



**THE SENATE  
FEDERAL REPUBLIC OF NIGERIA**

**COMMITTEE ON BANKING, INSURANCE AND OTHER  
FINANCIAL INSTITUTIONS**

**REPORT OF THE COMMITTEE ON BANKING, INSURANCE AND  
OTHERS FINANCIAL INSTITUTIONS ON THE 2017 BUDGET OF  
THE NIGERIA DEPOSIT INSURANCE CORPORATION (NDIC)**

**JULY, 2017**

# **REPORT OF THE COMMITTEE ON BANKING, INSURANCE AND OTHERS FINANCIAL INSTITUTIONS ON THE 2017 BUDGET OF THE NIGERIA DEPOSIT INSURANCE CORPORATION (NDIC)**

## **1.0 INTRODUCTION:**

It will be recalled that the Senate of the Federal Republic of Nigeria at its sitting on Tuesday 18<sup>th</sup> July, 2017 mandated the relevant Committees to scrutinize the 2017 budget estimates of government-owned enterprises under their jurisdiction and report back to the Senate.

1.1 Under Section 2 of the NDIC Act, 2006, the Corporation has the responsibility of insuring all deposit liabilities of licensed banks; giving assistance to insured institutions in the interest of depositors in case of imminent and actual financial difficulties; guarantying payment to depositors in case of imminent and actual suspension of payment by insured institutions and assisting monetary authorities in the formulation and implementation of banking policies as to ensure sound banking practice.

1.2 Section 10 of the NDIC Act, 2006 empowers the Corporation to raise its funds for its budgetary expenditure through assessed premium paid by insured institutions; income from the investments of the Corporation, monies borrowed from any source with the approval of the Board and monies from any other sources as may be approved by the Corporation.

However, Section 21 (3) of the Fiscal Responsibility Act, 2007 requires the Corporation to transmit its annual budget to the National Assembly through the Minister of Finance for appropriation.

1.3 The Committee held a Budget Defence meeting on Thursday 20<sup>th</sup> July, 2017 in Senate Committee Room 107 to scrutinize the 2017 budget estimates of the Nigeria Deposit Insurance Corporation and deliberated on the said estimates.

## 2.0 REVIEW OF 2016 BUDGET IMPLEMENTATION OF THE NDIC:

- 2.1 The Corporation's Total Operating Income Net of Target Funding provision of N60.309 billion for the year 31<sup>st</sup> December, 2016, was N62.376 billion. This amount was made up of investment income of N121.829 billion and other income of N885.094 million Net of Target Funding provision sum of N60.309 billion. The Total Income (Net of Target Funding provision) when compared with the Total Budgeted Income of N83.449 billion showed an implementation level of 74.75%. The higher implementation level was as a result of the favourable interest income earned from the Corporation's investments in the period under review.
- 2.2 The Total Operating Expenditure amounting to N33.493 billion was recorded during the year ended 31<sup>st</sup> December, 2016. This comprises Operating Expenses of N31.064 billion, Depreciation of N1.018 billion and Stratex Opex of N1.411 billion. This amount is N5.089 billion lower than the budgeted sum of N38.582 billion, which translates to an implementation level of 86.81% as at year-end.

## 3.0 SUMMARY OF THE PROPOSED YEAR 2017 BUDGET

- i. Proposed Total Income Net of Funding Gap is N102.294 billion.
- ii. The proposed Expendable income for year 2017 budget is N76.720 billion being 75% of the Total income (Net of Funding Gap).
- iii. The total proposed expenditure budget for the Year 2017 is estimated at N86.850 billion.
  - a. Total Operating Expenses, Stratex and Provision for Depreciation accounted for N43.227 billion or 49.77% of total expenditure.
  - b. Total Capital Expenditure to the tune of N43.623 billion or 50.23% of the total budget is earmarked for the year 2017 and this will be funded by the Corporation's General Reserve Fund which has a balance of **N49.376 billion** as at 31<sup>st</sup> December, 2016.
- iv. The proposed Net Operating surplus/(deficit) for the budget year 2017 is **N59.067 billion** and will be appropriate as follows:

- a. Amount to be remitted to the FGN Consolidated Revenue Fund (CRF) in line with the Fiscal Responsibility Act (FRA), 2007, 80% net operating surplus is **N47.254 billion**;
- b. While the balance of 20% (**N11.813 billion**) net operating surplus will be transferred to the Corporation's General Reserve Fund.

#### 4.0 FINDINGS:

The NDIC predicated its 2017 budget on the following assumptions:

- i) That the official exchange rate might not be more than N400 to US \$1 dollar.
- ii) An average inflation rate estimated at 12.90% - 19%.
- iii) Discount rates on Treasury Bills estimated at between 9.00% and 14.00% as Federal Government Bonds was expected to fall between 15.70% and 18.20% respectively.
- iv) An estimated Financial Assistance of N140 billion to the DMBs and N100 billion to the MFBs and PMIs.
- v). An expected Monetary Policy Rates (MPR) of 14%.
- vi) The Financial Assistance to banks put at the interest rate of MPR 16% (i.e. 14% +2%) and the CBN oversight rate for Standing Lending Facility (SLF) estimated at 14%.
- i) An estimated Deposit Pay-out of N205.024 billion provided for DMB and N21.773 billion for MFBs and PMIs to accommodate any closure and deposit pay-out to depositor of insured institution that may occur in 2017.

- ii) Estimated Premium collection for year 2017 is N83.042 billion based on the assumption of 10% estimated annual growth in total and exemptible deposits. The sum of N81. 942 billion and N1.100 billion are expected from DMBs and MFBs/PMBs respectively.
- viii) The need to comply with the Federal Ministry of Finance directive on Internally Generated Revenue (IGR) in which Recurrent Expenditure is limited to a maximum of 75% of Total Budget Income for 2017.
- i) The total sum of N43.323 billion earmarked for Capital expenditure in which 85.55% is proposed for the execution of major capital projects inclusive of purchase of land and other zonal projects.

## **5.0 RECOMMENDATION**

That the Senate do approve the attached recommendation in the sum of **N86,850,000,000** (Eighty Six Billion, Eight Hundred and Fifty Million Naira only) as the 2017 budget of the Nigeria Deposit Insurance Corporation.

**Senator Rafiu Adebayo Ibrahim**  
**Chairman**



THE SENATE  
FEDERAL REPUBLIC OF NIGERIA

COMMITTEE ON BANKING, INSURANCE AND OTHER FINANCIAL INSTITUTIONS

2017 BUDGET DEFENCE OF THE NIGERIA DEPOSIT INSURANCE CORPORATION (NDIC)

SIGNATURE PAGE

1. Senator Rafiu Adebayo Ibrahim	- Chairman	
2. Senator Samuel Anyanwu	- Vice-Chairman	
3. Senator Umaru Kurfi	- Member	
4. Senator Joseph Gbolahan Dada	- Member	
5. Senator Philip A. Gyunka	- Member	
6. Senator Tijjani Yahaya Kaura	- Member	
7. Senator Adesoji Rilwan Akanbi	- Member	
8. Senator Mohammed Danjuma Goje	- Member	
9. Senator Peter Nwaoboshi	- Member	
10. Senator Abubakar Ahmadu Moallahyidi	- Member	
11. Senator Stella A. Oduah	- Member	
12. Senator Fatima Raji Rasaki	- Member	
13. Senator Benjamin Uwajumogu	- Member	
N. P. Ikeokwu	- Committee Clerk	

**RECOMMENDATION OF THE SENATE COMMITTEE ON BANKING, INSURANCE AND OTHER  
FINANCIAL INSTITUTIONS ON THE 2017 INCOME AND EXPENDITURE BUDGET OF THE NDIC**

DESCRIPTION	2016 POSITION		Proposed 2017 Budget =N=	Committees' Recommendation
	2016 Budget	Revised in line with Audited Accts: Actual December 2016 (YTD) =N=		
<b>INVESTIBLE FUNDS</b>				
Premium Fund Investment Account B/F	789,399,915,567	743,999,166,256	917,491,728,311	917,491,728,311
Premium Collection in the Year	77,127,000,000	79,303,679,102	83,042,000,000	83,042,000,000
Less: Projected Deposit Payout	0	0	0	0
<b>Sub-Total</b>	<b>866,526,915,567</b>	<b>823,302,845,358</b>	<b>1,000,533,728,311</b>	<b>1,000,533,728,311</b>
Short-Term Investments/Current Account	92,397,450,255	160,984,050,752	75,500,797,457	75,500,797,457
<b>ESTIMATED TOTAL INVESTIBLE FUNDS</b>	<b>958,924,365,822</b>	<b>984,286,896,110</b>	<b>1,076,034,525,768</b>	<b>1,076,034,525,768</b>
<b>FINANCIAL ASSISTANCE TO PROBLEM BANKS</b>	240,000,000,000	0	140,100,000,000	140,100,000,000
<b>INCOME</b>				
Interest from Premium Fund Acct (Treasury Bills)	13,703,834,577	4,974,840,559	6,726,029,419	6,726,029,419
Interest from Premium Fund Acct(FGN Bonds)	65,650,792,124	68,834,403,819	81,603,262,493	81,603,262,493
Interest from Current Account (FGN Bonds)	101,378,861	95,135,035	154,091,259	154,091,259
Interest from Current Account (Treasury Bills)	5,902,702,291	8,751,763,454	13,239,605,932	13,239,605,932
Interest from Premium Fund Acct (Treasury Bills - AFS)	679,984,058	191,983,027	158,232,986	158,232,986

Interest from Current Account (Treasury Bills - AFS)	1,125,100,110	286,207,432	1,140,684,714	1,140,684,714
Interest from Premium Fund Acct(FGN Bonds – AFS)	31,915,416,486	36,902,197,948	40,697,174,241	40,697,174,241
Interest from SIIF (Treasury Bills)	1,487,883,673	1,534,006,552	2,392,459,837	2,392,459,837
Interest from SIIF (Treasury Bills - AFS)	28,420,791	258,819,260	304,580,455	304,580,455
Interest from BN Acct (Treasury Bills)	50,055,348	0	76,488,610	76,488,610
<b>TOTAL INCOME FROM INVESTMENTS</b>	<b>120,645,568,318</b>	<b>121,829,357,085</b>	<b>146,492,609,946</b>	<b>146,492,609,946</b>
OTHER Income (Rental & Others)	96,853,711	855,094,355	129,152,006	129,152,006
<b>TOTAL INCOME (GROSS)</b>	<b>120,742,422,029</b>	<b>122,684,451,440</b>	<b>146,621,761,952</b>	<b>146,621,761,952</b>
Prov to bridge funding Gap in DIF/PMBs/MFBs	37,293,443,012	60,308,847,097	44,328,000,000	44,328,000,000
<b>TOTAL INCOME (NET OF PROVISIONS)</b>	<b>83,448,979,017</b>	<b>62,375,604,343</b>	<b>102,293,761,952</b>	<b>102,293,761,952</b>
25% OF GROSS INCOME (NET OF PROVISIONS)	20,862,244,754	15,593,901,086	25,573,440,488	25,573,440,488
EXPENDABLE INCOME LIMITED TO 75% (NET)	62,586,734,263	46,781,703,257	76,720,321,464	76,720,321,464
<b>OPERATING EXPENSES</b>				
Staff Costs	18,769,316,134	17,184,752,239	20,769,211,011	20,769,211,011
Defined Benefit Expenses	3,859,236,613	3,284,262,000	3,859,236,613	3,859,236,613
Training & Staff Administrative Costs	4,592,675,078	4,336,419,056	5,640,981,939	5,640,981,939
Directors' Fees & Allow (Board Members)	80,000,000	0	80,000,000	80,000,000
Directors' Training (Board Members)	50,000,000	0	50,000,000	50,000,000
Administrative Expenses	1,265,261,327	864,820,783	1,541,599,519	1,541,599,519
Professional Fees	937,395,463	598,391,933	1,131,812,263	1,131,812,263



Premises Expenses	1,866,219,738	1,363,153,136	2,266,259,372	2,266,259,372
Staff Pension & Gratuity	438,616,520	1,590,192,000	1,000,205,500	1,000,205,500
Other Overhead Expenses	3,122,778,031	1,819,200,198	3,672,883,682	3,672,883,682
<b>Total Operating Expenses</b>	<b>35,141,498,903</b>	<b>31,064,263,346</b>	<b>40,192,189,900</b>	<b>40,192,189,900</b>
STRATEGIC INITIATIVES EXPENSES	2,079,122,172	1,410,673,689	1,540,590,000	1,540,590,000
<b>TOTAL OPERATING EXPENSES BEFORE PROVISIONS</b>	<b>37,220,621,075</b>	<b>32,474,937,035</b>	<b>41,732,779,900</b>	<b>41,732,779,900</b>
Depreciation of PPE/Amort. Of Intangibles	1,361,161,589	1,017,917,000	1,494,412,914	1,494,412,914
<b>TOTAL EXPENSES &amp; PROVISIONS</b>	<b>38,581,782,663</b>	<b>33,492,854,035</b>	<b>43,227,192,814</b>	<b>43,227,192,814</b>
Depreciation of PPE/Amort. of Intangibles	1,361,161,589	1,017,917,000	1,494,412,914	1,494,412,914
<b>TOTAL EXPENSES &amp; PROVISIONS</b>	<b>38,581,782,663</b>	<b>33,492,854,035</b>	<b>43,227,192,814</b>	<b>43,227,192,814</b>
<b>NET OPERATING SURPLUS / (DEFICIT) + 25% OF GROSS INCOME</b>	<b>44,867,196,354</b>	<b>28,882,750,308</b>	<b>59,066,569,138</b>	<b>59,066,569,138</b>
<b>80% OF NET OPERATING SURPLUS TO CRF</b>	<b>35,893,757,083</b>	<b>23,106,200,246</b>	<b>47,253,255,311</b>	<b>47,253,255,311</b>
<b>20% TRANSFER TO GENERAL RESERVE</b>	<b>8,973,439,271</b>	<b>5,776,550,062</b>	<b>11,813,313,828</b>	<b>11,813,313,828</b>