



## National Bank of the Republic of North Macedonia Statistics Department

Skopje, 29 May 2020

### Press Release

#### Significant developments in other financial institutions<sup>1,2</sup> (OFIs): first quarter of 2020

- **The outstanding amount of OFI's assets in the first quarter of 2020 equals Denar 121,472 million, which is by Denar 1,449 million less on a quarterly basis.** Most of the assets are held by pension funds and insurance companies, with a share of 62.2% and 21.3%, respectively.
- **In the first quarter of 2020, the total outstanding amount of OFI's assets recorded a quarterly decrease of 1.2%**, mainly as a result of reduced assets of pension funds, and to a lesser extent of investment funds. **Annually**, OFI's assets continued to grow, albeit at a slower pace, at **a growth rate of 9.8%**. The growth reflects the increased assets of pension funds, with a smaller yet positive contribution of the other subsectors.

Table 1. Total assets/liabilities of OFIs<sup>3</sup>

	Q1.2019	Q4. 2019	Q1.2020	quarterly changes		annual changes		Structure (Total OFIs)
				Q1. 2020/Q4. 2019		Q1. 2020/Q1. 2019		
				<i>in millions of NC</i>	<i>in %</i>	<i>in millions of NC</i>	<i>in %</i>	<i>in %</i>
<b>1. Other Financial Institutions</b>	<b>110,680</b>	<b>122,921</b>	<b>121,472</b>	<b>-1,449</b>	<b>-1.2</b>	<b>10,792</b>	<b>9.8</b>	<b>100</b>
1.1 Insurance Companies	23,684	24,863	25,844	981	3.9	2160	9.1	21.3
1.2 Pension Funds	69,912	77,620	75,581	-2,039	-2.6	5,669	8.1	62.2
1.3 Investment Funds	7,135	8,752	7,785	-967	-11.0	650	9.1	6.4
1.4 Other OFIs	9,948	11,685	12,262	823	7.6	2384	25.6	10.1
1.4.1 Finance Companies	3,248	4,413	4,696	696	18.7	1419	47.4	3.9
1.4.2 Finance Leasing Companies	5,287	5,657	5,830	97	1.7	689	13.9	4.8
1.4.3 Pension and Investment Fund Management Companies	1,413	1,616	1,735	29	1.8	275	20.5	1.4

Source: NBRNM.

<sup>1</sup> 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.

<sup>2</sup> 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](http://www.nbrm.mk/content/statistika/informacii/Informacija_za_promeni_vo_monetarnata_statistika_eng.pdf)

<sup>3</sup> 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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- **Most of the OFI's assets** are investments in debt securities (share of 49.7%)<sup>4</sup>, as well as equities investments and placements in currencies and deposits (share of 19.4% and 16.1%, respectively). **Observed by liabilities**, most of them are technical insurance reserves<sup>5</sup> and capital accounts<sup>6</sup> (share of 59.3% and 31.3%, respectively).

Table 2. OFIs' assets/liabilities, by subsector and by financial instrument, Q 1 2020

	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 %)
<b>TOTAL ASSETS</b>	<b>121,472</b>		<b>75,581</b>		<b>25,844</b>		<b>7,785</b>		<b>12,262</b>	
I. Currency and deposits	19,511	16.1	8,725	11.5	6,307	24.4	3,340	42.9	1,138	9.3
II. Securities other than shares	60,321	49.7	46,922	62.1	10,419	40.3	2,163	27.8	817	6.7
III. Loans	8,558	7.0	0	-	182	0.7	19	0.2	8,357	68.2
IV. Shares and other equity	23,561	19.4	19,906	26.3	1,338	5.2	2,230	28.6	87	0.7
V. Insurance technical reserves	1,450	1.2	0	-	1,450	5.6	0	-	0	-
VI. Financial derivatives	3	-	0	-	0	-	3	-	0	-
VII. Other claims	5,051	4.2	27	0.0	4,600	17.8	30	0.4	394	3.2
VIII. Nonfinancial assets	3,017	2.5	0	-	1,548	6.0	0	-	1,469	12.0
<b>TOTAL LIABILITIES</b>	<b>121,472</b>		<b>75,581</b>		<b>25,844</b>		<b>7,785</b>		<b>12,262</b>	
I. Loans	6,642	5.5	0	-	174	0.7	6	-	6,462	52.7
II. Insurance technical reserves	71,979	59.3	57,281	75.8	14,697	56.9	0	-	0	-
III. Other liabilities	4,873	4.0	53	0.1	2,775	10.7	48	0.6	1,996	16.3
IV. Capital accounts	37,979	31.3	18,246	24.1	8,197	31.7	7,732	99.3	3,804	31.0

Source: NBRNM.

- **Analyzed by instrument**, on the assets side, the quarterly decline largely results from reduced investment in equities, with a smaller yet additional contribution to the decline in currency and deposit placements. The annual growth is mainly due to investment in debt securities and less in other instruments, with the exception of currencies and deposits and equities that have declined. **On the liabilities side**, the quarterly decline entirely reflects the reduced capital accounts, while the annual growth is mostly due to the technical insurance reserves<sup>7</sup>.

<sup>4</sup> 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.

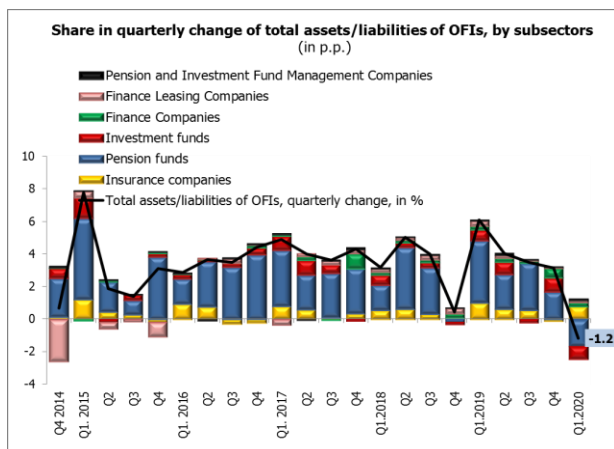
<sup>5</sup> Insurance technical reserves include: net equity of households in life insurance reserves, net equity of households in pension funds and prepayment of premiums and reserves against outstanding claims (non-life insurance).

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

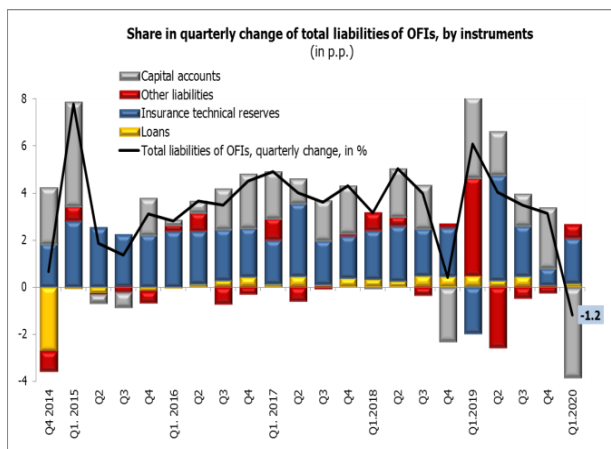
<sup>7</sup> In the second quarter of 2019, the increase of OFIs' insurance technical reserves (pension funds in particular) is due to the amendment to the legislation of mandatory fully funded pension insurance.



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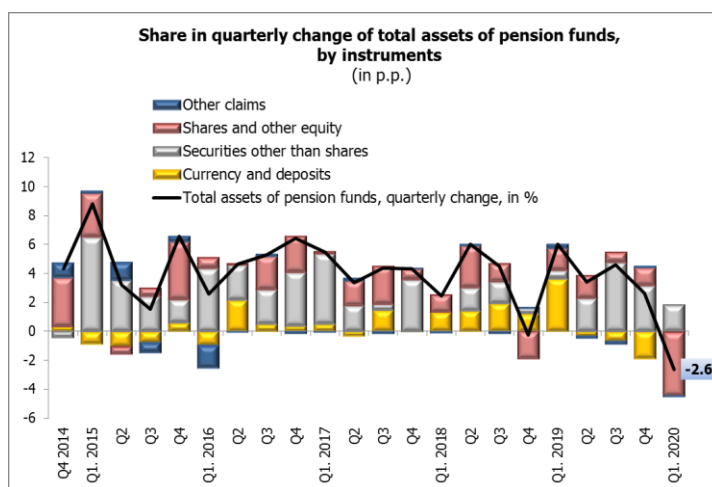


Source: NBRNM.



### Significant movements in OFIs, by type of institution

- In the first quarter of the year, **the outstanding amount of assets of pension funds (mandatory and voluntary) decreased by 2.6%** on a quarterly basis. The downward change mainly reflects the reduced investment in equities. The annual growth of the assets of the pension funds is 8.1%, which amid decline in other instruments solely accounts for the increased investment in debt securities. On the liabilities side, the quarterly rate of decline is due to the reduced capital accounts. The annual growth stems from increased technical insurance reserves<sup>8</sup> (net capital of households).



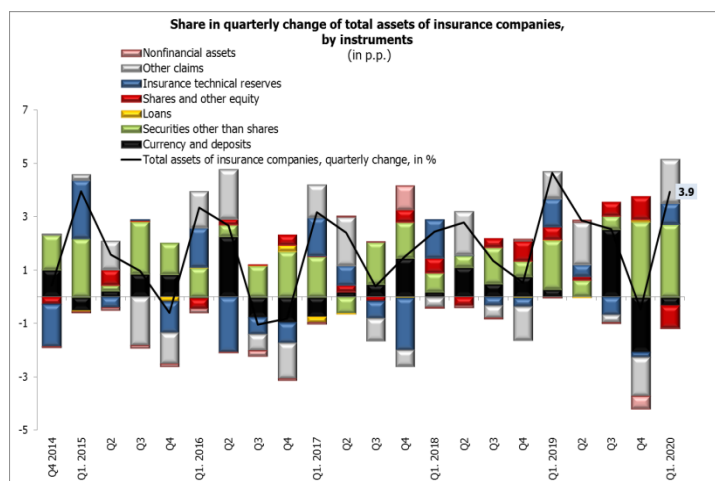
Source: NBRNM.

<sup>8</sup>See previous footnote.



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- In this quarter, **the outstanding amount of assets of insurance companies<sup>9</sup>** registered a quarterly and annual growth of 3.9% and 9.1%, respectively. The growth was mostly due to investments in debt securities, with a positive contribution to other claims. The quarterly growth was mainly offset by the decline in ownership securities and less by the decline in currencies and deposits. Analyzing the liabilities, the quarterly growth was mainly explained by the increase in other liabilities, and to a lesser extent by other instruments. The main driver of the annual growth is the increased technical insurance reserves, with positive effect of other instruments.



Source: NBRNM.

- In the first quarter of 2020, **the outstanding amount of assets of investment funds<sup>10,11</sup>** registered a quarterly decrease of 11.0% due to the reduced placements in currencies and deposits and in ownership securities. However, annually, the assets of investment funds grow by 9.1%, primarily due to the higher investments in debt securities, amid reduced placements in currencies and deposits. On the liabilities side, the changes on a quarterly and annual basis are concentrated in the capital accounts.

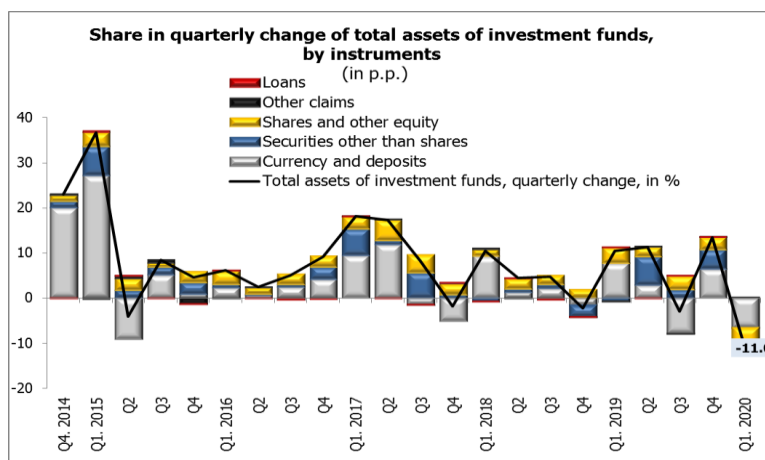
<sup>9</sup>All sixteen insurance companies included in the registry of the Insurance Supervision Agency (eleven for non-life insurance and five for life insurance) currently report to the NBRNM.

<sup>10</sup> The Registry of the Securities and Exchange Commission (SEC) currently includes seventeen open-end and seven private investment funds, and twenty two funds report to the NBRNM.

<sup>11</sup> In the first quarter of 2020, data series include new investment fund, with data as of Q4 2019.

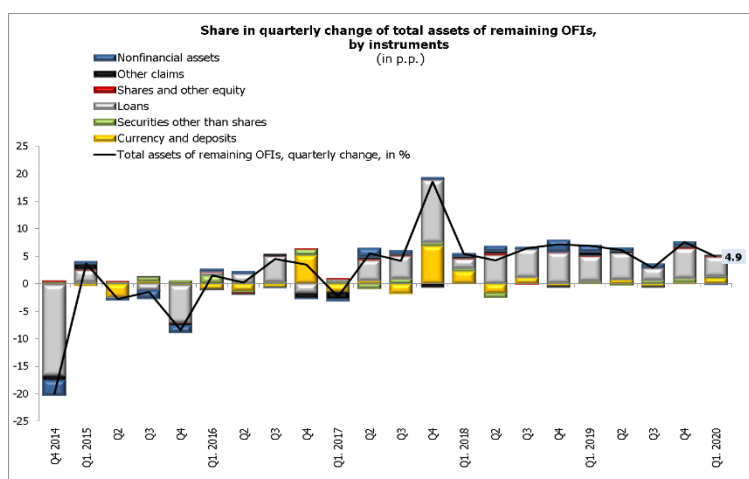


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Source: NBRNM.

- **The outstanding amount of assets of other OFIs<sup>12,13,14</sup>**, at the end of March this year, recorded a quarterly and annual growth of 4.9% and 23.3%, respectively, due to the increased lending activity of financial companies and finance leasing companies. Namely, as of 31.03.2020, their lending activity reached Denar 8,355 million, which is an increase of 5.4% and 26.3% on a quarterly and annual basis, respectively and is largely explained by the increased lending by financial companies. On the liabilities side, the growth on both grounds reflects higher loan liabilities (predominantly in foreign currency) and capital accounts (mostly due to the increase in equity investment).



Source: NBRNM.

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

<sup>13</sup> 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.

<sup>14</sup> In the first quarter of 2020, data series include new reporters (two financial corporations and one investment fund management company), with data as of Q4 2019 and Q1 2019, respectively.



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### Data revisions

Data on the OFIs movements in this press release include data revisions for Q1 2018 – Q4 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](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](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](http://www.nbrm.mk/content/statistika/kalendar/Advance_Release_Calendar.pdf)

Quarterly data on assets and liabilities of financial institutions: 31 August 2020 (reference period as of the second 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](mailto:contact.statistika@nbrm.mk) or phone: 02 3215 181 extension 116 (or 112/110/108).