



National Bank of the Republic of North Macedonia Statistics Department

Skopje, 31 August 2021

Press Release

Significant developments in other financial institutions^{1,2} (OFIs): second quarter of 2021

- **In the second quarter of 2021, the outstanding amounts of assets of financial institutions (OFIs) equal Denar 152,572 million**, which is by Denar 6.363 million more, on a quarterly basis. Within the **structure of OFIs' assets**, pension funds continue to have the largest share with 65.2%, followed by insurance companies, with a share of 18.9%.
- **This quarter**, the outstanding amounts of assets of other financial institutions (OFIs) kept on increasing, and registered a **quarterly and annual increase of 4.4% and 16.8%, respectively**. The pension funds' assets are the main driver of the quarterly and annual growth of the outstanding amounts of assets of OFIs, amid an additional contribution of the other OFIs' sub-sectors.

Table 1. Total assets/liabilities of OFIs³

	Q2.2020	Q1.2021	Q2.2021	quarterly changes		annual changes		Structure (Total OFIs) in %
				Q2. 2021/Q1. 2021		Q2. 2021/Q2. 2020		
	Stocks, in millions of NC			in millions of NC	in %	in millions of NC	in %	
1. Other Financial Institutions	130,589	146,209	152,572	6,363	4.4	21,983	16.8	100
1.1 Insurance Companies	27,342	27,644	28,824	1180	4.3	1,482	5.4	18.9
1.2 Pension Funds	81,548	94,888	99,423	4,535	4.8	17,875	21.9	65.2
1.3 Investment Funds	9,585	9,660	10,087	427	4.4	502	5.2	6.6
1.4 Other OFIs	12,114	14,016	14,238	222	1.6	2,124	17.5	9.3
1.4.1 Finance Companies	4,411	5,726	5,873	148	2.6	1462	33.1	3.8
1.4.2 Finance Leasing Companies	5,959	6,401	6,478	78	1.2	519	8.7	4.2
1.4.3 Pension and Investment Fund Management Companies	1,743	1,890	1,887	-4	-0.2	143	8.2	1.2

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 49.1%), equity securities (share of 24.6%) and currencies and deposits (share of 12.5%). **The OFIs' liabilities** mostly result from technical insurance reserves⁵, as well as from capital accounts⁶ (share of 56.2% and 35.3%, respectively).

Table 2. OFIs' assets/liabilities, by subsector and by financial instrument, Q2 2021

	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	152,572		99,423		28,824		10,087		14,238	
I. Currency and deposits	19,089	12.5	8,507	8.6	6,260	21.7	3,288	32.6	1,033	7.3
II. Securitites other than shares	74,859	49.1	59,268	59.6	11,723	40.7	2,940	29.1	929	6.5
III. Loans	10,234	6.7	-	-	180	0.6	8	0.1	10,046	70.6
IV. Shares and other equity	37,478	24.6	31,605	31.8	1,931	6.7	3,835	38.0	106	0.7
V. Insurance technical reserves	2,265	1.5	-	-	2,265	7.9	-	-	-	-
VI. Financial derivatives	0	-	-	-	-	-	0	-	-	-
VII. Other claims	5,642	3.7	44	0.0	5,033	17.5	15	0.1	550	3.9
VIII. Nonfinancial assets	3,004	2.0	-	-	1,430	5.0	-	-	1,574	11.1
TOTAL LIABILITIES	152,572		99,423		28,824		10,087		14,238	
I. Loans	7,417	4.9	-	-	0	0.0	-	-	7,417	52.1
II. Insurance technical reserves	85,747	56.2	68,386	68.8	17,361	60.2	-	-	-	-
III. Financial derivatives	-	-	-	-	-	-	-	-	-	-
IV. Other liabilities	5,599	3.7	166	0.2	3,063	10.6	77	0.8	2,293	16.1
V. Capital accounts	53,809	35.3	30,872	31.1	8,399	29.1	10,009	99.2	4,528	31.8

Source: NBRNM.

- **Analyzed by instruments**, the quarterly and annual growth of the OFIs' assets is mostly due to the increased investments in debt and equity securities. On the liabilities side, the main driver of the quarterly and annual growth are capital accounts and technical insurance reserves.

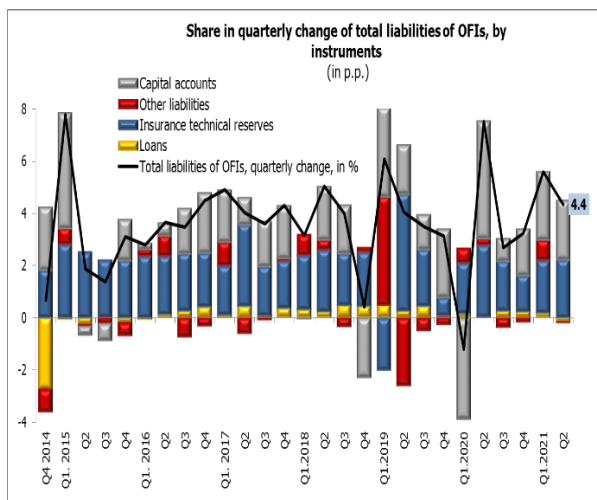
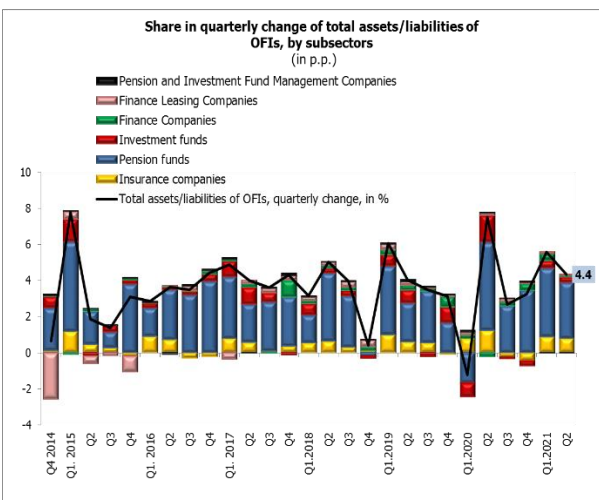
⁴ Debt securities denote securities other than shares, according to the international classification of financial instruments, as published in the balance sheets and surveys of other financial institutions.

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.



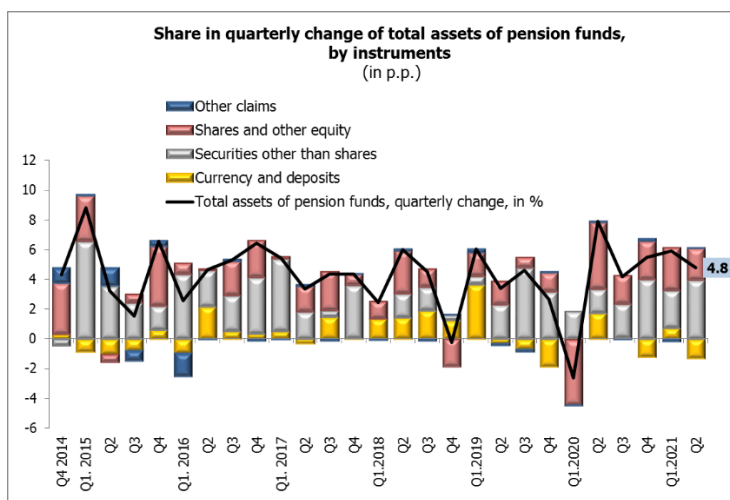
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Source: NBRNM.

Significant movements in OFIs, by type of institution

- In the second quarter of 2021, the **assets of pension funds (mandatory and voluntary)** increased by 4.8% and 21.9% on a quarterly and annual basis, respectively. Analyzed by instruments, the quarterly and annual growth is largely a result of the higher investments in debt securities, with a positive contribution of the investments in equity securities, in conditions of a fall in currencies and deposits. On the liabilities side, the growth on both bases is a reflection of the increased technical reserves and capital accounts, which make an almost equal contribution.

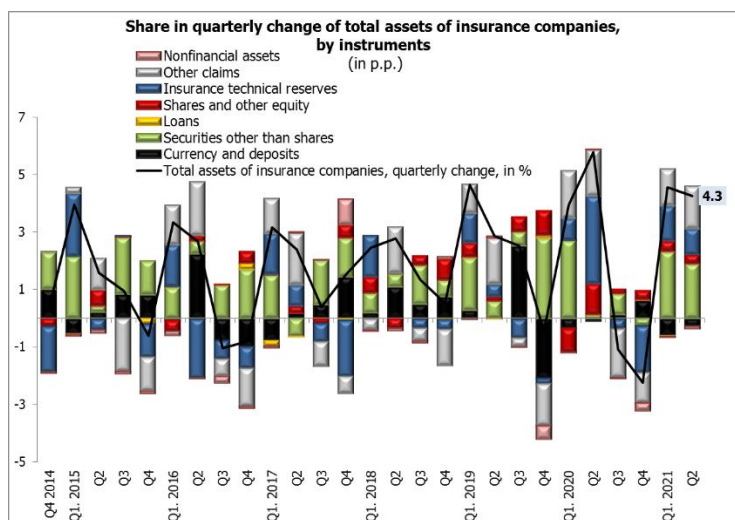


Source: NBRNM.



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- At the end of June 2021, the **outstanding amount of assets of insurance companies**⁷ registered a quarterly and annual growth of 4.3% and 5.4%, respectively, mainly due to the investments in debt securities. Other claims and technical insurance reserves additionally contributed to the quarterly growth, while equity securities also make a positive contribution to the annual growth. On the liabilities side, the main driver of the quarterly growth are technical insurance reserves, amid a smaller positive contribution of capital accounts, while the annual growth is primarily a result of technical insurance reserves.



- In the second quarter of 2021, the **outstanding amount of assets of investment funds**^{8,9} registered a quarterly growth of 4.4%, with a dominant contribution to the growth of the investments in equity securities. The annual growth rate amounts to 5.2% and mainly results from the increased investments in equity and debt securities, in conditions of reduced currencies and deposits. On the liabilities side, the quarterly and annual growth entirely derives from the increase in capital accounts.

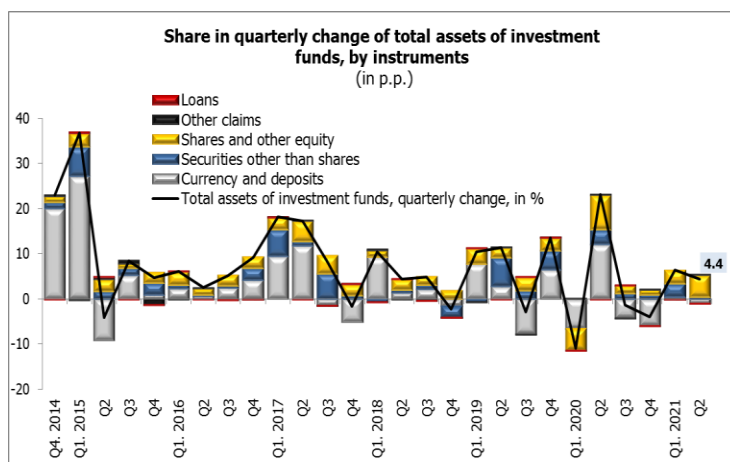
⁷ All sixteen insurance companies included in the registry of the Insurance Supervision Agency (eleven for non-life insurance and five for life insurance) currently report to the NBRNM.

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

⁹ As of the second quarter of 2021, the series of data included two new investment funds.

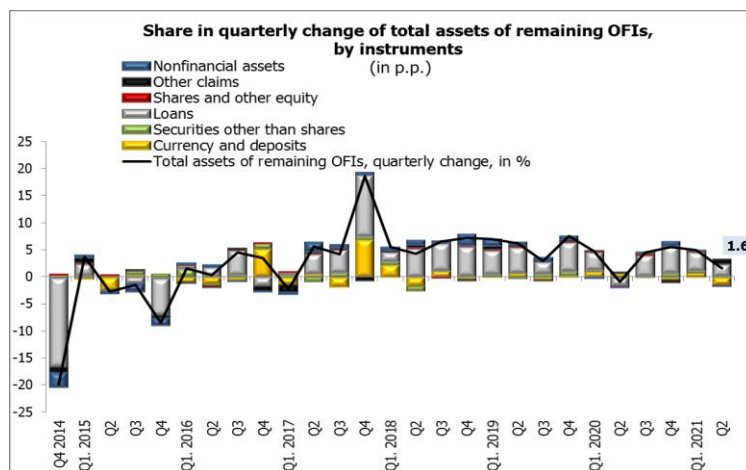


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Source: NBRNM.

- This quarter, the **outstanding amount of assets of other OFIs**^{10,11,12} registered a quarterly and annual growth of 1.6% and 17.5%, respectively. At the end of June 2021, the credit activity of the financial and leasing companies amounted to Denar 10,030 million and increased by 3.3% on a quarterly basis. The quarterly growth is largely driven by the increased lending to leasing companies, amid growth of loans approved by financial companies. The annual growth of 23.5% is primarily due to the increased lending by financial companies. The quarterly growth of liabilities is mostly due to the increased capital accounts, while the annual growth, in addition to the growth in capital accounts, is also explained by the growth of the increased liabilities based on loans.



Source: NBRNM.

¹⁰ Since the first quarter of 2014, it includes data on new reporting entities – financial companies and finance leasing companies. The data currently include twenty-eight financial companies and seven finance leasing companies.

¹¹ 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.

¹² As of the second quarter of 2021, the series of data included two new financial companies.



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Data revisions

Data on the OFIs movements in this press release include data revisions for the period from the second quarter of 2020 to the first quarter of 2021, 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: 30 November 2021 (reference period as of the third 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).