



National Bank of the Republic of North Macedonia Statistics Department

Skopje, 29 November 2019

Press Release

Significant developments in other financial institutions^{1,2} (OFIs): third quarter of 2019

- **In the third quarter of 2019, the outstanding amount of OFIs' assets was Denar 119,254 million.** Analyzed by subsectors, most of these assets belong to the pension funds (share of 63.5%), followed by insurance companies (share of 20.9%).
- **In this quarter, quarterly and annual growth of total assets of OFIs by 3.6% and 14.8%, respectively was realized.** The upward quarterly change is mainly a result of the increased assets of the pension funds (participation in the growth of 84.1%), as well as of the other sectors, except for the investment funds, which experienced quarterly decline. Pension funds also made a significant contribution to the annual growth, compounded by the growth of assets of insurance companies, other OFIs and investment funds.

Table 1. Total assets/liabilities of OFIs³

	Q3. 2018	Q4. 2018	Q2.2019	Q3.2019	quarterly changes		annual changes		changes related to the end of the year		Structure (Total OFIs)
					Q3. 2019/Q2. 2018		Q2. 2019/Q2. 2018		Q3. 2019/Q4. 2018		
	<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>	<i>in millions of NC</i>	<i>in %</i>	<i>in %</i>
1. Other Financial Institutions	103.908	104.277	115.116	119.254	4.138	3,6	15.346	14,8	14.977	14,4	100
1.1 Insurance Companies	22.517	22.634	24.363	24.977	615	2,5	2.460	10,9	2.344	10,4	20,9
1.2 Pension Funds	66.109	65.941	72.289	75.769	3.480	4,8	9.660	14,6	9.828	14,9	63,5
1.3 Investment Funds	6.606	6.401	7.913	7.680	-233	-2,9	1.074	16,3	1279	20,0	6,4
1.4 Other OFIs	8.676	9.302	10.551	10.828	276	9,0	2.152	74,2	1526	53,1	9,1
1.4.1 Finance Companies	2.761	2.994	3.537	3.684	147	4,1	923	33,4	690	23,1	3,1
1.4.2 Finance Leasing Companies	4.592	4.967	5.483	5.560	77	1,4	968	21,1	593	11,9	4,7
1.4.3 Pension and Investment Fund Management Companies	1.324	1.341	1.531	1.584	53	3,5	260	19,7	243	18,1	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.



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- From the aspect of financial instruments, debt and equity securities⁴ prevail in **the OFIs' assets structure** (cumulative share of 67.8%), while insurance technical reserves⁵ and capital accounts⁶ dominate the **liabilities structure** (cumulative share of 91.0%).

Table 2. OFIs' assets/liabilities, by subsector and by financial instrument, Q 3 2019

	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	119.254		75.769		24.977		7.680		10.828	
I. Currency and deposits	21.524	18,0	10.209	13,5	6.927	27,7	3.402	44,3	985	9,1
II. Securities other than shares	54.774	45,9	43.181	57,0	9.037	36,2	1.840	24,0	717	6,6
III. Loans	7.485	6,3	0	-	163	0,7	19	0,2	7.303	67,4
IV. Shares and other equity	26.153	21,9	22.357	29,5	1.320	5,3	2.409	31,4	66	0,6
V. Insurance technical reserves	1.308	1,1	0	-	1.308	5,2	0	-	0	-
VI. Financial derivatives	0	-	0	-	0	-	0	-	0	-
VII. Other claims	4.922	4,1	21	0,0	4.552	18,2	9	0,1	339	3,1
VIII. Nonfinancial assets	3.088	2,6	0	-	1.671	6,7	0	-	1.417	13,1
TOTAL LIABILITIES	119.254		75.769		24.977		7.680		10.828	
I. Loans	6.333	5,3	0	-	389	1,6	0	-	5.944	54,9
II. Insurance technical reserves	68.917	57,8	54.706	72,2	14.211	56,9	0	-	0	-
III. Other liabilities	4.448	3,7	465	0,6	2.358	9,4	50	0,6	1.574	14,5
IV. Capital accounts	39.556	33,2	20.598	27,2	8.019	32,1	7.630	99,4	3.310	30,6

Source: NBRNM.

- **Analyzed by instruments**, on the assets side, the main driver of the quarterly growth is the investments in debt securities, with additional positive contribution of equity investments. On the other hand, currency and deposits experienced moderate quarterly decline. The annual growth is due to the increased investments in all instruments, mostly investments in debt securities and additional positive contribution of currency and deposits, equity investments and loans. On the liabilities side, the quarterly and annual growth mostly stems from the increase in the insurance technical reserves⁷ and capital accounts.

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.

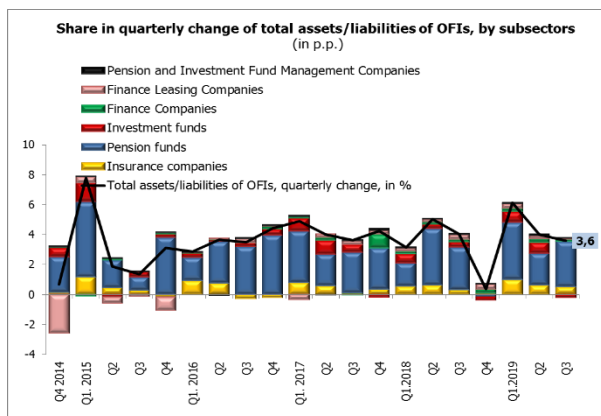
⁵ Insurance technical reserves include: net equity of households in life insurance reserves, net equity of households in pension funds and prepayment of premiums and reserves against outstanding claims (non-life insurance).

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

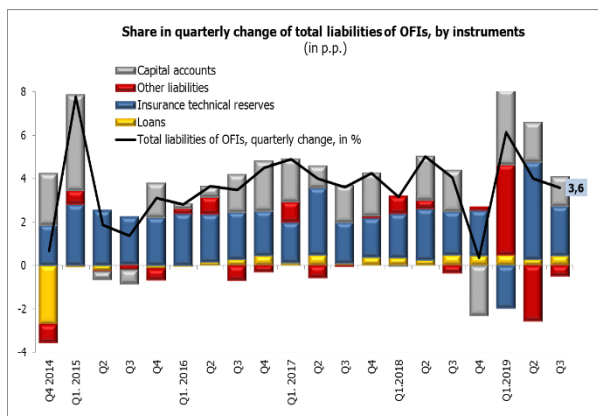
⁷ In the second quarter of 2019, the increase of OFIs' insurance technical reserves (pension funds in particular) is due to the amendment to the legislation of mandatory fully funded pension insurance.



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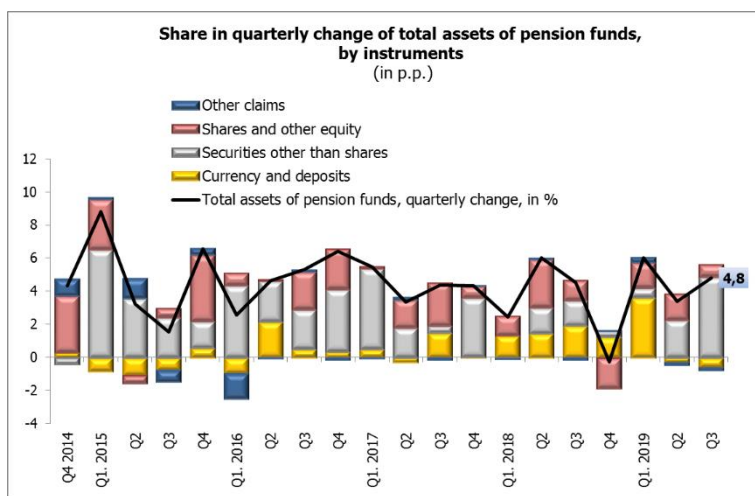


Source: NBRNM.



Significant movements in OFIs, by type of institution

- In the third quarter of 2019, **the outstanding amount of assets of pension funds (mandatory and voluntary)⁸** increased by 4.8% and 14.6%, on a quarterly and annual basis, respectively. The quarterly growth rate is primarily a result of the increased investment in debt securities, amid a decline in currency and deposits. The largest contribution to the annual growth was made by investments in debt securities, with positive contribution to both currency and deposits and equity investments. On the liabilities side, the quarterly and annual growth is due to the increased insurance technical reserves⁹ (net equity of households) and to higher capital accounts due to the higher profit of the current year.



Source: NBRNM.

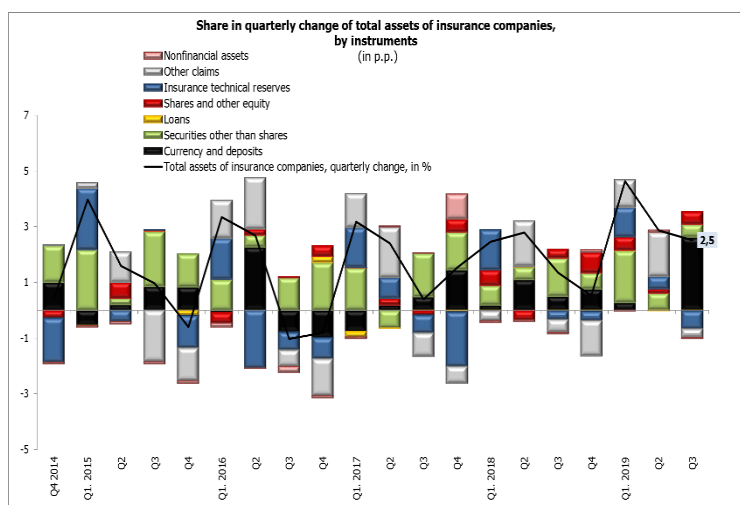
⁸ As of 30.9.2019, a new pension fund is included in the data series, with data from Q 2, and Q 3 2019

⁹ See previous footnote.



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- In the third quarter of 2019, **the total assets of the insurance companies**¹⁰ registered an increase of 2.5% and 10.9% on quarterly and annual basis, respectively. The quarterly growth is a result of the higher investments in currency and deposits, while the annual growth is a reflection of the increased currency and deposits and investments in debt securities (almost identical contribution), as well as equity securities. On the liabilities side, the quarterly growth was due to increased insurance technical reserves, capital accounts and loans, which was partially neutralized by the decrease in other liabilities. The annual increase is mainly due to the insurance technical reserves, with positive contribution to other instruments.



Source: NBRNM.

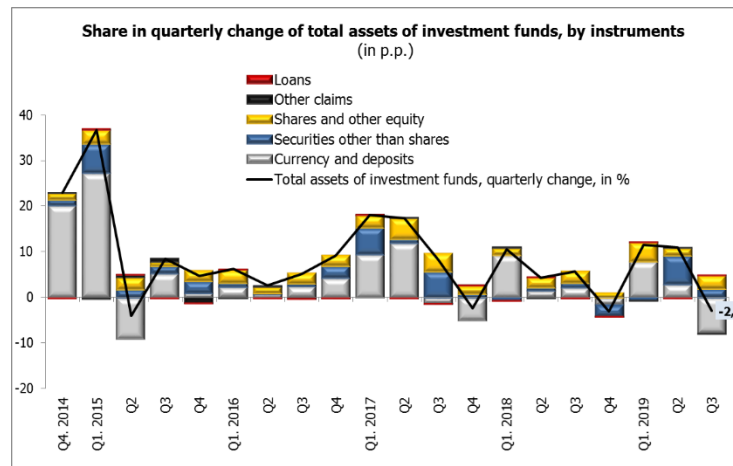
- **The total assets of the investment funds**¹¹ registered a quarterly fall of 2.9% in this quarter, which is entirely due to the reduced currency and deposits. The annual growth rate is 16.3% and is a result of the higher investments in equity and debt securities. On the liabilities side, capital accounts (primarily funds contributed by owners) are the reason for the changes on a quarterly and annual basis.

¹⁰All 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.

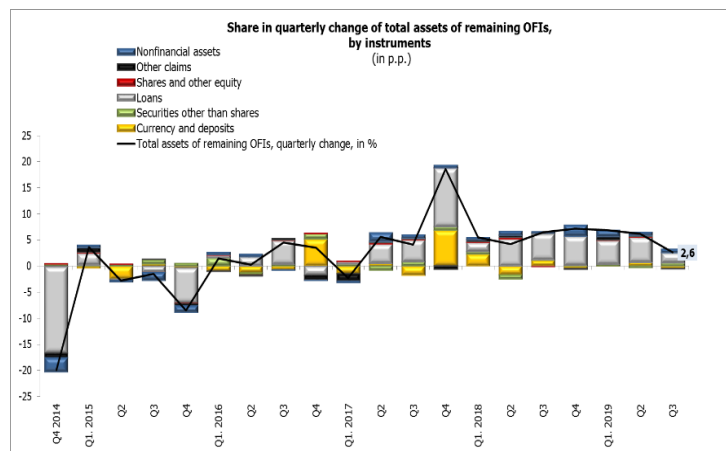
¹¹ The Registry of the Securities and Exchange Commission (SEC) currently includes sixteen open and seven private investment funds, and twenty two funds report to the NBRNM.



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- **The quarterly and annual growth rate of the total assets of other OFIs^{12,13,14,15}** in the third quarter of 2019 equals 2.6% and 24.8%, respectively. The quarterly and annual growth is mainly a result of the increase in loans granted by financial and leasing companies. On the liabilities side, the upward change on a quarterly basis is due to the liabilities based on loans and capital accounts, while the annual growth is mainly due to the liabilities based on loans.



¹² Since the first quarter of 2014, it includes data on new reporting entities – financial companies and finance leasing companies. The data currently include twenty-one financial companies and seven finance leasing companies.

¹³ 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.

¹⁴ During 2018, the series of data included two new investment funds management companies.

¹⁵ As of 30.9.2019, the new series includes new reporters (one financial company and one pension fund management company), with data from Q 2, and Q 3 2019.



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Data revisions

Data on the OFIs movements in this press release include data revisions for the period October 2017 – March 2019, 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: 21 February 2020 (reference period as of the fourth 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).