

GENERAL PENSION FUND  
DOVERIE

ANNUAL ACTIVITY REPORT

FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED

31 DECEMBER 2023

INDEPENDENT AUDITORS' REPORT

## **GENERAL PENSION FUND DOVERIE**

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## GENERAL PENSION FUND DOVERIE

### ANNUAL ACTIVITY REPORT

#### 1. The organization, business, and performance of General Pension Fund Doverie

##### 1.1. Organization

General Pension Fund Doverie (the Fund, Doverie GPF, GPF) was registered on February 13, 2001, by Decision No 610/2001 of Sofia City Court. The registered office and address of management of the Fund is Sofia, Izgrev Municipality, 13B Tintyava Str., PC 1113.

The Fund is an independent legal Fund, represented and managed by Pension Assurance Company Doverie (PAC Doverie, the Company), represented jointly by its Executive Officers or by an Executive Officer and the Chairman of the Management Board of the Company.

The General Assembly of the Shareholders of PAC Doverie AD held on June 24, 2002, resolved on the merger of the Bulgarian Pension Insurance Company and the pension funds managed by it with Pension Assurance Company Doverie and the respective pension funds under its management. After finalization of the necessary procedures, on May 28, 2003, the Bulgarian General Pension Fund merged with General Pension Fund Doverie.

The first insurance contributions to the fund were received on April 1, 2002, and refer to the year 2002, in accordance with the Social Security Code allowing the contributions to a general pension fund starting from January 1, 2002.

##### 1.2. Investment Return

| Index              | 01.01.2019 г. | 01.01.2020 г. | 01.01.2021 г. | 01.01.2022 г. | 01.01.2023 г. | Geometric<br>mean nominal<br>return<br>2019 г. – 2023 г. |
|--------------------|---------------|---------------|---------------|---------------|---------------|--|
|                    | 31.12.2019 г. | 31.12.2020 г. | 31.12.2021 г. | 31.12.2022 г. | 31.12.2023 г. |  |
| Nominal yield      | 4.95%         | 1.44%         | 4.55%         | -12.10%       | 8.19%         | 1.14%  |
| Standard deviation | 1.50%         | 5.08%         | 3.50%         | 7.34%         | 3.58%         | -  |
| Sharpe ratio       | 3.56          | 0.37          | 1.44          | -             | 1.39          | -  |

\*Standard deviation is a statistical measure of the dispersion of value around the mean or the expected value.

\* Sharpe ratio is an index measuring the correlation between the rate of return for a portfolio and the risk taken to achieve that return. The Sharpe ratio is disclosed only in a case that the achieved nominal yield for the period is higher than the risk-free yield for the particular year.

\*The past performance does not necessarily correlate with future results. Past performance does not guarantee future positive returns, preservation of the full investment amount or increase of the unit value.

**GENERAL PENSION FUND DOVERIE**  
**ANNUAL ACTIVITY REPORT (CONTINUED)**

**1. The organization, business, and performance of General Pension Fund Doverie (continued)**

**1.3. Members**

Members are all individuals registered with the fund for which the fund has received at least one contribution.

As at 31 December 2023 the number of members in GPF Doverie are 1,030,429, representing 25.62% (per preliminary (Provided by Financial Supervision Commission) of all members of general pension funds in Bulgaria.

The number of members is increased by 0.12% compared to 31.12.2022 (1,029,181).

**1.3.1. New members**

New members are the registered participants in the pension fund for which the first contribution was received during the particular year.

In 2023 there are 88,264 new members which are 21.32% decrease compared to 2022 (112,182).

71,639 of the new members were transferred from other funds, 3,212 made their initial choice, and 12,976 were allocated on a non-discretionary basis to the fund, for which at least one contribution was received from the National Revenue Agency (NRA) and 437 persons - with resumed insurance based on art. 124a of SSC.

**1.3.2. Initial choice**

All individuals that are born after 31.12.1959 and are insured in „Pensions” Fund of the State Social Security (SSS) can choose general pension fund in a three-month term since the beginning of employment. The National Revenue Agency approves the applications for participation in a general pension fund according to the procedures determined by Regulation № 33 of 19 September 2006 of the Financial Supervision Commission.

In 2023 the initial choice applications of 2,973 individuals were approved by NRA, and those individuals were registered as participants in General Pension Fund Doverie, this represents an increase of 6.33% compared to 2022 (2,796).

**1.3.3. Non-discretionary member allocation**

Individuals, who have not chosen a general pension fund according to the established procedure or who have made more than one choice are allocated on a non-discretionary basis to one of the registered general funds. The procedure is established by Instruction № 1 of 21 June 2006 of the Financial Supervision Commission and the Management Board of the National Revenue Agency.

In 2023 four allocations were made of a total of 90,411 individuals between the ten funds which are 5.22% more than the allocated in 2022 (85,926).

The total number of individuals allocated on a non-discretionary basis to General Pension Fund Doverie in 2023 is 16,170, which is 7.29 % more than 2022 (15,072), representing 17.88% of all allocated individuals.

Contributions were received for 80.25% of those individuals in 2023.

### **ANNUAL ACTIVITY REPORT (CONTINUED)**

#### **1. The organization, business, and performance of General Pension Fund Doverie (continued)**

##### **1.3. Members (continued)**

###### ***1.3.4. Transferred members***

Transferred members are all assured individuals that have transferred their pension to GPF Doverie or have switched participation from other pension funds during the calendar year.

In 2023 the number of individuals that switched participation from other general pension funds was 71,639 representing 23.55 % less than compared to the year 2022 (93,710).

###### ***1.3.5. Individuals who have resumed their assurance in a general pension fund***

Persons who had previously chosen to be fully insured for the „Pensions” Fund of the SSS, respectively Fund "Pensions for the persons under Art. 69" may change their decision and resume their insurance in a general pension fund.

In 2023, the right to resumption of assurance was granted to assured persons who have not been granted a pension for insurance period and age and who reach their required age under Art. 68, para. 1 of SSC after more than 1 year.

The right to renew under Art. 124a of the SSC may be exercised until the expiration after one year from the date under Art. 4b, para. 1 of SSC. The election is made with an application to the pension insurance company, managing the general fund in which the person wishes to participate, in the manner specified in Ordinance №33 of 19.09.2006 of the FSC.

In 2023, 437 persons recovered their assurance with GPF Doverie, this indicator increased by 8.17% in comparison with 2022 (404).

##### **1.4 Revenue**

In 2023 contributions for 809,416 members were received in GPF Doverie, which is 78.55% of all fund members. Compared to the year 2022 (796,277) the number of members with contributions increased by 1.65%.

The total received amount in 2023 is equal to BGN 889,104,882, representing an increase of 0.65%, compared to the year 2022 (BGN 883,328,100).

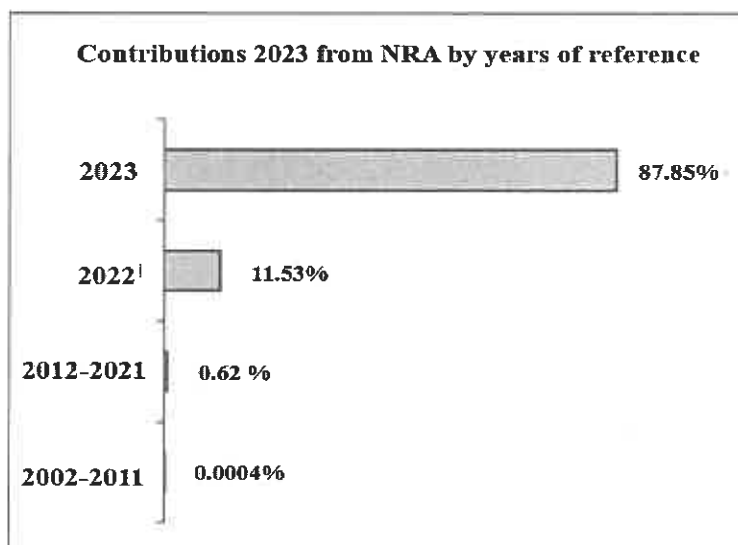
65.51% of the contributions are received from NRA, including interest, and 34.19% were transferred from other general pension funds and 0.30% - transferred by NRA to persons who have re-established their assurance in GPF Doverie based on Art. 124a of SSC.

From the total receipts transferred by NRA in 2023, about 87.85% consist of contributions for the current year and 12.15% to past years.

**ANNUAL ACTIVITY REPORT (CONTINUED)**

**1. The organization, business, and performance of General Pension Fund Doverie (continued)**

**1.4 Revenue (continued)**



The average annual contribution per member for 2023 is BGN 1,098.45 which is a decrease with 0.98%, compared to 2022 (BGN 1,109.32).

The average monthly assurance contribution from the NRA for 2023 is BGN 75.77, an increase of 12.69% compared to 2022 (BGN 67.24).

The average transferred amount per member for the year 2023 is BGN 4,243.13, an increase of 3.84% compared to 2022 (BGN 4,086.35).

The average amount transferred to one person in 2023 by the NRA in GPF Doverie for persons who resumed their insurance is BGN 6,087.67, compared to 2022 (BGN 6,647.74) which is a decrease of 8.42%.

**1.5. Assured members who left the fund**

The assured persons who left the General Pension Fund Doverie in 2023 are 91,516 and compared to 2022 (78,865 persons) have increased by 16.04%. Depending on the reason for leaving the fund, they are divided into the following groups:

***1.5.1. Persons wished to transfer to another general pension fund***

The members that switched participation to other general pension funds in 2023 are 79,461, an increase of 14.83% compared to 2022 (69,198 members). Of these, 79,256 persons were transferred in accordance with Ordinance No. 3 of 24.09.2003 to the Financial Supervisory Commission, and the remaining 205 persons - with duplicate lots accounts to a change in their identification number.

***1.5.2. Deceased persons with funds paid to their heirs***

In 2023, inheritance rights were used from the individual accounts of 2,589 assured persons. Compared to 2022 (2,847 persons) there is a decrease of 9.06%.

**ANNUAL ACTIVITY REPORT (CONTINUED)**

**1. The organization, business, and performance of General Pension Fund Doverie (continued)**

**1.5. Insured members who left the fund (continued)**

***1.5.3. Members who have chosen to be fully assured in the fund "Pensions" of State social security (SSS) and transferred the accumulated funds from GPF Doverie to the State Fund for Guaranteeing Sustainability of the State Pension System (DFGSSPS).***

In 2023, insured persons who have not been granted a pension for insurance period and age and reach the age required for them under Art. 68, para. 1:

- from January 1, 2022 to December 31, 2025 - not later than one year before their age under Art. 68, para. 1;
- from January 1, 2026 to December 31, 2030 - not later than two years before their age under Art. 68, para. 1;
- from January 1, 2031 to December 31, 2035 - not later than three years before their age under Art. 68, para. 1;
- from January 1, 2036 to December 31, 2037 - not later than four years before their age under Art. 68, para. 1;
- after January 1, 2038 - not later than five years before their age under Art. 68, para. 1.

The right to choose under Art. 4b, para. 1 of the SSC may be exercised until the expiration after one year from the election under Art. 124a, para. 1 of SSC.

As of 31.12.2023, 2,723 persons have chosen to ensure fully in fund "Pensions" of SSS, respectively Fund "Pensions for the persons under Art. 69", and transferred the accumulated funds from GPF Doverie to State Fund for Guaranteeing Sustainability of the State Pension System (DFGSSPS). Compared to 2022 (2,018 persons), their number increased by 34.94%.

***1.5.4. Members who have exercised their pension rights***

According to Art. 167, paragraph 1 of the SSC, the right to pension rights have persons who have reached their retirement age under Art. 68, para. 1 of SSC.

Depending on the amount accumulated as of the date of exercising the pension right, the persons are divided into three subgroups:

- **with transferred funds to the Fund for Life-long Pension Payments Doverie (FLPP Doverie)**, if the amount of the accumulated funds, allowing an additional life-long pension in the amount of not less than 15 per cent of the amount of the minimum pension for insurance period and age under Art.68, para 1;
- **with funds transferred to the Fund for Deferred Payments Doverie (FDP Doverie)**, if the amount of the accumulated funds not less than three times the amount of the minimum pension for insurance period and age under Article 68, para 1, but insufficient to grant an additional life-long pension in the amount of not less than 15 per cent of the amount of the minimum pension for insurance period and age under Art. 68, para 1;
- **with a one-time payment upon retirement**, if the amount of the accumulated funds are less than three times the amount of the minimum pension for insurance period and age under Art. 68, para 1.

## GENERAL PENSION FUND DOVERIE

### ANNUAL ACTIVITY REPORT (CONTINUED)

#### 1. The organization, business, and performance of General Pension Fund Doverie (continued)

##### 1.5. Assured members who left the fund (continued)

###### 1.5.4. Members who have exercised their pension rights (continued)

| Members who have exercised their pension rights                            | 2023 г.      | 2022 г.      | Changes       |
|--|--------------|--------------|---------------|
| Members were transferred to FLPP Doverie for payment of life-long pensions | 347          | 216          | 60.65%        |
| Members were transferred to FDP Doverie to receive deferred payments       | 5,651        | 4,124        | 37.03%        |
| Members with one-time payment of funds                                     | 744          | 461          | 61.39%        |
| <b>Total</b>   | <b>6,742</b> | <b>4,801</b> | <b>40.43%</b> |

1.5.5. *Members wishing to transfer pension rights to European Union (EU) pension schemes* - the European Central Bank (ECB) or the European Investment Bank (EIB).

In 2023, only one assured person in GPF Doverie has transferred their pension rights to pension schemes in the European Union (EU).

#### 1.6. Risk management

The risks faced by the Fund are managed by the management company PAC Doverie, whose Activity Report to the Financial Statements for the year ended 31 December 2023 provides information on risk management.

#### 2. Financial activity

##### 2.1. Interest income

The total interest income in 2023 amounts to TBGN 70,581 compared to TBGN 35,395 in the year 2022.

##### 2.2. Income and expenses on operations with financial assets and instruments

As a result of the transactions made in 2023 with securities held for trading and their daily revaluation at fair value the Fund has realized an income of TBGN 2,729,357 and respectively has incurred expenses of TBGN 2,377,650 (in 2022 TBGN 3,378,434 and 4,022,203, respectively).

##### 2.3 Foreign currency operations

The income and respectively the expenses from foreign currency operations are formed from the securities in the portfolio held during the year, denominated in USD.

These positions are securities and cash, denominated in USD including - foreign corporate bonds, foreign government securities, shares, and collective investment schemes shares with a fair value of TBGN 1,031,103 as of 31 December 2023 (2022: TBGN 984,123).



## GENERAL PENSION FUND DOVERIE

### ANNUAL ACTIVITY REPORT (CONTINUED)

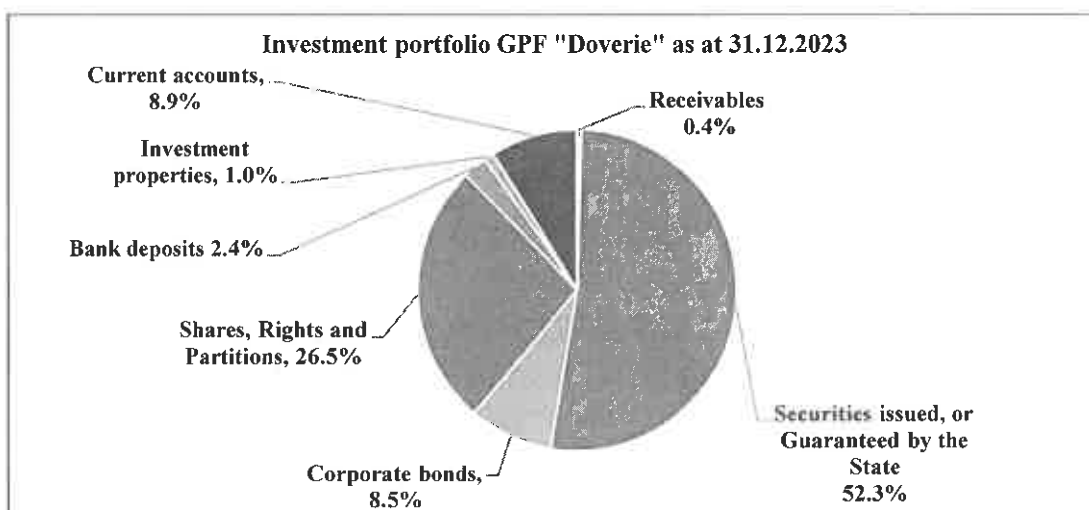
#### 2. Financial activity (continued)

##### 2.3 Foreign currency operations (continued)

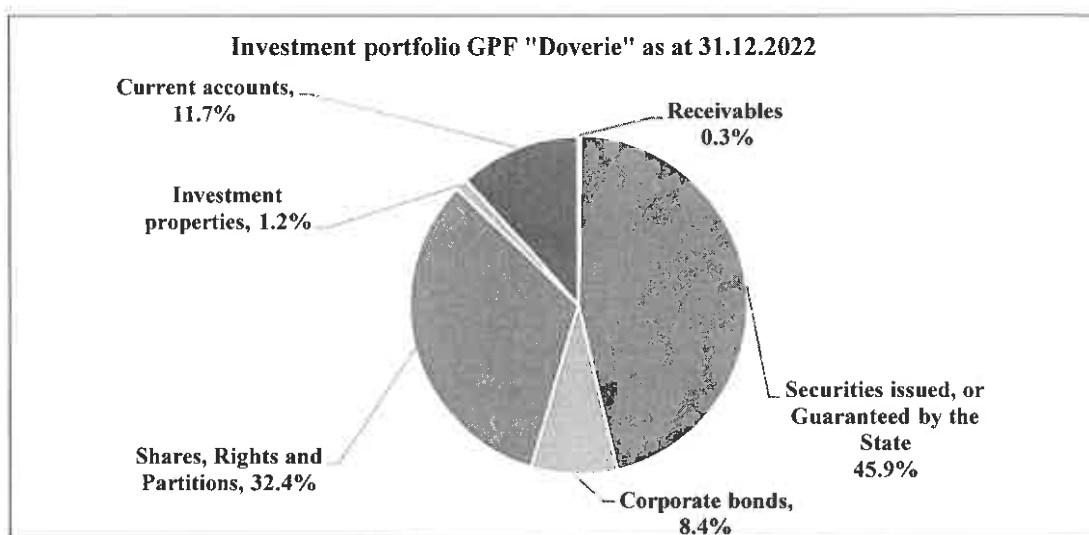
In the statement of net assets attributed to insured individuals of the Fund as of 31 December 2023, the forward currency contract operations resulted in a receivable at the amount of TBGN 6,520 (2022: receivable TBGN 1,058).

#### 3. Portfolio structure analysis

Portfolio structure as at 31 December 2023



Portfolio structure as at 31 December 2022



## **GENERAL PENSION FUND DOVERIE**

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### **ANNUAL ACTIVITY REPORT (CONTINUED)**

#### **3. Portfolio structure analysis (Continued)**

##### **3.1. Current accounts**

Cash and cash equivalents decreased compared with the previous year. All current accounts are managed by the group cash-management contract signed with the custodian bank.

##### **3.2. Receivables**

Receivables related to investments, (receivables due for the period, related to outstanding interests, dividends, etc.) increase slightly towards the end of the period compared to the previous year.

##### **3.3. Investment property**

In 2023 the Fund achieved an effective realization of 85% of the owned rentable office premises in the building on Tintyava Str., Sofia.

In 2023 the fund continued to rent its holiday complex in the Nessebar city. The signed contracts are long-term.

In 2023 the revaluation of the investment properties held by the Fund has led to negative financial result at the amount of TBGN 3,295 (2022: negative financial result TBGN 2,361).

##### **3.4. Government securities**

Their relative share is 52.32% of the total assets (2022: 45.94%). Foreign government securities form 42.38% (2022: 33.34%) of the total assets, due to the active restructuring and management of the portfolio.

##### **3.5. Bank deposits**

As of the end of 2023, the fund has exposure in bank deposits of 2.37 % of the total assets.

##### **3.6. Corporate bonds**

The absolute value of corporate bonds increases, compared to 2022, an increase was observed in the proportion in the portfolio as well. The portfolio of corporate bonds is well diversified, both geographically and by industries.

##### **3.7. Equities and mutual funds**

After extremely difficult for investors in stocks and bonds FY2022 in FY2023 part of the previous year's losses was recovered. Almost all indices ended the year in positive territory, thus breaking the downward trend that began in 2022

Overall, the Fund's exposure to ETF's decreased both in absolute value and as a share of the portfolio.

In 2023, the Fund continued to follow the adopted active strategy for the management of the portfolio of shares and units of collective investment schemes.

The investments were made after detailed analyses of the financial indicators of the individual companies.

## **GENERAL PENSION FUND DOVERIE**

### **ANNUAL ACTIVITY REPORT**

#### **4. Regulatory requirements**

According to the requirements of the Code and Ordinance No 9, enacted November 19, 2003, defining the terms and procedures for valuation of assets and liabilities of supplementary pension funds and pension insurance companies, the value of the fund's net assets, calculation and announcement of the value of an unit and the requirements for maintaining individual accounts (Ordinance No 9) issued by the Chairman of the Financial Supervision Commission (the Commission), since July 1, 2004 the assets of the members have been accounted both in BGN and in number of units. Companies should calculate the number of units in each fund as well as the value of their net assets, and also the value of one unit.

The unit values are calculated every day and disclosed till 6.00 pm in every office of the Company and on its web page.

The unit value on the last working day of 2023 was 1.77622.

#### **5. Events after the reporting period**

There are no significant events after the reporting date that have an effect on the financial statements as at 31 December 2023.

#### **6. Responsibilities of the management**

Under Bulgarian law, management should prepare a financial report for each financial year that gives a true and fair view of the Company's status as of the end of the reporting period and its financial results. The management has prepared this financial statement in accordance with International Financial Reporting Standards (IFRS) adopted in the European Union. The management confirms that it has consistently applied an adequate accounting policy and that the preparation of the financial statements as at 31 December 2023 complies with the precautionary principle.

The management also confirms that it has adhered to the current IFRSs and the financial statements are prepared on a going concern basis.

The management is responsible for the correct keeping of the accounting registers, for the proper management of the assets and for taking the necessary measures to avoid and detect possible abuses and other irregularities.

These financial statements were approved for issue by the Management Board of PAC Doverie AD dated March 25, 2024.

The financial statements are approved by the Management Board and signed on behalf of the management by:

  
Miroslav Krumov Marinov

Executive Director

25 March 2024



  
Kiril Konstantinov Georgiev


Executive Director

**GENERAL PENSION FUND DOVERIE**

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER**

|  |      | <u>2023</u>            | <u>2022</u>             |
|--|------|------------------------|-------------------------|
|  |      | BGN'000                | BGN'000                 |
|  | Note |                        |                         |
| Interest income  | 12   | 70,581                 | 35,395                  |
| Dividend income (net)  | 11   | 28,445                 | 32,204                  |
| Net gain/(loss) from transactions with foreign securities at FVTPL         | 14   | 261,000                | (395,746)               |
| Net gain/(loss) from transactions with Bulgarian securities at FVTPL       | 13   | 50,962                 | (187,817)               |
| Net result from investment property  | 15   | (2,584)                | (1,863)                 |
| <b>Total revenue</b>   |      | <b><u>408,404</u></b>  | <b><u>(517,827)</u></b> |
| Investment fee   | 10   | (34,828)               | (31,416)                |
| <b>Total operating expenses</b>  |      | <b><u>(34,828)</u></b> | <b><u>(31,416)</u></b>  |
| <b>Increase/decrease of net assets attributable to insured individuals</b> |      | <b><u>373,576</u></b>  | <b><u>(549,243)</u></b> |

Notes on pages 4 to 50 are an integral part of the financial statements.


  
Prepared by:  
Tatyana Krasimirova Koleva

  
Executive Director:  
Miroslav Krumov Marinov

  
Executive Director:  
Kiril Konstantinov Georgiev

In accordance with an Independent Auditors' Report:

For PricewaterhouseCoopers Audit OOD

  
Jock Nunan  
Procurator  
27.3.2024

  
Boryana Krumova  
Registered auditor, responsible  
for the audit  
Per. № 085  
27.3.2024



For Crowe Bulgaria Audit Ltd

  
Gyulyay Rahman  
Statutory manager  
27.3.2024

  
Georgi Kaloyanov  
Registered auditor, responsible  
for the audit  
27.3.2024



**GENERAL PENSION FUND DOVERIE**

**STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO ASSURED INDIVIDUALS FOR THE YEAR ENDED 31 DECEMBER**

|  |      | 2023<br>BGN'000  | 2022<br>BGN'000  |
|--|------|------------------|------------------|
|  | Note |                  |                  |
| <b>NET ASSETS OF THE FUND AT 1 JANUARY</b>               |      | <b>4,277,432</b> | <b>4,313,486</b> |
| Change in net assets attributable to insured individuals |      | 373,576          | (549,243)        |
| <b>Increases</b>   |      |                  |                  |
| Net received contributions                               | 10   | 563,740          | 482,135          |
| Transferred from other funds                             |      | 303,975          | 382,935          |
|  |      | <b>867,715</b>   | <b>865,070</b>   |
| <b>Decreases</b>   |      |                  |                  |
| Payments to members                                      |      | (46,192)         | (32,862)         |
| Payments to FDP and FLLP                                 |      | (40,696)         | (25,823)         |
| Transferred to other funds                               |      | (346,996)        | (293,196)        |
|  |      | <b>(433,884)</b> | <b>(351,881)</b> |
| <b>NET ASSETS OF THE FUND AT 31 DECEMBER</b>             |      | <b>5,084,839</b> | <b>4,277,432</b> |

*Notes on pages 4 to 50 are an integral part of the financial statements.*

Prepared by:  
Tatyana Krasimirova Koleva

Executive Director:  
Miroslav Krumov Marinov

Executive Director:  
Kiril Konstantinov Georgiev

In accordance with an Independent Auditors' Report:

For PricewaterhouseCoopers Audit OOD

For Crowe Bulgaria Audit Ltd

Jock Nunan  
Procurator

Gyulyay Rahman  
Statutory manager

27.3.2024

27.3.2024

Boryana Dimova  
Registered auditor, responsible  
for the audit

Georgi Kaloyanov  
Registered auditor, responsible  
for the audit

27.3.2024

27.3.2024

**GENERAL PENSION FUND DOVERIE**

**STATEMENT OF NET ASSETS ATTRIBUTABLE TO INSURED INDIVIDUALS  
31 DECEMBER 2023**

|  |             | 31.12.2023       | 31.12.2022       |
|--|-------------|------------------|------------------|
|  |             | BGN'000          | BGN'000          |
| <b>ASSETS</b>  | <b>Note</b> |                  |                  |
| Cash and cash equivalents  | 17          | 453,643          | 502,866          |
| Bank deposits  | 8.2         | 120,901          | -                |
| Securities issued or guaranteed by the government  | 8.1         | 507,144          | 540,654          |
| Securities issued by Bulgarian issuers<br>(bonds, shares, collective investment schemes) | 8.4, 8.7    | 103,466          | 113,762          |
| Foreign investments  | 8.5         | 3,847,606        | 3,065,774        |
| Derivative assets held for risk management purposes                                      |             | 6,520            | 1,058            |
| Investment receivables   | 8.6         | 12,116           | 12,293           |
| Investment property  | 8.3         | 49,845           | 53,140           |
| <b>TOTAL ASSETS</b>  |             | <b>5,101,241</b> | <b>4,289,547</b> |
| <b>LIABILITIES</b>   |             |                  |                  |
| Payables to PAC  | 8.8         | 3,191            | 2,734            |
| Investment payables  | 8.8         | 232              | 233              |
| Derivative liabilities held for risk management purposes                                 | 8.8         | -                | -                |
| Payables to NSSI   | 8.8         | 12,979           | 9,148            |
| <b>TOTAL LIABILITIES</b>   |             | <b>16,402</b>    | <b>12,115</b>    |
| <b>NET ASSETS ATTRIBUTABLE TO<br/>INSURED INDIVIDUALS</b>                                |             | <b>5,084,839</b> | <b>4,277,432</b> |

Notes on pages 4 to 50 are an integral part of the financial statements.

Prepared by:  
Tatyana Krasimirova Koleva

Executive Director:  
Miroslav Krumov Marinov

Executive Director:  
Kiril Konstantinov Georgiev

In accordance with an Independent Auditors' Report

For PricewaterhouseCoopers Audit OOD

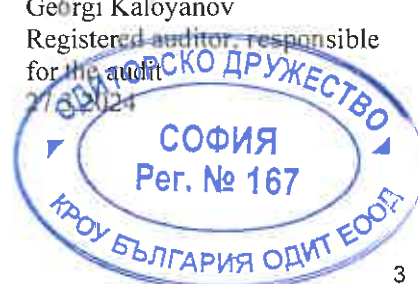
For Crowe Bulgaria Audit Ltd

Jock Nunan  
Procurator  
27.3.2024

Gyulyay Rahman  
Statutory Manager  
27.3.2024

Boryana Dimova  
Registered auditor responsible  
for the audit  
27.3.2024

Georgi Kaloyanov  
Registered auditor responsible  
for the audit  
27.3.2024



## **GENERAL PENSION FUND DOVERIE**

### **NOTES TO THE FINANCIAL STATEMENTS**

#### **1. Organization and business of the Fund**

##### ***1.1. Organization***

General Pension Fund Doverie (the Fund, GPF Doverie, and GPF) was registered on February 13, 2001, by Resolution No 610/2001 of Sofia City Court. The registered office and address of management of the Fund is Sofia, Izgrev Municipality, 13B Tintyava Str., PC 1113.

The Fund is an independent legal entity, represented and managed by Pension Assurance Company Doverie (PAC Doverie, the Company), represented jointly by two of its Executive Officers or by an Executive Officer and the Chairman of the Management Board of the Company.

##### ***1.2. Business activity and results***

The first insurance contributions to the fund were received on April 1, 2002, and refer to the year 2002, in accordance with the Social Security Code (SSC) allowing the contributions to a general pension fund to start from January 1, 2002. As of 31 December 2023, the total number of members of GPF Doverie according to data of the Financial Supervision Commission (FSC) is 1,030,429.

The return on investments of the assets of GPF Doverie in 2023 is 8.19% on an annual basis (according to calculations based on data published by the Financial Supervision Commission).

#### **2. Basis of accounting**

This financial report has been prepared in accordance with International Financial Reporting Standards (IFRS) and clarifications issued by the Clarification Committee (CCIFRS) applicable to companies reporting under IFRS adopted in the European Union (EU). IFRS, as adopted by the EU, the common name for a general purpose framework for fair presentation, equivalent to the definition of the framework introduced in paragraph 1, item 8 of the Additional Provisions of the Accounting Act "International Accounting Standards" (IAS).

The preparation of financial statements in accordance with IFRS requires the application of specific accounting estimates. The Company's management is required to make its own judgments and assumptions when applying the accounting policies. The items in the financial statements, the presentation of which requires a higher degree of subjective judgment, as well as those items for which estimates have a significant effect on the financial statements, are separately disclosed in Appendix 6.

When preparing the financial statements, the special standard IAS 26 "Accounting and Reporting of Pension Insurance Plans" has been applied, insofar as it contains specific requirements for the financial reporting of pension funds. All other standards are applied in the preparation of these financial statements to the extent that they are not superseded by the requirements of IAS 26.

The financial statements have been approved by the Management Board of PAC Doverie on 25 March 2024.

#### **Going Concern Principle**

In 2023, income from insurance contributions, incl. of transfers is relatively stable compared to 2022. The main contribution to the stability of the operating income is the preservation of the number of insured persons and the achievement of a positive return on investments (see below) as internal factors for the Fund, which can be influenced relatively independently by making strategic management decisions.

**2. Basis of accounting (continued)**

**Going Concern Principle (continued)**

During the year SPIF maintained of a small exposure to the low liquid capital market of Bulgaria and continued to invest more in the international capital markets. The investment portfolio has successfully diversified looking at several factors – instruments, sectors, industries, and geographical locations.

A significant part of the funds was invested in highly liquid foreign government bonds and corporate bonds with a high credit rating, which significantly improved the quality of the portfolio and significantly reduced the credit risk. The duration of the portfolio was kept relatively stable so as not to increase the exposure to interest rate risk. During the year the Fund maintains sufficient cash resources to cover its immediate payments. The Fund took advantage of the market volatility during the year by implementing an active investment management strategy for both equity and debt instruments.

The management is focused on continuing to follow the Fund's strategy and set goals.

Based on the above, the going concern principle has been applied in the preparation of these financial statements.

**3. New accounting standards**

**3.1. Changes in significant accounting policies**

**(a) New and amended standards adopted by the Fund**

The Fund has applied the following standards and amendments for the first time for their annual reporting period commencing on 1 January 2023:

**Amendments to IAS 1 and IFRS 2 Statement of Practices: Disclosure of Accounting Policies** (issued on 12 February 2021 and effective for annual periods beginning on or after 1 January 2023)

**Amendment to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates** (issued on 12 February 2021 and effective for annual periods beginning on or after 1 January 2023).

**Amendment to IAS 12 Income Taxes: Deferred taxes relating to assets and liabilities arising from a single transaction** (issued on 7 May 2021 and effective for annual periods beginning on or after 1 January 2023).

**IFRS 17 Insurance Contracts** (issued on 18 May 2017 and effective for annual periods beginning on or after 1 January 2023), **including Amendment to IFRS 17** (issued on 25 June 2020 and effective for annual periods beginning on or after 1 January 2023).

**Amendment to IFRS 17 Insurance Contracts: Initial Application of IFRS 17 and IFRS 9 — Comparative Information** (issued on 9 December 2021 and effective for annual periods beginning on or after 1 January 2023).



## GENERAL PENSION FUND DOVERIE

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### 3. New accounting standards (continued)

##### 3.1. Changes in significant accounting policies (continued)

###### (a) New and amended standards adopted by the Fund (continued)

**Amendment to IAS 12 Income Taxes: International Tax Reform – Second Pillar Model Rules** (issued on 23 May 2023 and effective for annual periods beginning on or after 1 January 2023).

All changes of the adopted standards listed above have no impact on the amounts recognized in previous periods and are not expected to have a significant impact on the Fund during the current or future reporting periods as well as in the foreseeable future transactions.

###### (b) New standards and interpretations not yet adopted by the Fund (continued)

Certain new accounting standards and interpretations that are not mandatory for the reporting period at 31 December 2023 and have not been previously adopted by the Fund have been published. The Fund's assessment of the impact of these new standards and interpretations is set out below

**Amendments to IFRS 16 Leases: Lease liability for sale and leaseback transactions** (issued on 22 September 2022 and effective for annual periods beginning on or after 1 January 2024).

###### **Amendments to IAS 1 Presentation of Financial Statements:**

**Classification of liabilities as current and non-current** (issued on 23 January 2020).

**Classification of liabilities as current and non-current - postponement of the effective date** (issued on July 15, 2020).

**Non-current liabilities with contractual clauses** (issued on 31 October 2022, ultimately effective for annual periods beginning on or after 1 January 2024).

There are no other standards that are not yet adopted, and which are expected to have a significant impact on the Company during the current or future reporting period as well as in the foreseeable future transactions.

###### (c) New standards, interpretations and amendments not yet adopted by the EU

**Amendments to IAS 7 Cash Flow Statements and IFRS 7 Financial Instruments: Disclosures – Supplier Financing Agreements** (issued on 25 May 2023 and effective for annual periods beginning on or after 1 January 2024).

**Amendment to IAS 21 "The Effects of Changes in Foreign Exchange Rates": Absence of a currency conversion rate** (issued on 25 May 2023 and effective for annual periods beginning on or after 1 January 2025).

#### 4. Basis of measurement

These financial statements have been prepared on the historical cost basis, except for the Fund's investments, which are reported at fair value.

## **GENERAL PENSION FUND DOVERIE**

### **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

#### **5. Functional and presentation currency**

These financial statements are presented in BGN, which is the Fund's functional currency. All amounts have been rounded to the nearest thousand unless otherwise indicated.

#### **6. Use of estimates and assumptions**

In preparing these financial statements management has made judgments, estimates, and assumptions that affect the application of the Fund's accounting policies and the reported amounts of assets, liabilities, income, and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively.

The Fund has consistently applied the following accounting policies to all periods presented in these financial statements unless otherwise stated.

Significant accounting estimates and judgments are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Their authenticity is checked regularly.

Estimates that could lead to a significant adjustment to the carrying amount of assets and liabilities in the next financial year could be seen below.

Items in the financial statements whose presentation requires a higher degree of subjective judgment, as well as those items for which estimates have a significant effect on the financial statements as a whole, are disclosed separately in Note 16.

#### **Assumption and estimation uncertainties**

##### *Measurement of fair values*

Fund's investments in real estate and financial instruments are reported based on fair value valuation (see note 16). Fair values are categorized into a different level in a fair value hierarchy based on the inputs in the valuation techniques as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices);
- Level 3: Inputs for the asset or liability that is not based on observable market data (unobservable inputs).

The classification of a certain position in accordance with the above levels is based on the use of primary data that has a significant effect on the determination of fair value. The Fund recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

#### **7. Significant accounting policies**

The Fund has consistently applied the following accounting policies to all periods presented in these financial statements unless otherwise stated.

**7. Significant accounting policies (continued)**

**7.1. Investment property**

*Initial recognition*

Investment property is recognized as an asset only when:

- the future economic benefits attributable to the investment property are likely to be received by the Fund;
- and
- the acquisition price of the investment property can be estimated reliably.

The Fund evaluates this recognition principle all expenses for investment property at the time they are made. These costs include costs incurred initially to acquire an investment property and then committed costs to complete, replacement of parts or maintenance of the property. The costs of daily operation and maintenance of investment property are recognized in profit or loss as incurred.

Investment property is initially recorded at cost, which includes the amount paid in cash or cash equivalents or the fair value of other consideration given for the acquisition of an asset at the time of its acquisition or construction, or, if applicable, the amount attributed to that asset, an asset when initially recognized in accordance with the specific requirements of another IAS. Transaction costs are included in the initial estimate.

If the payment is deferred outside the usual credit terms, the difference between the cash price equivalent and the total payment is recognized as interest during the credit period.

*Subsequent evaluation after initial recognition*

For each investment property, the Fund applies the fair value model. Fair value is the price obtained to sell an asset or paid to transfer a liability in an ordinary transaction between market participants at the measurement date.

The gain or loss arising from a change in the fair value of an investment property is included in profit or loss for the period in which it arises.

Where applicable when measuring the fair value of an investment property in accordance with IFRS 13, the Fund shall ensure that the fair value reflects, inter alia, rental income from current leases and other assumptions of market participants in determining the price of the investment property under current market conditions.

*Derecognition*

Investment property is derecognised upon disposal or when the investment property is permanently decommissioned and no future economic benefits are expected from its disposal.

Gains or losses arising from decommissioning or disposal of investment property are determined as the difference between the net proceeds of the disposal and the carrying amount of the asset and are recognized in profit or loss during the period of decommissioning or disposal. Profits are not classified as income.

**7. Significant accounting policies (continued)**

**7.2. Foreign currency**

Transactions in foreign currencies are translated to the functional currency of the Fund at exchange rates at the dates of the transactions.

Monetary assets and liabilities, denominated in foreign currencies, are translated into the functional currency at the exchange rate of Bulgarian National Bank (BNB) at the reporting date. Non-monetary assets and liabilities that are measured at fair value in foreign currency are translated into the functional currency at the exchange rate when the fair value was determined.

Non-monetary items that are measured based on the historical cost in foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognized in profit or loss in the statement of comprehensive income.

In accordance with Ordinance No 9 of FSC, effective from 1 July 2004 cash and cash equivalents, receivables, and payables denominated in foreign currency are subject to a daily revaluation, according to the central rate of the BNB.

**7.3. Investments of the Fund in financial instruments**

*i) Measurement*

The Fund's investments in financial instruments are measured at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an ordinary transaction between market participants at the valuation date. Fair value measurement is based on the assumption that a transaction for the sale of an asset or the transfer of a liability takes place:

- On the main market for the respective asset or liability, or
- In the absence of a main market, the most profitable market for the respective asset or liability.

*(ii) Recognition and initial measurement*

All financial assets and liabilities are initially recognized when the Fund becomes a party to the contractual terms of the instrument.

A financial asset is initially measured at fair value, which is assumed to be their acquisition cost, net of transaction costs. Expenses directly related to the transaction are recognized in the statement of changes in net assets attributable to insured individuals. From that moment, the Fund reports all income and expenses related to changes in fair value in the statement of changes in net assets attributable to assured individuals.

*iii) Classification and subsequent measurement*

All financial instruments are subsequently measured at fair value. Securities that have a fixed maturity and are acquired in order to comply with the Fund's obligations to pensioners or a specific part of them may be reported on the basis of their final redemption price, adopting a fixed rate of return to maturity.

**7. Significant accounting policies (continued)**

**7.3. Investments of the Fund in financial instruments (continued)**

*iii) Classification and subsequent measurement (continued)*

Net gains and losses, including interest and dividend income, are recognized in the statement of changes in net assets attributable to insured individuals.

*(iv) Derecognition*

The Fund derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Fund neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

The Fund writes off certain investment securities when they are determined to be uncollectible or when there is information that the debtor is in severe financial difficulty and has no realistic prospect of recovery. Derecognized financial assets may still be subject to enforcement activities in accordance with the Fund's recovery procedures, taking into account legal advice where appropriate. All amounts recovered are recognized in the statement of changes in net assets attributable to insured individuals.

**7.4. Interest income**

The fund generates income from interest on deposits, current accounts and debt securities. Interest income is accrued on a daily basis. Negative interest accrued on financial assets is presented as interest payable.

**7.5. Dividend income**

Dividend income is recognized in profit or loss on the date on which the right to receive payment is established.

**7.6. Net gain/(loss) from financial instruments at fair value through profit or loss**

Net gain/(loss) from financial instruments at fair value includes all realized and unrealized fair value changes and foreign exchange differences, but excludes interest and dividend income.

**7.7. Derivatives**

Derivatives are recognized initially at fair value; attributable transaction costs are recognized in profit or loss as they are incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognized in profit or loss.

In compliance with the adopted investment policy the derivative financial instruments are held for risk management of foreign currency positions. In 2023 such operations were made by foreign currency forward contracts with several banks.

**7. Significant accounting policies (continued)**

**7.8. Fees and charges**

PAC Doverie AD collects mandatory fees and charges in connection with its management of the Fund, defined in the Social Security Code.

All fees and charges are charged at the time of their occurrence in accordance with the circumstances provided for in the Social Security Code, specified below and in the amounts as follows:

- deduction from each insurance contribution of up to 3.75% (2022 - up to 3.75%) and
- annual investment fee, calculated on the value of the net assets of the Fund depending on the period during which they were managed by PAC Doverie AD, amounting to 0.75% (2022 - up to 0.75%).

The investment fee is presented as an expense in the income statement of the Fund, while the proceeds from social security contributions are presented in the statement of changes in the net assets available to the insured persons of the Fund net of the respective deductions.

PAC Doverie AD may also collect an additional fee of up to BGN 10 when transferring the funds on the individual account to a pension scheme according to art. 343a, para. 1, p. 2 or art. 343e, para. 1 of SSC, the fee being paid by the insured person.

The specific amount of fees and deductions for the respective period are published on the external website of PAC Doverie AD (<https://www.poc-doverie.bg>).

**7.9. Tax**

Under the current system of taxation in the Republic of Bulgaria, the Fund is exempt from paying income taxes.

However, some dividend and interest income received by the Fund is subject to withholding tax imposed in certain countries of origin.

**7.10. Liabilities**

The liabilities of the Fund, according to Ordinance №9 -19.11.2003 on the manner and procedure for valuation of the assets and liabilities of the supplementary pension insurance funds and of the pension insurance company, of the value of the net assets of the fund, for calculation and declaration of the value of one unit and for the requirements for keeping individual accounts, consist of accrued liabilities to the Company for payment of mandatory fees and deductions (see above), accrued amounts for payment of insured persons, their heirs and pensioners of the Fund, as well as liabilities related to investments in assets.

The obligations for payment of insured persons, their heirs and pensioners of the Fund are accrued upon occurrence of the respective insurance event.

**GENERAL PENSION FUND DOVERIE****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****8. Net assets of the pension fund**

The net assets of GPF as at December 31, 2023, and 2022 are as follows:

|                                      | Note | 31.12.2023<br>BGN'000 | 31.12.2022<br>BGN'000 |
|--------------------------------------|------|-----------------------|-----------------------|
| <b>ASSETS</b>                        |      |                       |                       |
| Bulgarian Government securities      | 8.1  | 507,144               | 540,654               |
| Bank deposits                        | 8.2  | 120,901               | -                     |
| Investment property                  | 8.3  | 49,845                | 53,140                |
| Corporate bonds                      | 8.4  | 39,457                | 33,405                |
| Foreign securities                   | 8.5  | 3,847,606             | 3,065,774             |
| Derivates                            |      | 6,520                 | 1,058                 |
| Investment receivables               | 8.6  | 12,116                | 12,293                |
| Shares and stocks of local issuers   | 8.7  | 64,009                | 80,357                |
| Current accounts in BGN              |      | 214,486               | 257,323               |
| Current accounts in foreign currency |      | 239,157               | 245,543               |
| <b>TOTAL ASSETS</b>                  |      | <b>5,101,241</b>      | <b>4,289,548</b>      |
| Less: Liabilities                    | 8.8  | (16,402)              | (12,115)              |
| <b>TOTAL NET ASSETS</b>              |      | <b>5,084,839</b>      | <b>4,277,432</b>      |

**8.1. Government securities issued by Republic of Bulgaria**

In 2023 the Fund increased its exposure in government securities. BGN denominated government securities increased, government securities denominated in foreign currency decreased.

|   | 31.12.2023<br>BGN'000 | 31.12.2022<br>BGN'000 |
|---|-----------------------|-----------------------|
| Government securities denominated in BGN                | 415,489               | 380,609               |
| Government securities denominated in a foreign currency | 91,655                | 160,045               |
| <b>Total</b>  | <b>507,144</b>        | <b>540,654</b>        |

The investments in government securities are evaluated at their fair value.

The position of the Fund in Government securities as of 31 December 2023 is as follows:

| Issuer               | ISIN         | Coupon rate | Currency | Par value /'000/ | Maturity      | Fair value /BGN'000/ |
|----------------------|--------------|-------------|----------|------------------|---------------|----------------------|
| Republic of Bulgaria | BG2030121110 | 0.000%      | BGN      | 310,348          | 17.05.2025 r  | 296,821              |
| Republic of Bulgaria | BG2040019213 | 1.500%      | BGN      | 66,130           | 21.06.2039 r. | 48,963               |
| Republic of Bulgaria | BG2030021112 | 0.000%      | BGN      | 21,800           | 24.02.2026 r. | 20,297               |
| Republic of Bulgaria | BG2040121217 | 0.250%      | BGN      | 59,562           | 24.05.2029 r. | 49,408               |
| Republic of Bulgaria | XS1083844503 | 2.950%      | EUR      | 8,686            | 03.09.2024 r. | 17,023               |
| Republic of Bulgaria | XS2536817484 | 4.625%      | EUR      | 4,000            | 23.09.2034 r. | 8,404                |
| Republic of Bulgaria | XS2536817211 | 4.125%      | EUR      | 26,750           | 23.09.2029 r. | 54,296               |
| Republic of Bulgaria | BG2040210218 | 5.750%      | EUR      | 5,790            | 29.09.2025 r. | 11,932               |
| <b>Total</b>         |              |             |          |                  |               | <b>507,144</b>       |

**GENERAL PENSION FUND DOVERIE****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****8. Net assets of the pension fund (continued)****8.1. Government securities issued by Republic of Bulgaria (continued)**

The investments in government securities are evaluated at their fair value.

The position of the Fund in Government securities as of 31 December 2022 is as follows:

| <b>Issuer</b>        | <b>ISIN</b>  | <b>Coupon rate</b> | <b>Currency</b> | <b>Par value /'000/</b> | <b>Maturity</b> | <b>Fair value /BGN'000/</b> |
|----------------------|--------------|--------------------|-----------------|-------------------------|-----------------|-----------------------------|
| Republic of Bulgaria | BG2030121110 | 0.000%             | BGN             | 310,348                 | 17.05.2025      | 281,424                     |
| Republic of Bulgaria | BG2040019213 | 1.500%             | BGN             | 66,130                  | 21.06.2039      | 35,055                      |
| Republic of Bulgaria | BG2030021112 | 0.000%             | BGN             | 21,800                  | 24.02.2026      | 19,391                      |
| Republic of Bulgaria | BG2040121217 | 0.250%             | BGN             | 59,562                  | 24.05.2029      | 44,739                      |
| Republic of Bulgaria | XS1083844503 | 2.950%             | EUR             | 13,686                  | 03.09.2024      | 26,910                      |
| Republic of Bulgaria | XS2536817484 | 4.625%             | EUR             | 9,000                   | 23.09.2034      | 17,713                      |
| Republic of Bulgaria | XS2536817211 | 4.125%             | EUR             | 26,750                  | 23.09.2029      | 51,859                      |
| Republic of Bulgaria | BG2040210218 | 5.750%             | EUR             | 5,790                   | 29.09.2025      | 12,160                      |
| Republic of Bulgaria | XS1208855889 | 2.625%             | EUR             | 26,640                  | 26.03.2027      | 51,403                      |
| <b>Total</b>         |              |                    |                 |                         |                 | <b>540,654</b>              |

**8.2. Bank deposits**

Bank deposits as of 31 December 2023 is as follows:

| <b>Bank</b>           | <b>Currency</b> | <b>Par value /BGN'000/</b> | <b>Maturity</b> | <b>Value /BGN'000/</b> | <b>Credit rating</b> | <b>Rating Agency</b> |
|-----------------------|-----------------|----------------------------|-----------------|------------------------|----------------------|----------------------|
| ING BANK N.V.         | EUR             | 10,000                     | 24.01.2024 г.   | 20,123                 | A+                   | S&P                  |
| ING BANK N.V.         | EUR             | 10,000                     | 15.02.2024 г.   | 20,122                 | A+                   | S&P                  |
| ING BANK N.V.         | EUR             | 10,000                     | 29.04.2024 г.   | 20,046                 | A+                   | S&P                  |
| EUROBANK EFG Bulgaria | BGN             | 20,000                     | 26.04.2024 г.   | 20,130                 | BBB                  | BCRA                 |
| EUROBANK EFG Bulgaria | BGN             | 20,000                     | 25.10.2024 г.   | 20,134                 | BBB                  | BCRA                 |
| EUROBANK EFG Bulgaria | BGN             | 20,000                     | 08.01.2024 г.   | 20,346                 | BBB                  | BCRA                 |
| <b>Total</b>          |                 |                            |                 | <b>120,901</b>         |                      |                      |



**GENERAL PENSION FUND DOVERIE****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****8. Net assets of the pension fund (continued)****8.3. Investment Property**

As of 31 December 2023, General Pension Fund Doverie owns investments in the following real estates:

| <b>Description</b>                    | <b>Date of acquisition</b> | <b>Place</b> | <b>Acquisition price<br/>/BGN'000/</b> | <b>Fair value<br/>/BGN'000/</b> |
|---------------------------------------|----------------------------|--------------|--|---------------------------------|
| Regulated land plot                   | 23.11.2007                 | Saint Vlas   | 1,938                                  | 1,820                           |
| Plot Nessebar - right of construction | 30.11.2010                 | Saint Vlas   | 3,389                                  | 1,635                           |
| Regulated land plot                   | 21.12.2011                 | Saint Vlas   | 10,392                                 | 7,120                           |
| Plot Nessebar - right of construction | 21.12.2011                 | Saint Vlas   | 11,520                                 | 3,844                           |
| Land plot Nessebar                    | 29.01.2009                 | Nessebar     | 3,077                                  | 8,613                           |
| Regulated land plot                   | 30.04.2009                 | Razlog       | 1,682                                  | 152                             |
| Residential complex                   | 30.04.2009                 | Razlog       | 3,066                                  | 9,029                           |
| Land and office building              | 01.06.2010                 | Sofia        | 15,372                                 | 17,632                          |
| <b>Total</b>                          |                            |              |  | <b>49,845</b>                   |

As of 31 December 2022, General Pension Fund Doverie owns investments in the following real estates:

| <b>Description</b>                    | <b>Date of acquisition</b> | <b>Place</b> | <b>Acquisition price<br/>/BGN'000/</b> | <b>Fair value<br/>/BGN'000/</b> |
|---------------------------------------|----------------------------|--------------|--|---------------------------------|
| Regulated land plot                   | 23.11.2007                 | Saint Vlas   | 1,938                                  | 1,899                           |
| Plot Nessebar - right of construction | 30.11.2010                 | Saint Vlas   | 3,389                                  | 2,223                           |
| Regulated land plot                   | 21.12.2011                 | Saint Vlas   | 10,392                                 | 7,432                           |
| Plot Nessebar - right of construction | 21.12.2011                 | Saint Vlas   | 11,520                                 | 5,307                           |
| Land plot Nessebar                    | 29.01.2009                 | Nessebar     | 3,077                                  | 9,129                           |
| Regulated land plot                   | 30.04.2009                 | Razlog       | 1,682                                  | 150                             |
| Residential complex                   | 30.04.2009                 | Razlog       | 3,066                                  | 9,602                           |
| Land and office building              | 01.06.2010                 | Sofia        | 15,372                                 | 17,398                          |
| <b>Total</b>                          |                            |              |  | <b>53,140</b>                   |

**Reconciliation of changes in book value***TBGN*

|                               | <b>Note</b> | <b>2023</b>   | <b>2022</b>   |
|-------------------------------|-------------|---------------|---------------|
| <b>Balance on 01 January</b>  |             | <b>53,140</b> | <b>55,501</b> |
| Change in fair value          |             | (3,295)       | (2,361)       |
| <b>Balance at 31 December</b> |             | <b>49,845</b> | <b>53,140</b> |

Valuation of investment properties at fair value at 31 December 2023, and 31 December 31 2022, was carried out by independent external evaluators.

## GENERAL PENSION FUND DOVERIE

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### 8. Net assets of the pension fund (continued)

##### 8.3. Investment Property (continued)

The investment property in town Nessebar with book value at the end of 2023 amounting to TBGN 8,613 (2022: TBGN 9,129) was evaluated by an independent evaluator who used two valuation methods: Discounted cash flow method and market analogue method. The correlation between the two methods, which was used in determining the final market price, is 50/50.

Independent evaluator evaluated the investment property in town Razlog with book value at the end of 2023 amounting to TBGN 9,180 (2022: TBGN 9,752) by using the market analogue method.

For the land located in Saint Vlas Vlas with book value at the end of 2023 amounting to TBGN 7,120 (2022: TBGN 7,432) (property 25) and TBGN 1,820 (2022: TBGN 1,899) (property 24) independent evaluator used the market analogue method.

Building permits for. Saint Vlas Vlas book values at the end of 2023 amounting to TBGN 3,845 (2022: TBGN 5,307) (property 25) and TBGN 1,635 (2022: TBGN 2,223) (property 24) the independent valuer used a valuation method to initially estimate the aggregate of land and the right to build under the Residual Value method. The deduction of the value of the right of the building is obtained by the difference between the Residual Value method and the value of the Land valued by the market analogue method.

For land and building located in Sofia, Tintiava 13b str. with book value at the end of 2023 amounting of TBGN 17,632 (2022: TBGN 17,398), the independent evaluator used the method of capitalization of income.

The fair value of investment property is classified as recurring fair value measurements in Level 2. The relationship between assessment methods and significant unobservable inputs and between key unobservable inputs and fair value is set out in note 16.

According to the provisions of SSC, in particular "Art. 180c. para. (1) After the expiration of 5 years from the acquisition of each individual investment property owned by the supplementary pension assurance fund, the pension assurance company shall be obliged at the end of each quarter to compare the yield achieved on this property for the previous 60-month period with the performance achieved in the management of the fund for the same period. Para. (2) Where the yield from the property is lower than 50 per cent of the yield in the management of the fund for the respective period, the pension assurance company shall be obliged, within 24 months of establishing this circumstance, to sell the investment property at a price not lower than the market one. The occurrence of changes during the 24-month period in the yield on the investment property and/or in the yield from the management of the fund does not relieve the company of this obligation." The order and method of calculating and comparing the yield is defined in Para 1 and 2 in art. 23a of "Ordinance No 9 of 19.11.2003 on the manner and procedure for valuation of the assets and liabilities of the pension insurance company and the funds managed by it, the value of the net assets of the funds, for calculating and announcing the value of one unit, for calculating and comparing the yield on investment properties and for the requirements for keeping individual accounts and analytical accounts in a deferred payment fund". The issue of the properties acquired before November 18, 2018 is regulated in § 157 a pension assurance company that manages a supplementary pension assurance fund, which as of November 18, 2018 owns investment properties, makes the first comparison of the achieved yield on these properties under Art. 180c, para. 1 and 2 as of 31 December 2023.

According to § 157, the calculation of the achieved yield began in 2019, and for the past period the yield on funds and properties was calculated according to the provisions of Art. 23a, of Ordinance No. 9.

As a result of the calculations, the management of the Company decided that the properties owned by GPF "Doverie" with a book value of TBGN 32,213 will be offered for sale.

**GENERAL PENSION FUND DOVERIE****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****8. Net assets of the pension fund (continued)****8.4. Corporate bonds**

The carrying amount of corporate bonds immaterially increases compared to 2022. All bonds are listed for trading on the bond segment of BSE – Sofia and some are secured.

The table below shows detailed information for the secured corporate bonds as of 31 December 2023

| Issuer         | ISIN         | Interest coupon                                     | Currency | Nominal<br>/BGN'000/ | Maturity   | Fair value<br>/BGN'000/ |
|----------------|--------------|---|----------|----------------------|------------|-------------------------|
| Bravo Property | BG2100008197 | 3.25%   | BGN      | 2,030                | 11.4.2024  | 1,734                   |
| Monbat AD      | BG2100023170 | 6 m. EURIBOR +<br>3.00%, but not less<br>than 3.00% | EUR      | 4,395                | 20.1.2025  | 6,961                   |
| BEH            | XS1839682116 | 3.50%   | EUR      | 10,500               | 28.6.2025  | 20,207                  |
| TBI Bank       | BG2100007215 | 5.25%   | EUR      | 1,100                | 30.7.2031  | 2,112                   |
| TBI Bank       | BG2100005235 | 9.00%   | EUR      | 1,400                | 9.6.2026   | 2,822                   |
| BACB           | BG2100022222 | 5.00%   | EUR      | 2,900                | 23.12.2029 | 5,621                   |
| <b>Total</b>   |              |   |          |                      |            | <b>39,457</b>           |

The table below shows detailed information for the secured corporate bonds as of 31 December 2022

| Issuer         | ISIN         | Interest coupon                                 | Currency | Nominal /<br>BGN'000/ | Maturity   | Fair value<br>/BGN'000/ |
|----------------|--------------|---|----------|-----------------------|------------|-------------------------|
| Bravo Property | BG2100008197 | 3.25%   | BGN      | 2 025                 | 11.04.2024 | 1,807                   |
| Monbat AD      | BG2100023170 | 6 M. EURIBOR +<br>3.00%, not less<br>than 3.00% | EUR      | 4 395                 | 20.01.2025 | 8,471                   |
| BEH            | XS1839682116 | 3.50%   | EUR      | 10 500                | 28.06.2025 | 18,965                  |
| TBI Bank       | BG2100007215 | 5.25%   | EUR      | 1 000                 | 30.07.2031 | 1,940                   |
| Hypocredit AD  | BG2100018089 | 1.90%   | EUR      | 1 320                 | 30.06.2023 | 1,141                   |
| Hypocredit AD  | BG2100038079 | 1.90%   | EUR      | 1 174                 | 30.06.2031 | 1,081                   |
| <b>Total</b>   |              |   |          |                       |            | <b>33,405</b>           |

**8.5. Foreign securities**

The main share of the foreign securities is of the government bonds of EU member countries. The individual investments (bonds) increased compared to 2022. The investment in Index and Mutual Funds also increased compared to 2022. Minimal decrease is observed in investments in stocks, compared to 2022.

The table below presents the investments of General Pension Fund Doverie in foreign securities as of 31 December 2023 and 31 December 2022.

|   | Note  | 31.12.2023<br>BGN'000 | 31.12.2022<br>BGN'000 |
|---|-------|-----------------------|-----------------------|
| Government securities of EU countries     | 8.5.1 | 1,549,886             | 929,859               |
| Government securities of non-EU countries | 8.5.2 | 611,980               | 500,316               |
| Individual investments (Bonds)            | 8.5.3 | 395,895               | 327,320               |
| Index and Mutual Funds                    | 8.5.4 | 750,488               | 728,054               |
| Shares                                    | 8.5.5 | 539,357               | 580,225               |
| <b>Total</b>                              |       | <b>3,847,606</b>      | <b>3,065,774</b>      |

**GENERAL PENSION FUND DOVERIE****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****8. Net assets of the pension fund (continued)****8.5. Foreign securities (continued)****8.5.1. Government or government guaranteed securities of EU countries**

Government or government guaranteed securities of EU countries as of 31 December 2023

| Issuer                         | ISIN         | Interest coupon | Currency | Nominal /BGN'000/ | Maturity   | Fair value /BGN'000/ |
|--------------------------------|--------------|-----------------|----------|-------------------|------------|----------------------|
| Republic of Romania            | XS1060842975 | 3.63%           | EUR      | 27,100            | 24.04.2024 | 54,186               |
| Republic of Romania            | XS1129788524 | 2.88%           | EUR      | 14,500            | 28.10.2024 | 28,316               |
| Republic of Romania            | XS1312891549 | 2.75%           | EUR      | 39,700            | 29.10.2025 | 76,024               |
| Republic of Romania            | XS1934867547 | 2.00%           | EUR      | 10,900            | 08.12.2026 | 20,040               |
| Republic of Romania            | XS1892141620 | 2.88%           | EUR      | 4,700             | 11.03.2029 | 8,523                |
| Republic of Romania            | XS1420357318 | 2.88%           | EUR      | 7,450             | 26.05.2028 | 13,844               |
| Republic of Romania            | XS2434895558 | 2.13%           | EUR      | 18,300            | 07.03.2028 | 33,020               |
| Republic of Romania            | XS2538440780 | 5.00%           | EUR      | 26,000            | 27.09.2026 | 52,756               |
| Republic of Romania            | XS2689949399 | 5.50%           | EUR      | 15,500            | 18.09.2028 | 31,568               |
| Republic of Romania            | RO0OTTP19A72 | 4.40%           | EUR      | 7,000             | 28.11.2025 | 13,826               |
| Hungary                        | XS2161992198 | 1.13%           | EUR      | 18,000            | 28.04.2026 | 33,299               |
| Hungary                        | XS1696445516 | 1.75%           | EUR      | 4,400             | 10.10.2027 | 8,090                |
| Hungary                        | XS2386583145 | 0.13%           | EUR      | 16,100            | 21.09.2028 | 26,273               |
| Hungary                        | XS2259191273 | 0.50%           | EUR      | 10,600            | 18.11.2030 | 16,227               |
| German Bund                    | DE0001102606 | 1.70%           | EUR      | 19,400            | 15.08.2032 | 37,384               |
| German Bund                    | DE000BU2Z007 | 2.30%           | EUR      | 89,000            | 15.02.2033 | 182,341              |
| German Bund                    | DE000BU2Z015 | 2.60%           | EUR      | 63,000            | 15.08.2033 | 130,836              |
| France                         | FR001400BKZ3 | 0.00%           | EUR      | 72,600            | 25.11.2032 | 136,965              |
| France                         | FR001400H7V7 | 3.00%           | EUR      | 87,100            | 25.05.2033 | 180,237              |
| France                         | FR0127921080 | 0.00%           | EUR      | 17,000            | 12.06.2024 | 32,718               |
| Republic of Croatia            | XS1117298916 | 3.00%           | EUR      | 10,450            | 11.03.2025 | 20,804               |
| Republic of Croatia            | XS1843434876 | 1.13%           | EUR      | 10,200            | 19.06.2029 | 18,190               |
| Spain                          | ES00000127A2 | 1.95%           | EUR      | 12,600            | 30.07.2030 | 23,756               |
| Spain                          | ES0000012K61 | 2.55%           | EUR      | 22,300            | 31.10.2032 | 42,673               |
| Italy                          | IT0005544082 | 4.35%           | EUR      | 25,000            | 01.11.2033 | 52,161               |
| Italy                          | IT0005452989 | 0.00%           | EUR      | 10,000            | 15.08.2024 | 19,164               |
| Italy                          | IT0005439275 | 0.00%           | EUR      | 28,000            | 15.04.2024 | 54,206               |
| Italy                          | IT0005474330 | 0.00%           | EUR      | 9,400             | 15.12.2024 | 17,829               |
| Italy                          | IT0005494239 | 2.50%           | EUR      | 32,400            | 01.12.2032 | 58,659               |
| Poland                         | XS1508566392 | 1.00%           | EUR      | 3,600             | 25.10.2028 | 6,579                |
| Poland                         | XS1015428821 | 3.00%           | EUR      | 23,300            | 15.01.2024 | 46,768               |
| Poland                         | XS0841073793 | 3.38%           | EUR      | 4,500             | 09.07.2024 | 8,909                |
| Republic of Portugal           | PTOTELOE0028 | 0.48%           | EUR      | 10,850            | 18.10.2030 | 18,660               |
| Republic of Portugal           | PTOTEYOE0031 | 1.65%           | EUR      | 17,300            | 16.07.2032 | 31,521               |
| BANK<br>GOSPODARSTWA<br>KRAJOW | XS2397082939 | 0.38%           | EUR      | 8,100             | 13.10.2028 | 13,534               |
|                                |              |                 |          |                   |            | <b>1,549,886</b>     |

**GENERAL PENSION FUND DOVERIE****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****8. Net assets of the pension fund (continued)****8.5.1. Government or government guaranteed securities of EU countries (continued)**

Government or government guaranteed securities of EU countries as of 31 December 2022

| <b>Issuer</b>                  | <b>ISIN</b>  | <b>Interest coupon</b> | <b>Currency</b> | <b>Nominal /'000/</b> | <b>Maturity</b> | <b>Fair value /BGN'000/</b> |
|--------------------------------|--------------|------------------------|-----------------|-----------------------|-----------------|-----------------------------|
| Republic of Romania            | XS1060842975 | 3.63%                  | EUR             | 27,100                | 24.04.2024      | 54,237                      |
| Republic of Romania            | XS1129788524 | 2.88%                  | EUR             | 14,500                | 28.10.2024      | 27,980                      |
| Republic of Romania            | XS1312891549 | 2.75%                  | EUR             | 39,700                | 29.10.2025      | 75,052                      |
| Republic of Romania            | XS1934867547 | 2.00%                  | EUR             | 10,900                | 08.12.2026      | 19,118                      |
| Republic of Romania            | XS1892141620 | 2.88%                  | EUR             | 4,700                 | 11.03.2029      | 7,798                       |
| Republic of Romania            | XS1420357318 | 2.88%                  | EUR             | 7,450                 | 26.05.2028      | 12,818                      |
| Republic of Romania            | XS2434895558 | 2.13%                  | EUR             | 18,300                | 07.03.2028      | 30,402                      |
| Republic of Romania            | XS2538440780 | 5.00%                  | EUR             | 26,000                | 27.09.2026      | 51,738                      |
| Republic of Romania            | ROE3GCPAFCP6 | 1.00%                  | EUR             | 32,500                | 13.12.2023      | 62,229                      |
| Republic of Romania            | RO0OTTP19A72 | 4.40%                  | EUR             | 7,000                 | 28.11.2025      | 13,659                      |
| Republic of Romania            | RO3SQY3RSKX5 | 0.00%                  | EUR             | 4,500                 | 27.11.2023      | 8,560                       |
| Hungary                        | XS2161992198 | 1.13%                  | EUR             | 18,000                | 28.04.2026      | 31,556                      |
| Hungary                        | XS1696445516 | 1.75%                  | EUR             | 4,400                 | 10.10.2027      | 7,545                       |
| Hungary                        | XS2386583145 | 0.13%                  | EUR             | 16,100                | 21.09.2028      | 23,205                      |
| Hungary                        | XS2259191273 | 0.50%                  | EUR             | 10,600                | 18.11.2030      | 14,172                      |
| German Bund                    | DE0001102606 | 1.70%                  | EUR             | 19,400                | 15.08.2032      | 35,467                      |
| France                         | FR001400BKZ3 | 0.00%                  | EUR             | 37,700                | 25.11.2032      | 66,967                      |
| Republic of Croatia            | XS1117298916 | 3.00%                  | EUR             | 10,450                | 11.03.2025      | 20,828                      |
| Republic of Croatia            | XS1843434876 | 1.13%                  | EUR             | 10,200                | 19.06.2029      | 17,044                      |
| Spain                          | ES00000127A2 | 1.95%                  | EUR             | 12,600                | 30.07.2030      | 22,510                      |
| Spain                          | ES0000012K61 | 2.55%                  | EUR             | 19,600                | 31.10.2032      | 35,023                      |
| Italy                          | IT0005445306 | 0.50%                  | EUR             | 21,650                | 15.07.2028      | 34,931                      |
| Italy                          | IT0005452989 | 0.00%                  | EUR             | 10,000                | 15.08.2024      | 18,556                      |
| Italy                          | IT0005439275 | 0.00%                  | EUR             | 28,000                | 15.04.2024      | 52,577                      |
| Italy                          | IT0005474330 | 0.00%                  | EUR             | 9,400                 | 15.12.2024      | 17,256                      |
| Italy                          | IT0005494239 | 2.50%                  | EUR             | 32,400                | 01.12.2032      | 52,729                      |
| Republic of Poland             | XS1508566392 | 1.00%                  | EUR             | 3,600                 | 25.10.2028      | 6,127                       |
| Republic of Poland             | XS1015428821 | 3.00%                  | EUR             | 23,300                | 15.01.2024      | 46,820                      |
| Republic of Poland             | XS0841073793 | 3.38%                  | EUR             | 4,500                 | 09.07.2024      | 8,961                       |
| Portugal                       | PTOTELOE0028 | 0.48%                  | EUR             | 10,850                | 18.10.2030      | 17,084                      |
| Portugal                       | PTOTEYOE0031 | 1.65%                  | EUR             | 14,600                | 16.07.2032      | 24,491                      |
| BANK<br>GOSPODARSTWA<br>KRAJOW | XS2397082939 | 0.38%                  | EUR             | 8,100                 | 13.10.2028      | 12,419                      |
| <b>Total</b>                   |              |                        |                 |                       |                 | <b>929,859</b>              |

**GENERAL PENSION FUND DOVERIE****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****8. Net assets of the pension fund (continued)****8.5. Foreign securities (continued)****8.5.2. Government securities of non-EU countries**

Government securities of non-EU countries as of 31 December 2023

| <b>Issuer</b>         | <b>ISIN</b>  | <b>Interest coupon</b> | <b>Currency</b> | <b>Nominal /BGN'000/</b> | <b>Maturity</b> | <b>Fair value /BGN'000/</b> |
|-----------------------|--------------|------------------------|-----------------|--------------------------|-----------------|-----------------------------|
| USA                   | US91282CFX48 | 4.50%                  | USD             | 5,000                    | 30.11.2024      | 8,852                       |
| USA                   | US91282CHC82 | 3.38%                  | USD             | 40,900                   | 15.05.2033      | 69,828                      |
| USA                   | US91282CHT18 | 3.88%                  | USD             | 37,100                   | 15.08.2033      | 66,569                      |
| United Mexican States | XS1751001139 | 1.75%                  | EUR             | 22,806                   | 17.04.2028      | 41,947                      |
| United Mexican States | XS1974394675 | 1.63%                  | EUR             | 22,900                   | 08.04.2026      | 43,522                      |
| Chile                 | XS1346652891 | 1.75%                  | EUR             | 4,500                    | 20.01.2026      | 8,643                       |
| Chile                 | XS1236685613 | 1.88%                  | EUR             | 6,200                    | 27.05.2030      | 11,117                      |
| Chile                 | XS2369244087 | 0.10%                  | EUR             | 26,400                   | 26.01.2027      | 46,858                      |
| Chile                 | XS2388560604 | 0.55%                  | EUR             | 16,500                   | 21.01.2029      | 28,256                      |
| Chile                 | XS1151586945 | 1.63%                  | EUR             | 19,000                   | 30.01.2025      | 36,832                      |
| Israel                | XS1023541847 | 2.88%                  | EUR             | 30,800                   | 29.01.2024      | 61,677                      |
| Republic of Indonesia | XS2366690332 | 1.00%                  | EUR             | 10,800                   | 28.07.2029      | 18,451                      |
| Republic of Indonesia | XS1647481206 | 2.15%                  | EUR             | 12,100                   | 18.07.2024      | 23,588                      |
| Republic of Indonesia | XS1268430201 | 3.38%                  | EUR             | 13,746                   | 30.07.2025      | 27,048                      |
| Republic of Indonesia | XS2100404396 | 0.90%                  | EUR             | 13,500                   | 14.02.2027      | 24,421                      |
| Republic of Indonesia | XS2069959398 | 1.40%                  | EUR             | 6,200                    | 30.10.2031      | 10,275                      |
| China                 | XS2078532913 | 0.13%                  | EUR             | 18,900                   | 12.11.2026      | 33,886                      |
| China                 | XS2078533218 | 0.50%                  | EUR             | 8,900                    | 12.11.2031      | 14,405                      |
| China                 | XS2259626856 | 0.25%                  | EUR             | 2,000                    | 25.11.2030      | 3,252                       |
| Saudi Arabi           | XS2024540622 | 0.75%                  | EUR             | 5,500                    | 09.07.2027      | 9,892                       |
| Columbia              | XS1385239006 | 3.88%                  | EUR             | 11,400                   | 22.03.2026      | 22,661                      |
| <b>Total</b>          |              |                        |                 |                          |                 | <b>611,980</b>              |

**GENERAL PENSION FUND DOVERIE****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****8. Net assets of the pension fund (continued)****8.5. Foreign securities (continued)****8.5.2. Government securities of non-EU countries (continued)**

Government securities of non-EU countries as of 31 December 2022

| <b>Issuer</b>         | <b>ISIN</b>  | <b>Interest coupon</b> | <b>Currency</b> | <b>Nominal /'000/</b> | <b>Maturity</b> | <b>Fair value /BGN'000/</b> |
|-----------------------|--------------|------------------------|-----------------|-----------------------|-----------------|-----------------------------|
| USA                   | US91282CFX48 | 4.50%                  | USD             | 5 000                 | 30.11.2024      | 9 204                       |
| United Mexican States | XS1751001139 | 1.75%                  | EUR             | 22 806                | 17.04.2028      | 40 319                      |
| United Mexican States | XS1974394675 | 1.63%                  | EUR             | 22 900                | 08.04.2026      | 42 614                      |
| Chile                 | XS1346652891 | 1.75%                  | EUR             | 4 500                 | 20.01.2026      | 8 410                       |
| Chile                 | XS1236685613 | 1.88%                  | EUR             | 6 200                 | 27.05.2030      | 10 605                      |
| Chile                 | XS2369244087 | 0.10%                  | EUR             | 26 400                | 26.01.2027      | 44 176                      |
| Chile                 | XS2388560604 | 0.55%                  | EUR             | 16 500                | 21.01.2029      | 26 471                      |
| Chile                 | XS1151586945 | 1.63%                  | EUR             | 19 000                | 30.01.2025      | 35 980                      |
| Israel                | XS1023541847 | 2.88%                  | EUR             | 30 800                | 29.01.2024      | 61 397                      |
| Israel                | XS1936100483 | 1.50%                  | EUR             | 8 400                 | 16.01.2029      | 14 949                      |
| Republic of Indonesia | XS2366690332 | 1.00%                  | EUR             | 10 800                | 28.07.2029      | 17 061                      |
| Republic of Indonesia | XS1647481206 | 2.15%                  | EUR             | 12 100                | 18.07.2024      | 23 368                      |
| Republic of Indonesia | XS1432493879 | 2.63%                  | EUR             | 13 000                | 14.06.2023      | 25 708                      |
| Republic of Indonesia | XS1268430201 | 3.38%                  | EUR             | 13 746                | 30.07.2025      | 27 031                      |
| Republic of Indonesia | XS2100404396 | 0.90%                  | EUR             | 13 500                | 14.02.2027      | 23 384                      |
| Republic of Indonesia | XS2069959398 | 1.40%                  | EUR             | 6 200                 | 30.10.2031      | 9 458                       |
| China                 | XS2078532913 | 0.13%                  | EUR             | 18 900                | 12.11.2026      | 32 667                      |
| China                 | XS2078533218 | 0.50%                  | EUR             | 8 900                 | 12.11.2031      | 13 205                      |
| China                 | XS2259626856 | 0.25%                  | EUR             | 2 000                 | 25.11.2030      | 3 107                       |
| Saudi Arabi           | XS2024540622 | 0.75%                  | EUR             | 5 500                 | 09.07.2027      | 9 609                       |
| Columbia              | XS1385239006 | 3.88%                  | EUR             | 11 400                | 22.03.2026      | 21 593                      |
| <b>Total</b>          |              |                        |                 |                       |                 | <b>500,316</b>              |

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

8. Net assets of the pension fund (continued)

8.5. Foreign securities (continued)

8.5.3. Individual investments (Bonds)

Individual investments (Bonds) as of 31 December 2023

| Issuer                     | ISIN         | Credit Rating | Rating Agency | Currency /'000/ | Nominal | Fair value /BGN'000/ |
|----------------------------|--------------|---------------|---------------|-----------------|---------|----------------------|
| VERIZON                    | XS1146282634 | BBB+          | S&P           | EUR             | 3,600   | 7,109                |
| Ford                       | XS1959498160 | BB+           | S&P           | EUR             | 4,500   | 8,993                |
| America Movil              | XS1379122101 | BBB+          | S&P           | EUR             | 2,500   | 4,917                |
| RENAULT SA                 | FR0013329315 | BB+           | S&P           | EUR             | 8,500   | 16,526               |
| Softbank Group Corp        | XS2361253862 | BB            | S&P           | EUR             | 4,400   | 8,518                |
| NE Property Cooperatief    | XS1722898431 | BBB           | Fitch         | EUR             | 7,900   | 14,961               |
| SAP AG                     | DE000A2TSTE8 | A             | S&P           | EUR             | 2,000   | 3,809                |
| Deutsche Pfandbriefbank AG | DE000A3T0X97 | BBB           | S&P           | EUR             | 3,100   | 5,748                |
| Volvo Car AB               | XS1724626699 | Ba1           | Moody's       | EUR             | 4,000   | 7,779                |
| VOLKSWAGEN Fin Serv AG     | XS2438615606 | BBB+          | S&P           | EUR             | 3,000   | 5,671                |
| THYSSENKRUPP AG            | DE000A14J587 | Ba3           | Moody's       | EUR             | 6,190   | 12,148               |
| Teva Pharm                 | XS1813724603 | BB-           | Fitch         | EUR             | 6,000   | 11,882               |
| Peugeot S.A.               | FR0013323326 | BBB           | S&P           | EUR             | 5,000   | 9,738                |
| GENERAL ELECTRIC CO        | XS1612542826 | BBB           | Fitch         | EUR             | 3,000   | 5,698                |
| Valeo                      | FR0013342334 | BB+           | S&P           | EUR             | 2,200   | 4,187                |
| Cridit Agricole            | FR00140098S7 | A+            | S&P           | EUR             | 5,200   | 9,843                |
| DXC Technology             | XS1883245331 | Baa2          | Moody's       | EUR             | 8,100   | 15,547               |
| Vonovia SE                 | DE000A3MQS56 | BBB+          | S&P           | EUR             | 3,000   | 5,678                |
| PKO Bank Polski SA         | XS2582358789 | A3            | Moody's       | EUR             | 7,100   | 14,742               |
| Deutsche Bank AG           | DE000DL19US6 | BBB-          | S&P           | EUR             | 4,000   | 7,855                |
| Nissan Motor Co            | XS2228683277 | BB+           | S&P           | EUR             | 4,000   | 7,802                |
| Volkswagen Leasing         | XS2694872081 | BBB+          | S&P           | EUR             | 5,400   | 10,897               |
| Pepsico Inc                | XS1061714165 | A+            | S&P           | EUR             | 2,500   | 4,935                |
| Goldman Sachs              | XS1458408561 | BBB+          | S&P           | EUR             | 4,000   | 7,572                |
| Daimler AG                 | DE000A289XJ2 | A             | S&P           | EUR             | 2,000   | 3,855                |
| LeasePlan Corporation NV   | XS2384269101 | A-            | S&P           | EUR             | 6,250   | 11,228               |
| ING Bank                   | XS2697483118 | A1            | Moody's       | EUR             | 10,300  | 20,832               |
| Verizon                    | XS1708161291 | BBB+          | S&P           | EUR             | 3,000   | 5,624                |
| Swedbank AB                | XS2404027935 | A+            | S&P           | EUR             | 4,600   | 8,299                |
| Apple Inc                  | XS1135337498 | AA+           | S&P           | EUR             | 2,000   | 3,807                |
| Deutsche Bank AG           | DE000DL19U23 | BBB-          | S&P           | EUR             | 4,000   | 7,462                |
| Banco Santander SA         | XS2113889351 | Baa1          | Moody's       | EUR             | 4,000   | 7,207                |
| Renault                    | FR0014006W65 | BB+           | S&P           | EUR             | 5,300   | 10,073               |
| Pfizer Inc                 | XS1574158082 | A             | Fitch         | EUR             | 2,700   | 5,040                |
| Berkshire Hathaway Inc     | XS1200679071 | A+            | Fitch         | EUR             | 2,700   | 5,017                |
| Nova Ljubljanska Banka     | XS2641055012 | BBB           | S&P           | EUR             | 1,300   | 2,766                |
| Ceska Sporitelna AS        | XS2638560156 | BBB+          | S&P           | EUR             | 2,000   | 4,169                |
| DXC Capital Funding LTD    | XS2384715244 | BBB-          | S&P           | EUR             | 5,200   | 9,024                |
| Fresenius SE & Co KGAA     | XS2152329053 | Baa3          | Moody's       | EUR             | 4,000   | 7,420                |



## GENERAL PENSION FUND DOVERIE

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### 8. Net assets of the pension fund (continued)

##### 8.5. Foreign securities (continued)

##### 8.5.3. Individual investments (Bonds) (continued)

Individual investments (Bonds) as of 31 December 2023

| Issuer                  | ISIN         | Credit Rating | Rating Agency | Currency /'000/ | Nominal | Fair value /BGN'000/ |
|-------------------------|--------------|---------------|---------------|-----------------|---------|----------------------|
| Raiffeisen Bank Romania | XS2700245561 | Baa2          | Moody's       | EUR             | 1,900   | 3,886                |
| Goldman Sachs           | XS1796209010 | BBB+          | S&P           | EUR             | 2,000   | 3,791                |
| CK Hutchison            | XS1391086987 | A-            | Fitch         | EUR             | 2,570   | 4,841                |
| BAT Netherlands Finance | XS2153597518 | Baa2          | Moody's       | EUR             | 4,000   | 7,981                |
| Valeo                   | FR0014004UE6 | BB+           | S&P           | EUR             | 1,200   | 2,067                |
| Raiffeisen Bank Intl.   | XS2682093526 | Baa2          | Moody's       | EUR             | 9,600   | 19,901               |
| UBS Group AG            | CH0576402181 | A-            | S&P           | EUR             | 2,600   | 4,471                |
| Banka Transilvania      | XS2724401588 | BB            | Fitch         | EUR             | 4,700   | 9,483                |
| ALIBABA GROUP HOLDING   | US01609WAQ50 | A1            | Moody's       | USD             | 3,000   | 5,234                |
| Qualicomm INC           | US747525AF05 | A             | S&P           | USD             | 2,400   | 4,188                |
| AMAZON.COM INC          | US023135BC96 | A1            | Moody's       | USD             | 3,300   | 5,674                |
| <b>Total</b>            |              |               |               |                 |         | <b>395,895</b>       |

Individual investments (Bonds) as of 31 December 2022

| Issuer   | ISIN         | Credit Rating | Rating Agency | Currency /'000/ | Nominal | Fair value /BGN'000/ |
|--|--------------|---------------|---------------|-----------------|---------|----------------------|
| SoftBank Group Corp                            | XS1811213781 | BB+           | S&P           | EUR             | 8,429   | 16,474               |
| Ford   | XS1959498160 | Ba2           | Moody's       | EUR             | 4,500   | 8,811                |
| Deutsche Pfandbriefbank AG                     | DE000A3T0X97 | BBB+          | S&P           | EUR             | 3,100   | 5,492                |
| VOLKSWAGEN Fin Serv AG                         | XS2438615606 | BBB+          | S&P           | EUR             | 3,000   | 5,445                |
| Cridit Agricole                                | FR00140098S7 | A+            | S&P           | EUR             | 5,200   | 9,574                |
| Vonovia SE                                     | DE000A3MQS56 | BBB+          | S&P           | EUR             | 3,000   | 5,370                |
| Bank of China Luxemburg                        | XS2099704731 | A             | Fitch         | EUR             | 5,400   | 10,564               |
| WELLS FARGO & COMPANY                          | XS0925599556 | BBB+          | S&P           | EUR             | 1,890   | 3,749                |
| VERIZON COMMUNICATIONS AMERICA MOVIL SAB DE CV | XS1379122101 | BBB+          | S&P           | EUR             | 2,500   | 4,826                |
| RENAULT SA                                     | FR0013329315 | Ba2           | Moody's       | EUR             | 8,500   | 15,989               |
| Softbank Group Corp                            | XS2361253862 | BB+           | S&P           | EUR             | 4,400   | 8,147                |
| NE Property Cooperatief                        | XS1722898431 | BBB           | Fitch         | EUR             | 7,900   | 14,425               |
| SAP AG   | DE000A2TSTE8 | A             | S&P           | EUR             | 2,000   | 3,748                |

**GENERAL PENSION FUND DOVERIE**
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**
**8. Net assets of the pension fund (continued)**
**8.5. Foreign securities (continued)**
**8.5.3. Individual investments (Bonds) (continued)**

Individual investments (Bonds) as of 31 December 2022

| Issuer                  | ISIN         | Credit Rating | Rating Agency | Currency /'000/ | Nominal | Fair value /BGN'000/ |
|-------------------------|--------------|---------------|---------------|-----------------|---------|----------------------|
| VOLVO CAR AB            | XS1724626699 | Ba1           | Moody's       | EUR             | 4,000   | 7,483                |
| THYSSENKRUPP AG         | DE000A14J587 | B1            | Moody's       | EUR             | 6,190   | 12,036               |
| TEVA PHARM FNC NL II    | XS1813724603 | BB-           | Fitch         | EUR             | 6,000   | 11,389               |
| Peugeot S.A.            | FR0013323326 | Baa3          | Moody's       | EUR             | 5,000   | 9,557                |
| GENERAL ELECTRIC CO     | XS1612542826 | BBB           | Fitch         | EUR             | 3,000   | 5,536                |
| Valeo SA                | FR0013342334 | BB+           | S&P           | EUR             | 2,200   | 4,000                |
| DXC TECHNOLOGY CO       | XS1883245331 | Baa2          | Moody's       | EUR             | 8,100   | 14,846               |
| Deutsche Bank AG        | DE000DL19US6 | BBB-          | S&P           | EUR             | 4,000   | 7,540                |
| Nissan Motor Co         | XS2228683277 | Baa3          | Moody's       | EUR             | 4,000   | 7,416                |
| Pepsico Inc             | XS1061714165 | A+            | S&P           | EUR             | 2,500   | 4,871                |
| GOLDMAN SACHS GROUP INC | XS1458408561 | BBB+          | S&P           | EUR             | 4,000   | 7,322                |
| Daimler AG              | DE000A289XJ2 | A-            | Fitch         | EUR             | 2,000   | 3,761                |
| LeasePlan Corporation   | XS2384269101 | BBB-          | S&P           | EUR             | 6,250   | 10,455               |
| VERIZON COMMUNICATIONS  | XS1708161291 | BBB+          | S&P           | EUR             | 3,000   | 5,383                |
| Swedbank AB             | XS2404027935 | A+            | S&P           | EUR             | 4,600   | 7,866                |
| Apple Inc               | XS1135337498 | AA+           | S&P           | EUR             | 2,000   | 3,714                |
| DEUTSCHE BANK AG        | DE000DL19U23 | BBB-          | S&P           | EUR             | 4,000   | 6,997                |
| Banco Santander SA      | XS2113889351 | Baa1          | Moody's       | EUR             | 4,000   | 6,787                |
| RENAULT SA              | FR0014006W65 | Ba2           | Moody's       | EUR             | 5,300   | 9,125                |
| Pfizer Inc              | XS1574158082 | A             | Fitch         | EUR             | 2,700   | 4,880                |
| Berkshire Hathaway Inc  | XS1200679071 | A+            | Fitch         | EUR             | 2,700   | 4,789                |
| DXC Capital Funding LTD | XS2384715244 | BBB-          | S&P           | EUR             | 5,200   | 8,372                |
| Fresenius SE & Co KGAA  | XS2152329053 | Baa3          | Moody's       | EUR             | 4,000   | 6,867                |
| GOLDMAN SACHS GROUP INC | XS1796209010 | BBB+          | S&P           | EUR             | 2,000   | 3,556                |
| CK HUTCHISON FINANCE 16 | XS1391086987 | A-            | Fitch         | EUR             | 2,570   | 4,483                |
| BAT Netherlands Finance | XS2153597518 | Baa2          | Moody's       | EUR             | 4,000   | 7,346                |
| Valeo SA                | FR0014004UE6 | BB+           | S&P           | EUR             | 1,200   | 1,806                |
| UBS Group AG            | CH0576402181 | A-            | S&P           | EUR             | 2,600   | 4,140                |
| ALIBABA GROUP HOLDING   | US01609WAQ50 | A1            | Moody's       | USD             | 3,000   | 5,329                |
| Qualcomm INC            | US747525AF05 | A             | S&P           | USD             | 2,400   | 4,295                |
| AMAZON.COM INC          | US023135BC96 | A1            | Moody's       | USD             | 3,300   | 5,763                |
| <b>Total</b>            |              |               |               |                 |         | <b>327,320</b>       |

**GENERAL PENSION FUND DOVERIE****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****8. Net assets of the pension fund (continued)****8.5. Foreign securities (continued)****8.5.4. Mutual Funds**

The table below provides detail on the Index and Mutual Funds as of 31 December 2023

| <b>Issuer</b>                               | <b>ISIN</b>  | <b>Amount</b> | <b>Currency</b> | <b>Fair value<br/>/BGN'000/</b> |
|---|--------------|---------------|-----------------|---------------------------------|
| Health Care Select Sector SPDR ETF          | US81369Y2090 | 69,154        | USD             | 16,685                          |
| ISHARES MSCI USA Minimum Volatility         | US46429B6974 | 228,030       | USD             | 31,472                          |
| IVV iShares S&P 500 Index Fund              | US4642872000 | 25,276        | USD             | 21,357                          |
| Invesco Dynamic Pharmaceutic                | US46137V6627 | 73,559        | USD             | 9,905                           |
| Invesco Solar ETF                           | US46138G7060 | 100,106       | USD             | 9,473                           |
| S&P Depositary Receipts                     | US78462F1030 | 26,106        | USD             | 21,955                          |
| SCHRODER ISF China A                        | LU1713307699 | 205,926       | USD             | 42,550                          |
| SCHRODER Indian Equity Class C              | LU0264410993 | 19,632        | USD             | 11,509                          |
| SPDR Dow Jones Industrial Average           | US78467X1090 | 265,592       | USD             | 177,123                         |
| Vanguard Consumer Staples ETF               | US92204A2078 | 47,854        | USD             | 16,178                          |
| Vanguard S&P 500 ETF                        | US9229083632 | 275,213       | USD             | 212,692                         |
| iShares Global Clean Energy ETF             | US4642882249 | 378,266       | USD             | 10,450                          |
| Amundi MSCI Nordic                          | LU1681044647 | 17,635        | EUR             | 21,476                          |
| Amundi Msci EM Asia UCITS ETF               | LU1681044480 | 537,622       | EUR             | 34,147                          |
| DAXEX                                       | DE0005933931 | 69,927        | EUR             | 19,179                          |
| DB X-TRACKERS DAX                           | LU0274211480 | 39,806        | EUR             | 12,336                          |
| ISHR EUR 600 HEALTH CARE(DE)                | DE000A0Q4R36 | 46,609        | EUR             | 9,629                           |
| Lyxor STOXX Europe 600 Basic<br>Resources   | LU1834983550 | 55,239        | EUR             | 9,894                           |
| VIG Private Markets Fund SCA SICAV-<br>RAIF | LU2636716941 | 5,528         | EUR             | 1,098                           |
| Xtrackers MSCI Nordic ETF                   | IE00B9MRHC27 | 89,839        | EUR             | 8,791                           |
| iShares MSCI Japan EUR Hedged UCITS         | IE00B42Z5J44 | 354,856       | EUR             | 52,589                          |
| <b>Total</b>                                |              |               |                 | <b>750,488</b>                  |

The table below provides detail on the Index and Mutual Funds as of 31 December 2022

| <b>Issuer</b>                             | <b>ISIN</b>  | <b>Amount</b> | <b>Currency</b> | <b>Fair value<br/>/BGN'000/</b> |
|---|--------------|---------------|-----------------|---------------------------------|
| Invesco Dynamic Pharmaceutic              | US46137V6627 | 73,559        | USD             | 10,602                          |
| ISHARES MSCI USA Minimum Volatility       | US46429B6974 | 228,030       | USD             | 30,164                          |
| IVV iShares S&P 500 Index Fund            | US4642872000 | 25,276        | USD             | 17,807                          |
| SPDR Dow Jones Industrial Average         | US78467X1090 | 265,592       | USD             | 161,386                         |
| SCHRODER China Opportunities Class A      | LU1713307699 | 205,926       | USD             | 51,759                          |
| SCHRODER Indian Equity Class C            | LU0264410993 | 19,632        | USD             | 9,839                           |
| Vanguard S&P 500 ETF                      | US9229083632 | 275,215       | USD             | 177,344                         |
| Invesco QQQ Trust Series 1                | US46090E1038 | 96,971        | USD             | 47,357                          |
| Invesco Solar ETF                         | US46138G7060 | 100,106       | USD             | 13,428                          |
| iShares Global Clean Energy ETF           | US4642882249 | 378,266       | USD             | 13,793                          |
| Invesco Aerospace & Defense ETF           | US46137V1008 | 78,131        | USD             | 11,232                          |
| S&P Depositary Receipts                   | US78462F1030 | 26,106        | USD             | 18,308                          |
| Amundi MSCI Nordic                        | LU1681044647 | 17,635        | EUR             | 18,376                          |
| Amundi Msci EM Asia UCITS ETF             | LU1681044480 | 537,622       | EUR             | 32,852                          |
| Lyxor STOXX Europe 600 Basic<br>Resources | LU1834983550 | 55,239        | EUR             | 10,078                          |

## GENERAL PENSION FUND DOVERIE

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### 8. Net assets of the pension fund (continued)

##### 8.5. Foreign securities (continued)

##### 8.5.4. Mutual Funds (continued)

| Issuer                                      | ISIN         | Amount  | Currency | Fair value<br>/BGN'000/ |
|---|--------------|---------|----------|-------------------------|
| DAXEX                                       | DE0005933931 | 69,927  | EUR      | 16,044                  |
| ISHR EUR 600 HEALTH CARE(DE)                | DE000A0Q4R36 | 46,609  | EUR      | 9,052                   |
| DB X-TRACKERS DAX                           | LU0274211480 | 39,806  | EUR      | 10,309                  |
| iShares STOXX Europe 600 Basic<br>Resources | DE000A0F5UK5 | 78,498  | EUR      | 9,542                   |
| Xtrackers MSCI Nordic ETF                   | IE00B9MRHC27 | 219,607 | EUR      | 18,862                  |
| iShares MSCI Japan EUR Hedged UCITS         | IE00B42Z5J44 | 354,856 | EUR      | 39,920                  |
| <b>Total</b>                                |              |         |          | <b>728,054</b>          |

##### 8.5.5. Shares

Shares as of 31 December 2023

| Geographic<br>distribution | Currency | Number of<br>issues | Index            | Fair value<br>/BGN'000/ | Biggest single<br>exposure |
|----------------------------|----------|---------------------|------------------|-------------------------|----------------------------|
| Europe                     | EUR      | 20                  | Stoxx Europe 600 | 249,947                 | 21,714                     |
| USA                        | USD      | 28                  | S&P 500          | 289,410                 | 16,023                     |
| <b>Total</b>               |          |                     |                  | <b>539,357</b>          |                            |

The investments in foreign securities are fully oriented to Europe and USA.

Shares as of 31 December 2022

| Geographic<br>distribution | Currency | Number of<br>issues | Index            | Fair value<br>/BGN'000/ | Biggest single<br>exposure |
|----------------------------|----------|---------------------|------------------|-------------------------|----------------------------|
| Europe                     | EUR      | 16                  | Stoxx Europe 600 | 183,712                 | 24,536                     |
| USA                        | USD      | 33                  | S&P 500          | 396,513                 | 21,779                     |
| <b>Total</b>               |          |                     |                  | <b>580,225</b>          |                            |

The investments in foreign securities are fully oriented to Europe and USA.

## GENERAL PENSION FUND DOVERIE

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### 8. Net assets of the pension fund (continued)

##### 8.5. Foreign securities (continued)

##### 8.5.6. Table of maturity of the securities

The table below presents the contractual maturity structure of the securities by fair value as at 31 December 2023, including coupon payments.

| Maturity                     | Fair value              | Up to 1<br>month | from 1 to<br>6 months | from 6<br>months to<br>1 year | from 1 to<br>5 years | More<br>than 5<br>years | Total            |
|------------------------------|-------------------------|------------------|-----------------------|-------------------------------|----------------------|-------------------------|------------------|
|                              | /BGN'000/<br>31.12.2023 |                  |                       |                               |                      |                         |                  |
| Government securities in BGN | 415,488                 | -                | 570                   | 572                           | 336,711              | 136,181                 | 474,034          |
| Government securities in EUR | 91,655                  | -                | 324                   | 20,337                        | 22,055               | 64,471                  | 107,187          |
| Corporate bonds in BGN       | 1,733                   | 17               | 2,046                 | -                             | -                    | -                       | 2,063            |
| Corporate bonds in EUR       | 37,723                  | 3,528            | 1,107                 | 439                           | 31,628               | 8,446                   | 45,148           |
| Foreign bonds in USD         | 160,345                 | -                | 2,954                 | 17,114                        | 30,665               | 161,776                 | 212,509          |
| Foreign bonds in EUR         | 2,397,418               | 110,661          | 201,449               | 164,865                       | 1,124,029            | 1,134,668               | 2,735,672        |
| <b>Total</b>                 | <b>3,104,362</b>        | <b>114,206</b>   | <b>208,450</b>        | <b>203,327</b>                | <b>1,545,088</b>     | <b>1,505,542</b>        | <b>3,576,613</b> |

The table below presents the contractual maturity structure of the securities by fair value as at 31 December 2022.

| Maturity                     | Fair value              | Up to 1<br>month | from 1 to<br>6 months | from 6<br>months to<br>1 year | from 1 to<br>5 years | More<br>than 5<br>years | Total            |
|------------------------------|-------------------------|------------------|-----------------------|-------------------------------|----------------------|-------------------------|------------------|
|                              | /BGN'000/<br>31.12.2022 |                  |                       |                               |                      |                         |                  |
| Government securities in BGN | 380 609                 |                  | 568                   | 571                           | 336 711              | 137 322                 | 475 172          |
| Government securities in EUR | 160 045                 |                  | 1 691                 | 4 090                         | 109 647              | 79 936                  | 195 364          |
| Corporate bonds in BGN       | 1 807                   | 30               | 30                    | 59                            | 1 780                |                         | 1 899            |
| Corporate bonds in EUR       | 31 598                  | 1 869            | 747                   | 3 194                         | 29 529               | 2 367                   | 37 706           |
| Foreign bonds in USD         | 24 592                  |                  | 477                   | 477                           | 26 723               |                         | 27 677           |
| Foreign bonds in EUR         | 1 732 902               | 32 415           | 41 032                | 88 870                        | 1 174 863            | 698 456                 | 2 035 636        |
| <b>Total</b>                 | <b>2 331 553</b>        | <b>34 314</b>    | <b>44 545</b>         | <b>97 261</b>                 | <b>1 679 253</b>     | <b>918 081</b>          | <b>2 773 453</b> |

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**8. Net assets of the pension fund (continued)**

**8.6. Investment receivables**

As at 31 December 2023 the Fund has accounts receivable related to investments in the amount of TBGN 12,116 (in 2022: TBGN 12,293).

|  | <u>31.12.2023</u>    | <u>31.12.2022</u>    |
|--|----------------------|----------------------|
|  | BGN'000.             | BGN'000              |
| Receivables related with investment property | 686                  | 735                  |
| Dividends                                    | 789                  | 1,238                |
| Other receivables                            | 10,641               | 10,320               |
| <b>Total</b>                                 | <b><u>12,116</u></b> | <b><u>12,293</u></b> |

**8.7 Shares and stocks of local issuers**

The portfolio of individual shares of GPF as of 31 December 2023 consists of 10 issuers – leading local companies. The total amount of the investments is TBGN 58,960 (31 December 2022 – TBGN 76,009). The biggest exposure towards one issuer amounts to TBGN 15,943 (31 December 2022 – TBGN 16,282).

Investments in shares/mutual funds are in total 3 funds amounting to TBGN 5,049 (31 December 2022 – TBGN 4,348).

**8.8 Liabilities of the General Pension Fund**

As at 31 December 2023, the General Pension Fund has a total current liability to PAC Doverie amounting to TBGN 3,191 (31.12.2022: TBGN 2,734), TBGN 3,191 investment fee payable for December 2023 (31.12.2022: TBGN 2,734), TBGN 232 related to investment property (31.12.2022: TBGN 212), TBGN 12,979 (31.12.2022: TBGN 9,148) related assured persons decided to change their from pension Fund “Pension” of National Social Security Institute.

|   | <u>2023</u>          | <u>2022</u>          |
|---|----------------------|----------------------|
|   | BGN'000              | BGN'000              |
| Liabilities to PAC Doverie                        | 3,191                | 2,734                |
| Liabilities, related with investments             | 232                  | 233                  |
| Liabilities to National Social Security Institute | 12,979               | 9,148                |
|   | <b><u>16,402</u></b> | <b><u>12,115</u></b> |

**GENERAL PENSION FUND DOVERIE****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****9. Net assets attributable to insured individuals**

The net assets available to assured persons include contributions as well as the distributed yield on the assured persons' accounts.

A table below presents net income for the distribution of assured members by type of investment.

|                              | <b>Result</b>  |                  |
|------------------------------|----------------|------------------|
|                              | <b>2023</b>    | <b>2022</b>      |
|                              | BGN'000        | BGN'000          |
| Deposits and current account | 16,203         | 984              |
| Shares                       | 93,308         | (73,685)         |
| REIT'S                       | 2,814          | 3,532            |
| Mutual Funds and ETFs        | 91,405         | (100,059)        |
| Government bonds             | 169,029        | (222,565)        |
| Corporate bonds              | 24,495         | (27,277)         |
| Forwards                     | 14,915         | (93,910)         |
| Others                       | (3,765)        | (4,847)          |
| <b>Total</b>                 | <b>408,404</b> | <b>(517,827)</b> |

**10. Fees and charges**

The Company accrues contribution fee on each contribution from an assured individual in scale (3.75 percent - for contributions received up to 120 months and under 120 months, 3.60 percent - for contributions received for more than 120 months) and investment fee (0.75% of Fund net assets).

|   | <b>2023</b>    | <b>2022</b>    |
|---|----------------|----------------|
|   | BGN'000        | BGN'000        |
| Gross contribution from assured individuals | 585,129        | 500,392        |
| Contribution fee                            | (21,389)       | (18,257)       |
| Net contribution from assured individuals   | <b>563,740</b> | <b>482,135</b> |

In the statement of changes in net assets at the disposal of insured persons, the contribution for 2023 and 2022 are presented on a net basis.

|                | <b>2023</b>   | <b>2022</b>   |
|----------------|---------------|---------------|
|                | BGN'000       | BGN'000       |
| Investment fee | <b>34,828</b> | <b>31,416</b> |

**11. Dividend income**

|             | <b>2023</b>   | <b>2022</b>   |
|-------------|---------------|---------------|
|             | BGN'000       | BGN'000       |
| Shares      | 18,285        | 20,366        |
| REITs       | 1,426         | 2,308         |
| ETFs        | 8,734         | 9,530         |
| <b>Общо</b> | <b>28,445</b> | <b>32,204</b> |

**GENERAL PENSION FUND DOVERIE****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****12. Interest income**

|                              | <u>2023</u>          | <u>2022</u>          |
|------------------------------|----------------------|----------------------|
|                              | BGN'000              | BGN'000              |
| Deposits and current account | 16,203               | 984                  |
| Government bonds             | 45,414               | 26,646               |
| Corporate bonds              | 8,964                | 7,765                |
| <b>Total</b>                 | <b><u>70,581</u></b> | <b><u>35,395</u></b> |

**13. Net gain/(loss) from transactions with Bulgarian securities at FVTPL**

|                       | <u>2023</u>          | <u>2022</u>             |
|-----------------------|----------------------|-------------------------|
|                       | BGN'000              | BGN'000                 |
| <b>Gain/Loss</b>      |                      |                         |
| REITs                 | 1,388                | 1,224                   |
| Shares                | (2,560)              | (3,892)                 |
| Government bonds      | 37,433               | (85,284)                |
| Mutual Funds and ETFs | 702                  | (588)                   |
| Corporate bonds       | 264                  | (2,520)                 |
| Forwards              | 14,915               | (93,910)                |
| Others                | (1,180)              | (2,847)                 |
| <b>Total gain</b>     | <b><u>50,962</u></b> | <b><u>(187,817)</u></b> |

**14. Net gain/(loss) from transactions with foreign securities at FVTPL**

|   | <u>2023</u>           | <u>2022</u>             |
|---|-----------------------|-------------------------|
|   | BGN'000               | BGN'000                 |
| <b>Profits</b>  |                       |                         |
| Government bonds  | 86,182                | (163,927)               |
| Corporate bonds   | 15,267                | (32,522)                |
| <b>Capital/Equity instruments valued<br/>Fair value through profit and loss</b> | <b>101,449</b>        | <b>(196,449)</b>        |
| Shares  | 77,583                | (90,159)                |
| Mutual Funds and ETFs   | 81,969                | (109,001)               |
| <b>Debt instruments measured at fair value through profit</b>                   | <b>159,552</b>        | <b>(199,160)</b>        |
| Others  | (1)                   | (137)                   |
| <b>Total gain</b>   | <b><u>261,000</u></b> | <b><u>(395,746)</u></b> |



**GENERAL PENSION FUND DOVERIE****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****15. Net gain/(loss) from investment property**

|   | <u>2023</u>    | <u>2022</u>    |
|---|----------------|----------------|
|   | BGN'000        | BGN'000        |
| Income from investment property           | 1,548          | 1,247          |
| Expenses related to investment properties | (4,132)        | (3,110)        |
| <b>Total</b>                              | <b>(2,584)</b> | <b>(1,863)</b> |

**16. Accounting classification and fair values**

The following tables show the book and fair value amounts of financial assets and liabilities and their classification by reporting category.

| <b>Financial assets</b>                    | <b>At fair value through</b> |                   | <b>At amortized cost</b> |                   |
|--|------------------------------|-------------------|--------------------------|-------------------|
|  | <b>profit/loss</b>           |                   |                          |                   |
|  | <b>31.12.2023</b>            | <b>31.12.2022</b> | <b>31.12.2023</b>        | <b>31.12.2022</b> |
|  | BGN'000                      | BGN'000           | BGN'000                  | BGN'000           |
| Cash and equivalents                       | -                            | -                 | 453,643                  | 502,866           |
| Investment receivables                     | -                            | -                 | 12,116                   | 12,293            |
| Derivative assets held for risk management | 6,520                        | 1,058             | -                        | -                 |
| Deposits                                   | -                            | -                 | 120,901                  | -                 |
| Government securities                      | 2,669,010                    | 1,970,828         | -                        | -                 |
| Corporate bonds                            | 435,352                      | 360,726           | -                        | -                 |
| Mutual funds                               | 755,536                      | 732,403           | -                        | -                 |
| Shares                                     | 598,318                      | 656,233           | -                        | -                 |
| <b>Total</b>                               | <b>4,464,736</b>             | <b>3,721,248</b>  | <b>586,660</b>           | <b>515,159</b>    |

| <b>Financial liabilities</b> | <b>At fair value through</b> |                    | <b>At amortized cost</b> |                   |
|------------------------------|------------------------------|--------------------|--------------------------|-------------------|
|                              | <b>profit/loss</b>           |                    |                          |                   |
|                              | <b>31.12.2023</b>            | <b>31.12.2022.</b> | <b>31.12.2023</b>        | <b>31.12.2022</b> |
|                              | BGN'000                      | BGN'000            | BGN'000                  | BGN'000           |
| Liabilities                  | -                            | -                  | 16,402                   | 12,116            |
| <b>Total</b>                 | <b>-</b>                     | <b>-</b>           | <b>16,402</b>            | <b>12,116</b>     |

**GENERAL PENSION FUND DOVERIE****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****16. Accounting classification and fair values (continued)**

Distribution of the financial assets and liabilities by the level of fair value hierarchy (according to the source and inputs determining the fair value) is presented below.

|  | Level 1          |                  | Level 2        |                | Level 3       |               |
|--|------------------|------------------|----------------|----------------|---------------|---------------|
|  | 31.12.2023       | 31.12.2022       | 31.12.2023     | 31.12.2022     | 31.12.2023    | 31.12.2022    |
|  | BGN'000          | BGN'000          | BGN'000        | BGN'000        | BGN'000       | BGN'000       |
| <b>Financial assets</b>                    |                  |                  |                |                |               |               |
| Government securities                      | 2,241,591        | 1,578,059        | 427,419        | 392,768        | -             | -             |
| Corporate bonds                            | 395,895          | 327,321          | 39,457         | 31,183         | -             | 2,222         |
| Mutual funds                               | 754,438          | 732,403          | -              | -              | 1,098         | -             |
| Shares                                     | 569,408          | 640,659          | 570            | 3,061          | 28,340        | 12,514        |
| Derivative assets held for risk management | -                | -                | 6,520          | 1,058          | -             | -             |
| <b>Total</b>                               | <b>3,961,332</b> | <b>3,278,442</b> | <b>473,966</b> | <b>428,070</b> | <b>29,438</b> | <b>14,736</b> |
| <b>Financial liabilities</b>               |                  |                  |                |                |               |               |
| Financial liabilities                      | -                | -                | -              | -              | -             | -             |
| <b>Total</b>                               | <b>-</b>         | <b>-</b>         | <b>-</b>       | <b>-</b>       | <b>-</b>      | <b>-</b>      |

No information on fair values is provided if the book value is a rational approximation of the fair value.

The following table shows reconciliation from the opening balances to the closing balances for Level 3 fair values for disclosure purposes only.

|  | 2023          | 2022          |
|--|---------------|---------------|
|  | BGN'000       | BGN'000       |
| <b>Total Opening balance</b>                                     | <b>14,736</b> | <b>7,250</b>  |
| <b>Shares</b>  |               |               |
| <b>Opening balance</b>   | <b>12,514</b> | <b>5,525</b>  |
| Profit/loss, recognized in the profit or loss statement          | (117)         | (80)          |
| Purchases  | -             | -             |
| Sales  | -             | -             |
| Repayment  | -             | -             |
| Transferred in / out level 1 to level 2                          | 15,943        | 7,069         |
| <b>Closing balance</b>   | <b>28,340</b> | <b>12,514</b> |
| <b>Corporate Bonds, Mortgage Bonds, and Bonds without quotes</b> |               |               |
| <b>Opening balance</b>   | <b>2,222</b>  | <b>1,725</b>  |
| Profit/loss, recognized in the profit or loss                    | (944)         | 497           |
| Purchases  | -             | -             |
| Sales  | (1,278)       | -             |
| Repayment  | -             | -             |
| Transferred in/out level 1 to level 2                            | -             | -             |
| <b>Total closing balance</b>                                     | <b>-</b>      | <b>2,222</b>  |

**GENERAL PENSION FUND DOVERIE**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**16. Accounting classification and fair values (continued)**

|   | 2023          | 2022          |
|---|---------------|---------------|
|   | BGN'000       | BGN'000       |
| <b>Mutual funds</b>                                     |               |               |
| <b>Opening balance</b>                                  | -             | -             |
| Profit/loss, recognized in the profit or loss and other | 19            | -             |
| Purchases   | 1,079         | -             |
| Sales   | -             | -             |
| Repayment   | -             | -             |
| Transferred in/out level 1 to level 2                   | -             | -             |
| <b>Opening balance</b>                                  | <b>1,098</b>  | -             |
| <b>Total closing balance</b>                            | <b>29,438</b> | <b>14,736</b> |

The Fund uses the following techniques for valuation in determining the fair value of assets:

| Financial instrument    | Valuation Technique  | Significant unobservable inputs (Level 3 only)  | Inter-relationship between key unobservable inputs and fair value (Level 3 only)  |
|-------------------------|--|---|---|
| Currency forwards       | The fair value of currency forwards is determined on the basis of the difference between the determined currency forward rate and the currency rate of BNB for the corresponding day.  |   |   |
| Shares                  | The fair value of shares is determined by discounted cash flow method or net asset value method.   | The cost of capital<br>Expected cash flows  | Increased expected cash flows would increase the fair value of shares.  |
| Investment properties   | A complex of applicable methods used from independent appraiser. Method of comparable sales for determining the value of the land/Residual Value Method for value of land where the Method of comparable sales is not applicable / Cost method for determining the value of buildings / Generally accepted valuation formula for value of building permits | Correction factors for location, offerability, type of comparable properties – market analogues | Increased market prices of used for comparison properties would increase the fair value of the appraised investment property.<br><br>When the correction coefficients increase, the value of the appraised properties will decrease |
| CIS, Mutual Funds, ETFs | The fair value of the CIS shall be determined on the basis of information received by the issuer on its calculated net asset value per unit.   |   |   |

**17. Financial risk management**

Given the nature of GPF, the portfolio of financial instruments determines the performance of the Fund. The risks arising from financial instruments may be classified as follows:

- Credit risk
- Market risk, incl. change in the market value or cash flow relating to changes in interest rates
- Foreign exchange risk
- Other market risk
- Liquidity risk
- Regulatory risk
- Political risk

The Fund is exposed to risks arising from the use of financial instruments. In the following notes, the objectives, policies, and processes for managing those risks are described as well as the methods used to measure them. Additional quantitative information relevant to the risks can be found below.

**Main financial instruments**

The main financial instruments used by the GPF that form the risk exposure are as follows:

- Receivables
- Cash and cash equivalents
- Deposits
- Government securities
- Bonds (corporate, municipal, mortgage)
- Mutual funds
- Shares

**Objectives, policies, and processes**

The Management Board has overall responsibility for setting objectives and policies regarding risk management in GPF, having delegated the operational management processes to ensure effective achievement of and following the policies within the financial business.

Monthly reports and reports for the achieved results are prepared and analysed.

The overall objective and the policies should achieve an optimization of the risk, without an undue reduction of the competitiveness and the flexibility of the Fund. Further details regarding the policies can be found below:

***Credit risk***

Credit risk is the risk of a financial loss if the counterparty to a financial instrument fails to meet their contractual commitment.

**17. Financial risk management (continued)**

**Objectives, policies and processes (continued)**

*Credit risk (continued)*

For the GPF it mainly arises from the bonds part of the portfolio, cash, and bank deposits.

For GPF risk measurement an external analysis and resources are used, predominantly internationally recognized agencies. When no such information is available, the Fund uses its own internal credit evaluation methodology which includes data and analysis from the Prospectus and after listing on the stock-exchange further analysis of data derived from the quarterly financial statements.

The analysis of the credit rating includes an examination of the individual characteristics and competitive advantages of the issuer, the potential of the respective market segment, as well as the performance versus the forecasts in the prospectus.

Regular meetings are carried out with the managers of the public companies in which the Fund has invested (shares and/or bonds), to discuss the financial position of the issuer and the perspectives for the development of the issuer's business.

The investments of GPF in Bulgarian and foreign government securities are in major extent exposed to credit risk, caused by a change in the price of the bonds, due to the deterioration in the credit status of the issuer. Almost all issuers of government securities, included in the Fund portfolio, possess investment credit rating, assigned by internationally acknowledged rating agencies. The rating distribution in detail is represented below.

The investments in debt securities of GPF are equal to TBGN 3,104,362 and in a simulative scenario with an assumed decrease of their value with 6%, the total value of the portfolio would decrease with TBGN 186,261 or 3.65%.

Also, the GPF invests mainly in debt securities collateralized by mortgages, liens, receivables, and financial risk insurance. For that type of asset-backed securities, the local regulation constitutes the function of control with the trustee bank which is obliged to review the financials of the issuer and the quality and quantity of the collateral.

The investment committee manages the concentration in credit risk. Under review are the credit ratings, results for the period and reports of trustee banks.

Credit risk, albeit minimal, exists when it comes to cash in accounts in the trustee bank. Therefore, a thorough analysis of the financial condition and evaluation of the credit risk of the bank is regularly made.

Bank deposits are usually short and mid-term with maturity up to 2 years.

Eligible counterparty bank may be one with rating by an external agency of at least BB or equivalent. Exceptions are allowed only for a period of six months and in connection with a change of the rating of a bank with which deposit contracts have already been concluded.

**GENERAL PENSION FUND DOVERIE****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****17. Financial risk management (continued)****Objectives, policies, and processes (continued)***Credit risk (continued)*

GPF does not use derivatives to manage credit risk. If such need occurs and in strictly defined circumstances steps can be taken to reduce the risk if it is substantially concentrated and homogeneous.

Quantitative disclosure of exposure to credit risk related to financial assets is presented below, further explanation of the claims can be found in the notes 8.8:

|  | <b>31.12.2023</b>   | <b>31.12.2022</b>   |
|--|---------------------|---------------------|
|  | <b>Maximum risk</b> | <b>Maximum risk</b> |
|  | BGN'000             | BGN'000             |
| Cash and cash equivalents                  | 453,643             | 502,866             |
| Investment receivables                     | 12,116              | 12,293              |
| Derivative assets held for risk management | 6,520               | 1,058               |
| Deposits                                   | 120,901             | -                   |
| Government securities                      | 2,669,010           | 1,970,828           |
| Corporate bonds                            | 435,352             | 360,726             |
| <b>Total</b>                               | <b>3,697,542</b>    | <b>2,847,771</b>    |

The Company's management, acting as a manager of the fund, based on internal research and financial performance and features tracks credit quality of securities without a rating.

The management divides the securities without a rating into two groups: securities with higher credit risk and securities with lower credit risk.

**GENERAL PENSION FUND DOVERIE**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**17. Financial risk management (continued)**

**Objectives, policies, and processes (continued)**

*Credit risk (continued)*

*Rating scale of Risk Methodology of Standard & Poor's or equivalent regarding the fair value of financial instruments as at 31 December 2023*

| /BGN'000/                                  | AAA            | AA+            | AA       | AA-            | A+             | A             | A-             | BBB+           | BBB            | BBB-           | BB+           | BB            | BB-           | B+       | Without rating | Total            |
|--|----------------|----------------|----------|----------------|----------------|---------------|----------------|----------------|----------------|----------------|---------------|---------------|---------------|----------|----------------|------------------|
| Cash and cash equivalents                  | -              | -              | -        | -              | -              | -             | 453,643        | -              | -              | -              | -             | -             | -             | -        | -              | 453,643          |
| Investment receivables                     | -              | -              | -        | -              | -              | -             | -              | -              | -              | -              | -             | -             | -             | -        | 12,116         | 12,116           |
| Derivative assets held for risk management | -              | -              | -        | -              | 6,520          | -             | -              | -              | -              | -              | -             | -             | -             | -        | -              | 6,520            |
| Deposits                                   | -              | -              | -        | -              | 60,291         | -             | -              | 60,610         | -              | -              | -             | -             | -             | -        | -              | 120,901          |
| Government securities                      | 350,561        | 145,249        | -        | 349,920        | 123,114        | -             | 207,495        | 116,610        | 649,921        | 703,479        | 22,661        | -             | -             | -        | -              | 2,669,010        |
| Corporate bonds                            | -              | 3,807          | -        | -              | 59,835         | 16,891        | 35,282         | 62,635         | 101,544        | 16,445         | 57,427        | 38,208        | 24,029        | -        | 19,249         | 435,352          |
| <b>Total</b>                               | <b>350,561</b> | <b>149,056</b> | <b>-</b> | <b>349,920</b> | <b>249,760</b> | <b>16,891</b> | <b>696,420</b> | <b>179,245</b> | <b>812,075</b> | <b>719,924</b> | <b>80,088</b> | <b>38,208</b> | <b>24,029</b> | <b>-</b> | <b>31,365</b>  | <b>3,697,542</b> |

**GENERAL PENSION FUND DOVERIE**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**17. Financial risk management (continued)**

**Objectives, policies and processes (continued)**

*Credit risk (continued)*

*Rating scale of Risk Methodology of Standard & Poor's or equivalent regarding the fair value of financial instruments as at 31 December 2022*

| /BGN'000/                                  | AAA           | AA+          | AA            | AA-      | A+             | A             | A-             | BBB+           | BBB            | BBB-           | BB+           | BB            | BB-           | B+            | Without rating | Total            |
|--|---------------|--------------|---------------|----------|----------------|---------------|----------------|----------------|----------------|----------------|---------------|---------------|---------------|---------------|----------------|------------------|
| Investment receivables                     | -             | -            | -             | -        | -              | -             | -              | -              | -              | -              | -             | -             | -             | -             | 12,293         | 12,293           |
| Derivative assets held for risk management | -             | -            | -             | -        | 1,058          | -             | -              | -              | -              | -              | -             | -             | -             | -             | -              | 1,058            |
| Government securities                      | 44,671        | -            | 66,967        | -        | 125,324        | 9,609         | 199,970        | 57,533         | 784,716        | 622,574        | 59,464        | -             | -             | -             | -              | 1,970,828        |
| Corporate bonds                            | -             | 3,714        | -             | -        | 38,190         | 23,487        | 12,384         | 54,926         | 42,154         | 57,204         | 37,911        | 52,890        | 11,389        | 12,036        | 14,441         | 360,726          |
| <b>Total</b>                               | <b>44,671</b> | <b>3,714</b> | <b>66,967</b> | <b>-</b> | <b>164,572</b> | <b>33,096</b> | <b>212,354</b> | <b>112,459</b> | <b>826,870</b> | <b>679,778</b> | <b>97,375</b> | <b>52,890</b> | <b>11,389</b> | <b>12,036</b> | <b>26,734</b>  | <b>2,344,905</b> |



## GENERAL PENSION FUND DOVERIE

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### 17. Financial risk management (continued)

##### Objectives, policies, and processes (continued)

##### Credit risk (continued)

##### Cash in banks

Cash in banks is classified as a current financial asset.

Cash is held at the following trustee bank as at 31 December 2023:

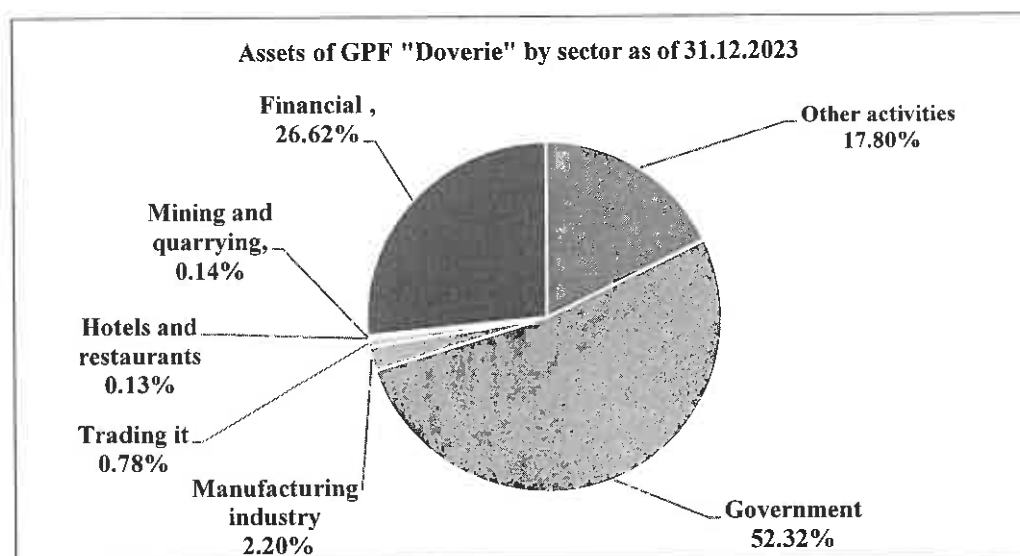
|        | <b>Rating as of 31<br/>December 2023</b> | <b>Rating as of 31<br/>December 2023</b><br>/ BGN'000/ |
|--------|--|--|
| UBB AD | A-                                       | 453,643  |

Cash is held at the following trustee bank as at 31 December 2022:

|        | <b>Rating as of 31<br/>December 2022</b> | <b>Rating as of 31<br/>December 2022</b><br>/ BGN'000/ |
|--------|--|--|
| UBB AD | A-                                       | 502,867  |

##### The concentration of assets

The following graph shows the concentration of the assets as at 31.12.2023 by sectors.



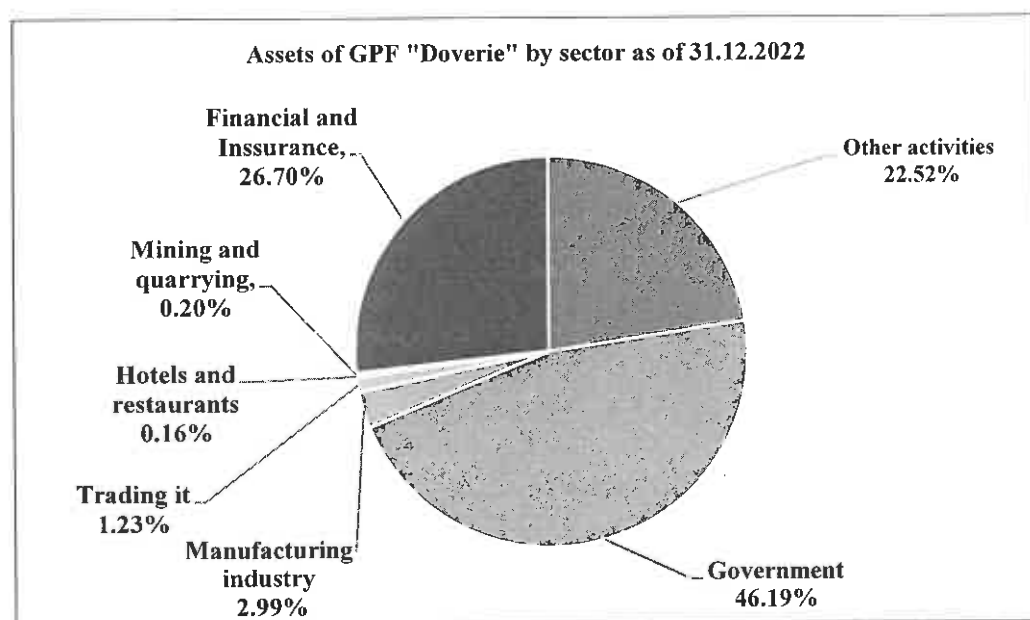
**17. Financial risk management (continued)**

**Objectives, policies, and processes (continued)**

**Credit risk (continued)**

*The concentration of assets (continued)*

The following table shows the concentration of assets by economic sector as at 31 December 2022.



*Notes:*

Sector „Financials” includes bank deposits, investments in REITs and mutual funds and ETFs, securities issued by credit institutions and holding companies.

Sector Other includes the investments in real estate, receivables (excl. currency forwards) and cash in hand and bank accounts.

**GENERAL PENSION FUND DOVERIE**

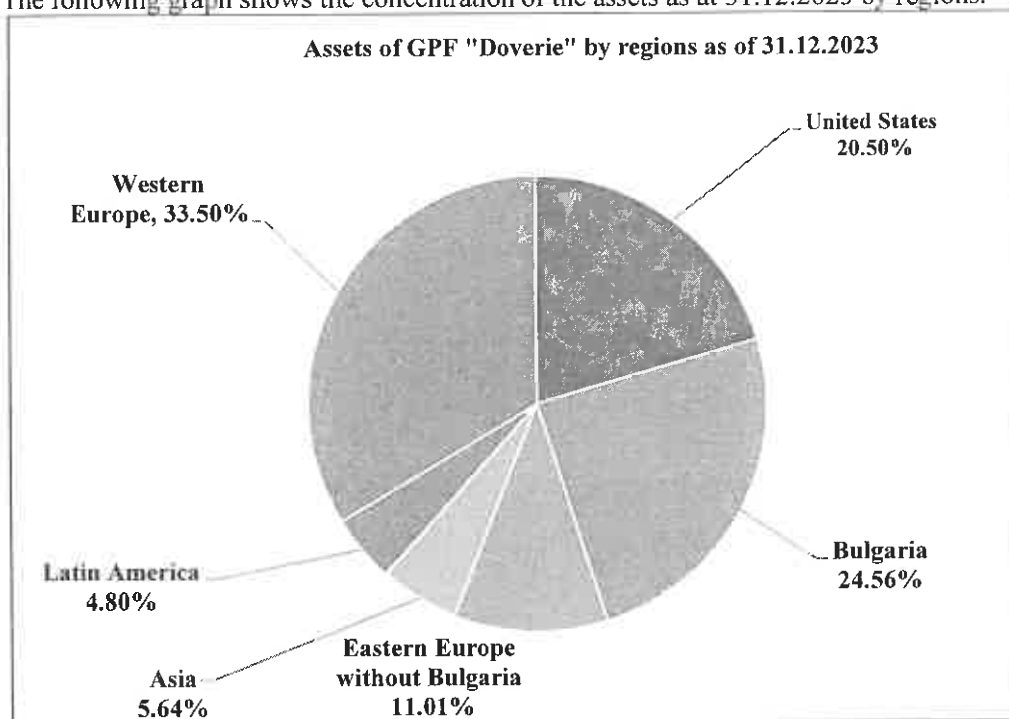
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**17. Financial risk management (continued)**

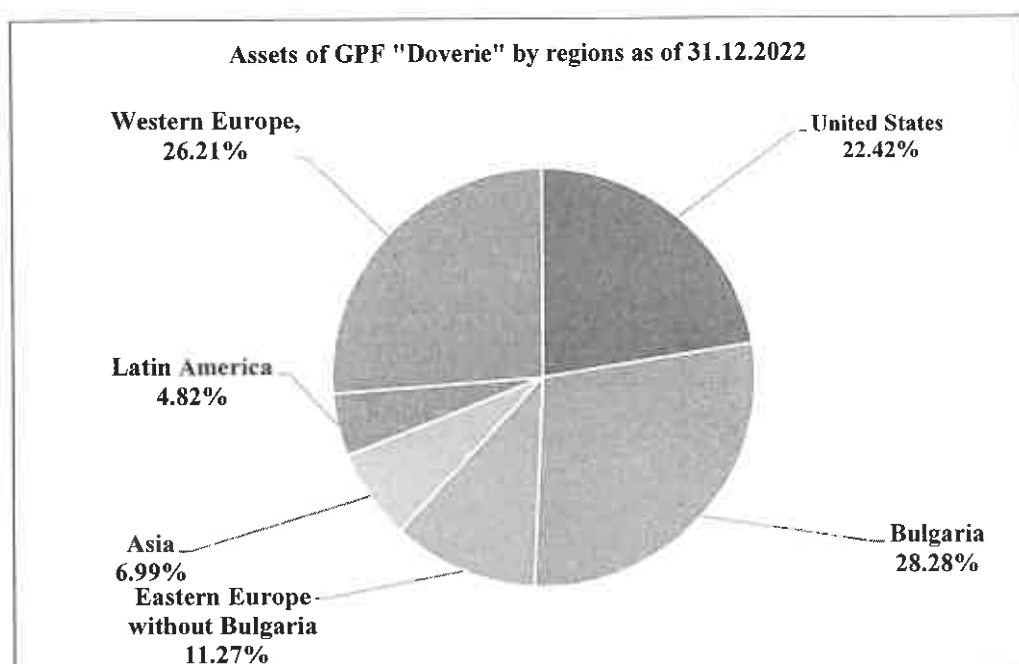
**Credit risk (continued)**

*Cash in banks (continued)*

The following graph shows the concentration of the assets as at 31.12.2023 by regions.



The following graph shows the concentration of the assets as at 31.12.2022 by regions.



**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**17. Financial risk management (continued)**

*Market risk*

Market risk arises from the Fund owning interest-bearing, tradable, and foreign currency denominated financial instruments. This is the risk of change in fair value or future cash flows according to changes in interest rates, exchange rates or other market factors.

**Indicators for risk measurement of the portfolio as a whole:**

|                          | <b>2022</b> | <b>2023</b> | <b>2022 – 2023</b> |
|--------------------------|-------------|-------------|--------------------|
| <b>Indicators</b>        |             |             |                    |
| Annual yield             | (12.10%)    | 8.19%       | (2.48%)            |
| Standard deviation       | 7.33%       | 3.58%       | 5.80%              |
| Risk-free rate of return | 0.0045%     | 3.20%       | 1.61%              |
| Sharpe Ratio             | (1.65)      | 1.39        | (0.71)             |
| Modified Sharpe Ratio    | (0.01)      | 1.39        | (0.002)            |

Indicator Value at Risk (VaR) is presented using historical data for the value of one unit of GPF Doverie Risk means the fluctuations in the value of the unit and the daily calculations (in %) in the variation.

The chosen model – Historically VaR, management believes it is the only relevant one because of its clarity, use of objective data and the ability for comparison.

|                      | <b>2022</b> | <b>2023</b> | <b>2022 – 2023</b> |
|----------------------|-------------|-------------|--------------------|
| <b>Value at risk</b> | 1 day       | 1 day       | 1 day              |
| Confidence Interval  |             |             |                    |
| 95%                  | (0.90%)     | (0.33%)     | (0.56%)            |
| 99%                  | (1.29%)     | (0.48%)     | (1.13%)            |

*Interest risk*

In the second half of 2019, the methodology for calculating Eonia has been modified. The replacement of the Index (Eonia) with a new Euro risk -free value was due to (Eonia) no longer meeting the EU regulation criteria for indicators. According to EU regulations after January 1, 2020 the index cannot be used for new financial contracts. However, (Eonia) continued to be published until the beginning of January 2022, during this period the ECB recommended to the market participants to gradually replace (Eonia) for all its products and contracts, with the new (€STR) standard reference rate. (€STR) is also a banks overnight reference rate within the euro area in accordance with EU regulations. It represents the average of 35 different interest rates that cover five main currencies - US dollars, euros, British pounds, Japanese yen and Swiss franc. (€STR) represents an average of the rates in Europe. These rates are usually used by banks and institutional investors, as well as pension funds. One of the key reasons for switching to (€STR) is that there will be more banks contributing to the average rate than with (Eonia). The company applies alternative rates, taking into account the EU regulation.

The company expects that the reform of IBOR will affect its risk management and financial reporting.

**GENERAL PENSION FUND DOVERIE****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****17. Financial risk management (continued)*****Interest risk (continued)***

The Risk Management Unit monitors and manages the Company's transition to alternative rates and assesses the extent to which contracts relate to IBOR cash flows, whether such contracts will need to be amended as a result of the IBOR reform and how to manage the communication of IBOR reform with the counterparties. The Risk management department periodically reports to the management interest rate risk and risks related to IBOR reform.

The interest rate risk originates from the bond portfolio with a fixed coupon. That risk is managed by the duration and diversification of securities with fixed and floating coupon. The Company analyses the risk of a change of interest rates periodically. Sensitivity analysis is applied, and as a result of the analysis management believes that a realistically plausible scenario would be a change (increase) in basic (benchmark) interest rate with 75 basis points, and the effect to the financial result, all other conditions being equal, would be as follows:

| № Indicator   | 2022     | 2023     |
|---|----------|----------|
| 1 Change in the value of the investment portfolio in '000 BGN | (65,608) | (99,663) |
| 2 Change in the value of the investment portfolio in %        | (1.53%)  | (1.95%)  |

As of 31 December 2023

| <b>ASSETS</b>  | <b>Financial instruments with a floating interest rate</b> | <b>Financial instruments with a fixed interest rate</b> | <b>Non-interest bearing</b> | <b>Total</b>     |
|--|--|---|-----------------------------|------------------|
| <i>TBGN</i>  |  |   |                             |                  |
| Cash and cash equivalents  | -  | 453,643   | -                           | <b>453,643</b>   |
| Bank deposits  | -  | 120,901   | -                           | <b>120,901</b>   |
| Securities issued or guaranteed by the government                | -  | 507,144   | -                           | <b>507,144</b>   |
| Shares and stocks of local issuers (bonds, shares, mutual funds) | 6,961  | 32,496  | 64,009                      | <b>103,466</b>   |
| Инвестиции в чужбина   | -  | 2,557,761   | 1,289,845                   | <b>3,847,606</b> |
| Derivative assets held for risk management                       | -  | -   | 6,520                       | <b>6,520</b>     |
| Investment receivables   | -  | -   | 12,116                      | <b>12,116</b>    |
| Investment property  | -  | -   | 49,845                      | <b>49,845</b>    |
| <b>Total Assets</b>  | <b>6,961</b>   | <b>3,671,945</b>  | <b>1,422,335</b>            | <b>5,101,241</b> |

| <b>LIABILITIES</b>       | <b>Financial instruments with a floating interest rate</b> | <b>Financial instruments with a fixed interest rate</b> | <b>Non-interest bearing</b> | <b>Общо</b>   |
|--------------------------|--|---|-----------------------------|---------------|
| <i>TBGN</i>              |  |   |                             |               |
| Liabilities to PAC       | -  | -   | 3,191                       | <b>3,191</b>  |
| Investment payables      | -  | -   | 236                         | <b>236</b>    |
| Payables to NSSI         | -  | -   | 12,976                      | <b>12,976</b> |
| <b>Total Liabilities</b> | <b>-</b>   | <b>-</b>  | <b>16,403</b>               | <b>16,403</b> |

**GENERAL PENSION FUND DOVERIE**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**17. Financial risk management (continued)**

*Interest risk (continued)*

As of 31 December 2022

| <b>ASSETS</b>  | <b>Financial instruments with a floating interest rate</b> | <b>Financial instruments with a fixed interest rate</b> | <b>Non-interest bearing</b> | <b>Total</b>     |
|--|--|---|-----------------------------|------------------|
| <i>TBGN</i>  |  |   |                             |                  |
| Cash and cash equivalents  | -  | 502,866   | -                           | <b>502,866</b>   |
| Bank deposits  | -  | -   | -                           |                  |
| Securities issued or guaranteed by the government                | -  | 540,654   | -                           | <b>540,654</b>   |
| Shares and stocks of local issuers (bonds, shares, mutual funds) | 8,471  | 24,934  | 80,357                      | <b>113,762</b>   |
| Foreign securities   | -  | 1,757,495   | 1,308,279                   | <b>3,065,774</b> |
| Derivative assets held for risk management                       | -  | -   | 1,058                       | <b>1,058</b>     |
| Investment receivables   | -  | -   | 12,293                      | <b>12,293</b>    |
| Investment property  | -  | -   | 53,140                      | <b>53,140</b>    |
| <b>Total Assets</b>  | <b>8,471</b>   | <b>2,825,949</b>  | <b>1,455,127</b>            | <b>4,289,547</b> |

| <b>LIABILITIES</b>       | <b>Financial instruments with a floating interest rate</b> | <b>Financial instruments with a fixed interest rate</b> | <b>Non-interest bearing</b> | <b>Total</b>  |
|--------------------------|--|---|-----------------------------|---------------|
| <i>TBGN</i>              |  |   |                             |               |
| Liabilities to PAC       | -  | -   | 2,734                       | <b>2,734</b>  |
| Investment payables      | -  | -   | 233                         | <b>233</b>    |
| Payables to NSSI         | -  | -   | 9,149                       | <b>9,149</b>  |
| <b>Total Liabilities</b> | <b>-</b>   | <b>-</b>  | <b>12,116</b>               | <b>12,116</b> |

*Currency risk*

The Fund is a local entity of Bulgaria. Although the functional currency is the Bulgarian Lev (BGN), the Fund is at risk from changes in exchange rates arising mainly from financial instruments denominated in currencies other than BGN and EUR. The investments of the Fund that are denominated in BGN or EUR, but their values are dependent on changes in the exchange rate between a third currency, and BGN or EUR are also subjected to currency risk. During the reporting period, such financial instruments have been part of the investment portfolio of the Fund. To manage currency risk, forward contracts are used for a period of two weeks to one month and renewed at maturity with a few high-rated and reputable banks on the local market. To reduce the risk of any adverse change in the future exchange rate between EUR and BGN, the majority of the Fund's investments are denominated in EUR.

Sensitivity analysis at 10% depreciation of the EUR against USD as at the date of the report, with other things being equal, would lead to an increase in the financial result by TBGN 1,250 and the opposite – a 10% depreciation of USD against the EUR, equal, would lead to a decrease in the result by TBGN 1,250.

**GENERAL PENSION FUND DOVERIE****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****17. Financial risk management (continued)***Currency risk (continued)*

The currency position of the Fund as of 31 December 2023 by types of assets and liabilities, categorized by original currency is as follows:

| /BGN'000/   | <b>BGN</b>     | <b>EUR</b>       | <b>USD</b>       | <b>Total</b>     |
|---|----------------|------------------|------------------|------------------|
| Cash, cash equivalents and deposits                   | 214,486        | 178,274          | 60,883           | 453,643          |
| Bank deposits   | 60,610         | 60,291           | -                | 120,901          |
| Financial assets at fair value through profit or loss | 477,954        | 2,949,159        | 1,031,103        | 4,458,216        |
| Derivative assets held for risk management            | -              | -                | 6,520            | 6,520            |
| Investment receivables                                | 10,811         | 516              | 789              | 12,116           |
| Investment property                                   | 49,845         | -                | -                | 49,845           |
| <b>Total assets</b>                                   | <b>813,706</b> | <b>3,188,240</b> | <b>1,099,295</b> | <b>5,101,241</b> |
| Liabilities to PAC                                    | 3,191          | -                | -                | 3,191            |
| Other liabilities                                     | 13,204         | 7                | -                | 13,211           |
| <b>Total liabilities</b>                              | <b>16,395</b>  | <b>7</b>         | <b>-</b>         | <b>16,402</b>    |

The currency position of the Fund as of 31 December 2022 by types of assets and liabilities, categorized by original currency is as follows:

| /BGN'000/   | <b>BGN</b>     | <b>EUR</b>       | <b>USD</b>       | <b>Total</b>     |
|---|----------------|------------------|------------------|------------------|
| Cash, cash equivalents and deposits                   | 257,323        | 181,346          | 64,197           | 502,866          |
| Financial assets at fair value through profit or loss | 460,199        | 2,275,868        | 984,123          | 3,720,190        |
| Derivative assets held for risk management            | -              | -                | 1,058            | 1,058            |
| Investment receivables                                | 11,055         | 233              | 1,005            | 12,293           |
| Investment property                                   | 53,140         | -                | -                | 53,140           |
| <b>Total assets</b>                                   | <b>781,717</b> | <b>2,457,447</b> | <b>1,050,383</b> | <b>4,289,547</b> |
| Liabilities to PAC                                    | 2,734          | -                | -                | 2,734            |
| Other liabilities                                     | 9,376          | 5                | -                | 9,382            |
| <b>Total liabilities</b>                              | <b>12,110</b>  | <b>5</b>         | <b>-</b>         | <b>12,116</b>    |

**GENERAL PENSION FUND DOVERIE**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**17. Financial risk management (continued)**

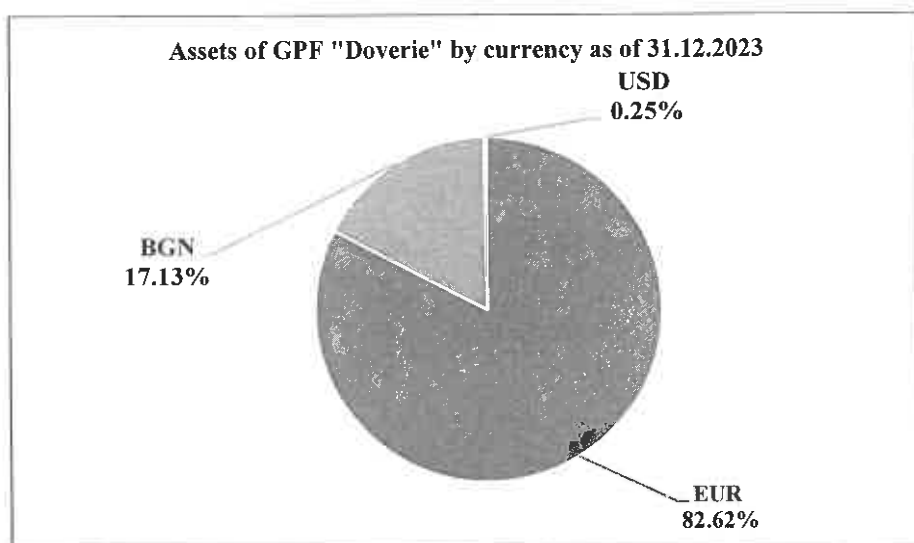
*Currency risk (continued)*

The following table summarizes the Fund's exposure to currency risk as at 31 December 2023. It includes assets and liabilities at book value categorized by original currency.

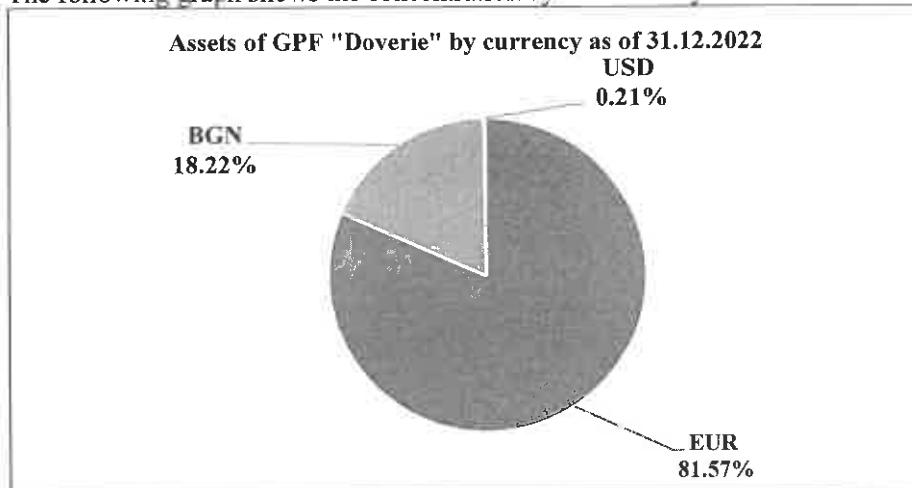
**Currency exposure  
(assets/liabilities)**

|              | <b>Functional Currency</b> |                               |
|--------------|----------------------------|-------------------------------|
|              | <b>2023</b>                | <b>Bulgarian Lev<br/>2022</b> |
|              | BGN'000                    | BGN'000                       |
| Euro         | 3,188,240                  | 2,457,447                     |
| USD          | 1,099,295                  | 1,050,383                     |
| <b>Total</b> | <b>4,287,535</b>           | <b>3,507,830</b>              |

The following graph shows the concentration by the currency of the assets as at 31.12.2023.



The following graph shows the concentration by the currency of the assets as at 31.12.2022.



*Note:*

Exposures in EUR and USD include derivative financial assets and liabilities.



**GENERAL PENSION FUND DOVERIE****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****17. Financial risk management (continued)***Currency risk (continued)*

The tables below show derivatives held for risk management purposes by type of instrument open as of 31.12.2023.

| <b>Counterparty</b>                | <b>Nominal amount<br/>original currency USD<br/>'000</b> | <b>Currency pair</b> | <b>Maturity</b> |                    |
|------------------------------------|--|----------------------|-----------------|--------------------|
|                                    |  |                      | <b>Assets</b>   | <b>Liabilities</b> |
| Citi Bank Europe AD                | 614,011  | EUR/ USD             | 22/01/2024      |                    |
| <b>Fair value as at 31.12.2023</b> |  |                      |                 |                    |
|                                    |  |                      | BGN '000        | BGN '000           |
| Currency forwards                  |  |                      | 6,520           | -                  |
| <b>Total</b>                       |  |                      | <b>6,520</b>    | <b>-</b>           |

The tables below show derivatives held for risk management purposes by type of instrument open as of 31.12.2022.

| <b>Counterparty</b>                | <b>Nominal amount<br/>original currency USD<br/>'000</b> | <b>Currency pair</b> | <b>Maturity</b> |                    |
|------------------------------------|--|----------------------|-----------------|--------------------|
|                                    |  |                      | <b>Assets</b>   | <b>Liabilities</b> |
| Citi Bank Europe AD                | 567,919  | EUR/ USD             | 23/01/2023      |                    |
| <b>Fair value as at 31.12.2022</b> |  |                      |                 |                    |
|                                    |  |                      | BGN '000        | BGN '000           |
| Currency forwards                  |  |                      | 1,058           | -                  |
| <b>Total</b>                       |  |                      | <b>1,058</b>    | <b>-</b>           |

**Risks related to economic and macro conditions**

In 2023, the world's economies continued to face numerous macroeconomic barriers, including geopolitical uncertainty, inflation and tight monetary policy and financial conditions. Global economic growth is expected to slow further. Commodity prices have begun a gradual recovery and global supply chains have begun to recover, but risks of volatility in the global economy remain for longer. Global real GDP growth is expected to slow to 3.0% (IMF forecast). Meanwhile, the new economic reality is characterized by a lots of challenges, from protracted risks and crises at the global level to regional outbreaks of tension that lead to increased levels of uncertainty.

Reduced purchasing power and rapidly changing interest rates further lower business and consumer confidence. Rising geopolitical tensions could lead to new economic turmoil. The prediction is that emerging economies will grow more than developed economies during the year.

A tight labor market continues to spur nominal wage growth by adding inflationary risks and cost pressures to companies. In this way, enterprises will face the challenges of attracting and retaining workers, necessitating the need for investment in human capital, organizational adjustments, and productivity gains. The last 12 months have seen the fastest increase in federal funds rates since 1981 and the most rapid increase in European Central Bank (ECB) rates since the creation of the euro area. The euro area economy is expected to shrink by 0.2% in 2023 amid the ongoing energy crisis and tightening monetary policy. All eyes are on consumer prices in the US – which rose to 9.1% during the year, after which by the end of the year the levels were about 3%.

**17. Financial risk management (continued)**

*Risks related to economic and macro conditions (continued)*

Macroeconomic uncertainty continued to weigh on commodity markets, with weaker demand on the back of a global economic slowdown in 2023, prices for major energy, metals and agricultural commodities following a downward trend.

Investment in diversification and sustainability of commodity supply chains will be key for businesses to mitigate risks related to geopolitical tensions, climate change and changes in global demand in 2024. Asian markets could take advantage of the growth opportunities, especially in India, that can arise from this situation, as the Fed establishes its peak interest rate and the dollar falls. It is possible that Asian and Middle Eastern and African countries will see more stable growth in consumer spending due to and growth as demand grows.

In 2023, Bulgaria maintained its Baa1 and BBB credit rating investment rates from Moody's and S&P with a stable outlook. The international rating agency Fitch Ratings affirmed Bulgaria's long-term credit rating "BBB" with a positive outlook. The Agency shares that this assessment is due to the strong external and fiscal position vis-à-vis those of the countries with the same rating, the credible policy framework related to EU membership, plus the long-standing functioning of the currency board regime, balanced by unfavorable demographics that weigh on potential growth and government finances in the long term. The positive outlook reflects the potential for euro adoption, which will lead to further improvements in external indicators.

According to the International Monetary Fund's updated forecasts for 2023-2024, experts expect global growth to fall and remain at levels of 3.0% – from the expected 3.5%. Global headline inflation is expected to fall in 2023, settling at 5.2% in 2024. Underlying inflation is projected to decline more smoothly and inflation forecasts for 2024 have been revised upwards.

According to the announced forecast for 2023, the IMF expects Bulgaria's real GDP growth to grow 1.7% respectively (compared to 3.4% for 2022). Trends for 2024 are growth of about 2%. GDP is expected to grow by around 2% in 2024 amid still-strong private consumption and shrinking imports. Output growth is forecast to slow to 1.8% in 2024 and then rise to 2.6% in 2025.

The macroeconomic trends and challenges described above do not cover all potential risks.

**Other market risks**

The Fund owns equities/shares of specific issuers and mutual funds as part of the strategic model of the portfolio.

As at 31 December 2023 investments at the fair value of these instruments are equal to TBGN 755,537 and a realistic scenario of change in the main stock market indices by 30% will result in a change in the financial result by TBGN 226,661.

**Information on collaterals and credit rating**

Total debt securities represent 60.86% of the assets, 0.03% of them secured and 60.83% unsecured. Total having external credit rating is 60.48%, and the remaining 0.38% are rated using internal methodology.

## GENERAL PENSION FUND DOVERIE

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### 17. Financial risk management (continued)

##### Liquidity risk

Liquidity risk arises for the Fund if it encounters difficulties to meet its financial commitments in full and on time.

The Fund's policy is to ensure at all times available cash at least sufficient to cover obligations when due. To achieve this goal, cash and cash equivalents in an amount at least equal to the requirements for 30-45 days are maintained.

Management monitors daily cash management, and with a monthly budget review, a fine-tuning is made where necessary.

Given the significantly higher number of cash inflows compared to outflows, the Fund has not implemented an active policy of long-term synchronization of assets and liabilities

However, maintaining the necessary funds to meet current obligations and the availability of marketable securities in the portfolio would enable it to meet even significant unusual payables

In practice, the possibility of receivables and/or obligations to become required earlier than the date of maturity the Fund is assessed as minimal.

The following table presents an analysis of the assets and liabilities of the Company as at 31 December 2023 grouped by residual term to maturity.

| As of 31 December 2023       | Up to 3      | From          | Over 5   |
|------------------------------|--------------|---------------|----------|
|                              | months       | 3 to 12       | years    |
|                              | BGN'000      | BGN'000       | BGN'000  |
| <b>Financial liabilities</b> |              |               |          |
| To PAC                       | 3,191        | -             | -        |
| Related to investments       | -            | 232           | -        |
| Payables to NSSI             | -            | 12,973        | -        |
| <b>Total</b>                 | <b>3,191</b> | <b>13,205</b> | <b>-</b> |

##### Liquidity risk (continued)

| As of 31 December 2022       | Up to 3 months | From           | Over 5 years |
|------------------------------|----------------|----------------|--------------|
|                              | BGN'000        | 3 to 12 months | BGN'000      |
|                              | BGN'000        | BGN'000        | BGN'000      |
| <b>Financial liabilities</b> |                |                |              |
| To PAC                       | 2,734          | -              | -            |
| Related to investments       | -              | 233            | -            |
| Payables to NSSI             | -              | 9,149          | -            |
| <b>Total</b>                 | <b>2,734</b>   | <b>9,382</b>   | <b>-</b>     |

**17. Financial risk management (continued)****Regulatory Risk**

The Fund is subject to the regulations set out in the Social Security Code and Regulations issued by the FSC. Regulatory risk arises from the possibility that certain regulations and requirements for investments might be changed, and deadlines for the compliance of operations in accordance with the new requirements might be short.

In this particular case, it could be that the Fund would be forced to dispose of assets and their realization may be affected adversely in an unfavourable situation and respectively the sale to be below the fair value. The Fund reports this risk as being minimal, given the current allocation of financial assets and the probability of such change.

**Political risk**

Given that the Fund operates only within the Republic of Bulgaria there is a concentration of political risk. This is a risk of significant political change and significant change in the policies and reforms that would have a negative impact on the Fund.

**18. Related party transactions***Identification of related parties*

The Fund is in a related party relationship with the following:

PAC Doverie AD, in its capacity of a company providing the management of the Fund, hence the companies under the common control of the ultimate parent of PAC Doverie (ultimate controlling party WIENER STÄDTISCHE Versicherungsverein – Vermögensverwaltung) are considered related parties.

| <i>Type of transaction</i>                      | <b>2023</b> | <b>2022</b> |
|---|-------------|-------------|
|   | BGN'000     | BGN'000     |
| PAC Doverie AD                                  |             |             |
| Investment fee                                  | 34,828      | 31,416      |
| Payables to PAC in relation to fees and charges | 3,191       | 2,734       |

The key management personnel of PAC Doverie AD are also considered related parties of the Fund.

**19. Contingent assets and contingent liabilities.**

The Fund has no contingent assets or liabilities during the period and there are no legal claims against the Fund.

**20. Events after the reporting period***Economic conditions and macroevents*


There are no other significant post balance sheet events with effect on the financial statements as of 31 December 2023.

**GENERAL PENSION FUND DOVERIE**


**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

These financial statements were approved for issue by the Management Board dated 25 March 2024

The financial statements are approved by the Management Board and signed on behalf of the management by:

  
Prepared by:  
Tatyana Krasimirova Koleva

25 March 2024

  
Executive Director:  
Miroslav Krumov Marinov

  
Executive Director:  
Kiril Konstantinov Georgiev





## Independent Auditors' Report

To the Shareholders of "Pension Assurance Company Doverie" AD

### Report on the audit of the financial statements

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#### Our opinion

We have audited the financial statements of General Pension Fund Doverie (the "Fund") which comprise the statement of changes in net assets attributable to insured individuals as at 31 December 2023, the statement of comprehensive income and the statement of net assets attributable to insured individuals for the year then ended, and the notes to the financial statements, comprising material accounting policies and other explanatory information.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the General Pension Fund Doverie as at 31 December 2023, and the Fund's financial performance for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union (EU).

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#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Independence

We are independent of the Fund in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) and the ethical requirements of the Independent Financial Audit Act that are relevant to our audit of the financial statements in Bulgaria. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the ethical requirements of the Independent Financial Audit Act.

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Crowe Bulgaria Audit EOOD, 55, 6-ti Septemvri Str., 1142, Sofia, Bulgaria,  
T: +359 2 44 565 91, F: +359 2 42 660 71

## Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

| Key audit matter  | How our audit addressed the key audit matter   |
|---|--|
| <p><b>Carrying amount of investments at fair value</b></p> <p>Investments at fair value in the statement of net assets attributable to insured individuals as at 31 December 2023: BGN 4,464,736 thousand (31 December 2020: BGN 3,721,248 thousand).</p> <p>See Note 6. Use of estimates and assumptions, Note 7.3. Investments of the Fund in financial instruments – (iii) Classification and subsequent measurement, Note, 8.1. Government securities issued by Republic of Bulgaria, Note 8.4. Corporate bonds, Note 8.5. Foreign securities, Note 8.7. Shares and stocks of local issuers, Note 16. Accounting classification and fair values.</p> <p>The carrying amount of the Fund's portfolio of investments at fair value as of 31 December 2023 amounts to BGN 4,464,736 thousand, which represents 88% of the total assets as at that date, and is considered to be the key driver of the Fund's performance and the net asset value.</p> <p>The fair valuation of the Fund's fair value investments, which include mainly government bonds as well as equities and mutual fund units, is based on market prices derived from active markets or, for the assets not traded on such active markets, valuation models which often require a considerable number of inputs. Developing model inputs, such as those in respect of discount rates and yields, requires significant management judgment.</p> <p>Due to the significant value of the investments at fair value as a component of the Fund's financial statements, and the necessity for judgments and assumptions required to arrive at the fair value estimation of these investments, we have identified this area as carrying a significant risk of material misstatement, thus constituting a key audit</p> | <p>Our procedures over the valuation of the Fund's portfolio of investments at fair value included, among other things:</p> <ul style="list-style-type: none"> <li>- testing the design, implementation and operating effectiveness of selected key controls within the process of valuation of investments at fair value, including the controls over the valuation inputs and assumptions, and validation of the valuation outcomes;</li> <li>- tracing the recognized fair values of all quoted investments in the Fund's portfolio as at December 31, 2023, to publicly available market quotations;</li> <li>- assisted by our own valuation specialists, challenging the valuations of the investments at fair value not traded on active markets. This included: <ul style="list-style-type: none"> <li>- assessing the compliance of the valuation methods and models applied against the relevant requirements of the financial reporting framework and generally accepted valuation practices. Also, evaluating the internal coherence, logic and mathematical accuracy of the valuation models;</li> <li>- assessment the relevance and reliability of the key data used in the valuations;</li> <li>- challenging the appropriateness of the underlying key assumptions, primarily those for the discount rates, growth rates and yields, by reference to independent external sources (such as market intelligence platforms).</li> </ul> </li> <li>- obtaining a confirmation letter from the custodian bank and reconciling the confirmed quantities and nominal value of the investments at fair value to the Fund's investment portfolio records as at the reporting date;</li> <li>- evaluating adequacy, completeness and accuracy of the disclosures with respect to the investments at fair value, including those in respect to the fair value hierarchy, migrations within the hierarchy during the year and the key assumptions used in deriving the fair values.</li> </ul> |

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matter.

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### **Information other than the financial statements and auditors' report thereon**

The Management of Pension Assurance Company Doverie AD is responsible for the other information. The other information comprises the Annual Activity Report, prepared by the management in accordance with Chapter Seven of the Accountancy Act, but does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### **Additional matters to be reported under the Accountancy Act**

In addition to our responsibilities and reporting in accordance with ISAs, in relation to the Annual Activity Report we have also performed the procedures added to those required under ISAs in accordance with the "Guidelines regarding the new and enhanced auditor reporting and communication by the auditor" of the professional organisation of certified public accountants and registered auditors in Bulgaria, i.e. the Institute of Certified Public Accountants (ICPA). These procedures refer to testing the existence, form and content of this other information to assist us in forming an opinion on whether the other information includes the disclosures and reporting provided for in Chapter Seven of the Accountancy Act applicable in Bulgaria.

#### **Opinion in connection with art. 37, paragraph 6 of the Accountancy Act**

Based on the procedures performed, in our opinion:

- a) the information included in the Annual Activity Report for the financial year for which the financial statements are prepared is consistent with those financial statements.
- b) the Annual Activity Report has been prepared in accordance with the requirements of Chapter Seven of the Accountancy Act.



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## Responsibilities of management and those charged with governance for the financial statements

Management of Pension Assurance Company Doverie AD is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

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## Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

We are jointly and severally responsible for the performance of our audit and for the audit opinion expressed by us in accordance with the requirements of the Independent Financial Audit Act, applicable in Bulgaria. In accepting and performing the engagement for the joint audit, in connection to which we report, we have also been guided by the Guidelines for the implementation of joint audit, issued on 13 June 2017 by the Institute of Certified Public Accountants, Bulgaria and the Commission for Public Oversight of Statutory Auditors in Bulgaria.

## **Report on other legal and regulatory requirements**

### **Additional reporting on the audit of the financial statements in connection with art. 10 of Regulation (EU) 537/2014 in connection with the requirements of art. 59 of the Independent Financial Audit Act**

In accordance with the requirements of the Independent Financial Audit Act in connection with Art.10 of Regulation (EU) 537/2014, we hereby additionally report the information stated below:

- PricewaterhouseCoopers Audit OOD was appointed as a statutory auditor of the financial statements of the Fund for the year ended 31 December 2023 by the decision of the sole owner on 23 May 2023 for a period of one year. PricewaterhouseCoopers Audit OOD was first appointed as auditors of the Fund on 18 December 2017.
- Crowe Bulgaria Audit EOOD was appointed as a statutory auditor of the financial statements of the Fund for the year ended 31 December 2023 by the decision of the sole owner on 23 May 2023 for a period of one year. Crowe Bulgaria Audit EOOD was first appointed as auditors of the Fund on 20 May 2022.
- The audit of the financial statements of the Fund for the year ended 31 December 2023 represents seventh consecutive statutory audit engagement for that Fund carried out by PricewaterhouseCoopers Audit OOD.
- The audit of the financial statements of the Fund for the year ended 31 December 2023 represents second consecutive statutory audit engagement for that Fund carried out by Crowe Bulgaria Audit EOOD.
- We hereby confirm that the audit opinion expressed by us is consistent with the additional report dated 27 March 2024 provided to the Audit committee of Pension Assurance Company Doverie AD in compliance with the requirements of Art. 60 of the Independent Financial Audit Act.

- We hereby confirm that we have not provided the prohibited non-audit services referred to in Art.64 of the Independent Financial Audit Act.
- We hereby confirm that in conducting the audit we have remained independent of the Fund.

For PricewaterhouseCoopers Audit OOD:

For Crowe Bulgaria Audit EOOD:



Jock Nunan

Managing Director



Gyulyay Rahman

Manager



Boryana Dimova

Registered auditor responsible for the audit

9-11, Maria Luiza blvd.

1000 Sofia, Bulgaria



Georgi Kaloyanov

Registered auditor responsible for the audit

55, 6-ti Septemvri str..

1142, Sofia, Bulgaria

27 March 2024

27 March 2024

