



National Bank of the Republic of North Macedonia Statistics Department

Skopje, 31 August 2022

Press Release

Significant developments in other financial institutions^{1,2} (OFIs): second quarter of 2022

- In the second quarter of 2022, the outstanding amounts of assets of other financial institutions (OFIs) equal Denar 169,538 million, which is a quarterly growth of Denar 677 million. Within the **structure of OFIs' assets**, pension funds continue to have the largest share with 64.9%, followed by insurance companies, with a share of 18.6%.
- In the second quarter of the year, the outstanding amounts of assets of other financial institutions (OFIs) increased by 0.4%, on a quarterly basis mostly due to the increase in the assets of insurance companies, with the higher assets of financial and leasing companies acting in a positive direction (with an almost equal contribution), given the decline in the assets of investment and pension funds. On an annual basis, the growth amounts to 11.1%, mainly due to the higher assets of the pension funds, with a positive contribution of the assets of the other sub-sectors.

Table 1. Total assets/liabilities of OFIs³

	Q2. 2021	Q1. 2022	Q2. 2022	quarterly changes		annual changes		Structure (Total OFIs)
				Q2. 2022/Q1. 2022		Q2. 2022/Q2. 2021		
				in millions of NC		in millions of NC		
					in %		in %	
1. Other Financial Institutions	152,600	168,861	169,538	677	0.4	16,938	11.1	100
1.2 Pension Funds	99,424	110,320	110,103	-218	-0.2	10,679	10.7	64.9
1.1 Insurance Companies	28,813	30,369	31,460	1090	3.6	2,646	9.2	18.6
1.3 Investment Funds	10,118	11,776	10,710	-1,066	-9.1	592	5.8	6.3
1.4 Other OFIs	14,245	16,396	17,266	870	5.3	3,021	21.2	10.2
1.4.1 Finance Companies	5,875	7,271	7,777	505	7.0	1902	32.4	4.6
1.4.2 Finance Leasing Companies	6,478	6,974	7,471	497	7.1	993	15.3	4.4
1.4.3 Pension and Investment Fund Management Companies	1,892	2,150	2,018	-132	-6.2	126	6.7	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:

https://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 investments in debt securities⁴ (share of 50.7%), as well as equities investments and investments in currencies and deposits (share of 24.3% and 10.2%, respectively). **On the liabilities side**, most of them are technical insurance reserves⁵ and capital accounts⁶ (share of 57.7% and 32.9%, respectively).

Table 2. OFIs' assets/liabilities, by subsector and by financial instrument, Q2 2022

	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	169,538		110,103		31,460		10,710		17,266	
I. Currency and deposits	17,351	10.2	7,076	6.4	6,648	21.1	2,733	25.5	893	5.2
II. Securities other than shares	85,967	50.7	69,160	62.8	12,803	40.7	2,919	27.3	1,085	6.3
III. Loans	12,791	7.5	-	-	185	0.6	1	0.0	12,605	73.0
IV. Shares and other equity	41,131	24.3	33,786	30.7	2,154	6.8	5,045	47.1	145	0.8
V. Insurance technical reserves	2,751	1.6	-	-	2,751	8.7	-	-	-	-
VI. Financial derivatives	-	-	-	-	-	-	-	-	-	-
VII. Other claims	6,338	3.7	81	0.1	5,580	17.7	11	0.1	666	3.9
VIII. Nonfinancial assets	3,210	1.9	-	-	1,338	4.3	-	-	1,872	10.8
TOTAL LIABILITIES	169,538		110,103		31,460		10,710		17,266	
I. Loans	9,324	5.5	-	-	21	0.1	-	-	9,303	53.9
II. Insurance technical reserves	97,880	57.7	78,446	71.2	19,434	61.8	-	-	-	-
III. Financial derivatives	-	-	-	-	-	-	-	-	-	-
IV. Other liabilities	6,524	3.8	181	0.2	3,459	11.0	89	0.8	2,794	16.2
V. Capital accounts	55,810	32.9	31,476	28.6	8,545	27.2	10,621	99.2	5,169	29.9

Source: NBRNM.

- **Analyzed by instruments, on the assets side**, the quarterly growth is mostly due to the higher investments in debt securities. The investments in debt securities are also the main generator of the annual growth, in circumstances of growth, but slower in equity securities. On the liabilities side, the quarterly growth is explained by the increase in technical insurance reserves, given the decline in capital accounts. The annual growth is mostly due to the higher technical insurance reserves, with a positive contribution of other categories.

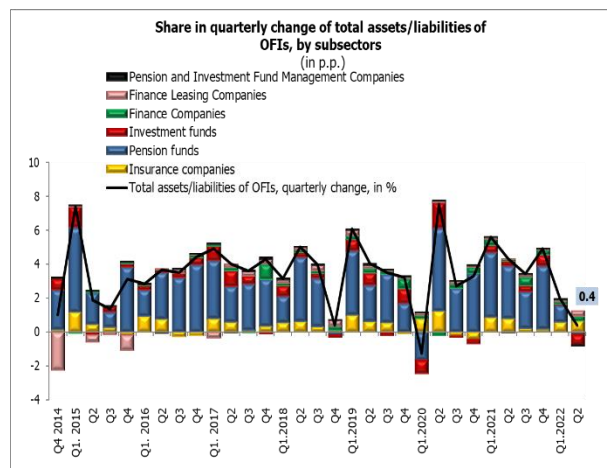
⁴ Debt securities denote securities other than shares, according to the international classification of financial instruments, as published in the balance sheets and surveys of other financial institutions.

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).

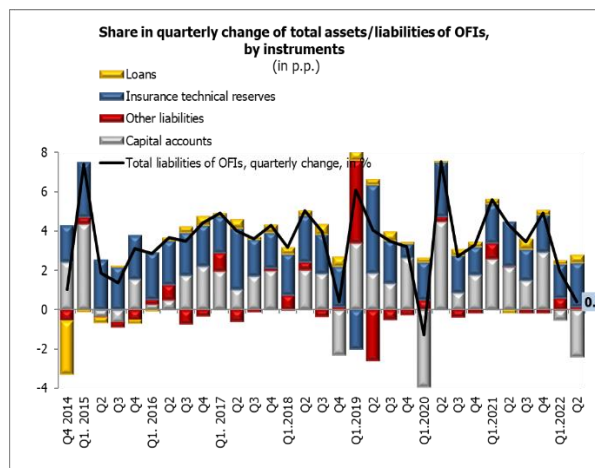
⁶ Capital accounts include: funds contributed by owners, retained earnings, current year financial result, general and special reserves and valuation adjustments.



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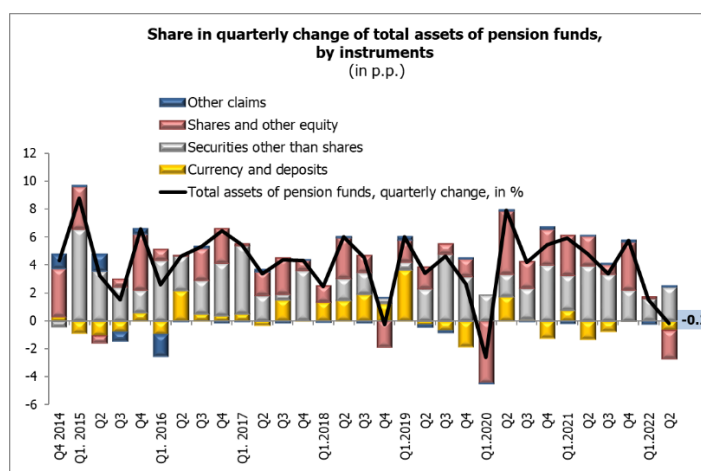


Source: NBRNM.



Significant movements in OFIs, by type of institution

- In the second quarter of 2022, the **outstanding amount of assets of pension funds (mandatory and voluntary)** decreased by 0.2% on a quarterly basis, mainly due to the reduced investments in equity securities, and to a lesser extent to currency and deposits, amid growth of the investments in debt securities. The assets of pension funds increased by 10.7% on an annual basis, mostly as a reflection of the higher investments in debt securities, with a smaller positive contribution of equity securities, amid drop of currency and deposits. On the liabilities side, the quarterly decline is a result of the reduced capital accounts, partly offset by the growth in technical insurance reserves, while the annual change is due to the increase in technical insurance reserves and capital accounts.

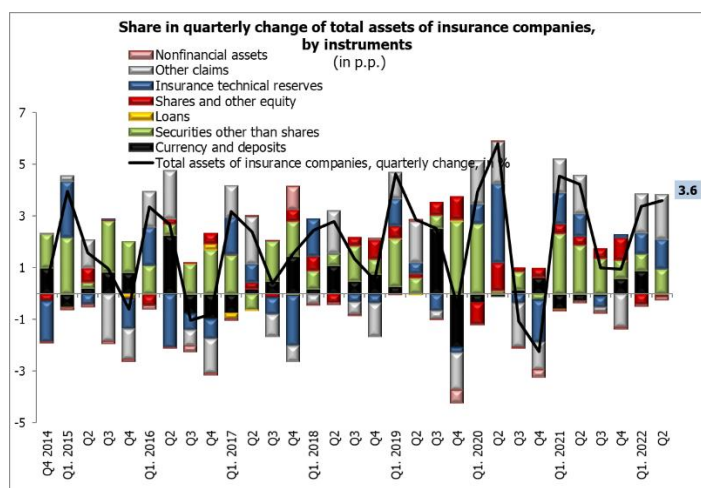


Source: NBRNM.



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- The quarterly growth rate of the **outstanding amount of assets of insurance companies**⁷ equaled 3.6%, mostly under the influence of other claims, and an additional positive contribution was also made by technical insurance reserves, as well as by the investments in debt government securities. On an annual basis, the growth of 9.2% is mainly driven by the investments in debt government securities, with other claims, technical reserves, currency and deposits and equity securities acting in a positive direction. On the liabilities side, the main generator of the quarterly growth are the insurance technical reserves and other liabilities, which mostly explain the annual growth, amid an additional positive impact of capital accounts.



Source: NBRNM.

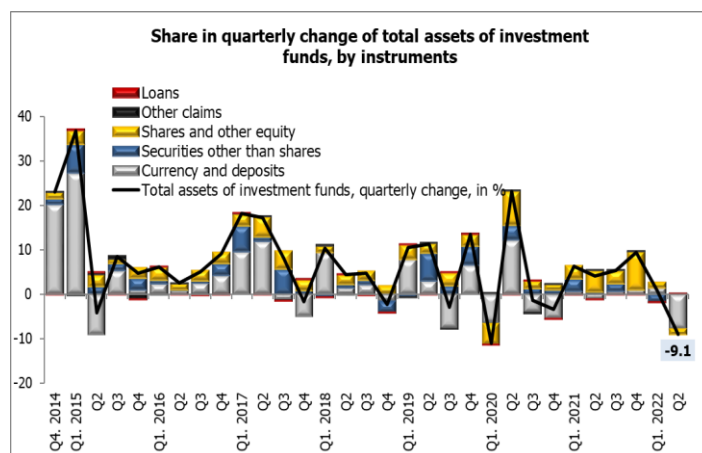
- This quarter, the **outstanding amount of assets of investment funds**⁸ registered a quarterly fall of 9.1% which primarily results from the reduction of currency and deposits, and to a lesser extent from the investments in equity securities. However, on an annual basis, the assets of investment funds increased by 5.8%, entirely as a result of the increased investments in equity securities (of non-residents), given the decline in other instruments, dominantly in currency and deposits. 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 an increase.

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.

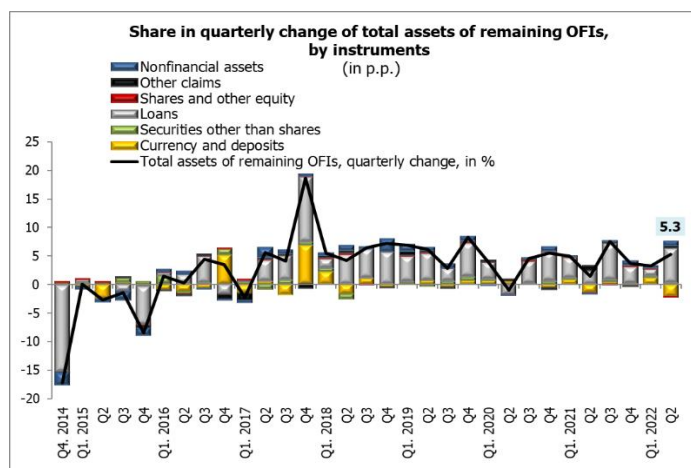
⁸ The Registry of the Securities and Exchange Commission (SEC) currently includes twenty open-end and nine private investment funds, and the data currently include twenty-eight funds.



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- In the second quarter of 2022, the **outstanding amount of assets of other OFIs**^{9,10,11} increased by 5.3% on a quarterly basis and 21.2% on an annual basis. In the second quarter of the year, loans to financial and leasing companies amounted to Denar 12,594 million, of which Denar 7,033 million refer to financial companies, and Denar 5,561 million to leasing companies. Lending activity of these two sectors registered a more significant quarterly growth of 8.6%, amid annual growth of 25.4%, in conditions of larger lending by financial companies. On the liabilities side, loan liabilities have the greatest impact on the growth on both bases, in conditions of an additional positive contribution of capital accounts and other liabilities.



⁹ Since the first quarter of 2014, it includes data on new reporting entities – financial companies and finance leasing companies. The data currently include thirty-one financial companies 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 period from the third quarter of 2021 to the first quarter of 2022, for the purposes of obtaining new, corrected information and data from the reporting entities, as well as better coverage of 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
<https://www.nbrm.mk/ns-newsarticle-bilans-i-pregledi-na-finansiskite-institucii-kvartalni-podatoci-en.nspix>

Methodological explanations:
https://www.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:
https://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 2022 (reference period as of the third quarter of 2022).

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).