



National Bank of the Republic of Macedonia Statistics Department

Skopje, 30 November 2018

Press Release

Significant developments in other financial institutions^{1,2} (OFIs): third quarter of 2018

- **At the end of the third quarter, the outstanding amounts of OFIs' assets was Denar 103,757 million, which is by Denar 4,041 million more compared to the previous quarter.** Analyzing the structure, the assets of pension funds have the largest share of 63.7%, followed by the assets of insurance companies with a share of 21.7%.
- In the third quarter of 2018, **the outstanding amount of OFIs' assets** increased by 4.1%, which is a moderate slowdown compared to the growth in the previous quarter (of 5.0%). However, on an annual basis, the outstanding amounts of OFIs' assets continue to register solid growth which equals 17.5%. Observed by subsector, the assets of pension funds made the largest contribution to the quarterly and annual growth.

Table 1. Total assets/liabilities of OFIs³

	Q3. 2017	Q2. 2018	Q3. 2018	quarterly changes		annual changes		Structure (Total OFIs) in %
				Q3. 2018/Q2. 2018		Q3. 2018/Q3. 2017		
	<i>Stocks, in millions of NC</i>			<i>in millions of NC</i>	<i>in %</i>	<i>in millions of NC</i>	<i>in %</i>	
1. Other Financial Institutions	88,333	99,717	103,757	4,041	4.1	15,424	17.5	100
1.1 Insurance Companies	20,780	22,219	22,527	308	1.4	1,747	8.4	21.7
1.2 Pension Funds	55,818	63,249	66,109	2,860	4.5	10,291	18.4	63.7
1.3 Investment Funds	5,487	6,103	6,466	364	6.0	979	17.8	6.2
1.4 Remaining OFIs	6,247	8,146	8,655	508	6.2	2,408	38.5	8.3

Source: NBRM.

- **Analyzed by instrument**, debt securities and equity securities⁴ continue to have the largest share in OFIs' assets (with a cumulative share of 68.6%), while insurance technical reserves⁵ and capital accounts⁶ dominate the liabilities side (total share of 92.3%).

¹ Other financial institutions include: investment funds, pension funds, insurance companies, investment funds management companies and pension funds management companies, financial companies and finance leasing companies.

² In August 2018, we revised the data for the first quarter of 2018 in order to apply a new methodology in accordance with the new Monetary and Financial Statistics Manual and Compilation Guide of the IMF from 2016. Two changes are key. The first refers to the change in the treatment of the financial instruments denominated in denars with currency clause, which, in accordance with the new methodology, are reallocated from the denars to the foreign currency category. The second change is in the presentation of the impairment of the financial instruments, which, instead of in the equity, is presented within the category of other liabilities. For more information see the following link: http://www.nbrm.mk/content/statistika/informacii/Informacija_za_promeni_vo_monetarnata_statistika_eng.pdf

³ For the purposes of this press release, the category of *Remaining OFIs* includes: investment funds management companies and pension funds management companies, financial companies and finance leasing companies (item 1.4 of the table).

⁴ Debt securities denote securities other than shares, according to the international classification of financial instruments, as published in the balance sheets and surveys of other financial institutions.



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Table 2. OFIs' assets/liabilities, by subsector and by financial instrument, Q3 2018

	Total OFI		Pension Funds		Insurance Companies		Investment Funds		Remaining OFIs	
	Stocks, in millions of NC	share (in %)	Stocks, in millions of NC	share (in %)	Stocks, in millions of NC	share (in %)	Stocks, in millions of NC	share (in %)	Stocks, in millions of NC	share (in %)
TOTAL ASSETS	103,757		66,109		22,527		6,466		8,655	
I. Currency and deposits	18,119	17.5	7,653	11.6	6,050	26.9	3,413	52.8	1,004	11.6
II. Securitized other than shares	47,774	46.0	37,431	56.6	8,237	36.6	1,451	22.4	655	7.6
III. Loans	5,887	5.7	0	-	170	0.8	26	0.4	5,692	65.8
IV. Shares and other equity	23,487	22.6	20,973	31.7	899	4.0	1,569	24.3	46	0.5
V. Insurance technical reserves	1,202	1.2	0	-	1,202	5.3	0	-	0	-
VI. Other claims	4,646	4.5	52	0.1	4,319	19.2	6	0.1	269	3.1
VII. Nonfinancial assets	2,639	2.5	0	-	1,650	7.3	0	-	990	11.4
TOTAL LIABILITIES	103,757		66,109		22,527		6,466		8,655	
I. Loans	4,570	4.4	0	-	89	0.4	12	-	4,469	51.6
II. Insurance technical reserves	61,237	59.0	48,589	73.5	12,649	56.1	0	-	0	-
III. Other liabilities	3,379	3.3	39	0.1	2,059	9.1	45	0.7	1,237	14.3
IV. Capital accounts	34,571	33.3	17,481	26.4	7,731	34.3	6,410	99.1	2,949	34.1

Source: NBRM.

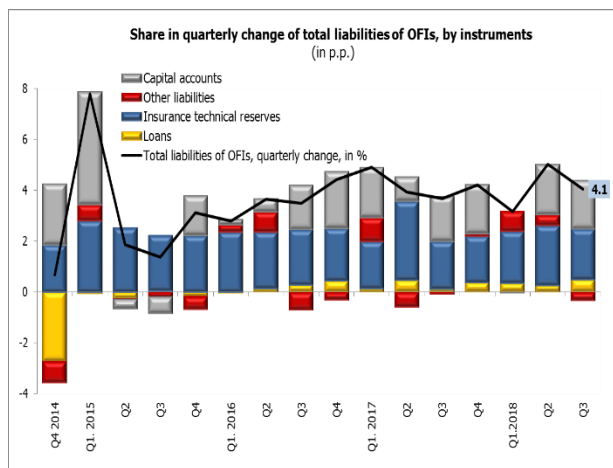
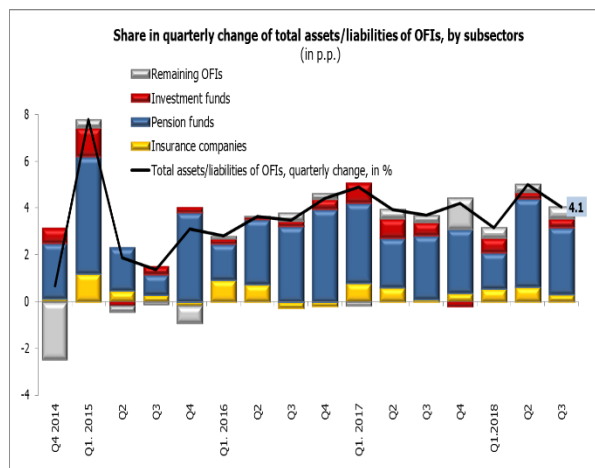
- On the assets side of OFIs, the quarterly and annual growth is mainly due to debt securities and equity securities and currency and deposits. Insurance technical reserves, as well as capital accounts, made the highest individual positive contribution to the quarterly and annual growth of OFIs' liabilities.

⁵ Insurance technical reserves include: net equity of households in life insurance reserves, net equity of households in pension funds and prepayment of premiums and reserves against outstanding claims (non-life insurance).

⁶ Capital accounts include: funds contributed by owners, retained earnings, current year financial result, general and special reserves and valuation adjustments.



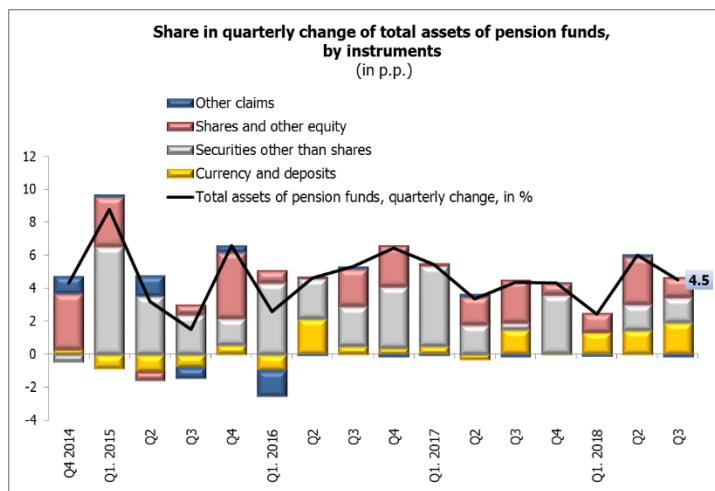
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Source: NBRM.

Significant movements in OFIs, by type of institution

- **In the third quarter of 2018, the outstanding amount of assets of pension funds (mandatory and voluntary) increased by 4.5% on a quarterly basis.** The largest contribution to the quarterly growth was made by currency and deposits, and an additional positive contribution was also made by investments in debt securities and equity securities. On an annual basis, the assets of pension funds increased by 18.4%, mainly due to the increase in debt securities and equity securities, amid solid positive contribution of deposits. The quarterly and annual growth of liabilities reflects the increased insurance technical reserves and capital accounts.

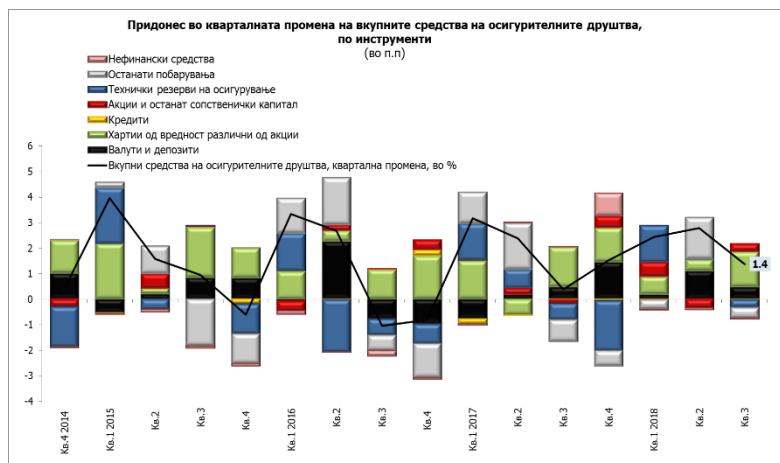


Source: NBRM.



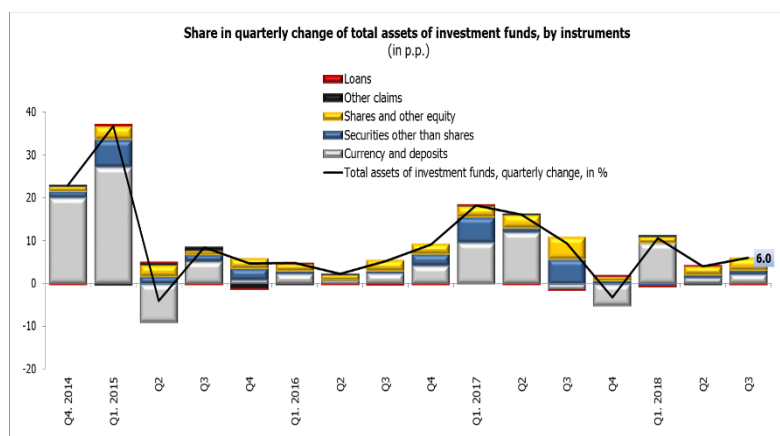
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- In the third quarter of 2018, **the outstanding amount of the insurance companies' assets⁷** increased on quarterly and annual basis, by 1.4% and 8.4%, respectively. The highest individual positive contribution to the quarterly and annual growth was made by the investments in debt securities and currency and deposits. On the liabilities side, the main generator of the quarterly growth are the insurance technical reserves, which mostly explain the annual growth, amid an additional positive impact of capital accounts.



Source: NBRM.

- In the third quarter of 2018, **the outstanding amount of assets of investment funds⁸** registered a quarterly and annual growth of 6.0% and 17.8%. The quarterly and annual growth is mainly the result of the investments in equity securities and currency and deposits, while debt securities make a smaller positive contribution. On the liabilities side, the quarterly and annual growth is concentrated in capital accounts.



Source: NBRM.

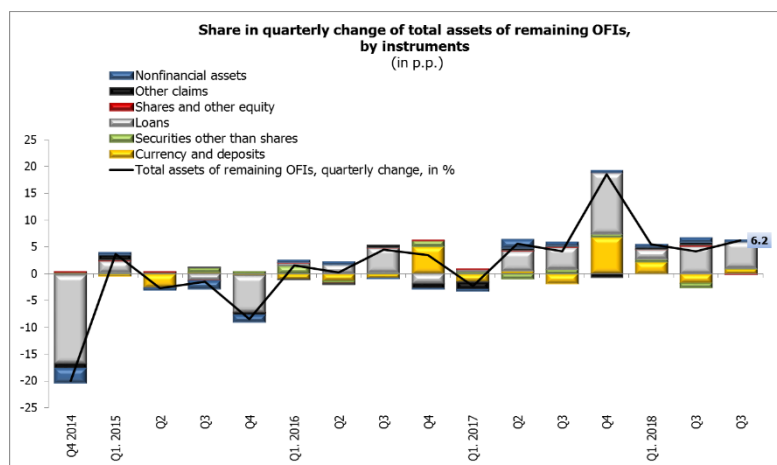
⁷All sixteen insurance companies included in the registry of the Insurance Supervision Agency (eleven for non-life insurance and five for life insurance) currently report to the NBRM.

⁸ The Registry of the Securities and Exchange Commission (SEC) of the Republic Macedonia currently includes fifteen open-end and five private investment funds, and nineteen funds report to the NBRM.



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The outstanding amount of the other OFIs' assets^{9,10,11} in the third quarter of 2018 registered a quarterly growth of 6.2% and an annual growth of 38.5%, reflecting the increased lending activity of the financial companies and finance leasing companies. The quarterly growth of liabilities is mostly due to the increased loan liabilities, whereas the annual growth, besides by the increased loan liabilities, is also explained by the growth of other liabilities and capital accounts.



Source: NBRM.

⁹ Since the first quarter of 2014, it includes data on new reporting entities – financial companies and finance leasing companies. The data currently include nineteen financial companies and seven finance leasing companies.

¹⁰ In the fourth quarter of 2017, the series of data included a new financial company (a savings house that re-registered itself in a financial company), a change that affects the annual growth rates.

¹¹ As of the third quarter of 2018, the series of data included two new investment funds management companies.



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Data revisions

Besides the revisions made in the first quarter of 2018 in order to apply a new methodology, data on the OFIs movements in this press release include regular data revisions for the period January-June 2018, for the purposes of obtaining new, corrected information and data from the reporting entities. These revisions did not cause significant changes in the previously disseminated data, and mainly arise from the improved scope and quality of reports.

Supporting information

Time series of data: Quarterly data on assets and liabilities of financial institutions
<http://www.nbrm.mk/ns-newsarticle-bilansi-i-pregledi-na-finansiskite-institucii---kvartalni-podatoci-en.nspix>

Methodological explanations:

http://www.nbrm.mk/content/statistika/Monetarna%20statistika/metodologija/Metodologija_monetarna_statistika_18_01_2018_eng.pdf

Information on methodological changes in the monetary statistics, the statistics of the other financial corporations and the interest rates statistics:
http://www.nbrm.mk/content/statistika/informacii/Informacija_za_promeni_vo_monetarnata_statistika_eng.pdf

Next publications: Advance Release Calendar

http://www.nbrm.mk/content/statistika/kalendar/Advance_Release_Calendar.pdf

Quarterly data on assets and liabilities of financial institutions: 28 February 2019 (reference period as of the fourth quarter of 2018).

We kindly ask journalists to contact the Governor's Office for any queries.

For more details about the disseminated statistical data, please contact us at contact.statistika@nbrm.mk or phone: 02 3215 181 extension 116 (or 112/110/108).