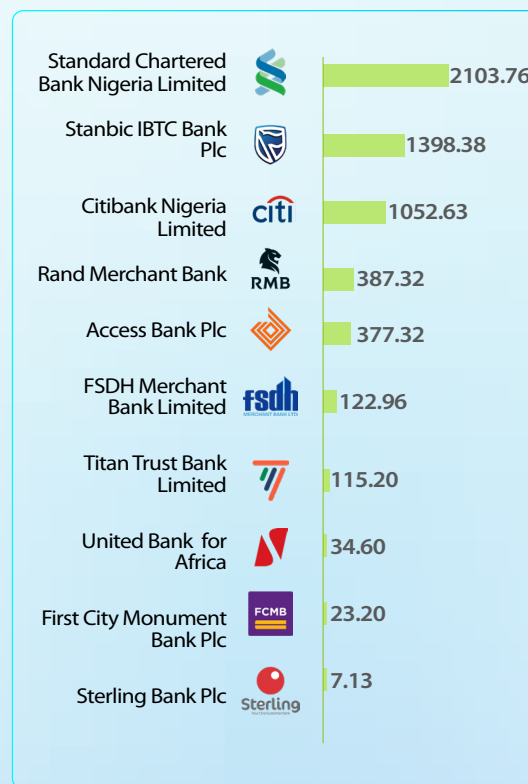
Q3, 2024 \$'mn



Q4, 2024 \$'mn



Q1, 2025 \$'mn



Standard Chartered Bank
\$2103.76m

Stanbic IBTC Bank
\$1398.36m

citibank
\$1052.63m

Keystone Bank
\$0.05m

*Source: NBS Report, Keystone Research

In Q1 2025, Standard Chartered Bank Nigeria Ltd received the highest capital importation into Nigeria in Q1 2025 with US\$2103.76 million (37.29%), followed by Stanbic IBTC Bank PLC with US\$1398.38 million (24.78%) and Citibank Nigeria Limited with US\$1052.63 million (18.66%). The combined percentage of these three banks accounts for 80.73% of the total capital importation during the period. This highlights the bank's strong international connections and ability to attract substantial foreign investment, demonstrating the competitive nature of the Nigerian banking sector.

Capital Importation by Subnational Destination

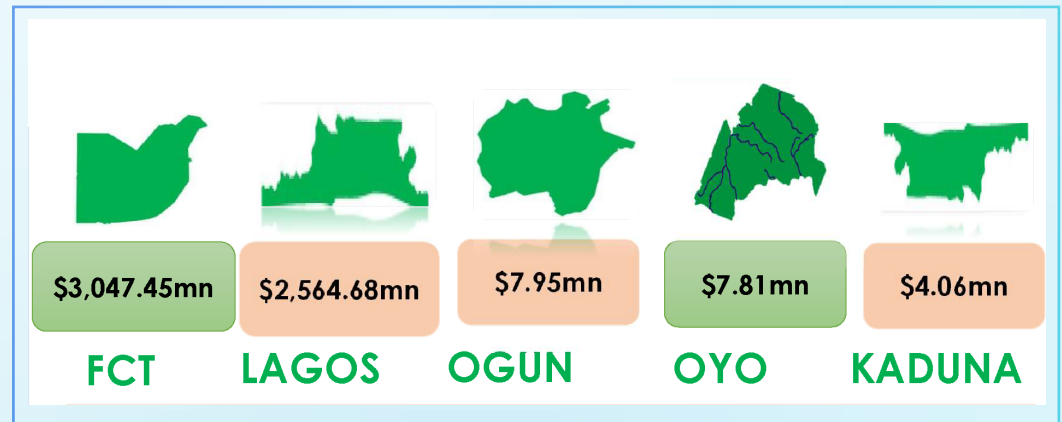
The increase in investments by states signals growing investor confidence at the subnational level, suggesting improvements in state-level economic reforms and perceived risk profiles

Number of States Attracting Foreign Investments



Only **5 out of the 36 states** in the country received foreign capital in Q1 2025.

Top Sub-national Capital (Q1 2025)



In Q1 2025, only five Nigerian states attracted foreign capital, marking a significant concentration of investment inflows compared to previous quarters.

Abuja (FCT) led with **\$3,047.45 million**, representing 54.11% of the total capital imported into the country during the quarter. This highlights the city's growing dominance as a key investment destination, supported by ongoing infrastructure and policy improvements. Lagos followed closely with **\$2,564.68 million (45.44%)**, reaffirming its role as the commercial and financial hub of Nigeria.

Oyo and Kaduna received **\$7.81 million and \$4.06 million**, respectively, indicating limited but strategic investor interest in these regions. The sharp drop in the number of participating states underscores a widening gap in investment attractiveness across the country.

*Source: NBS Report, Keystone Research

Top 10 Sectors Attracting the most Foreign Investments

1. Banking

The Banking sector attracted \$3127.92 million, down from \$3,229.62 million in Q4, 2024. Despite the decline, it remains a key pillar of Nigeria's financial system, reflecting continued investor confidence in its stability and robust regulatory framework.

2. Financing

With a total of \$2097.48 million invested, the Financing sector remains key in supporting economic growth, though it increased from \$1,289.69 million in Q4, 2024. This sector continues to play a crucial role in funding development projects and enabling other sectors through financial services.

3. Production/Manufacturing

The Production/Manufacturing sector attracted \$129.92 million in capital inflows, significantly lower than \$191.92 million the previous year. This decline signals the need to diversify Nigeria's economy and strengthen self-reliance in production.



4. Shares

A combine inflow of \$115.26 million was recorded. This is a significant increase from \$16.24 million in Q4, 2024. This increase signifies the investors' confidence in equity investment in Nigeria's financial market.

5. Telecomms

The telecommunications sector recorded a decline in capital importation to \$80.78 million in Q1 2025, down from \$191.57 million in the corresponding period of 2024. Despite this drop, the sector remains a key contributor to Nigeria's capital inflows, underscoring ongoing demand for telecom infrastructure and continued investments in expanding digital connectivity.

6. Trading

The Trading sector's inflow declined to \$34.39 million, down from \$136.88 million, highlighting the imbalance in trade but also reflecting continued importance of trade activities & investments in the movement of goods and services.

Top 10 Sectors Attracting the most Foreign Investments



7. Agriculture

The Agriculture sector attracted \$24.15 million in investments, a decline from \$51.66 million in Q4 2024. This decline highlights the need for focused strategies to actualize the sector's potential in boosting food security and employment.

8. Electrical

The Electrical sector recorded a capital inflow of \$9.03 million, up from \$7.01 million in Q4 2024. This increase reflects renewed investor interest in modernizing Nigeria's power infrastructure and meeting the rising demand for electrical components and services.

9. IT services

Notably, the I.T. Services sector experienced a sharp decline in capital importation, falling to \$7.21 million in Q1 2025 from \$75.92 million in Q1 2024. This significant drop may reflect a temporary pullback in tech-related investments due to global funding constraints.

10. Health & Social Work

The health and social work sector recorded an inflow of \$6.22 million. This growth underscores the increasing significance of market research and advertising in Nigeria's economic landscape.



Conclusion & **outlook**

To ensure long-term resilience and reduce vulnerability to capital flight, **Nigeria must prioritize policies that bolster FDI, enhance infrastructure, and deepen investor trust.**

- Nigeria's capital importation showed strong performance in Q1 2025, bolstered by rising portfolio inflows amid a favorable interest rate environment and improving macroeconomic sentiment. The 67.12% year-on-year increase signals renewed investor confidence, though the marginal quarter-on-quarter growth points to persistent caution.
- However, the capital structure remains heavily tilted toward speculative portfolio flows, with FDI accounting for just 2.24% of total inflows. This continues to reflect underlying concerns about Nigeria's business environment, including foreign exchange volatility, policy unpredictability, and structural inefficiencies that deter long-term investment.
- The dominance of the banking and financing sectors, coupled with minimal inflows into productive sectors like manufacturing, highlights the imbalance between short-term liquidity-driven capital and sustainable economic development needs.
- While global monetary shifts, particularly U.S. rate policies, continue to influence capital movement, Nigeria's efforts to stabilize the naira and attract capital, through reforms (Fiscal and Monetary reforms), have shown promise.
- To ensure long-term resilience and reduce vulnerability to capital flight, Nigeria must prioritize policies that bolster FDI, enhance infrastructure, and deepen investor trust. Diversifying capital sources and strengthening industrial investment are critical steps toward achieving the nation's broader economic ambitions, including its N1 trillion economy target by 2030.

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