

**ANNUAL REPORT
2020
DEPOSIT INSURANCE FUND
REPUBLIC OF NORTH MACEDONIA**

Skopje, February 2021

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INTRODUCTION

Quite unexpectedly and beyond any political, economic and social predictions, the year 2020 will forever be remembered as the most difficult year the world has faced since World War II, due to the spread of the contagious disease COVID 19, which caused global health, economic and financial crisis. Unfortunately, this disease continues to affect all spheres of social life in all countries of the world, regardless of their stage of development.

The battle with COVID 19 and the severe economic and financial crisis which the economy in the Republic of North Macedonia faced resulted in negative growth rate of gross domestic product of -4.4%¹. The macroeconomic indicators which marked year 2020 are inflation of 1.2%, compared to 0.8% of 2019. Unemployment rate of 16.6%, which is 0.7% lower than the unemployment rate in 2019, employment rate of 47.5%, which is 0.2% higher than the rate of employment in 2019². The average monthly gross salary paid per employee in November 2020 was 41,141 denars.

In April 2020, the Deposit Insurance Fund (hereinafter: DIF) signed a Memorandum of Understanding with the National Bank of the Republic of North Macedonia, Ministry of Finance, Securities and Exchange Commission, Insurance Supervision Agency and Fully Funded Pension Supervision Agency in order to uphold financial stability. The purpose of this MoU is to ensure timely and efficient identification of systemic risks through greater mutual coordination of regulators and to take timely and coordinated activities to prevent and reduce their impact on the financial system.

The most significant event that marked the operation of the DIF in 2020 was the failure of a bank which was pronounced on August 12, 2020, when the Governor of the National Bank of the Republic of North Macedonia revoked the operating license of “Eurostandard Banka” AD Skopje (hereinafter: “Eurostandard Banka”), member of the DIF. The pay-out of compensation to 137,107 depositors entitled to compensation started on September 15th, 2020 via four agent banks. By December 31st, 2020, 85.1% of the amount eligible for reimbursement has been paid-out to 10,800 depositors.

The positive growth rate of household deposits of 4.2% for year 2020 should be interpreted as positive and encouraging, even though it is the lowest in the last three years. The households and the economy in the Republic of North Macedonia were not immune to the global crisis. As of December 31st, 2020, the total household deposits amounted to Denar 295,7 billion Denar or 4,8 billion Euro, 52.5% were deposits in Denar and 47.5% were foreign currency deposits. The members of the DIF pay flat premium rate of 0.25% per year based on total household deposits.

¹ Source: Ministry of Finance of the Republic of North Macedonia

² Source: Ministry of Finance of the Republic of North Macedonia

The DIF investment portfolio has decreased by 18.9% in 2020 compared to 2019 as a consequence to the “pay-out” case for the “Eurostandard Banka”. As of December 31st, 2020, the total balance of the investment portfolio amounted to 13,936,2 million Denar in nominal value (225,9 million Euro), i.e., 13,930,2 million Denar in current value (225,8 million Euro), During 2020, DIF joined 14 treasury bills auctions opened by the Ministry of Finance.

Regarding international relations, DIF participated at the spring meeting of the Public Relations Committee (PRC) of the European Forum of Deposit Insurance (EFDI) in June 2020 by presenting our findings from the Research of Public Opinion (conducted in December 2019). All meetings and presentations were administered online as a consequence to the covid crises.

As an active member of EFDI, DIF also participated at the regular EFDI Annual Meeting which was also held online.

The DIF joined the online celebration of World Savings Day, organized together with the Macedonian Banking Association.

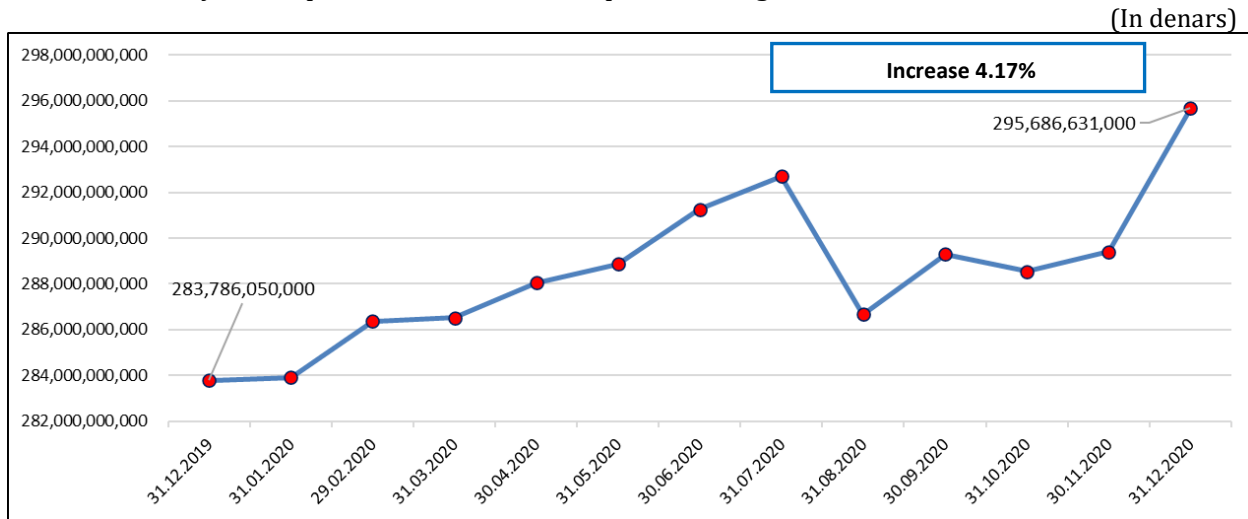
Acting Director
Amir Shabani

I. HOUSEHOLD DEPOSITS DEVELOPMENTS IN THE BANKING SYSTEM OF THE REPUBLIC OF NORTH MACEDONIA DURING 2020

The total amount of household deposits in the banking sector in the Republic of North Macedonia as of December 31st, 2020 amounted to 295,7 billion Denar (4,8 billion EUR). The monthly developments of the total household deposits in the banking sector in the Republic of North Macedonia are presented in Chart No. 1 or separately by months in Table No. 1. The annual growth of household deposits is 4.2%. The highest share is the growth of deposits of 2.2% in December 2020.

The annual growth of 4.2% is lower than the growth of household deposits reached in 2019 (7.4%), which is certainly a result only to the great global crisis, a consequence of the pandemic caused by the contagious disease COVID 19. According to the analysis, the “sight deposits” have increased by 19.1% in December 2020, compared to December 2019, while “time deposits” have decreased by 7.1%. Time deposits share 50.7% of total household deposits on December 31st 2020, while sight share 49.3% of total household deposits. What refers to the currency structure, denar deposits increased by 2.9%, and foreign currency deposits increased by 5.6% compared to December 2019.

Chart 1. Monthly developments of household deposits during 2020



Source: DIF's administrative data

Table 1. Monthly developments of total household deposits in 2020

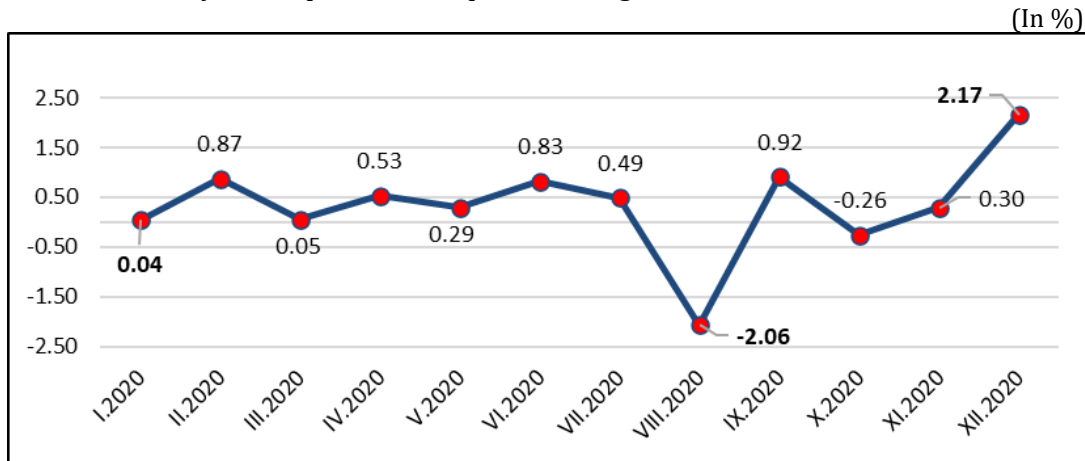
(In denars)

Period	Total household deposits (in Denar)	Total household Deposit (in Euro)	Monthly growth rate in %
31.12.2019	283,786,050,000	4,600,195,331	
31.01.2020	283,911,635,000	4,602,231,075	0.04
29.02.2020	286,376,205,000	4,642,181,958	0.87
31.03.2020	286,532,439,000	4,644,714,524	0.05
30.04.2020	288,045,821,000	4,669,246,572	0.53
31.05.2020	288,879,724,000	4,682,764,208	0.29
30.06.2020	291,266,794,000	4,721,458,810	0.83
31.07.2020	292,696,860,000	4,744,640,298	0.49
31.08.2020	286,668,487,000	4,646,919,874	-2.06
30.09.2020	289,300,257,000	4,689,581,083	0.92
31.10.2020	288,557,387,000	4,677,539,099	-0.26
30.11.2020	289,420,071,000	4,691,523,278	0.30
31.12.2020	295,686,631,000	4,793,104,733	2.17
Total:			4.17

Source: DIF's administrative data

Before the onset of pandemic in January and February 2020, the monthly growth of household deposits was 0.04% (December 2019 vs January 2020) and 0.87% (January 2020 vs February 2020). When the first measures to prevent the spread of COVID 19 were introduced, in March 2020, the monthly growth was 0.05% (February 2020 vs March 2020), In April 2020 a minimal increase of 0.53 % (March 2020 vs April 2020) has been identified, In May 2020, the growth of deposits was 0.29% (April 2020 vs May 2020), in June 0.83 (May 2020 vs June 2020) and in July 2020 0.49% (June 2020 vs July 2020). The greatest decline of -2.1% has been identified in August 2020, due to the failed bank event. After this event, in September 2020, the rate increased to 0.92% (August 2020 vs September 2020), and decreased again for -0.26% in October 2020, which in turn may be a consequence of the large wave of new cases of COVID 19 in that period. During months of November 2020 and December 2020, there was a re-stabilization in the growth of total household deposits, 0.30% in November 2020 (October 2020 vs November 2020) and 2.17% in December 2020 (November 2020 vs December 2020).

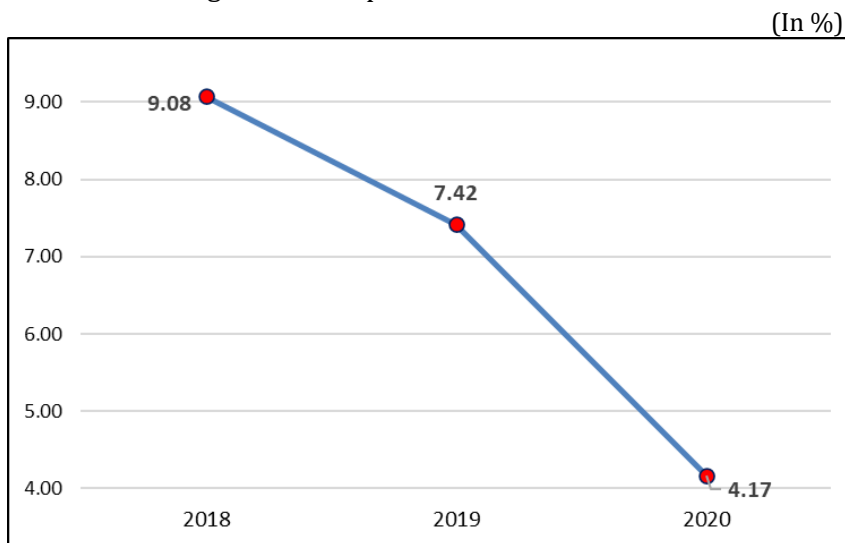
Chart 2. Monthly developments of deposits during 2020



Source: DIF's administrative data

The annual growth of the total household deposits in the banking sector in the Republic of North Macedonia in the last three years is presented in Chart 3.

Chart 3. Annual growth of deposits 2018-2020

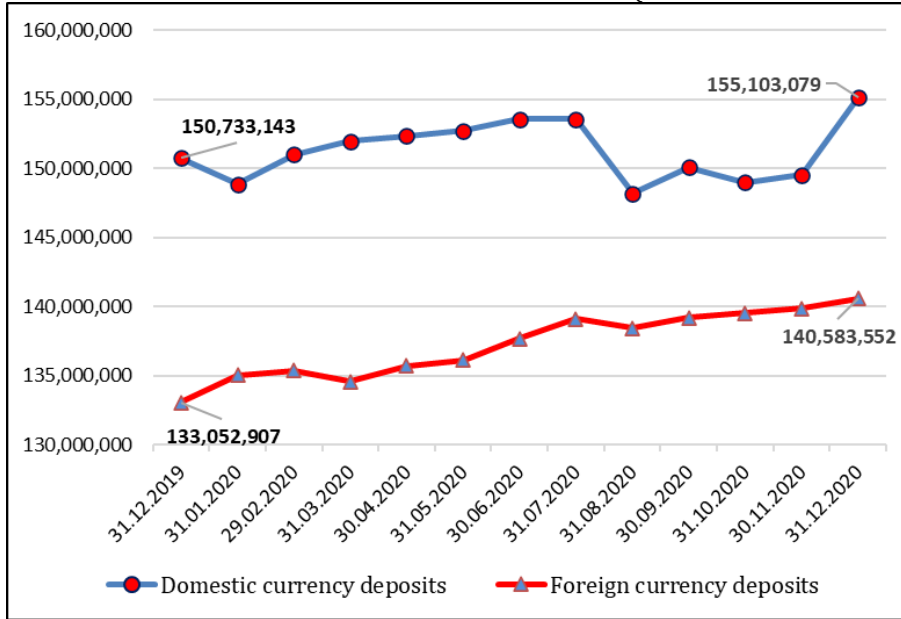


Source: DIF's administrative data

Before the pandemic, foreign currency deposits were increased (as visible in January and February), but in March 2020, with the introduction of the first measures for health protection of the population, the growth rate of foreign currency deposits declined to -0.58% (February 2020 vs March 2020). Then, until August 2020, foreign currency deposits increased again. In August 2020, when “Eurostandard Banka” failed, a decrease of -0.47% was recorded again (July 2020 vs August 2020). After this event, the growth of foreign currency deposits stabilized and amounted to 0.49% in December 2020 (November 2020 vs December 2020), Denar deposits attained usual decline of -1.25% in January 2020 (December 2019 vs January 2020), but also greatest decline of -3.5% in August 2020, which is certainly due to the bank failure event. In September 2020, the growth of Denar deposits stabilised to 1.28% (August 2020 vs September 2020) and another decline of –

0.73% in October 2020, which may be due to the high number of newly COVID 19 infections in that period (visible in the growth of total household deposits in that period). Then, the growth stabilised and was highest in December 2020 at 3.73%. This growth rate is always expected, since banks are financing the early payment of December retirement pensions.

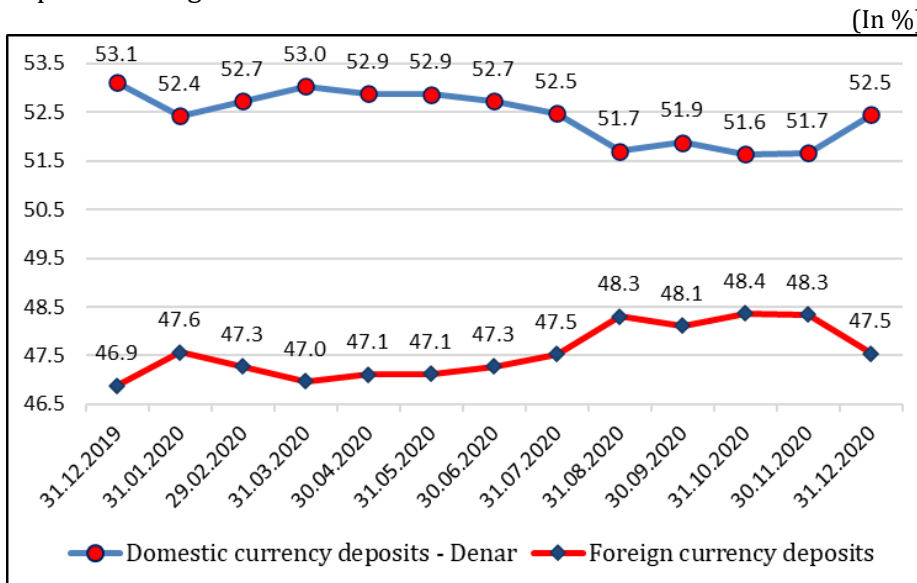
Chart 4. Developments in domestic and foreign currency deposits during 2020
(In thousands of denars)



Source: DIF’s administrative data

Domestic currency deposits share 52.5% of the total household deposits as of December 31th 2020, as opposed to 47.5% share of the foreign currency deposits in the total household deposits (Chart 5).

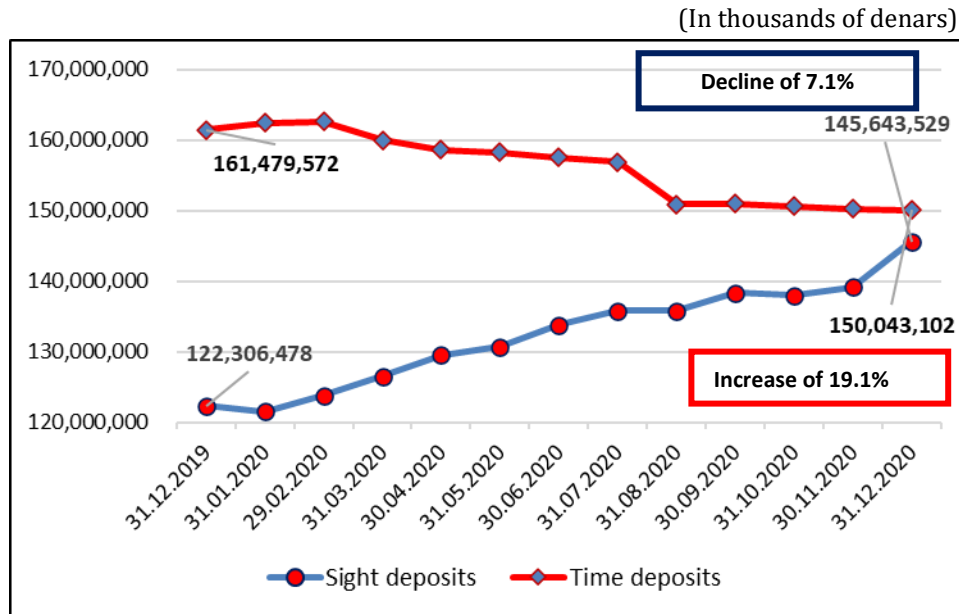
Chart 5. Domestic and foreign currency deposits share in total household deposits during 2020
(In %)



Source: DIF’s administrative data

Classified by terms of maturity, the sight deposits reveal annual growth of 19,1%, while time deposits reveal decline of -7,1% compared to 2019 (Chart 6).

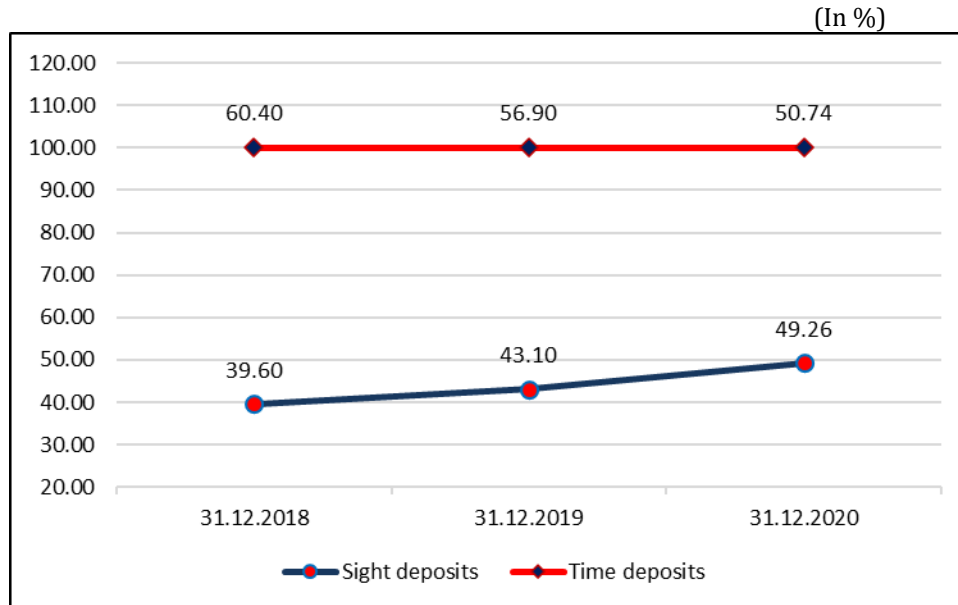
Chart 6. Developments of sight deposits and time deposits in 2020



Source: DIF's administrative data

The share of sight deposits in total household deposits as of December 31st, 2020 was 49.26%, and the share of time deposits in total household deposits was 50.74%.

Chart 7. Share of sight deposits and time deposits in total household deposits in 2018, 2019 and 2020

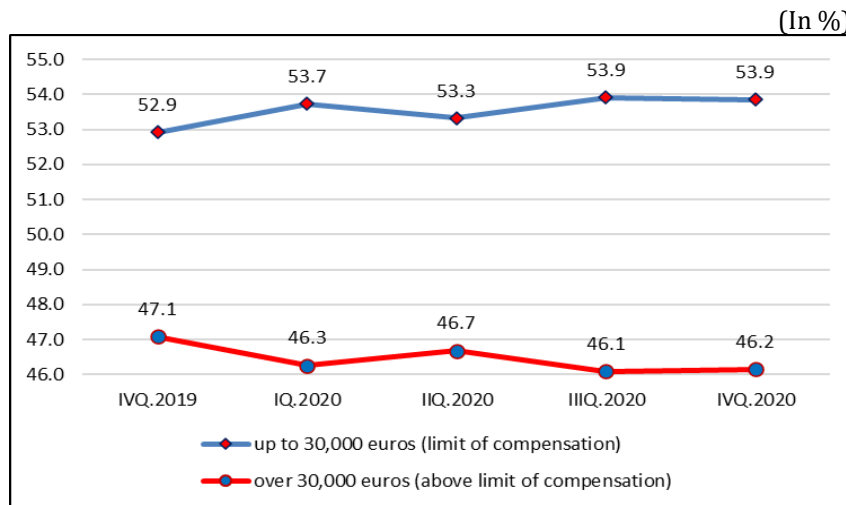


Source: DIF's administrative data

The level of compensation set by Law on the Deposit Insurance Fund is 30,000 euros in denar counter-value per depositor per bank or savings house,

Annex 1 of this report represents the quarterly developments of total household deposits classified by level of compensation threshold of 1.85 million denars or 30,000 euros in denar counter-value, The share of household deposits up to 30,000 euros in total household deposits was highest in the last two quarters of 2020 with 53.9%.

Chart 8. Share of household deposits up to and over 30,000 euros in denar counter value in **total household deposits** (IVQ,2019 - IVQ,2020)

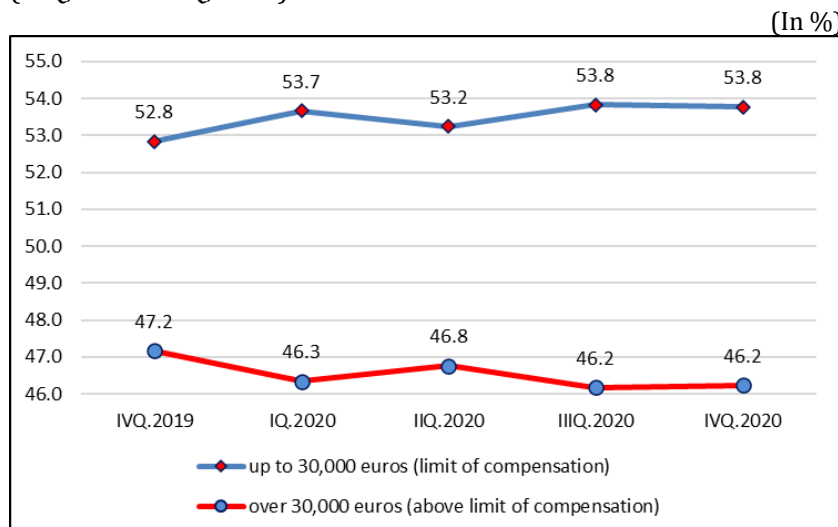


Source: DIF’s administrative data

Household deposits up to and over 30,000 euros in denar counter-value are analysed separately by banks and savings houses.

Info on the household deposits in banks: share of household deposits up to 30,000 euros in in total household deposits is highest in last two quarters of 2020, 53.8%, and lowest in second quarter of 2020, 53.2%. Share of household deposits over 30,000 euros in total household deposits is highest in the second quarter of 2020, 46.8%, and lowest in the last two quarters of 2020 with 46.2% (Chart 9).

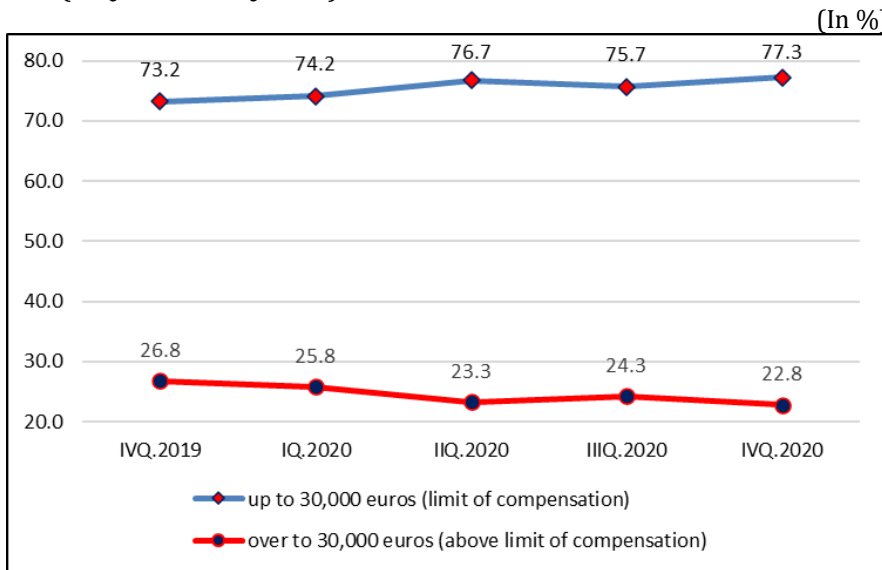
Chart 9. Share of household deposits up to and over 30,000 euros in denar counter-value in total household deposits **in banks - members of DIF** (IVQ,2019 - IVQ,2020)



Source: DIF’s administrative data

Info of household deposits in saving houses: Share of deposits up to 30,000 euros total household deposits is highest in the last quarter of 2020, 77.3%, and lowest in the first quarter of 2020, 74.2%. Share of deposits over 30,000 euros in total household deposits is highest in the first quarter of 2020, 25.8%, and lowest in the last quarter of 2020, 22.8% (Chart 10).

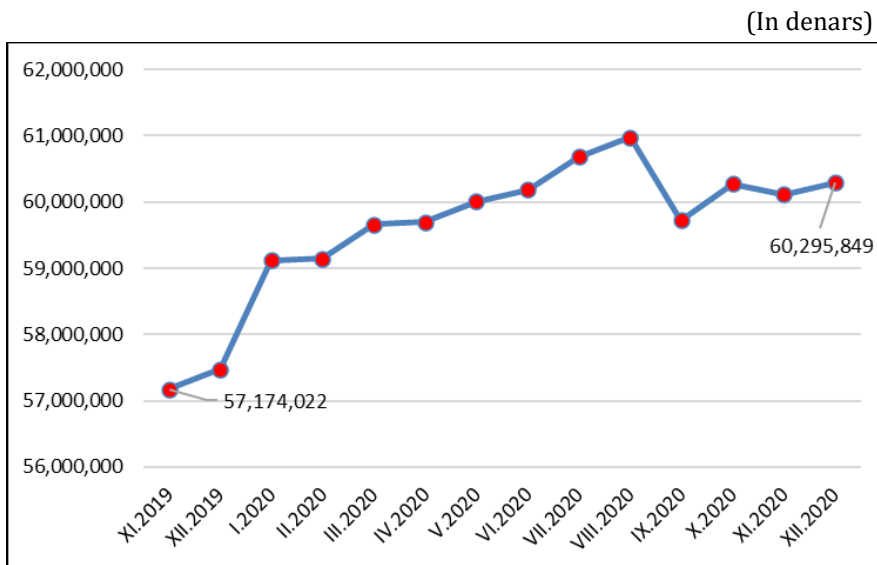
Chart 10. Share of household deposits up to and over 30,000 euros in denar counter value in total household deposits **in savings houses - members of DIF** (IVQ,2019 - IVQ,2020)



Source: DIF's administrative data

The insurance premium was collected on a regular basis, at a flat rate of 0.25% per year. The total amount of premium collected in 2020 was 11.7 million euros (Chart 11).

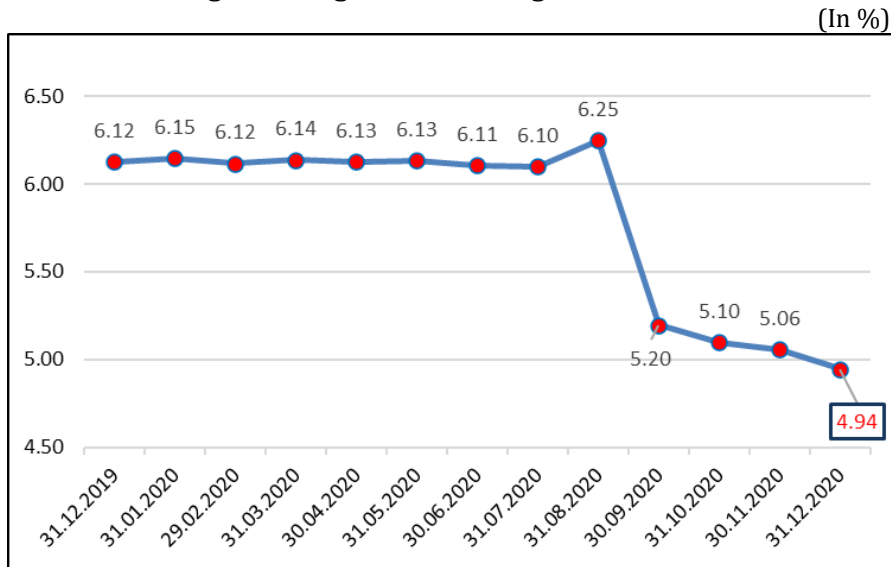
Chart 11. Collection of monthly premiums in 2020



Source: DIF's administrative data

The target level (ratio between total DIF funds and total household deposits) in 2020 was highest in August 2020, 6.25%, and lowest in December 2020, 4.94%. The decline of the target ratio was a result to the decrease of the total DIF funds which were required for the “pay-out” case, reimbursement of eligible depositors of “Eurostandard Banka” (Chart 12).

Chart 12. Changes of target ratio during 2020



Source: DIF's administrative data

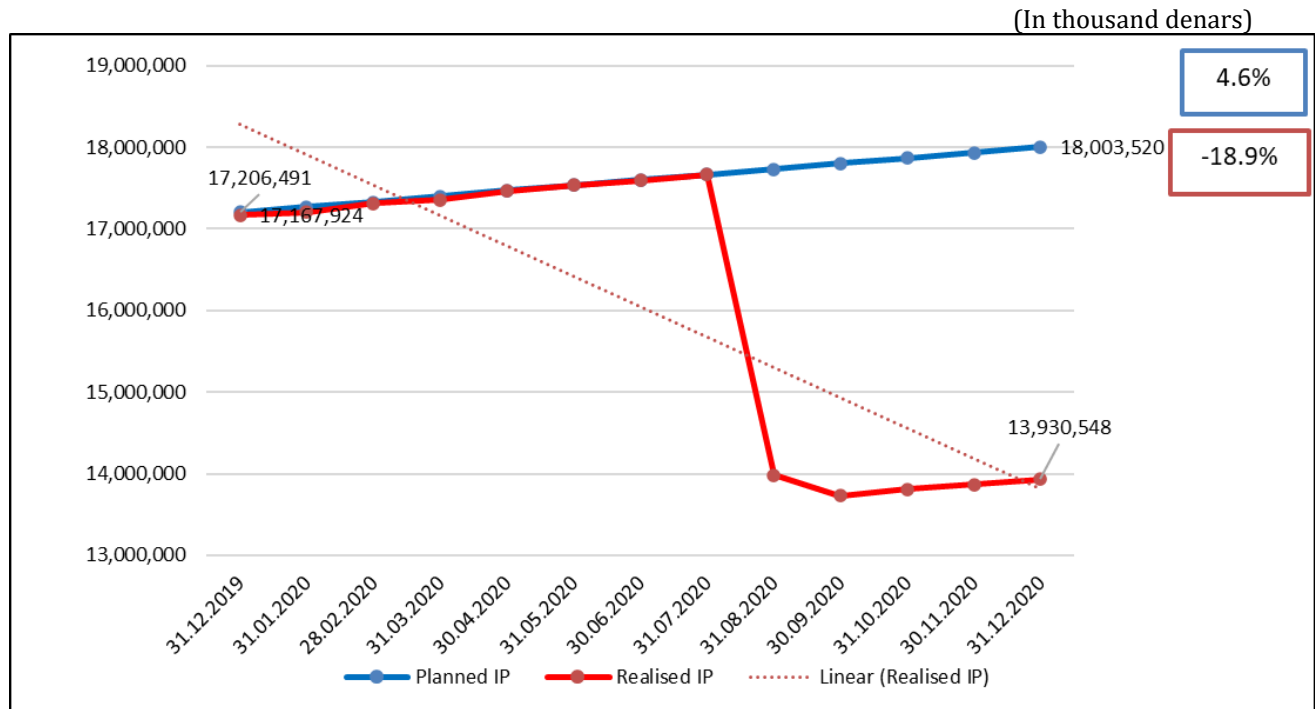
II. DEPOSIT INSURANCE FUND’S INVESTMENT PORTFOLIO (01.01.2020 – 31.12.2020)

The DIF’s investment portfolio has declined by 18.9% in 2020 compared to 2019, as a result to the “pay-out” case – reimbursement for the failed bank “Eurostandard Banka” that occurred on August 12th, 2020.

The total balance of the investment portfolio amounted to 13,936,2 million denar (nominal value) i. e. 13,930,2 million Denar (current value). On annual basis it has decreased by 3.2 billion denar, a decrease of 18.9% compared to investment portfolio on December 31st, 2019. The investment portfolio in the first semester of 2020 increased, which corresponded to the increase of DIF's funds collected on the basis of premiums from its members and the income on the basis of invested assets in securities. However, after the bank failure in August 2020 (“Eurostandard Banka”), the DIF investment portfolio decreased due to the “pay-out” process to compensate the depositors. The total reimbursement amount transferred to agent banks amounted to nearly 4.2 billion denars. On the other hand, DIF traded treasury bills in the amount of 3.4 billion denars and did not auction as previously planned at a scheduled auction in September 2021. The funds from of compensation matured treasury bills were allocated to allocated to the reserve fund for payment to depositors.

What refers to planned auctioning, the index of investments in treasury bills is 77.4% by the end of year 2020 (18 billion denars, current value). According to the analysis, it is clear that DIF’s assets were properly invested, as planned at an investment rate of 0.4%. The plan has changed after August 2020, when the bank failed and the FID’s fund decreased due to the “pay-out” case.

Chart 13. DIF's Investment Portfolio – Treasury Bills in 2020



Source: DIF's administrative data

The DIF joined 14 auctions of treasury bills issued by the Ministry of Finance, in accordance to the investment policy of the Deposit Insurance Fund. The total amount of investment portfolio did not exceed 99.00% of the sum of the total cash and securities balance. This value has been assessed to 95.3% on December 31st, 2020.

The DIF's investment portfolio at the end of the year was composed of treasury bills with a maturity period of 364 days. Additionally, in this period there was a change in the interest rates, i.e., the interest rate on the bills with maturity of 364 days was 0.5% and 0.6% annually until October, 2020, after which it decreased to 0.4% and it remained as such until the end of 2020. The total income of DIF on basis of interest from the new bills in 2020 is 38 million denars. The cost of commission for the banks intermediary in the auctions is 485 thousand denars.

Table 2. Overview of the dynamics of new and planned treasury bills and interest income in the period from 01.01.2020 to 31.12.2020
(In denars)

2020/months	New treasury bills (TB) in period January - December 2020 (in nominal value)			Planned treasury bills (TB) in period January - December 2020 (in nominal value)			Difference in nominal value 4-6	Index 4/6	Interest rate/new TB			Commission
	purchase date	maturity date	New treasury bills	Maturity date	matured TB	Planned TB			interest rate (%)	interest till maturity	interest till Dec 31st, 2020	
1	2	3	4		5	6	7	8	9	10	11	
Jan			531,920,000		501,890,000	560,000,000	-28,080,000	95.0%		2,675,558	2,477,094	35,000
	29.01.2020	27.01.2021	531,920,000	29.01.2020	501,890,000	560,000,000			0.50	2,675,558	2,477,094	35,000
Feb	12.02.2020	10.02.2021	699,510,000	12.02.2020	599,300,000	650,000,000	49,510,000	107.62%	0.50	3,518,535	3,122,213	35,000
Mar	04.03.2020	03.03.2021	2,974,800,000	04.03.2020	5,024,040,000	5,110,000,000	-2,135,200,000	58.22%	0.50	14,963,244	12,414,560	35,000
	04.03.2020	03.03.2021	5,082,800,000				-27,200,000	99.47%		25,566,484	12,642,767	
		sold	2,108,000,000									
Apr			1,810,000,000		1,700,800,000	1,770,000,000	40,000,000	102.26%		9,104,300	6,621,083	70,000
	01.04.2020	31.03.2021	610,000,000	01.04.2020	500,930,000	560,000,000	50,000,000	108.93%	0.50	3,068,300	2,309,653	35,000
	15.04.2020	14.04.2021	1,200,000,000	15.04.2020	1,199,870,000	1,210,000,000	-10,000,000	99.17%	0.50	6,036,000	4,311,430	35,000
May			970,000,000		903,100,000	970,000,000	0	100.00%	0.60	5,849,100	3,728,000	35,000
	13.05.2020	12.05.2021	970,000,000	13.05.2020	903,100,000	970,000,000						
Jun	17.06.2020	16.06.2021	96,780,000	17.06.2020	41,990,000	100,000,000	-3,220,000	96.78%	0.60	583,583	315,842	30,000
Jul	01.07.2020	16.06.2021	360,000,000	01.07.2020	295,010,000	350,000,000	10,000,000	102.86%	0.60	2,088,000	1,091,724	35,000
Aug			0	05.08.2020	616,530,000	680,000,000	-680,000,000	0.00%	0.00	0	0	0
Sep	16.09.2020	15.09.2021	249,480,000		205,800,000	570,000,000	-320,520,000	43.77%	0.60	1,504,364	438,084	35,000
				16.09.2020	505,800,000							
				sold	300,000,000							
Oct			2,210,000,000		2,132,810,000	2,200,000,000	10,000,000	100.45%		8,901,880	1,667,415	70,000
	14.10.2020	13.10.2021	660,000,000	14.10.2020	592,830,000	660,000,000	0	100.00%	0.40	2,658,480	569,674	35,000
	28.10.2020	27.10.2021	1,550,000,000	28.10.2020	1,539,980,000	1,540,000,000	10,000,000	100.65%	0.40	6,243,400	1,097,741	35,000
Nov	18.11.2020	17.11.2021	2,100,000,000		2,040,830,000	3,090,000,000	-990,000,000	67.96%	0.40	8,458,800	999,254	35,000
				18.11.2020	3,013,830,000							
				sold	973,000,000							
Dec			1,960,000,000		1,891,220,000	2,000,000,000	-40,000,000	98.00%		7,894,880	470,966	70,000
	02.12.2020	01.12.2021	940,000,000	02.12.2020	878,740,000	1,000,000,000	-60,000,000	94.00%	0.40	3,786,320	301,657	35,000
	16.12.2020	15.12.2021	1,020,000,000	16.12.2020	1,012,480,000	1,000,000,000	20,000,000	102.00%	0.40	4,108,560	169,309	35,000
Total			13,962,490,000		15,953,320,000	18,050,000,000	-4,087,510,000	77.4%		78,185,011	45,989,002	485,000

Source: DIF's administrative data

III. REIMBURSEMENT OF DEPOSITORS OF FAILED BANKS/SAVING HOUSES - MEMBERS OF DIF (BANKRUPTCY OR LIQUIDATION)

Reimbursement of depositors of failed banks and saving houses - members of DIF (bankruptcy or liquidation) is one of the three major corporate activities of DIF.

The DIF has dealt with 12 failures of banks and saving houses since it has been established, back in 1997 until December 31st, 2020. The total amount of eligible compensation value for all 12 failed banks and saving houses is 5.7 billion denar (≈92.7 million euro). Since 1997, 30,878 depositors were reimbursed in total value 4.9 billion denar (≈80 million euros), which is 86.5% of total eligible reimbursement amount. The remaining 11.9% represent DIF liability to reimburse in amount of 0.8 billion denar (≈13 million euro) (Table 3).

The largest bank failure, since the DIF has been established, occurred on August 12th, 2020, namely, on that day, the Governor adopted a decision to revoke the license for founding and operating of “Eurostandard Banka”. At that moment, this bank was qualified as an intermediate bank.

Given the specific conditions in which this bank failure occurred, i.e., in the context of the global fight against the contagious disease COVID 19, the governing bodies of the DIF, as well as the professional services immediately commenced additional tasks in order to simplify and facilitate the process of reimbursement. Listed below are some of the activities which helped simplify the process of reimbursement:

- Amendments to the Rulebook on the manner and procedure of reimbursement of depositors in case of a bank/saving house failure event were made. With the novelty we have introduced, we created an opportunity for the Bankruptcy Trustee to issue electronic Certificates in "pdf" format, signed with a digital signature, which were further electronically distributed to the agent - banks. Consequently, the process of actual physical presence of depositors to get hold of the Certificates of Ownership of deposits for reimbursement was completely eliminated. This was a huge modernisation of the process, since we managed to eliminate creating long lines of depositor waiting for their certificates. In this manner we gave some contribution to protection of health of citizens.
- The Rulebook was also amended in reference to data exchange between DIF and the Bankruptcy Trustee, i.e., we enabled full electronic data transfer by creating an "XML" file that can be easily and promptly used to import and export data from the failed bank into DIF database. This facilitated creating final list of depositors entitled to

reimbursement and also generating further data basis by data exchange with the agent banks.

- The process of selecting the agent banks started immediately after the failure occurred. The large number of depositors (137,107) entitled to reimbursement was our major criteria to select the four largest banks in the Republic of Northern Macedonia to be our agent banks, All of these banks also hold diversified branch networks all over the country: Komercijalna Banka AD Skopje, Stopanska Banka AD Skopje, NLB Banka AD Skopje and Halkbank AD Skopje.
- The final list of depositors entitled to reimbursement was accessible to DIF on September 4th, 2020. Within 36 hours, DIF distributed data to agent banks. The depositors were divided among four agent banks by a simple criterion - "the first letter of the surname of the depositors in Cyrillic alphabet".
- After intensive preparations, on September 15th, 2020, the reimbursement of depositors begun.

The pay-out process took same pace within all agent banks in the first ten days of reimbursement. During this period 70.7% of the eligible reimbursement amount has been paid out. This is one of the most successful pay-out cases in our deposit insurance system, In the first month of the pay-out 76.2% of reimbursement was completed. At the end of 2020, as of December 31st, 2020, 85.1% of the reimbursement was completed.

Dispersed by categories, the pay-out dynamics has been processes as follows: the largest percentage of pay-out - **94.3%** of deposits in the amount of 1,200,001-1,850,889 denars (≈20,000 to 30,000 euros), i.e., up to the maximum compensation threshold, **91.15%** of deposits in the amount of 600,001-1,200,000 (≈10,000 to 20,000 euros), **81.8%** of deposits in the amount of 300,001-600,000 denars (≈5,000 to 10,000 euros), **72 %** of deposits in the amount of 100,001-300,000 denars (≈1,500 to 5,000 euros), **61.7%** of deposits in the amount of 60,001-100,000 denars (≈1,000 to 1,500 euros), **54.5%** of deposits in the amount of 30,001- 60,000 denars (≈500 to 1,000 euros), **40.9%** of deposits in the amount of 20,001-30,000 denars (≈320 to 500 euros), **30.5%** of deposits in the amount of 10,001 - 20,000 denars (≈160 to 320 euros), **14.5%** of deposits in the amount of 5,001-10,000 denars (≈80 to 160 euros), **6.7%** of deposits in the amount of 1,001-5,000 denars (≈16 to 80 euros), **1.7%** of deposits in the amount of 501-1,000 denars (≈8 to 16 euros), **0.8%** of deposits in the amount of 101-500 denars (≈1,5 to 8 euros) and **0.2%** of deposits in the amount of 1 - 100 denars (≈0,1 to 1,5 euros), The smaller the deposit, the lower the percentage of pay-out in respective category. The lowest pay-out is recognised in deposits up to 20,000 denars, Namely, 69,516 of unpaid depositors belong to the category of 1 - 100 denars (≈0,1 to 1,5 euros), 20,670 unpaid depositors in the category of 101-500 denars, 8,148 unpaid depositors in the category of 501-1,000 denars, 15,373 unpaid depositors

from the category of MKD 1,001-5,000, 5,745 unpaid depositors from the category from MKD 5,001-10,000 and 3,065 unpaid depositors in the category from MKD 10,001-20,000.

This "pay-out" case confirmed our previous experience that depositors are not interested in reimbursement of small deposits.

In addition to the payment of reimbursement through the four agent banks, DIF has processed 65 reimbursements for heirs of deceased persons - depositors of "Eurostandard Banka".

The "pay-out" process for the "Eurostandard Banka" is presented in Table 4 for period September 15th, 2020 till December 31st, 2020.

The Deposit Insurance Fund has contributed to all sessions of Board of Creditors of failed "Export-Import" Bank, as well as at the Board of Creditors of the recently failed "Eurostandard Banka".

Table 3. Summary of reimbursement paid to depositors of failed banks/saving houses by DIF as of December 31st, 2020

(In denar)

nr.	Name of failed bank/saving house	First day of "pay-out"	Total deposits	Eligible Reimbursement		Paid Reimbursement		In Percentage (eligible reimbursement/total deposits)	Paid/Eligible		Unpaid Reimbursement	
				Amount	Depositors	Amount	Depositors		In percent (paid reimbursement/eligible reimbursement)	In percent (paid depositors/total depositors entiteled to reimbursement)	Amount	Depositors
1	2		3	4	5	6	7	8	9	10	11	12
1	Export-Import Bank	29.03.2007	106,227,033	95,608,486	1,166	92,386,606	606	90.00	96.63	51.97	3,221,880	560
2	Mitshtedilnica saving house	10.07.2003	6,790,124	6,769,326	56	6,767,552	33	99.69	99.97	58.93	1,774	23
3	INKO saving house	22.09.2010	11,927,740	11,771,613	60	11,630,312	39	98.69	98.80	65.00	141,301	21
4	Almako Bank	18.08.2000	2,850,307	1,784,964	721	381,205	10	62.62	21.36	1.39	1,403,759	711
5	Makedonska Bank	04.12.2007	1,543,168,575	1,304,590,349	115,121	1,164,206,250	18,319	84.54	89.24	15.91	140,384,099	96,802
6	Radobank	25.08.2005	86,224,736	76,005,556	3,629	72,412,381	785	88.15	95.27	21.63	3,593,175	2,844
7	Kiro Kjuchuk Saving House	15.09.2006	3,351,082	3,318,630	762	3,239,487	186	99.03	97.62	24.41	79,143	576
8	Fershped Saving House	13.04.2010	6,218	6,218	230	0	0	100.00	0.00	0.00	6,218	230
9	Eurostandard Bank	15.09.2020	5,391,610,346	4,176,239,365	136,997	3,554,028,981	10,800	77.46	85.10	7.88	622,210,384	126,197
10	Uniprokom Saving House	01.02.2000	7,881,535	5,118,309	144	4,919,528	79	64.94	96.12	54.86	198,781	65
11	Interfalko Saving House	19.12.2012	17,832,485	17,832,485	62	17,824,557	21	100.00	99.96	33.87	7,928	41
	Total		7,177,870,178	5,699,045,298	258,948	4,927,796,858	30,878	79.40	86.47	11.92	771,248,440	228,070
	Total (in euro)		116,346,325	92,376,006		79,874,815					12,501,190	

Source: DIF's administrative data

Table 4. Summary of eligible, paid and unpaid reimbursement of depositors from failed “Eurostandard Banka” as of December 31st, 2020

(In denar)

Reimbursement threshold	Eligible reimbursement		Paid reimbursement			Unpaid reimbursement		
	Total number depositors entitled to reimbursement	Total amount of eligible reimbursement	Number of paid depositors	Total amount of paid reimbursement	paid/eligible reimbursement (in percentage)	Number of unpaid depositors	Total amount of unpaid reimbursement	Unpaid/eligible reimbursement (in percentage)
over trash hold	0	0	0	0	0	0	0	0
1,200,001-1,850,889	1,314	2,232,102,416	1,238	2,104,604,028	94.29	76	127,498,388	5.71
600,001-1,200,000	901	754,296,107	818	687,559,036	91.15	83	66,737,071	8.85
300,001-600,000	974	408,637,324	792	334,351,447	81.82	182	74,285,877	18.18
100,001-300,000	2,002	346,819,883	1,413	249,662,850	71.99	589	97,157,033	28.01
60,001-100,000	1,453	112,442,665	891	69,373,356	61.7	562	43,069,309	38.3
30,001-60,000	2,826	117,450,068	1,523	63,948,157	54.45	1,303	53,501,911	45.55
20,001-30,000	1,675	40,958,999	680	16,735,188	40.86	995	24,223,811	59.14
10,001-20,000	4,359	60,302,108	1,294	18,395,960	30.51	3,065	41,906,148	69.49
5,001-10,000	6,664	47,551,796	919	6,879,258	14.47	5,745	40,672,538	85.53
1,001-5,000	16,268	43,966,780	895	2,931,661	6.67	15,373	41,035,119	93.33
501-1,000	8,274	5,888,500	126	98,792	1.68	8,148	5,789,708	98.32
101-500	20,799	5,070,719	129	39,484	0.78	20,67	5,031,235	99.22
1-100	69,598	1,765,853	82	3,646	0.21	69,516	1,762,207	99.79
Total	137,107	4,177,253,218	10,800	3,554,582,863	85.09	126,307	622,670,355	14.91
Total in euro		67,708,132		57,616,346			10,092,883	

Source: DIF's administrative data

IV. FINANCIAL STATEMENTS – YEAR 2020

Financial result for period January 1st 2020 – December 31st 2020

The Deposit Insurance Fund achieved the following financial result in 2020:

Table 5. DIF's financial result for period 1st January 2020 – 31st December 2020

(In denar)

Description	
Revenues	95,522,024
Expenditures	17,506,844
Gross profit	78,015,180
Profit tax	7,820,976
Net profit	70,194,204

Source: DIF's administrative data

Table 6. DIF's Assets and Liabilities - 31st December 2020

(In denar)

Description	
Assets	14,645,390,409
<i>Intangible assets</i>	12
<i>Tangible assets</i>	19,843,119
<i>Investments</i>	13,930,548,363
<i>Cash</i>	678,376,479
<i>Receivables</i>	16,622,436
Equity, reserves and liabilities	14,645,390,409
<i>Equity</i>	10,299,958
<i>Reserves</i>	13,943,672,126
<i>Accumulated profit</i>	70,194,204
<i>Reimbursement liability</i>	621,155,862
<i>Other current liabilities</i>	68,259

Source: DIF's administrative data

DIF Balance Sheet December 31st, 2020

(In thousands of denars)

Description	December 31 st , 2019	%	Plan December 31 st , 2020	%	December 31 st , 2020	%	Index 6/2	Index 6/4
1	2	3	4	5	6	7	8	9
ASSETS	17,411,717	100	18,217,735	100	14,645,390	100	84.11	80.39
<i>Intangible assets</i>	212	0	124	0	0	0	0	0
Software and similar rights	212	0	124	0	0	0	0	0
<i>Tangible assets</i>	20,92	0.12	20,186	0.11	19,843	0.14	94.85	98.3
Properties	20,262	0.12	19,453	0.11	19,453	0.13	96.01	100
Equipment	658	0	733	0	390	0	59.27	53.21
<i>Investments</i>	17,167,925	98.6	18,003,521	98.82	13,930,548	95.12	81.14	77.38
12-months maturity Treasury Bills	17,167,925	98.6	18,003,521	98.82	13,930,548	95.12	81.14	77.38
<i>Cash, Receivables</i>	222,66	1.28	193,904	1.06	694,999	4.75	312.13	358.42
Cash	213,917	1.23	189,843	1.04	678,377	4.63	317.12	357.34
1. Cash in banks	213,909	1.23	189,837	1.04	57,668	0.39	26.96	30.38
2. Cash	0	0	0	0	620,694	4.24	0	0
3. Cash register	8	0	6	0	15	0	187.5	250
Receivables	8,734	0.05	4,036	0.02	16,622	0.11	190.31	411.84
1. Receivables - insurance premium	0	0	0	0	11,596	0.08	0	0
2. Other receivables	0	0	0	0	0	0	0	0
3. Income tax - advances	8,734	0.05	4,036	0.02	5,026	0.03	57.55	124.53
Prepaid expenses	9	0	25	0	0	0	0	0
EQUITY, RESERVES AND LIABILITIES	17,411,717	100	18,217,735	100	14,645,390	100	84.11	80.39
<i>Equity and reserves</i>	17,411,620	100	18,217,615	100	14,024,166	95.76	80.54	76.98
Equity	10,3	0.06	10,3	0.06	10,3	0.07	100	100
Reserves	17,283,727	99.26	18,129,829	99.52	13,943,672	95.21	80.68	76.91
Annual profit	117,593	0.68	77,486	0.43	70,194	0.48	59.69	90.59
<i>Current liabilities</i>	97	0	120	0	621,224	4.24	640,437.11	517,686.67
Reimbursements	0	0	0	0	621,156	4.24	0	0
Other liabilities	97	0	120	0	68	0	70.1	56.67
Short-term liabilities	97	0	120	0	68	0	70.1	56.67
Accrued liabilities	0	0	0	0	0	0	0	0

Source: DIF's administrative data

DIF Income Statement January 1st, 2020 – December 31st, 2020

(In thousands of denars)

Description	Jan 1 st – Dec 31 st , 2019	%	Plan Dec 31 st 2020	%	Jan 1 st – Dec 31 st , 2020	%	Index 6/2	Index 6/4
1	2	3	4	5	6	7	8	9
REVENUES	145,819	100	102,921	100	95,522	100	65.51	92.81
1. Treasury Bills – 12 months maturity	145,797	99.98	102,921	100	95,485	99.96	65.49	92.78
2. Sight deposit at the National Bank	0	0	0	0	0	0	0	0
3. Sight deposits at commercial banks	0	0	0	0	0	0	0	0
4. Penalty interest – insurance premium	22	0.02	0	0	24	0.03	109.09	0
5. Agent banks - interest	0	0	0	0	0	0	0	0
6. Exchange rate revenues	0	0	0	0	13	0.01	0	0
EXPENSES	15,114	100,00	16,788	100,00	17,507	100,00	115.83	104.28
1. Expenses for services	2,097	13,87	2,318	13,81	830	4.74	39.58	35.81
2. Depreciation	1,595	10,55	1,348	8,03	1,289	7.36	80.82	95.62
3. Material expenses	569	3,76	737	4,39	493	2.82	86.64	66.89
4. Other expenses	1,634	10,81	1,750	10,42	1,247	7.12	76.32	71.26
5. Wages	9,219	61,00	10,635	63,35	10,602	60.56	115.00	99.69
6. Investments expenses	0	0,00	0	0,00	3,046	17.40	0	0
Profit	130,705		86,133		78,015		59.69	90.58
Profit tax	13,112		8,647		7,821		59.65	90.45
Net profit	117,593		77,486		70,194		59.69	90.59

Source: DIF's administrative data

V. DEPOSIT INSURANCE FUND ACTIVITIES DURING 2020

MANAGEMENT AND MANAGEMENT BODIES

The FID is managed by Managing Board and Director.

The Managing Board is comprised of 5 members appointed by the Government of the Republic of North Macedonia. Members of DIF's MB are:

- Mrs.Suzana Peneva – MB member appointed by the Ministry of Finance, DIF's MB President;
- Mrs. Lence Tagasovska – MB Acting Member appointed by the Ministry of Finance;
- Mrs. Magdalena Simonovska – MB member appointed by Ministry of Finance;
- Mrs. Nora Manova - Trajkovska – MB Acting Member appointed by National Bank of the Republic of North Macedonia;
- Mrs.Milena Perchinkova - MB Acting Member appointed by Macedonian Banking Association,

IMPLEMENTED LEGAL DECISIONS

The Management Board of the DIF held 9 meetings (19th – 27th) during 2020.

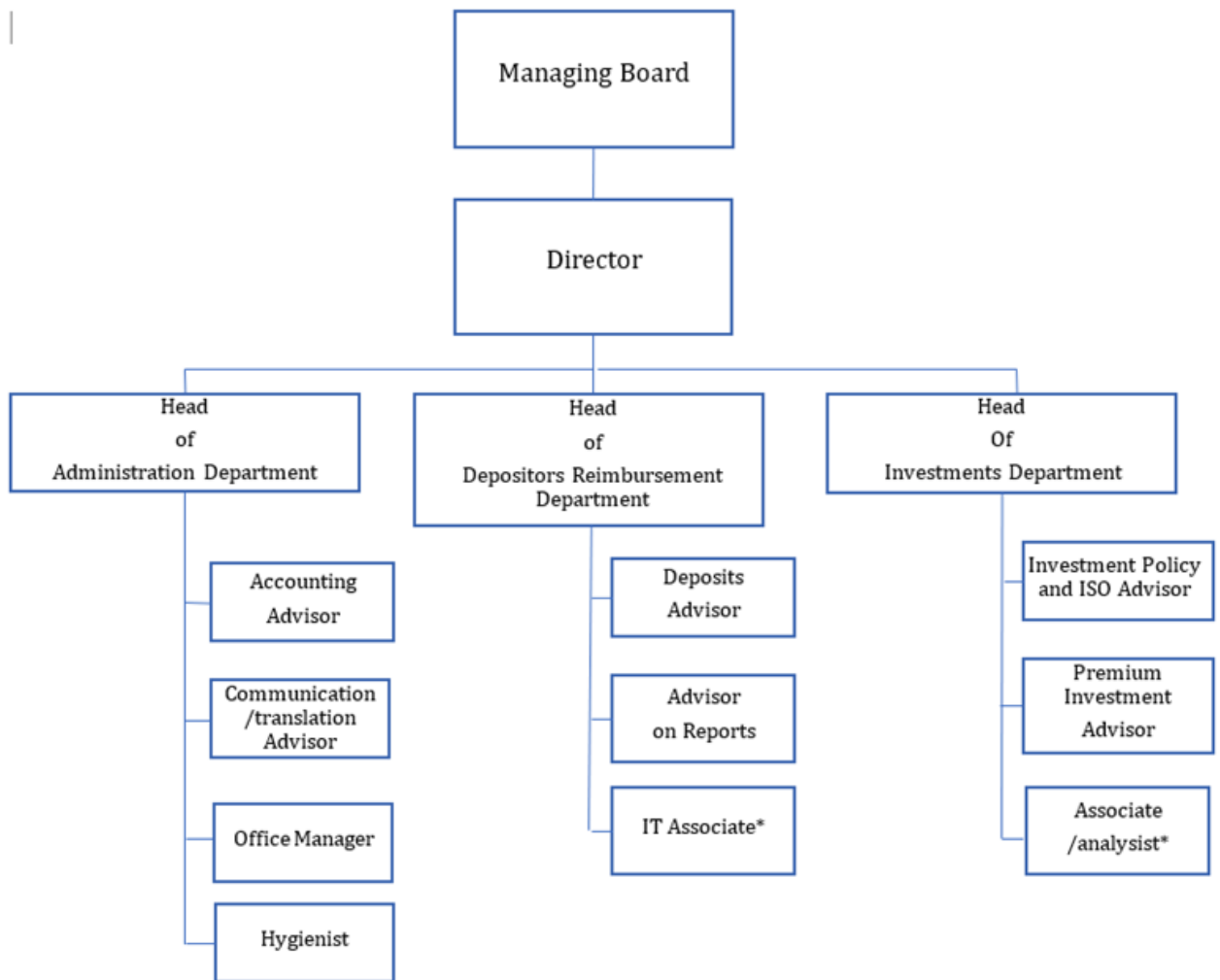
The most important decisions made during this period were:

- Decision on adoption of Report on inventory of property and liabilities of the Deposit Insurance Fund as of December 31st, 2019;
- Decision on DIF's Fixed Assets Write-offs;
- Decision on adoption of Annual Account of the Deposit Insurance Fund for 2019;
- Decision on adoption of the Annual Report of the Deposit Insurance Fund 2019;
- Decision on adoption of the Financial Statements of the Deposit Insurance Fund for 2019;
- Decision on saving Net Profits of the Deposit Insurance Fund for 2019;
- Decision on adoption of the Public Procurement Plan for 2020
- Decision on adoption of the Semi-Annual Report for the period from 01.01.2020 to 30.06.2020;
- Decision on reimbursement of insured deposits of the depositors in “Eurostandard Banka” AD Skopje;
- Decision on termination of “Eurostandard Banka” AD Skopje membership;
- Decision on amendment to the Rulebook on the manner and procedure of reimbursement of depositors of a failed bank;
- Decision on selecting agent-banks to conduct the reimbursement process for depositors of “Eurostandard Banka” AD Skopje;
- Decision on amendment to the Rulebook on investment policy of the Deposit Insurance Fund;

- Decision to certificate the Director of the Deposit Insurance Fund to make separate decisions for the investment portfolio of the Fund;
- Decision on adoption of Report on Deposit Insurance Fund for the period from January 1st, 2020 – June 30th, 2020;
- Decision on approval of DIS’s Budget for 2021;

CHART OF EMPLOYEES

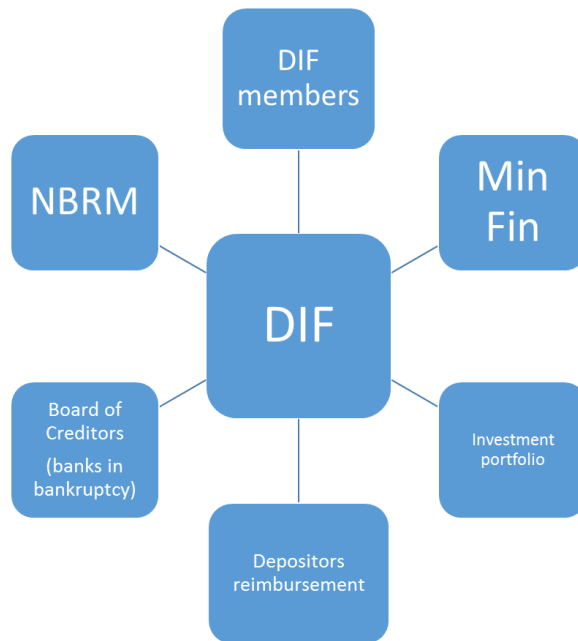
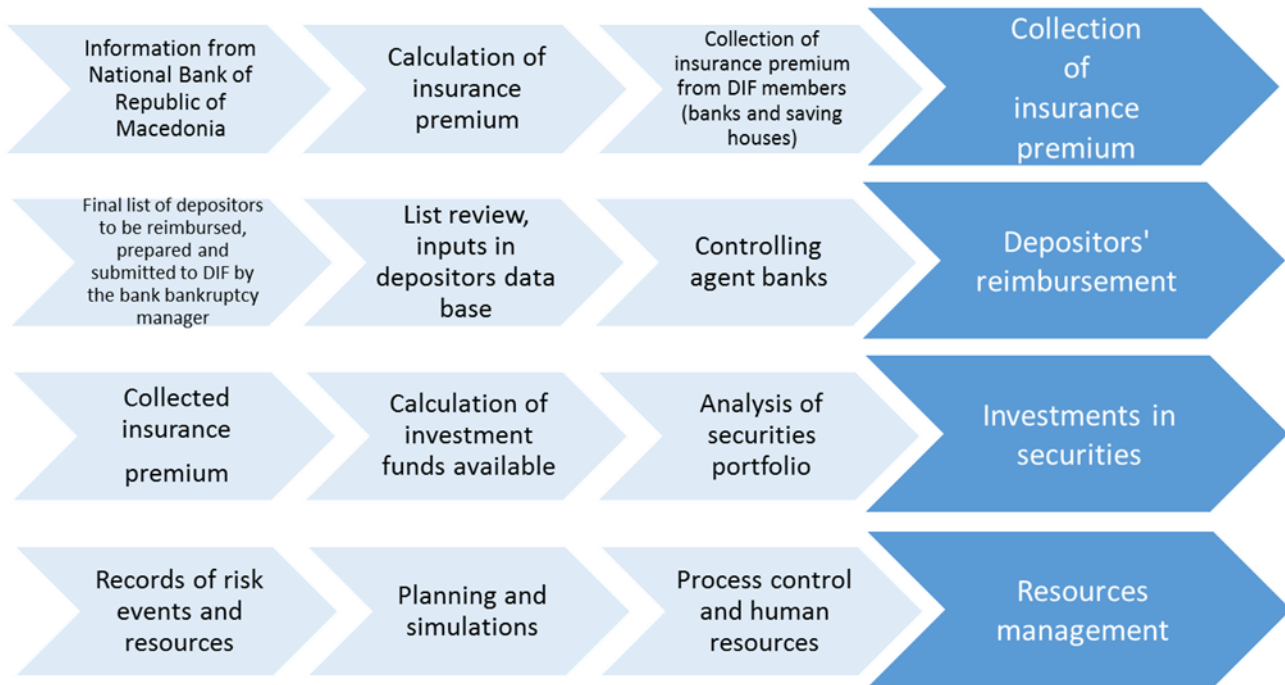
The DIF’s team counts 11 employees. The members of the MB are not employees of the DIF.
Figure 1. DIF’s Organisational Chart



* Unfilled job positions in DIF

DIF OPERATIONAL ACTIVITIES

Figure 2. DIF Operational Activities



INTERNATIONAL COOPERATION

As a full member of the European Deposit Insurance Forum (EDFI), and as one of the most active members of the EDFI Public Relations Committee, the Deposit Insurance Fund of the Republic of North Macedonia participated at all online meetings scheduled by international partners. At the June online session of the EDFI Public Relations Committee, we have presented the results from the research on public opinion about the DIF, conducted in December 2019.

The DIF joined the EDFI Annual Meeting Annual held online on September 24th, 2020.

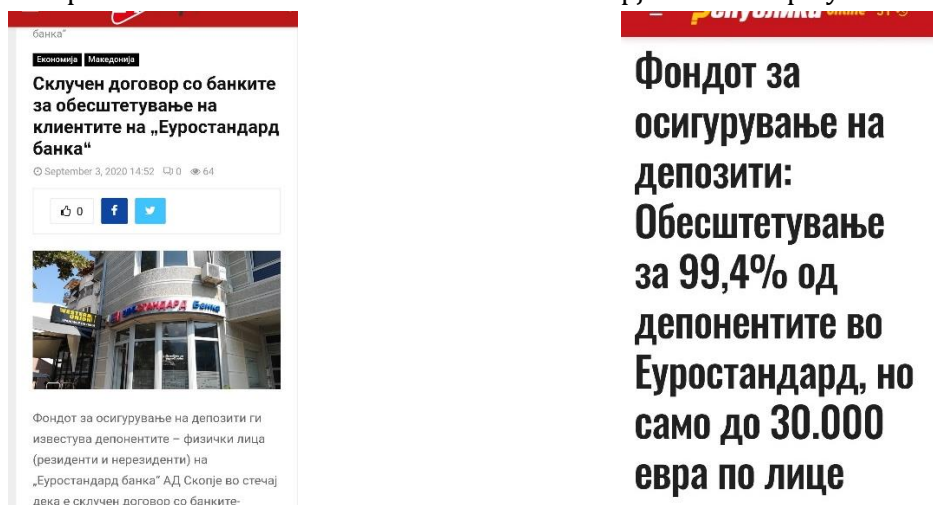
PUBLIC RELATIONS

The DIF was constantly issuing announcements through public media, web portals, television interviews and other mass media, the instant “Eurostandard Banka” AD Skopje failed. The beginning of the pay-out was announced in all public media.

At the same time, Call Centre was established by the employees of DIF. The Call Centre was active not only during official working hours, but 16 hours a day, until the pay-out officially started. This Call Centre was up and running all the way through the first 3 months of the pay-out.

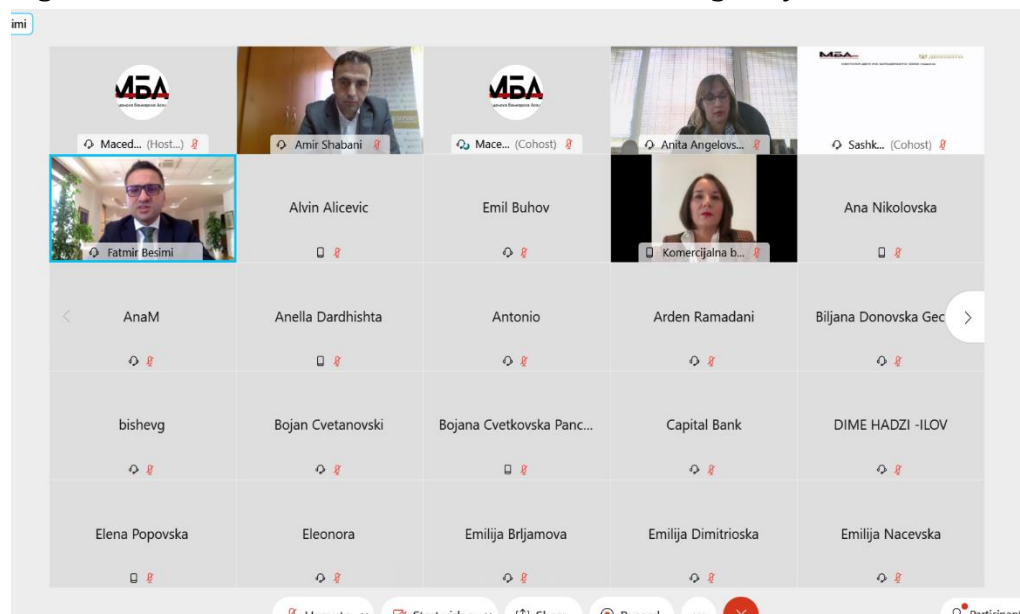
Also, social media profiles were opened on Facebook and Instagram, where announcements were constantly shared regarding the manner of payment of compensation, the limit of compensation, the time frame of pay-out, depositors were informed about their rights and obligations.

Figure 3. Fragment of the media headlines dedicated to the Deposit Insurance Fund and the pay-out to depositors from "Eurostandard Banka" AD Skopje in bankruptcy



On October 30th, 2020, the World Savings Day - October 31, has been marked via online event. This event was organized by the Macedonian Banking Association, in cooperation with the Deposit Insurance Fund. The President of MBA, Mrs. Maja Stevkova – Sterieva, PhD, the Minister of Finance, Dr. Fatmir Besimi, the Governor of the National Bank, Mrs. Anita Angelovska – Bezoska, PhD and the Acting Director of DIF, Amir Shabani, gave speech at this event.

Figure 4. Web event on the occasion of World Savings Day – 31st October 2020



OTHER ACTIVITIES OF THE DEPOSIT INSURANCE FUND

During 2020, DIF also conducted regular public procurements (technical providing for the office, insurance of office premises, procurement of sanitation items and other important products).

ISO Quality Management System 9001: 2015 was implemented in May 2020 in DIF.

Nr. 02 – 102

Skopje, 26th February 2021

**Acting Director
Amir Shabani**

Annex 1. Quartal developments of total household deposits in banks and saving houses during 2020 classified by limit of compensation
(In denars)

	Description	IVQ.2019	IQ.2020	IIQ.2020	IIIQ.2020	IVQ.2020
Household deposit in banks	up to limit of compensation (30,000 EURO in denar value)	151,634,035,874	151,925,746,718	156,197,354,882	154,924,717,277	160,182,880,178
	over limit of compensation (30,000 EURO in denar value)	130,929,621,802	133,460,705,244	133,950,665,792	133,207,985,787	134,358,893,931
	Total	282,563,657,676	285,386,451,962	290,148,020,675	288,132,703,064	294,541,774,109
Number of depositors in banks	Insured deposits	51,740,132,400	52,345,739,700	52,723,313,100	52,445,685,600	53,179,611,060
	up to limit of compensation (30,000 EURO in denar value)	2,733,288	2,701,431	2,769,058	2,608,084	2,661,407
	over limit of compensation (30,000 EURO in denar value)	28,050	28,282	28,486	28,336	28,733
	Total	2,761,338	2,729,713	2,797,544	2,636,420	2,690,140
	Total insured deposits	203,374,168,274	204,271,486,418	208,920,667,982	207,370,402,877	213,362,491,238
Household deposit in saving houses	up to limit of compensation (30,000 EURO in denar value)	733,462,327	771,362,889	750,486,228	782,134,210	788,969,253
	over limit of compensation (30,000 EURO in denar value)	255,546,473	234,074,970	240,472,899	230,376,128	231,778,500
	Total	989,008,800	1,005,437,859	990,959,127	1,012,510,338	1,020,747,753
Number of depositors in saving houses	Insured deposits	182,612,232	159,173,100	161,023,950	153,620,550	157,319,700
	up to limit of compensation (30,000 EURO in denar value)	31,954	32,037	32,035	32,082	32,132
	over limit of compensation (30,000 EURO in denar value)	99	86	87	83	85
	Total	32,053	32,123	32,122	32,165	32,217
	Total insured deposits	916,074,559	930,535,989	911,510,178	935,754,760	946,288,953
Total household deposit in banks and saving houses	up to limit of compensation (30,000 EURO in denar value)	152,367,498,201	152,697,109,607	156,947,841,110	155,706,851,487	160,971,849,431
	over limit of compensation (30,000 EURO in denar value)	131,185,168,275	133,694,780,214	134,191,138,691	133,438,361,915	134,590,672,431
	Total	283,552,666,476	286,391,889,821	291,138,979,802	289,145,213,402	295,562,521,862
Number of depositors in banks and saving houses	up to limit of compensation (30,000 EURO in denar value)	51,922,744,632	52,504,912,800	52,884,337,050	52,599,306,150	53,336,930,760
	up to limit of compensation (30,000 EURO in denar value)	2,765,242	2,733,468	2,801,093	2,640,166	2,693,539
	over limit of compensation (30,000 EURO in denar value)	28,149	28,368	28,573	28,419	28,818
	Total	2,793,391	2,761,836	2,829,666	2,668,585	2,722,357
	Total insured deposits	204,290,242,833	205,202,022,407	209,832,178,160	208,306,157,637	214,308,780,191
	Total household deposit in banks and saving houses	283,786,050,000	286,532,439,000	291,266,794,000	289,300,257,000	295,686,631,000
	Total financial assets of DIF	17,381,842,151	17,581,992,435	17,783,809,499	15,029,841,130	14,620,521,128
Target ratio	total financial assets of DIF/total household deposits in banks and saving houses	6.13	6.14	6.11	5.20	4.95

Source: DIF's administrative data