

Nigeria Sovereign Investment Authority

2025 Abridged Entity Rating Report

 **Agusto&Co.**

Research, Credit Ratings, Credit Risk Management

Nigeria Sovereign Investment Authority

Long Term Rating:

Aaa (NGA)

A Government-backed institution with the best financial condition and strongest capacity to meet obligations as and when they fall due relative to all other Government-backed institutions in the same country.

Short Term Rating:

A1+ (NGA)

ESG Score:

2

Outlook: Stable

Issue Date: 8 December 2025

Expiry Date: 30 June 2026

Previous Rating: Aaa (NGA)

Industry: Government-Backed Institution

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RATING RATIONALE

Agusto & Co. affirms the **Aaa** (NGA) (long term) and **A1+** (NGA) (short term) ratings assigned to Nigeria Sovereign Investment Authority ('NSIA' or 'the Authority'). The ratings reflect NSIA's strategic importance in providing stability for Nigeria during periods of financial stress, enhancing the development of Nigeria's infrastructure and building a savings base for future generations. The Authority's strong capitalisation, supported by steady inflows from the implementation of the Petroleum Industry Act (PIA) 2021, good project implementation capabilities, and a well-diversified investment portfolio are considered rating positives. However, NSIA's exposure to the vagaries of the Nigerian economy and the ongoing geopolitical tension constrain the rating. We have also assigned a '2' ESG score, denoting that environmental, social and governance (ESG) issues have minimal contribution to the credit risk profile of the Authority.

NSIA has continued to demonstrate steady growth over the years, with total assets and commitments amounting to ₦4.4 trillion (US\$2.9 billion @ 1,535.32/US\$) as at 31 December 2024. The asset base expanded by 92.9% (13% in US\$ terms) in naira terms, supported by additional capital contribution, although the steep naira depreciation had a bloating impact. The PIA 2021 introduced a price-based royalty mechanism, which ensures that additional fiscal revenues when the crude oil price exceeds US\$50 per barrel are channelled to the Authority as capital contributions. In the financial year ended 31 December 2024, an additional ₦247 billion (US\$175.4 million) capital contribution was received, which drove the 96.8% increase in shareholders' funds to ₦4.3 trillion as at FYE 2024. The full retention of profit generated during the year under review also supported the enlarged capital base. Thus, the equity cushion rose to 96.9% (2023: 95.5%), underscoring the strong capitalisation. We believe the price-based royalties' provisions of the PIA 2021 would continue to serve as a steady source of capital for the Authority in the near term. Subsequent to the year-end, in the first six months of 2025, NSIA received an additional ₦207.1 billion (US\$138.8 million) which further strengthening capitalisation.

The Authority's total investments are managed under three distinct ring-fenced funds, the Stabilisation Fund (SF), the Future Generations Fund (FGF), and the Nigeria Infrastructure Fund (NIF). The management of the funds is centred around NSIA's core mandate of building a savings base for

future generations of Nigerians, driving domestic infrastructure development, and providing fiscal stabilisation during periods of economic stress. Hence, these objectives inform the risk appetite and asset allocation of each of the funds. As at 31 December 2024, the Authority's investment portfolio stood at ₦4 trillion (2023: ₦1.9 trillion). The investments were largely held in placements with financial institutions, hedge funds and long-only equities and currency swaps with the Central Bank of Nigeria (CBN), which accounted for 61.6% (2023: 57.8%) of the outstanding balance. Placements with financial institutions primarily serve the SF mandate, which emphasises liquidity preservation, capital safety and steady income generation. During FY 2024, the portfolio benefited from the elevated global and domestic interest rate environment, which supported higher yields across short-dated instruments. NSIA's placement counterparties are prequalified investment-grade banks on the national scale, thereby limiting credit risk exposure. The hedge fund and long-only equities align with the FGF's objective of long-term wealth accumulation and intergenerational capital preservation. The hedge fund and long-only equities provide risk-adjusted returns through diversified exposure to global markets, sectors and asset classes. NSIA maintains a well-diversified portfolio split amongst over 50 fund managers, including Goldman Sachs and JP Morgan. Currency swaps with the CBN are also prominent in the investment portfolio, accounting for 18.1% as at FYE 2024. However, we expect the CBN's waning appetite for currency swaps to moderate allocation to the instrument in the near term. Overall, we consider the Authority's asset quality good.

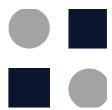
NSIA's operating income rose by 61% to ₦1.9 trillion in FY 2024, driven by the relatively high-interest rate environment and realised fair valuation gains on some derivative instruments. Dollar-denominated securities dominate the investment portfolio while the naira is the reporting currency. Thus, the 40.5% Naira depreciation bloated the operating income, with the associated revaluation gains accounting for 47.3% of the operating income in FY 2024. Given the raging inflationary pressures, operating expenses grew by 118.2%. Nonetheless, an uptick in operating income sustained the low cost-to-income ratio of 0.7% (2023: 0.5%). Overall, the Authority posted a 60.7% growth in pre-tax profit to ₦1.9 trillion. However, due to the enlarged asset base, the pre-tax return on average assets (ROA) declined to 56.1% (2023: 70.1%). The expanded shareholders' funds moderated the impact of the improved profitability as the pre-tax return on average equity (ROE) declined to 57.8% (2023: 73.4%). Notwithstanding, the profitability metrics are better than the selected peer. When we adjust for the foreign currency revaluation gain, which is unsustainable in our view, the ROA and ROE declined further to 33.8% (2023: 44.9%) and 35.1% (2023: 47.4%), respectively. Nonetheless, we consider the profitability good as the adjusted ROE exceeds the 33.2% annual average inflation rate recorded in 2024.

Based on the aforementioned, we hereby attach a **stable** outlook to the ratings of the Nigeria Sovereign Investment Authority.



Table 1: Background Information

	31 December 2023	31 December 2024
Total Assets & Commitments	₦2.3 trillion	₦4.4 trillion
Operating Income	₦1.2 trillion	₦1.9 trillion
Pre-tax Return on Average Assets (ROA)	70.5%	56.1%
Pre-tax Return on Average Equity (ROE)	73.8%	57.8%



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