



National Bank of the Republic of North Macedonia Statistics Department

Skopje, 26 February 2021

Press Release

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

- **In the fourth quarter of 2020, the outstanding amount of OFIs' assets equals Denar 138,692 million**, which is an increase of Denar 4,607 million compared to the end of the previous year. **The structure of OFIs' assets** suggests that the pension funds continue to have the largest share in the outstanding amounts of assets of 64.6%, followed by the insurance companies' assets with a share of 19.3%.
- **This quarter registered quarterly and annual growth of the outstanding amount of OFIs' assets of 3.4% and 12.8%, respectively.** The upward quarterly change is mainly a result of the increased assets with the pension funds, as well as of the other sub-sectors, with the exception of the investment funds and the insurance companies, which registered a quarterly decline. Pension funds are also the key driver of the annual growth, which to a smaller extent is coupled with the growth of the assets of the other sub-sectors.

Table 1. Total assets/liabilities of OFIs³

	Q3.2019	Q4. 2019	Q1.2020	Q2.2020	Q3.2020	Q4. 2020	quarterly changes		annual changes		Structure (Total OFIs)
							Q4. 2020/Q3. 2020		Q4. 2020/Q4. 2019		
	<i>Stoiks, 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 %</i>
1. Other Financial Institutions	119,177	122,921	121,441	130,582	134,085	138,692	4,607	3.4	15,771	12.8	100
1.1 Insurance Companies	24,979	24,863	25,845	27,342	27,045	26,803	-242	-0.9	1,940	7.8	19.3
1.2 Pension Funds	75,622	77,620	75,581	81,548	84,947	89,585	4,638	5.5	11,965	15.4	64.6
1.3 Investment Funds	7,712	8,752	7,786	9,585	9,451	9,080	-371	-3.9	327	3.7	6.5
1.4 Other OFIs	10,863	11,685	12,229	12,107	12,642	13,224	582	4.6	1,538	13.2	9.5
1.4.1 Finance Companies	3,716	4,413	4,665	4,405	4,671	5,036	365	7.8	624	14.1	3.6
1.4.2 Finance Leasing Companies	5,560	5,657	5,830	5,959	6,182	6,309	127	2.1	652	11.5	4.5
1.4.3 Pension and Investment Fund Management Companies	1,587	1,616	1,734	1,743	1,789	1,879	90	5.0	263	16.3	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 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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- **The most important instruments on the side of OFIs' assets** are the investments in debt securities⁴ (share of 48.8%) and in equity securities (share of 23.1%), as well as the investments in currencies and deposits (share of 14.5%). **Observed by liabilities**, most of them are technical insurance reserves⁵ and capital accounts⁶ (share of 57.5% and 33.9%, respectively).

Table 2. OFIs' assets/liabilities, by subsector and by financial instrument, Q 4 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	138,692		89,585		26,803		9,080		13,224	
I. Currency and deposits	20,057	14.5	9,066	10.1	6,523	24.3	3,332	36.7	1,136	8.6
II. Securities other than shares	67,630	48.8	53,305	59.5	10,807	40.3	2,638	29.1	881	6.7
III. Loans	9,268	6.7	0	-	184	0.7	9	0.1	9,075	68.6
IV. Shares and other equity	31,980	23.1	27,038	30.2	1,748	6.5	3,083	34.0	110	0.8
V. Insurance technical reserves	1,702	1.2	0	-	1,702	6.3	0	-	0	-
VI. Financial derivatives	2	-	0	-	0	-	2	-	0	-
VII. Other claims	5,017	3.6	177	0.2	4,375	16.3	16	0.2	449	3.4
VIII. Nonfinancial assets	3,036	2.2	0	-	1,463	5.5	0	-	1,573	11.9
TOTAL LIABILITIES	138,692		89,585		26,803		9,080		13,224	
I. Loans	7,341	5.3	0	-	93	0.3	9	-	7,239	54.7
II. Insurance technical reserves	79,728	57.5	63,885	71.3	15,843	59.1	0	-	0	-
III. Other liabilities	4,628	3.3	36	0.0	2,565	9.6	56	0.6	1,971	14.9
IV. Capital accounts	46,995	33.9	25,665	28.6	8,301	31.0	9,016	99.3	4,013	30.4

Source: NBRNM.

- **Analyzed by instruments**, on the assets side, the main driver of the quarterly and annual growth are the increased investments in debt securities, with a positive contribution to the growth of equity investments. On the other hand, a quarterly decrease was registered in currencies and deposits. On the liabilities side, a larger contribution to the quarterly growth was made by capital accounts, with a positive share of technical insurance reserves, while the annual growth was mostly due to the higher technical insurance reserves.

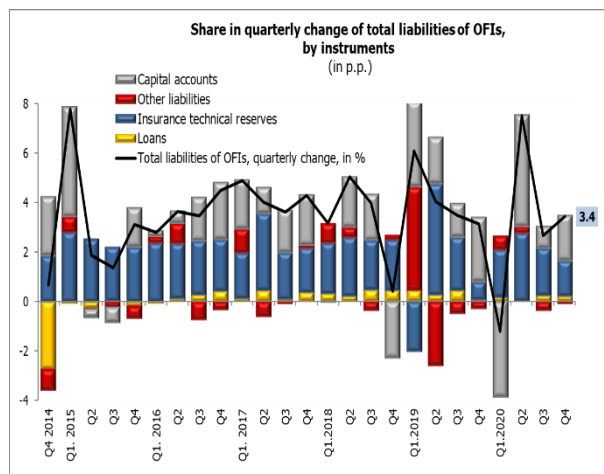
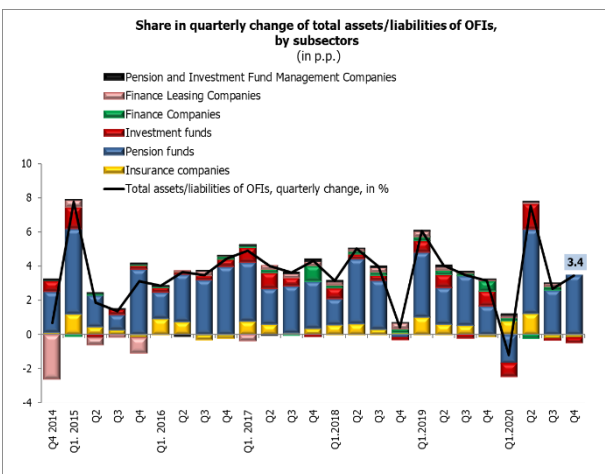
⁴ Debt securities denote securities other than shares, according to the international classification of financial instruments, as published in the balance sheets and surveys of other financial institutions.

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.



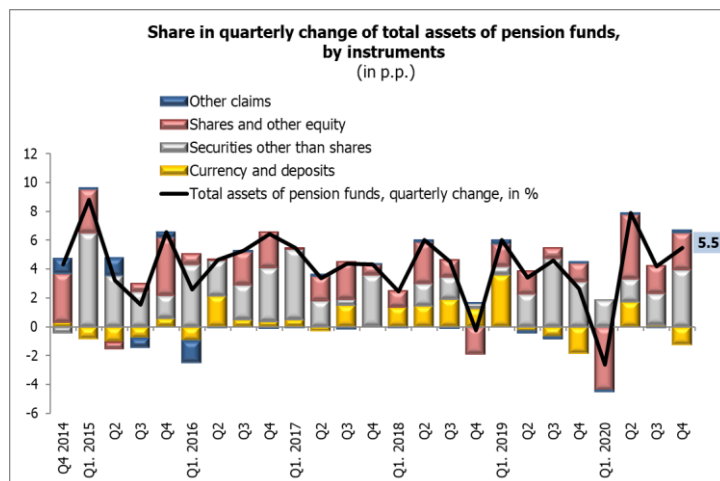
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Source: NBRNM.

Significant movements in OFIs, by type of institution

- In the fourth quarter of 2020, **the outstanding amount of assets of pension funds (mandatory and voluntary) increased by 5.5%** on a quarterly basis. Analyzed by instruments, the quarterly growth is mainly a result of the increased investments in debt and equity securities, amid a decline in currencies and deposits. The annual growth rate amounted to 15.4% and was mostly due to the greater investments in debt securities (share of 65%), with a smaller positive contribution of the investments in equity securities and the other instruments. On the liabilities side, the quarterly growth is explained by the higher capital accounts and technical insurance reserves, while the annual growth is mostly due to the increased technical insurance reserves.

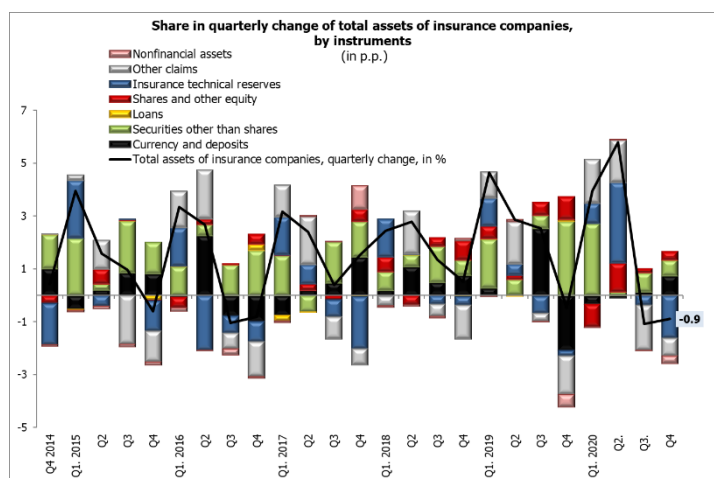


Source: NBRNM.



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- This quarter, **the outstanding amount of assets of insurance companies**⁷ decreased by 0.9% on a quarterly level, mostly due to the reduced claims on the basis of technical insurance reserves on the basis of reinsurance, with a smaller negative contribution of other claims and non-financial assets. The placements in currencies and deposits, as well as the investments in debt and equity securities, increased the assets. On an annual level, the insurance companies' assets increased by 7.8%, mostly due to the growth in debt securities. On the liabilities side, the quarterly decline is mainly due to the reduced loans, other liabilities and technical insurance reserves. The main driver of the annual growth are technical insurance reserves.



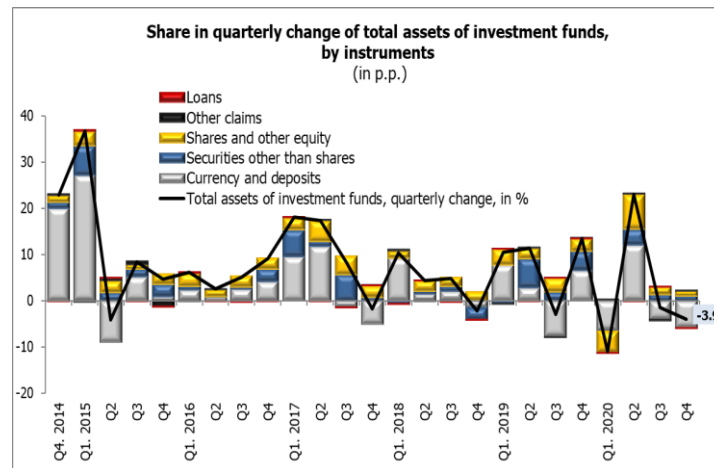
- In the fourth quarter, **the outstanding amount of assets of investment funds**⁸ registered a quarterly decline of 3.9%, which is almost entirely explained by the reduced placements in currencies and deposits, partially offset by the higher investments in equity and debt securities. On an annual level, the assets of investment funds increased by 3.7%, with the largest contribution to the growth of debt and equity securities, amid a decline in the placements in currencies and deposits. On the liabilities side, the quarterly decline is driven by the reduced capital accounts of the investment funds, while on an annual level, capital accounts increased.

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-six funds report to the NBRNM.

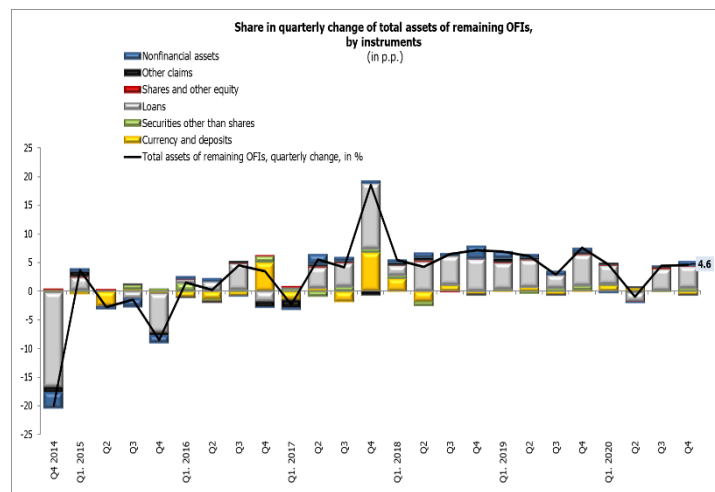


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Source: NBRNM.

- At the end of December this year, **the outstanding amount of assets of other OFIs**^{9,10} registered a quarterly and annual increase of 4.6% and 13.2%, respectively, as a result of the increased lending activity of financial companies and finance leasing companies. The lending activity of the financial and leasing companies at the end of 2020 amounted to Denar 9,073 million, amid quarterly and annual growth of 5.7% and 14.4%, respectively. The main driver of the growth on both bases is the lending activity of the financial companies, with a positive, but smaller contribution to the growth of the leasing companies. On the liabilities side, the quarterly and annual change is explained by the higher liabilities based on loans (predominantly in foreign currency) and 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 third 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: 28 May 2021 (reference period as of the first quarter of 2021).

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).