



National Bank of the Republic of North Macedonia Statistics Department

Skopje, 28 February 2019

Press Release

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

- **At the end of the fourth quarter of 2018, the outstanding amount of OFIs' assets was Denar 104,188 million, which is an increase of Denar 12,137 million compared to the end of the previous year.** The structure of OFIs' assets indicates that pension funds continue to have the largest share in the outstanding amounts of assets with 63.3%, followed by insurance company assets with a share of 21.8%.
- In the fourth quarter of the year, the growth rate of the outstanding amounts of OFIs' assets was 0.4% on a quarterly basis. Such performance points to a slower quarterly dynamics which arises from the decrease in the assets of pension and investment funds in the last quarter of the year. **OFIs' assets were higher by 13.2% on an annual basis**, with the largest contribution of pension funds to the growth and the positive contribution of other subsectors.

Table 1. Total assets/liabilities of OFIs³

	Q4. 2017	Q3. 2018	Q4. 2018	quarterly changes		annual changes		Structure (Total OFIs)
				Q4. 2018/Q3. 2018		Q4. 2018/Q4. 2017		
	Stocks, in millions of NC			in millions of NC	in %	in millions of NC	in %	in %
1. Other Financial Institutions	92.051	103.768	104.188	420	0,4	12.137	13,2	100
1.1 Insurance Companies	21.099	22.517	22.763	246	1,1	1.664	7,9	21,8
1.2 Pension Funds	58.239	66.109	65.941	-168	-0,3	7.702	13,2	63,3
1.3 Investment Funds	5.305	6.466	6.173	-293	-4,5	868	16,4	5,9
1.4 Other OFIs	7.408	8.676	9.312	636	18,3	1903	72,5	8,9
1.4 Finance Companies	2.269	2.761	2.994	234	8,5	725	32,0	2,9
1.5 Finance Leasing Companies	3.976	4.592	4.974	383	8,3	998	25,1	4,8
1.6 Pension and Investment Fund Management Companies	1.163	1.324	1.343	20	1,5	180	15,5	1,3

Source: NBRNM.

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, the data for the first quarter of 2018 was revised in order to apply the 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 *Remaining OFIs* includes: investment funds management companies and pension funds management companies, financial companies and finance leasing companies (item 1.4 of the table).



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- **Observing the structure of the OFIs assets**, debt and equity securities⁴ as the most significant instruments jointly account for 67.6%, while insurance technical reserves⁵ and capital accounts⁶ dominate in liabilities with a cumulative share of 91.8%.

Table 2. OFIs' assets/liabilities, by subsector and by financial instrument, Q4 2018

	Total OFI		Pension Funds		Insurance Companies		Investment Funds		Other 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	104.188		65.941		22.763		6.173		9.312	
I. Currency and deposits	18.976	18,2	8.472	12,8	6.224	27,3	3.312	53,7	968	10,4
II. Securitized other than shares	48.068	46,1	37.679	57,1	8.444	37,1	1.284	20,8	660	7,1
III. Loans	6.374	6,1	0	-	161	0,7	21	0,3	6.192	66,5
IV. Shares and other equity	22.398	21,5	19.731	29,9	1.067	4,7	1.549	25,1	50	0,5
V. Insurance technical reserves	1.151	1,1	0	-	1.151	5,1	0	-	0	-
VI. Financial derivatives	1	-	0	-	0	-	1	-	0	-
VII. Other claims	4.374	4,2	58	0,1	4.049	17,8	5	0,1	261	2,8
VIII. Nonfinancial assets	2.847	2,7	0	-	1.667	7,3	0	-	1.180	12,7
TOTAL LIABILITIES	104.188		65.941		22.763		6.173		9.312	
I. Loans	5.080	4,9	0	-	88	0,4	15	-	4.977	53,5
II. Insurance technical reserves	63.363	60,8	50.546	76,7	12.817	56,3	0	-	0	-
III. Other liabilities	3.449	3,3	35	0,1	1.949	8,6	64	1,0	1.402	15,1
IV. Capital accounts	32.297	31,0	15.360	23,3	7.909	34,7	6.094	98,7	2.933	31,5

Source: NBRNM.

- **Observed by instrument**, on the assets side, the annual growth mainly arises from the increase in currency and deposits, amid additional positive contribution of investments in debt and equity securities. On the liabilities side, the main driver of the annual growth are the insurance technical reserves.

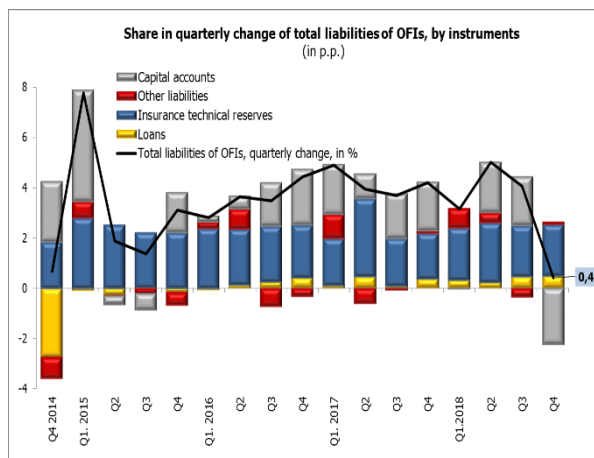
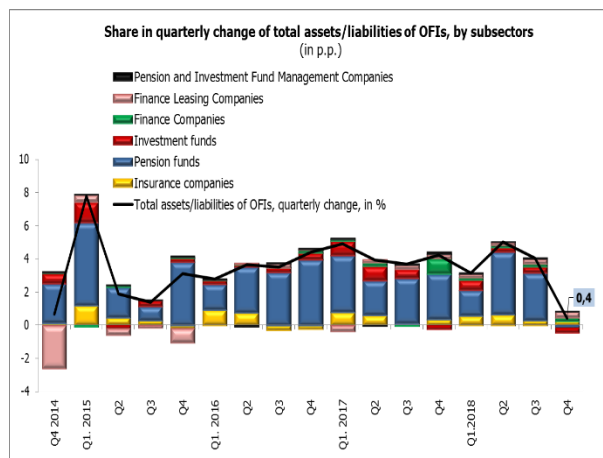
⁴ Debt securities denote securities other than shares, according to the international classification of financial instruments, as published in the balance sheets and surveys of other financial institutions.

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.

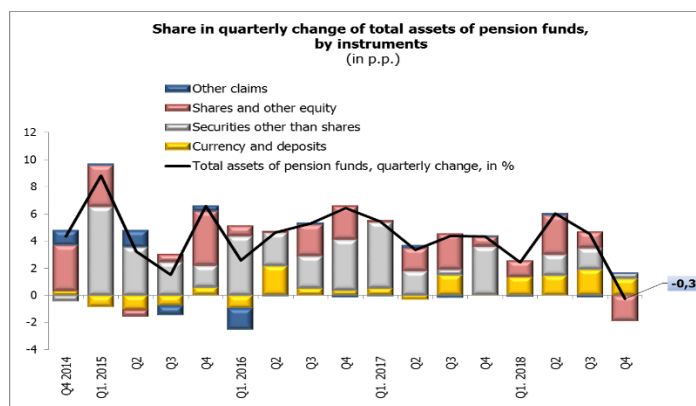


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Significant movements in OFIs, by type of institution

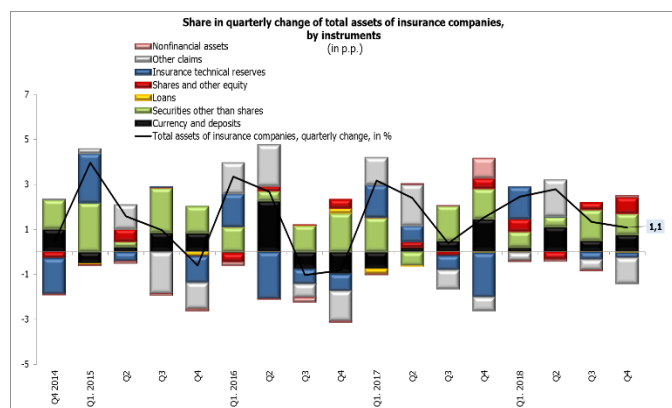
- As of December 2018, **the outstanding amounts of pension funds (mandatory and voluntary)** registered a negative quarterly change of 0.3%. The downward shift is entirely explained with the lower stock of equity securities in their portfolio. Compared annually, pension fund assets increased by 13.2%, which is a deceleration of the growth compared to 2017. Thus, currency and deposits made the largest contribution to the annual growth of 2018, amid a smaller contribution of investments in debt and equity securities. On the liabilities side, the quarterly change is entirely a reflection of the reduction of capital accounts, while the annual change is primarily due to the increased insurance technical reserves.





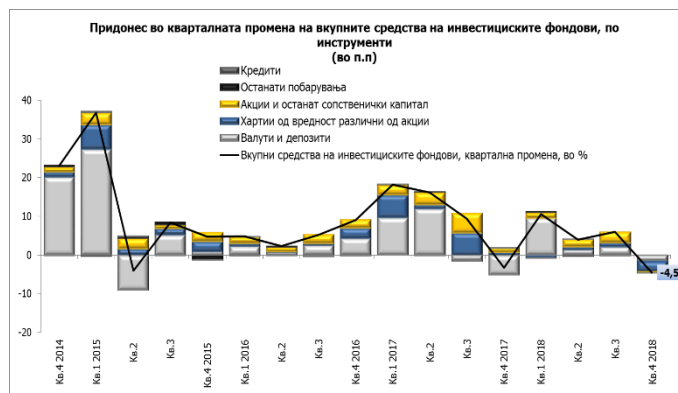
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- In December 2018, **the outstanding amount of the insurance company assets⁷** registered a quarterly and annual growth of 1.1% and 7.9%, respectively. In terms of instruments, currency and deposits and investments in debt and equity securities have the largest contribution to both the quarterly and annual growth. On the liabilities side, the quarterly growth is due to the capital accounts and technical insurance reserves, while the annual growth is mostly due to the capital accounts.



Source: NBRNM.

- In the last quarter of 2018, following their growth in the three previous quarters, **the outstanding amounts of investment fund assets⁸** decreased by 4.5% on a quarterly basis. The decline mainly arises from investments in debt securities and currency and deposits. On an annual basis, investment fund assets increase by 16.4%, somewhat slower compared to 2017. The largest individual contribution to the growth was made by currency and deposits, amid additional positive contribution of investments in debt and equity securities. On the liabilities side, the quarterly and annual growth is entirely due to the increased capital accounts.



Source: NBRNM.

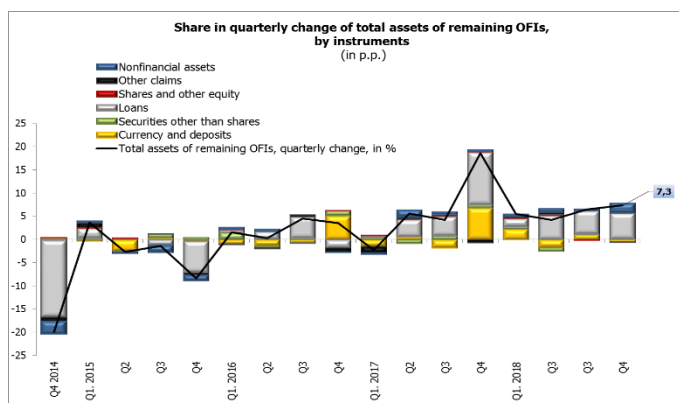
⁷All sixteen insurance companies included in the registry of the Insurance Supervision Agency (eleven for non-life insurance and five for life insurance) currently report to the NBRNM.

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



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- In December 2018, **the outstanding amounts of the remaining OFIs^{9,10,11}**, were by 7.3% higher on a quarterly basis and by 25.7% on an annual basis, due to the increase of granted loans by the financial and leasing companies. On the liabilities side, the quarterly and annual growth is mostly due to the increased liabilities based on loans.



Source: NBRNM.

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 re-registered as a financial company), a change that affects the annual rates of change.

¹¹ As of the third quarter of 2018, the series of data included three 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-September 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: 31 May 2019 (reference period as of the first quarter of 2019).

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).