



National Bank of the Republic of North Macedonia Statistics Department

Skopje, 28 February 2020

Press Release

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

- **In the fourth quarter of 2019, OFI's total assets reached Denar 123,636 million, which is an increase of Denar 19,302 million compared to the same period last year.** Regarding their structure, most of these assets remained concentrated with pension funds and insurance companies, with a share of 63.1% and 20.4%, respectively.
- At the end of 2019, **the outstanding amount of other OFIs' assets** registered a quarterly growth of 3.6% and an annual growth of 18.5%, as a result of the increased assets of all OFIs' subsectors. However, pension funds generated most of the quarterly and annual growth. Analyzed by dynamics, compared to 2018, the assets of all OFIs' subsectors have been growing at accelerated pace, except to the financial leasing companies.

Table 1. Total assets/liabilities of OFIs³

	Q4. 2018	Q3.2019	Q4. 2019	quarterly changes		annual changes		Structure (Total OFIs)
				Q4. 2019/Q3. 2018		Q4. 2019/Q4. 2018		
				in millions of NC in %		in millions of NC in %		in %
1. Other Financial Institutions	104.334	119.320	123.636	4.316	3,6	19.302	18,5	100
1.1 Insurance Companies	22.634	24.979	25.176	197	0,8	2542	11,2	20,4
1.2 Pension Funds	65.941	75.769	77.967	2.199	2,9	12.027	18,2	63,1
1.3 Investment Funds	6.458	7.712	8.739	1026	13,3	2281	35,3	7,1
1.4 Other OFIs	9.302	10.860	11.754	894	8,2	2452	26,4	9,5
1.4.1 Finance Companies	2.994	3.716	4.425	709	19,1	1432	47,8	3,6
1.4.2 Finance Leasing Companies	4.967	5.560	5.658	98	1,8	691	13,9	4,6
1.4.3 Pension and Investment Fund Management Companies	1.341	1.584	1.671	87	5,5	330	24,6	1,4

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.



National Bank of the Republic of North Macedonia Statistics Department

- **The OFI's assets structure** indicates that the most significant instruments are the investments in debt and equity securities⁴, as well as placements in currencies and deposits (total share of 86.0%), while regarding the **liabilities structure**, the largest share accounts for the insurance technical reserves⁵ and capital accounts⁶ (total share of 91.3%).

Table 2. OFIs' assets/liabilities, by subsector and by financial instrument, Q 4 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	123.636		77.967		25.176		8.739		11.754	
I. Currency and deposits	20.200	16,3	8.846	11,3	6.391	25,4	3.903	44,7	1.060	9,0
II. Securitites other than shares	58.625	47,4	45.721	58,6	9.940	39,5	2.171	24,8	793	6,7
III. Loans	8.139	6,6	0	-	181	0,7	19	0,2	7.939	67,5
IV. Shares and other equity	27.604	22,3	23.321	29,9	1.571	6,2	2.633	30,1	79	0,7
V. Insurance technical reserves	1.254	1,0	0	-	1.254	5,0	0	-	0	-
VI. Financial derivatives	1	-	0	-	0	-	1	-	0	-
VII. Other claims	4.710	3,8	79	0,1	4.224	16,8	12	0,1	396	3,4
VIII. Nonfinancial assets	3.103	2,5	0	-	1.616	6,4	0	-	1.487	12,7
TOTAL LIABILITIES	123.636		77.967		25.176		8.739		11.754	
I. Loans	6.449	5,2	0	-	176	0,7	14	-	6.259	53,2
II. Insurance technical reserves	69.954	56,6	55.473	71,1	14.481	57,5	0	-	0	-
III. Other liabilities	4.364	3,5	34	0,0	2.422	9,6	32	0,4	1.876	16,0
IV. Capital accounts	42.870	34,7	22.460	28,8	8.097	32,2	8.693	99,5	3.619	30,8

Source: NBRNM

- **On the assets side, in terms of instruments**, the growth on a quarterly and annual basis is mainly driven by the increased investments in debt securities, given a positive but lower contribution to growth of equity investments. Quarterly decrease has been recorded only in currencies and deposits. **On the liabilities side**, quarterly and annual growth is largely due to capital accounts and insurance technical reserves.⁷

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.

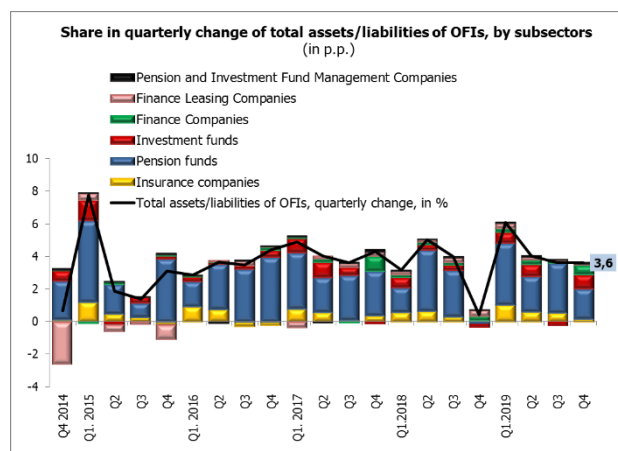
⁵ Insurance technical reserves include: net equity of households in life insurance reserves, net equity of households in pension funds and prepayment of premiums and reserves against outstanding claims (non-life insurance).

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

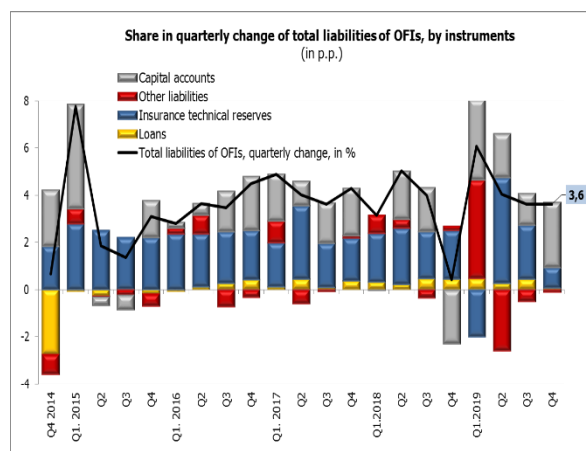
⁷In the second quarter of 2019, the increase of OFIs' insurance technical reserves (pension funds in particular) is due to the amendment to the legislation of mandatory fully funded pension insurance.



National Bank of the Republic of North Macedonia Statistics Department

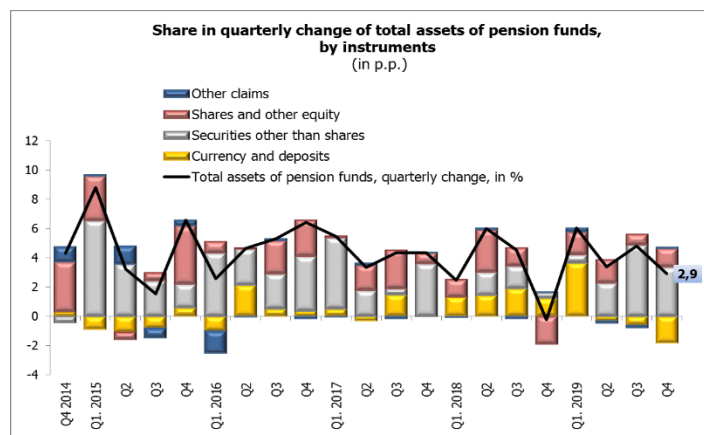


Source: NBRNM



Significant movements in OFIs, by type of institution

- In the fourth quarter of 2019, **total assets of the pension funds (mandatory and voluntary)** increased by 2.9% on quarterly basis and 18.2% on annual basis. The upward change on both bases largely reflects the increased investment in debt securities, and to a lesser extent, equity securities. Quarterly decline was recorded in currencies and deposits. On the liabilities side, the quarterly and annual increase are explained by higher capital accounts, i.e. higher profit in current year, as well as increased insurance technical reserves⁸ (net equity of households).



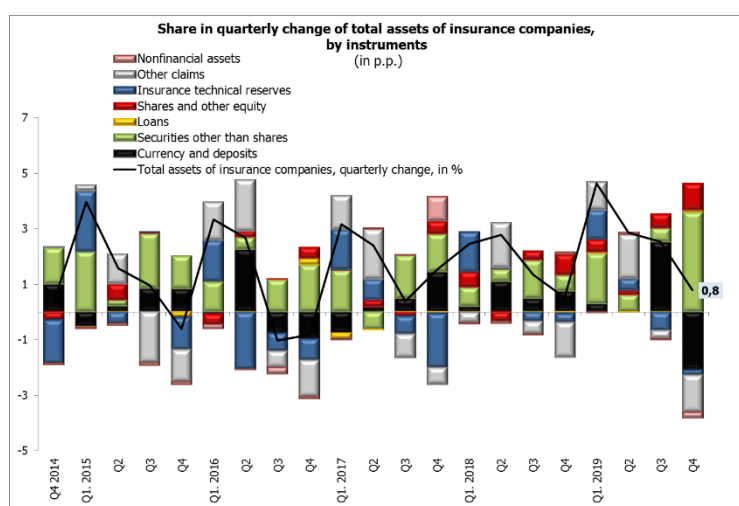
Source: NBRNM

⁸See previous footnote.



National Bank of the Republic of North Macedonia Statistics Department

- In the fourth quarter of 2019, **the outstanding amount of assets of insurance companies**⁹ registered a small quarterly growth of 0.8% and annual growth of 11.2%. The main driver of the quarterly and annual increase are the higher investments in debt securities, with additional positive contribution to the equity investments. The quarterly growth has been neutralized by the decline in currencies and deposits and other claims. On the liabilities side, the quarterly growth rate was mainly driven by insurance technical reserves, with the capital accounts having addition contribution (due to increased equity investments). The annual growth is largely due to the higher insurance technical reserves, with other instruments contributing to the growth as well.



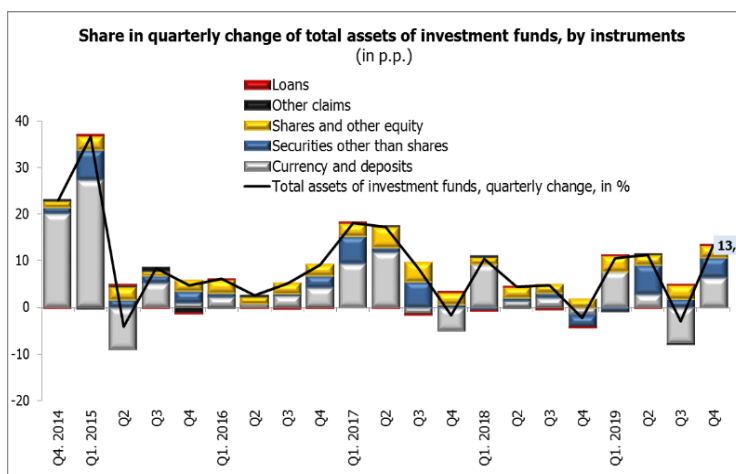
- After the decrease in the preceding quarter, **the total assets of the investment funds**¹⁰, registered quarterly rise of 13.3% at the end of December 2019. These assets increased by 35.3% on an annual basis. Analyzed by instruments, the upward change on a quarterly and annual basis is largely due to currencies and deposits (which have more pronounced contribution to the quarterly growth) and investments in debt and equity securities (a more pronounced contribution to annual growth). On the liabilities side, the main drivers of the quarterly and annual growth are the capital accounts, primarily due to increase in equity investments.

⁹All 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.

¹⁰ The Registry of the Securities and Exchange Commission (SEC) currently includes sixteen open-end and seven private investment funds, and twenty three funds report to the NBRNM.

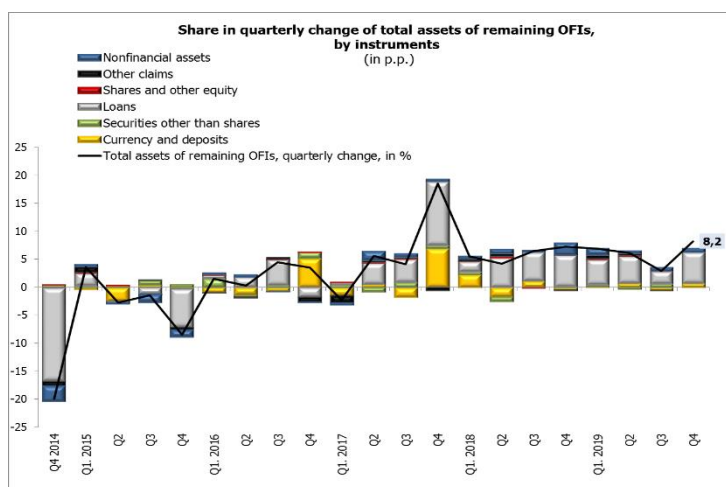


National Bank of the Republic of North Macedonia Statistics Department



Source: NBRNM

- **During this quarter, the outstanding amounts of other OFIs,^{11,12,13}** registered quarterly and annual increase of 8.2% and 26.4%, respectively, mainly under the influence of intensified lending of the financial corporations and financial leasing companies. At the end of 2019, their credit activity increased by 28.2% compared to 2018 and is largely explained by the increased loans granted by financial corporations. On the liabilities side, the growth on a quarterly basis stems from the liabilities based on both, loans and capital accounts (mainly due to increased equity investments). The upward annual change reflects the **liabilities based on loans**.



Source: NBRNM

¹¹ Since the first quarter of 2014, it includes data on new reporting entities – financial companies and finance leasing companies. The data currently include twenty-four financial companies and seven finance leasing companies.

¹² 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.

¹³ In the fourth quarter of 2019, the data series included new reporters, i.e. two financial companies, with data for Q1 2019 and Q4 2019, respectively.



National Bank of the Republic of North Macedonia Statistics Department

Data revisions

Data on the OFIs movements in this press release include data revisions for the period Q4 2017 – Q3 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://nbrm.mk/ns-newsarticle-bilans-i-pregledi-na-finansiskite-institucii-kvartalni-podatoci-en.nspix>

Methodological explanations:

http://nbrm.mk/content/statistika/Monetarna%20statistika/metodologija/Metodologija_monetarna_07_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: 29 May 2020 (reference period as of the first quarter of 2020).

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).