



National Bank of the Republic of North Macedonia Statistics Department

Skopje, 30 November 2020

Press Release

Significant developments in other financial institutions^{1,2} (OFIs): third quarter of 2020

- **In the third quarter of 2020, the outstanding amounts of OFIs' assets amounted to Denar 134,095 million and increased by Denar 3,513 million. Analyzed by the structure, pension funds have the largest share of 63.3% in OFIs' assets, followed by insurance companies, with a share of 20.2%.**
- **In the third quarter of the year, the outstanding amounts of OFIs' assets registered a quarterly and annual growth of 2.7% and 12.5%, respectively.** Moreover, the pension funds' assets remain the main generator of the quarterly and annual growth. A positive contribution to the quarterly growth was also made by the higher assets of the other OFIs' sub-sectors, except for insurance companies and investment funds, which registered a decline in this quarter. On an annual level, all sub-sectors registered an increase in assets.

Table 1. Total assets/liabilities of OFIs³

	Q3.2019	Q2.2020	Q3.2020	quarterly changes		annual changes		Structure (Total OFIs)
				Q3. 2020/Q2. 2020		Q3. 2020/Q3. 2019		
	Stocks, in millions of NC			in millions of NC	in %	in millions of NC	in %	in %
1. Other Financial Institutions	119,177	130,582	134,095	3,513	2.7	14,918	12.5	100
1.1 Insurance Companies	24,979	27,342	27,055	-287	-1.0	2,076	8.3	20.2
1.2 Pension Funds	75,622	81,548	84,947	3,399	4.2	9,325	12.3	63.3
1.3 Investment Funds	7,712	9,585	9,451	-134	-1.4	1,739	22.5	7.0
1.4 Other OFIs	10,863	12,107	12,642	534	4.4	1,779	16.4	9.4
1.4.1 Finance Companies	3,716	4,405	4,671	266	6.0	955	25.7	3.5
1.4.2 Finance Leasing Companies	5,560	5,959	6,182	223	3.7	622	11.2	4.6
1.4.3 Pension and Investment Fund Management Companies	1,587	1,743	1,789	45	2.6	202	12.7	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 were revised 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 *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 OFIs' assets** are placed in debt securities⁴ (share of 47.7%), in equity securities (share of 22.1%) and in currencies and deposits (share of 16.1%). **The OFIs' liabilities** mostly result from technical insurance reserves⁵ as well as from capital accounts⁶ (share of 58.1% and 33.2%, respectively).

Table 2. OFIs' assets/liabilities, by subsector and by financial instrument, Q3 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 %)
TOTAL ASSETS	134,095		84,947		27,055		9,451		12,642	
I. Currency and deposits	21,537	16.1	10,116	11.9	6,320	23.4	3,890	41.2	1,211	9.6
II. Securities other than shares	63,932	47.7	49,927	58.8	10,649	39.4	2,547	26.9	809	6.4
III. Loans	8,788	6.6	0	-	183	0.7	16	0.2	8,589	67.9
IV. Shares and other equity	29,601	22.1	24,855	29.3	1,658	6.1	2,983	31.6	105	0.8
V. Insurance technical reserves	2,143	1.6	0	-	2,143	7.9	0	-	0	-
VI. Financial derivatives	3	-	0	-	0	-	3	-	0	-
VII. Other claims	5,076	3.8	49	0.1	4,561	16.9	12	0.1	454	3.6
VIII. Nonfinancial assets	3,015	2.2	0	-	1,541	5.7	0	-	1,474	11.7
TOTAL LIABILITIES	134,095		84,947		27,055		9,451		12,642	
I. Loans	7,023	5.2	0	-	173	0.6	0	-	6,850	54.2
II. Insurance technical reserves	77,844	58.1	61,924	72.9	15,919	58.8	0	-	0	-
III. Other liabilities	4,705	3.5	48	0.1	2,654	9.8	75	0.8	1,928	15.3
IV. Capital accounts	44,524	33.2	22,975	27.0	8,309	30.7	9,376	99.2	3,864	30.6

Source: NBRNM.

- **Analyzed by instruments**, on the assets side, the quarterly growth is mostly due to the increased investments in debt and equity securities. The investments in debt securities are also the main generator of the annual growth, in circumstances of growth, but slower in the other instruments on the assets side. On the liabilities side, the quarterly and annual growth primarily reflects the increased insurance technical reserves, and capital accounts also acted towards increasing the liabilities.

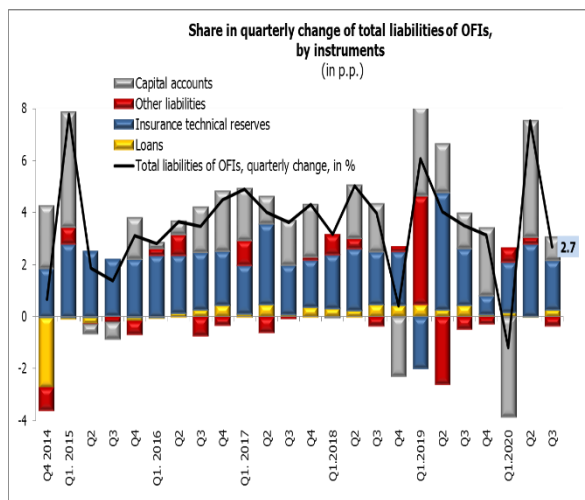
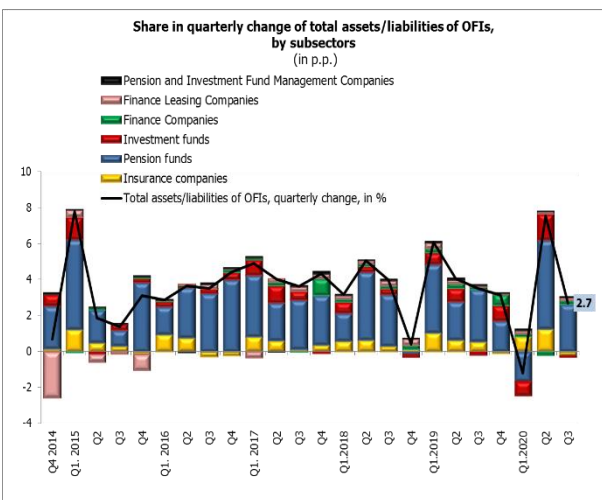
⁴ Debt securities denote securities other than shares, according to the international classification of financial instruments, as published in the balance sheets and surveys of other financial institutions.

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.



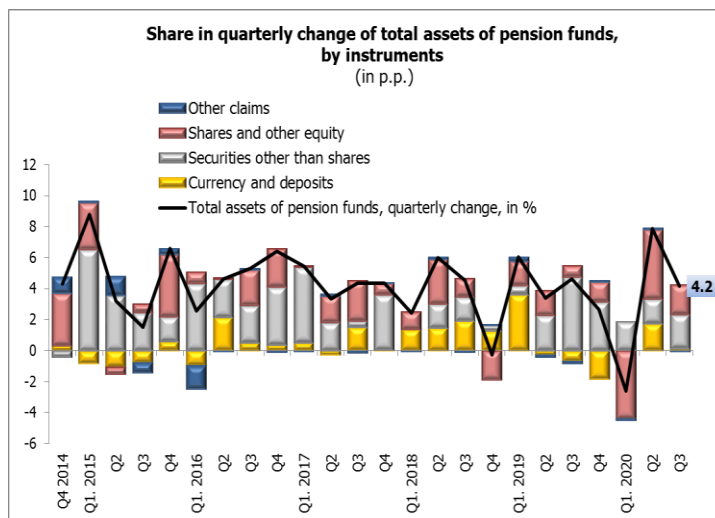
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Source: NBRNM.

Significant movements in OFIs, by type of institution

- In the analyzed quarter, **pension funds (mandatory and voluntary)** registered a quarterly and annual growth of the total assets of 4.2% and 12.3%, respectively. Analyzed by instruments, the increased investments in debt and equity securities are drivers of the growth, with a more pronounced share of government debt securities, especially pronounced in the annual change. The instrument of currency and deposits registered no major changes on a quarterly and annual basis. On the liabilities side, the growth on both bases is a reflection of the increased technical reserves and capital accounts (more pronounced in technical reserves).

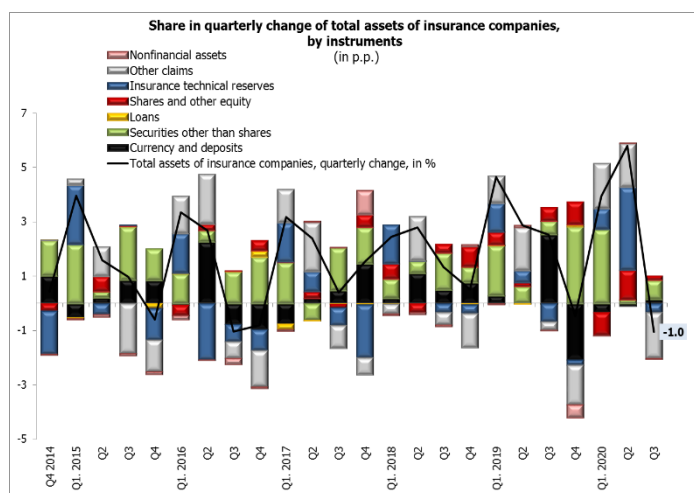


Source: NBRNM.



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- In the third quarter of 2020, the **outstanding amount of assets of insurance companies**⁷ registered a quarterly fall of 1.0%, mainly due to the reduced other claims. On the other hand, the investments in debt and equity securities continued to grow. On an annual basis, the insurance companies' assets increased by 8.3%, amid growth in debt securities and technical insurance reserves (more pronounced in government debt securities). On the liabilities side, the quarterly fall is mostly due to the reduced other liabilities, amid an additional impact of capital accounts on the fall, in circumstances of growth in the technical insurance reserves. Insurance technical reserves explain most of the annual change (share of 82.3%).



Source: NBRNM.

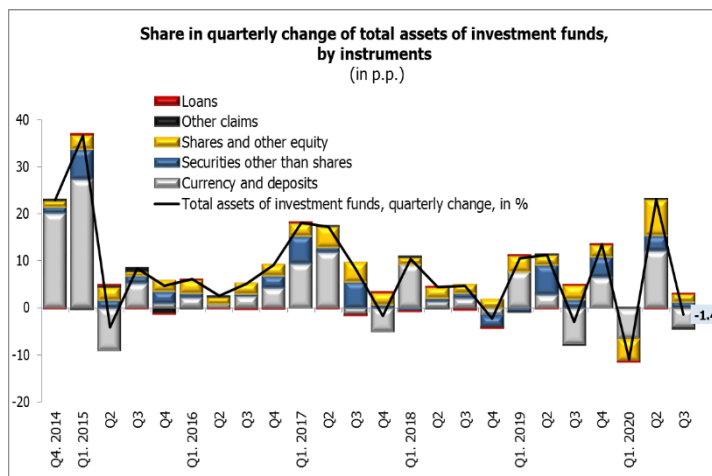
- This quarter, the **outstanding amount of assets of investment funds**⁸ decreased by 1.4%, on a quarterly basis. Analyzed by instruments, the fall is a result of the smaller placements in currencies and deposits, in circumstances of growth in the investments in equity and debt securities. On an annual level, the assets of investment funds increased by 22.5%, amid growth in all instruments, with a more pronounced contribution of debt securities. On the liabilities side, the reduction in capital accounts is the main factor of the quarterly fall in the outstanding amount of assets of investment funds, while on an annual basis, capital accounts register a positive change.

⁷ 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.

⁸ The Registry of the Securities and Exchange Commission (SEC) currently includes seventeen open-end and eleven private investment funds, and twenty-three funds report to the NBRNM.

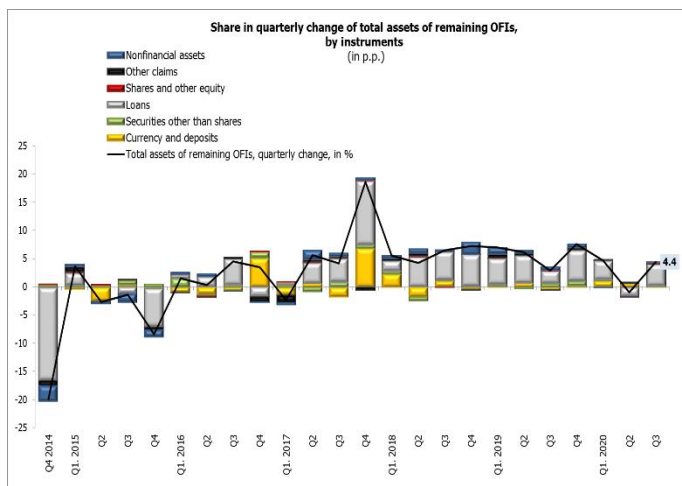


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Source: NBRNM.

- This quarter, the **outstanding amount of assets of other OFIs**^{9,10} registered a quarterly and annual growth of 4.4% and 16.4%, respectively. In the third quarter, financial and finance leasing companies registered an increase in granted loans that reached a level of Denar 8,587 million, which is a quarterly and annual growth of 5.8% and 17.1%, respectively. The positive quarterly change is a result of the increased credit activity of both sub-sectors, with a more pronounced contribution of the credit activity of financial companies, which are also the main generator of the annual growth. On the liabilities side, the growth on both bases is influenced by the increased liabilities based on loans (dominantly in foreign currency), amid an additional positive contribution of the increased capital accounts.



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 twenty-six financial corporations 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.



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Data revisions

Data on the OFIs movements in this press release include data revisions for the first and second quarter of 2020, 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: 26 February 2021 (reference period as of the fourth 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).