

**PROFESSIONAL PENSION FUND
DOVERIE**

ANNUAL ACTIVITY REPORT

**FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED**

31 December 2023

INDEPENDENT AUDITORS' REPORT

PROFESSIONAL PENSION FUND DOVERIE

CONTENTS

PAGE

ANNUAL ACTIVITY REPORT	1-8
ANNUAL FINANCIAL STATEMENTS:	
STATEMENT OF COMPREHENSIVE INCOME	1
STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO INSURED INDIVIDUALS	2
STATEMENT OF NET ASSETS ATTRIBUTABLE TO INSURED INDIVIDUALS	3
NOTES TO THE FINANCIAL STATEMENTS	4-52
INDEPENDENT AUDITORS' REPORT	

ANNUAL ACTIVITY REPORT

1. Organization, business and performance of Professional Pension Fund Doverie

1.1. Organization

Professional Pension Fund Doverie (the Fund, Doverie PPF, and PPF) was registered on November 28, 2000, by Decision No 13905/2000 of Sofia City Court. The registered office and address of management of the Fund is 13B Tintyava Street, Izgrev District, 1113, Sofia City.

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.

The General Assembly of the Shareholders of PAC Doverie AD held on 24 June 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 20 May 2003, the Bulgarian Professional Pension Fund merged with Professional Pension Fund Doverie.

1.2. Profitability

*For the calculations is used data of the values per unit of Professional Pension Fund Doverie published by the Financial Supervision Commission.

Index	01.01.2019					Geometric mean
	31.12.2019	01.01.2020	01.01.2021	01.01.2022	01.01.2023	Nominal yield
	31.12.2019	31.12.2020	31.12.2021	31.12.2022	31.12.2023	2019 – 2023
Nominal yield	4.31%	1.73%	5.06%	-12.23%	7.55%	1.03%
Standard deviation	1.43%	4.92%	3.45%	7.12%	3.47%	
Sharpe ratio	3.28	0.45	1.61	-	1.25	

*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 the 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.

PROFESSIONAL PENSION FUND DOVERIE

ANNUAL ACTIVITY REPORT (CONTINUED)

1. Organization, business and performance of Professional 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 of 31 December 2023, the number of members in PPF Doverie has reached 77,847 representing 23.77% (preliminary data) of all assured members of professional pension funds in Bulgaria.

The increase in the number of assured persons, compared to those reported on December 31, 2022 (76,157 persons) is 2.22%.

1.3.1. Newly assured persons

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

In 2023 PPF Doverie increased its assured persons by 8,240 new members working under the conditions of the 1st and 2nd category of labour, for which at least one contribution has been received. Of these, 447 are persons with initial choice, 6,453 - transferred from other funds and 1,340 - were allocated on a non-discretionary basis to the fund by the National Revenue Agency (NRA).

Compared to 2022 (10,150) the newly assured persons decreased by 18.82%.

1.3.2. Initial choice

All persons working under the conditions of the 1st and 2nd category of labour and starting work have the right to choose a fund within 3 months from the occurrence of the social insurance obligation. The National Revenue Agency approves the applications for participation in a professional pension fund according to the procedures determined by Regulation № 33/19 September 2006 of the Financial Supervision Commission (FSC).

In 2023, the applications of 447 persons were accepted by the NRA and included as registered participants in PPF Doverie. Compared to 2022 (472), there was a decrease of 5.30% in the initial choice.

1.3.3. Non-discretionary member allocation

Individuals, who have not chosen a professional 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 pension funds. This 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 in total were made between ten professional funds for a total of 10,324 individuals, representing 1.74% less than the year 2022 (10,507 members).

The total number of individuals allocated on a non-discretionary basis to Professional Pension Fund Doverie in 2023 is 1,340 representing 12.98% of all allocated individuals by the NRA. Contributions were received for 100.00% of these individuals in 2023.

Compared to 2022 (1,800) individuals allocated on a non-discretionary basis in PPF Doverie decreased by 25.56%.

ANNUAL ACTIVITY REPORT (CONTINUED)

1. Organization, business and performance of Professional Pension Fund Doverie (continued)

1.3. Members (continued)

1.3.4. Transferred members

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

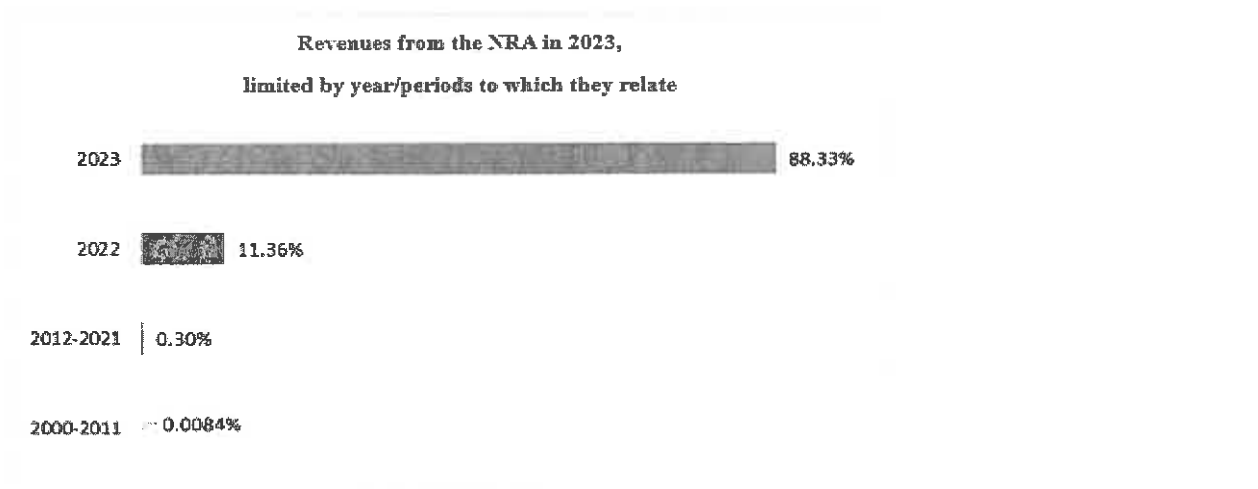
In 2023, the number of individuals that switched participation from other professional pension funds was 6,453 representing 18.13% decrease compared to 2022 (7,882 members).

1.4. Revenue

In 2023, contributions from 36,450 members were received in PPF Doverie, representing 46.82% of all fund members. The total received amount is BGN 67,440,156, 58.49% of which is from assurance contributions and related interest and 41.51% transferred from other professional pension funds.

88,33% of the total receipts transferred by NRA in 2023, represent contributions for the current year and 11.67% - contributions related to prior years.

Contributions over the previous three years, presented on quarterly basis, are shown below:



The average annual assurance contribution per member in 2023 is BGN 1,850.21, an decrease of 0.32% compared to 2022 (BGN 1,856.09).

The average monthly assurance contribution received from NRA for 2023 is BGN 124.25, an increase of 9.22% compared to 2022 (BGN 113.76).

The average amount transferred to PPF Doverie per member for 2023 is BGN 4,338.64, a increase of 5.61% compared to 2022 (BGN 4,108.35).

PROFESSIONAL PENSION FUND DOVERIE

ANNUAL ACTIVITY REPORT (CONTINUED)

1. Organization, business and performance of Professional Pension Fund Doverie (continued)

1.5. Discontinued membership

Members that terminated their participation in the professional pension fund are those who:

- Decided to switch participation to another professional pension fund;
- In the case of occurrence of an insured event for years of service and retirement age under the conditions of art. 68, 68a, 69, 69a of the SSC, to which are paid once or deferred accumulated funds from the PPF Doverie;
- Took advantage of the right to early retirement on the basis of Article 69b of the SSC and transferred the accumulated funds to the fund "Pension" of the NSSI;
- In which an assurance event "inheritance" occurred, and accumulated funds are paid to their heirs;
- Members who have chosen to ensure fully in fund "Pensions" PAYGO pursuant art. 4B (effective from 01.01.2016) and transferred the accumulated funds from PPF Doverie to fund "Pensions" PAYGO;

In 2023, 6,550 members had left PPF Doverie, which is an increase of 13.97% compared to the year 2022 (5,747 members).

The members that switched participation to other pension funds during 2023 are 4,691, representing 71.62% of the members that have left the fund. This represents an increase of 17.60% compared to the year 2022 (3,989 members).

Members that terminated membership due to the occurrence of an insured event are 1,453 or 22.18% of all who left the fund. Compared to 2022 (1,462 members), the number of members with accounts closed due to the occurrence of an insured event decreased by 0.62%.

Assured event	Discontinued memberships	
	2023	2022
Pensioners under Art.69b of the SSC	800	818
Pensioners Art.68, 68a, 69 and 69a of the SSC	315	281
Deceased	338	363
TOTAL	1 453	1 462

The average accumulated amount per early retired person as per art. 69b of the SSC, that was transferred to NSSI in 2023 equals to BGN 9,829.97. Compared to 2022 (BGN 10,544.76), this amount has decreased by 6.78%.

The average amount paid to members eligible for a pension for years of service and old age under art. 68, 68a, 69 and 69a of SSC is BGN 2,922.49. Compared to 2022 (BGN 3,183.97), this amount has decreased by 8.21%.

ANNUAL ACTIVITY REPORT (CONTINUED)

1. Organization, business and performance of Professional Pension Fund Doverie (continued)

1.5. Discontinued membership (continued)

As of 31.12.2023, 406 members chosen to ensure fully in fund "Pensions" PAYGO pursuant art. 4B of SSC (effective from 01.01.2016) and transferred the accumulated funds from PPF Doverie to fund "Pensions" PAYGO. Compared to 2022 (296 members), the number has increased by 37.16%.

The average accumulated amount of members who have chosen to ensure fully in fund "Pensions" PAYGO pursuant art. 4B of SSC (effective from 01.01.2016) and transferred the accumulated funds from PPF Doverie to fund "Pensions" PAYGO is BGN 14,241.88. Compared to 2022 (BGN 10,496.65), this amount has increased by 35.68%.

1.6. Retirees

Retirees are all persons who during the reporting year have exercised the right to early retirement in PPF Doverie and who have been granted a term occupational pension.

In 2023, one person has been granted a fixed-term occupational pension by PPF Doverie.

1.7. Risk management

The managing company PAC Doverie AD manages the risks that the Fund is exposed to, and information about the management of these risks is presented in the Annual activities report part of the financial statements of PAC Doverie AD as of and for the year ended 31 December 2023.

2. Financial activity

2.1. Interest income

The total interest income in 2023 amounts to TBGN 4,989 compared to TBGN 2,753 in 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 income amounting TBGN 230,517 and respectively has incurred expenses totaling TBGN 209,055, in 2022: TBGN 305,569 income and TBGN 349,813 expenses for 2023, respectively.

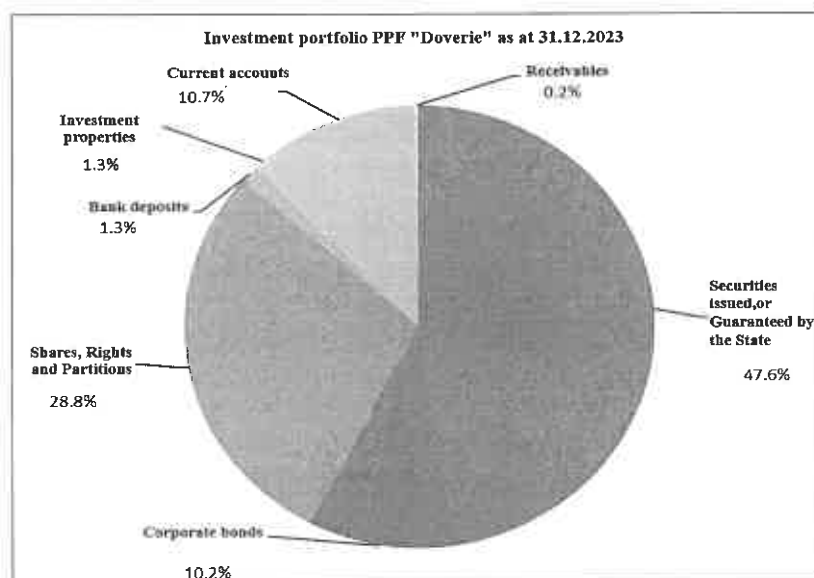
2.3 Foreign currency operations

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, government securities, shares, and collective investment schemes shares with a fair value of TBGN 73,592 as of 31 December 2023. In the statement of net assets attributable to assured individuals of the Fund as of 31 December 2023, the forward currency contract operations resulted in a receivable at the amount of TBGN 467 (31.12.2022: receivable TBGN 77).

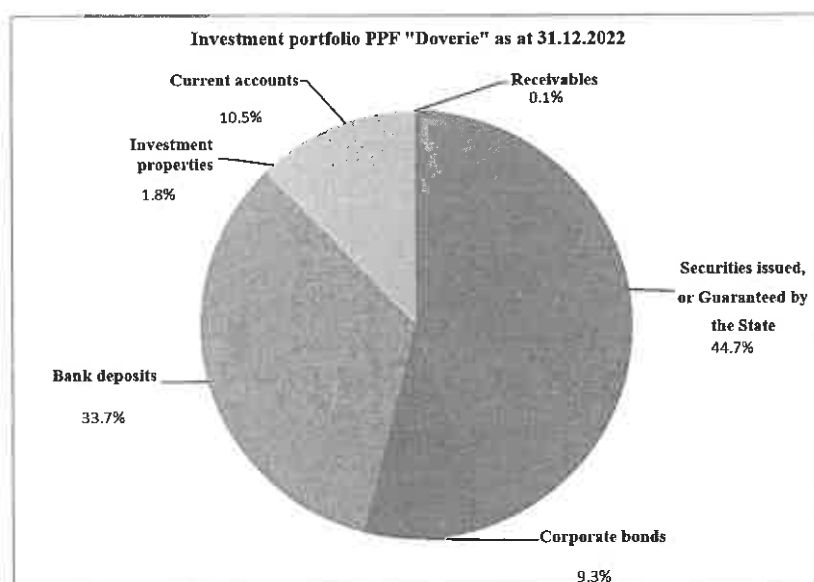
ANNUAL ACTIVITY REPORT (CONTINUED)

3. Portfolio structure analysis

Portfolio structure as of 31 December 2023



Portfolio structure as of 31 December 2022



3.1. Current accounts

Cash resources in current account have increased compared to the previous year. All current accounts are subject to group cash management according to a 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.) remained unchanged compared to the previous year.

ANNUAL ACTIVITY REPORT (CONTINUED)

3. Portfolio structure analysis (continued)

3.3. Investment properties

In 2023, the Fund realized negative financial result from the revaluation of investment property. The book value of the investment properties within the portfolio has been decreased as a result of the revaluation.

3.4. Government securities

At the end of 2023, the relative share of the government securities is 47.60% of the total assets (31.12.2022: 44.70%), a significant part of which is the foreign government securities, due to the ongoing restructuring and management of the portfolio.

3.5. Bank deposits

At the end of 2023, the fund has an exposure to bank deposits amounting to 1.29% of its assets.

3.6. Corporate bonds

The absolute value of the corporate bonds increased; an increase was observed in the proportion in the portfolio. The corporate bond portfolio of the fund is well diversified by region and by sector.

3.7. Equity

After extremely heavy for investors in stocks and bonds in 2022, in 2023 part of the realized losses from the previous year were 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 CIS shares and units decreased, both in absolute value and as a share in 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

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. The 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. Ordinance 9 introduced common rules for valuation of the financial assets at their fair value which further eased the comparison of pension funds investment results.

The unit value on the last working day of 2023 was 1.79733.

ANNUAL ACTIVITY REPORT (CONTINUED)

5. Events after the reporting period

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



Kiril Konstantinov Georgiev
Executive Director

25 March 2024


PROFESSIONAL PENSION FUND DOVERIE

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December

		2023	2022
		BGN'000	BGN'000
	Note		
Interest income	12	4,989	2,753
Dividend income (net)	11	2,314	2,634
Net gain/(loss) from foreign financial instruments at fair value through profit and loss	14	16,822	(27,070)
Net gain/(loss) from Bulgarian financial instruments at fair value through profit and loss	13	4,640	(17,174)
Net income (expense) from investment property	15	(908)	(680)
Total		27,857	(39,537)
Investment fees	10, 18	(2,565)	(2,369)
Total operating expenses		(2,565)	(2,369)
Increase in net assets attributable to assured individuals		25,292	(41,906)

Notes on pages 4 to 52 are an integral part of the financial statements.


 Prepared by:
 Tatyana Krasimirova Koleva


 Executive Director:
 Miroslav Krumov Marinov


 Executive Director:
 Kiril Konstantinov Georgiev




25 March 2024

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


 Пер. № 085


 Georgi Kaloyanov
 Registered auditor, responsible for the audit
 27.3.2024


 СОФИЯ
 Пер. № 167
 БЪЛГАРИЯ ОДИТ ЕООД

Translation from the original Bulgarian version, in case of divergence the Bulgarian original shall prevail.

PROFESSIONAL PENSION FUND DOVERIE

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

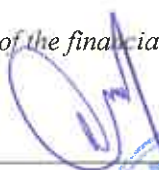
Note	2023 BGN'000	2022 BGN'000
NET ASSETS OF THE FUND AT 1 JANUARY	317,876	330,218
Change in net assets attributable to insured individuals	25,292	(41,906)
Increase		
Net contributions	38,051	31,976
Transferred from other funds	27,997	32,382
Other increase		29
	66,048	64,387
Decreases		
Payments to members	(1,911)	(1,830)
Payments to pensioners	(8,784)	(9,557)
Transferred to other funds	(27,697)	(23,436)
	(38,392)	(34,823)
NET ASSETS OF THE FUND AT 31 DECEMBER	370,824	317,876

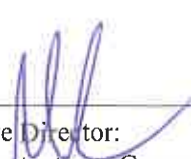
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Prepared by:
Tatyana Krasimirova Koleva

25 March 2024

 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

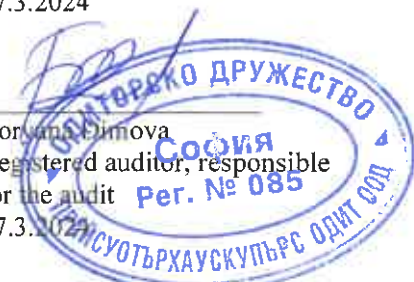


Jock Nunan
Procurator
27.3.2024



Gyulyay Rahman
Statutory manager
27.3.2024


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Registered auditor, responsible
for the audit
27.3.2024




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PROFESSIONAL PENSION FUND DOVERIE

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

		31.12.2023 BGN'000	31.12.2022 BGN'000
ASSETS			
	Note		
Cash and cash equivalents	17	40,007	33,491
Bank deposits	8.2	4,823	-
Securities issued or guaranteed by the Bulgarian government	8.1	51,969	55,463
Securities issued by Bulgarian issuers (bonds, shares and collective investment schemes)	8.4, 8.8	20,278	17,525
Foreign securities	8.5	250,733	207,130
Derivative assets held for risk management		467	77
Investment receivables	8.7	324	253
Investment property	8.3	4,700	5,608
TOTAL ASSETS		373,301	319,547
LIABILITIES			
Payables to PAC	8.9, 18	233	203
Investment payables	8.9	-	-
Payables to NSSI	8.9	2,244	1,468
TOTAL LIABILITIES		2,477	1,671
NET ASSETS ATTRIBUTABLE TO ASSURED INDIVIDUALS		370,824	317,876

Notes on pages 4 to 52 are an integral part of the financial statements.


Prepared by:
Tatyana Krasimirova Koleva



Executive Director:
Miroslav Krumov Marinov



Executive Director:
Kiril Konstantinov Georgiev

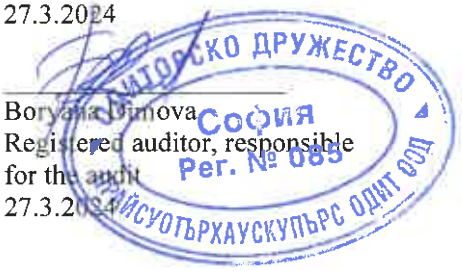
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27.3.2024


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27.3.2024


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Registered auditor, responsible
for the audit
27.3.2024


Georgi Kaloyanov
Registered auditor, responsible
for the audit
27.3.2024

NOTES TO THE FINANCIAL STATEMENTS

1. Organization and business of Professional Pension Fund Doverie

1.1 Organization

Professional Pension Fund Doverie (the Fund, PPF Doverie, and PPF) was registered on November 28, 2000, by Decision No 13905/2000 of Sofia City Court. The registered office and address of management of the Fund is 13B Tintyava Street, Izgrev District, 1113, Sofia City.

The Fund is an independent legal entity, which is 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 and results

The first insurance contributions to the Fund were received in 2001 and refer to 2000 and 2001. As of 31 December 2023, the total number of members of PPF Doverie according to data of the Financial Supervision Commission (FSC) is 77,848.

The return on investments of the assets of PPF Doverie in 2023 is 7.55% on an annual basis (according to data published by the Financial Supervision Commission).

2. Basis of accounting

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU)¹.

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 of the Fund have been approved by the Management Board of PAC Doverie on 25 March 2024.

Going Concern Principle

In 2023, income from assurance 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.

¹ 1 The equivalent term of the applicable financial reporting framework under the Accounting Act is International Accounting Standards. International Accounting Standards (IAS) are adopted in accordance with Regulation (EC) 1606/2002 of the European Parliament and of the Council of 19 July 2002 on the application of International Accounting Standards and include International Accounting Standards (IAS), International Financial Reporting Standards (IFRS) and related interpretations (SIC-IFRIC interpretations), subsequent amendments to these standards and related interpretations, future standards and related interpretations issued or adopted by the International Accounting Standards Board (IASB).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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 also from geographical point of view.

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

The following new and amended standards and interpretations are effective from 1 January 2023 but they do not have a material effect on the Fund's financial statements.

(a) New and amended standards adopted by the Fund

The Company has applied the following standards and amendments for the first time for its annual reporting period beginning 1 January 2023:

Amendments to IAS 1 and IFRS Statement of Practices: Disclosure of Accounting Policies 2 (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” (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).

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

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).

Amendment to IAS 12 “Income Taxes”: International Tax Reform — Second Pillar Model Rules (issued on 23 May 2023 and in force 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

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.

Amendment 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 23 January 2020).

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

Non-current liabilities with contractual clauses (issued on 31 October 2022, 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 Fund during the current or future reporting period as well as in the foreseeable future transactions.

3.2 New standards and interpretations not yet adopted by the Fund

(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).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7. Significant accounting policies

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

7.1. 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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 № 9 -19.11.2003 of FSC, effective from 1 July 2004 cash and cash equivalents, receivables, and payables denominated in foreign currency are subject to a daily revaluation, at the central exchange rate of 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 measurement 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.

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7. Significant accounting policies (continued)

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

(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.

7.8. 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7. Significant accounting policies (continued)

7.8. Fees and charges (continued)

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% (from 2019), 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% (from 2019).

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. 343f, para. 1 of SSC, the fee being paid by the assured person.

The specific amount of fees and deductions for the respective period are published on the 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.

7.11. Segment reporting

The fund operates only in one economic sector due to legal restrictions and the purpose for which it was created. For these reasons, information about different segments will not be displayed.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

8. Net assets of the Pension Fund

The net assets of PPF as of 31 December 2023 and 2022 are as follows:

	Note	31.12.2023 BGN'000	31.12.2022 BGN'000
ASSETS			
Bulgarian government securities	8.1	51,969	55,463
Bank deposits	8.2	4,823	-
Investment property	8.3	4,700	5,608
Corporate bonds	8.4	7,903	5,574
Foreign securities	8.5	250,733	207,130
Derivative		467	77
Investment receivables	8.7	324	253
Shares and stocks of local issuers	8.8	12,375	11,951
Current accounts in BGN	17	17,473	14,748
Current accounts in foreign currency	17	22,534	18,743
TOTAL ASSETS		373,301	319,547
Liabilities	8.9	(2,477)	(1,671)
TOTAL NET ASSETS		370,824	317,876

8.1. Government securities issued by Republic of Bulgaria

Over the past year, the Fund has decreased its total exposure to government bonds. Government bonds denominated in BGN marked a increase, while government bonds denominated in foreign currency is decrease.

	31.12.2023 BGN'000	31.12.2022 BGN'000
Government securities denominated in BGN	46,286	42,664
Government securities denominated in a foreign currency	5,683	12,799
Total	51,969	55,463

PROFESSIONAL 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 position of the Fund in Bulgarian government securities as of 31 December 2023 is as follows:

Issuer	ISIN	Coupon rate	Currency	Nominal value /'000/	Maturity	Fair value /BGN'000/
Republic of Bulgaria	BG2040019213	1.50%	BGN	4,900	21.06.2039	3,628
Republic of Bulgaria	BG2030121110	0.00%	BGN	32,590	17.05.2025	31,169
Republic of Bulgaria	BG2030021112	0.00%	BGN	2,400	24.02.2026	2,235
Republic of Bulgaria	BG2040121217	0.25%	BGN	11,156	24.05.2029	9,254
Republic of Bulgaria	XS2536817211	4.13%	EUR	2,800	23.09.2029	5,683
Total						51,969

Investments in government securities are revalued at fair value.

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

Issuer	ISIN	Coupon rate	Currency	Nominal value /'000/	Maturity	Fair value /BGN'000/
Republic of Bulgaria	BG2040019213	1.50%	BGN	4,900	21.06.2039	2,597
Republic of Bulgaria	BG2030121110	0.00%	BGN	32,590	17.05.2025	29,552
Republic of Bulgaria	BG2030021112	0.00%	BGN	2,400	24.02.2026	2,135
Republic of Bulgaria	BG2040121217	0.25%	BGN	11,156	24.05.2029	8,380
Republic of Bulgaria	XS2536817211	4.13%	EUR	2,800	23.09.2029	5,428
Republic of Bulgaria	XS2536817484	4.63%	EUR	1,000	23.09.2034	1,968
Republic of Bulgaria	XS1208855889	2.63%	EUR	2,800	26.03.2027	5,403
Total						55,463

Investments in government securities are revalued at fair value.

8.2 Bank deposits

Deposits as of 31 December 2023.:

Bank	Currency	Par value /'000/	Maturity	Value /BGN'000/	Credit rating	Rating agency
ING BANK N.V.	EUR	800	24.01.2024	1,610	A+	S&P
ING BANK N.V.	EUR	800	15.02.2024	1,610	A+	S&P
ING BANK N.V.	EUR	800	29.04.2024	1,603	A+	S&P
Total				4,823		

PROFESSIONAL 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, the Professional Pension Fund Doverie owns investment in the following real estate properties:

Description	Date of acquisition	Place	Acquisition price /BGN'000/	Fair value /BGN'000/
Regulated land plot	23.11.2007	Sveti Vlas	3,652	2,475
Plot Nessebar right of construction	30.11.2010	Sveti Vlas	4,610	2,225
Total				4,700

As of 31 December 2022, the Professional Pension Fund Doverie owns investment in the following real estate properties:

Description	Date of acquisition	Place	Acquisition price /BGN'000/	Fair value /BGN'000/
Regulated land plot	23.11.2007	Sveti Vlas	3,652	2,584
Plot Nessebar right of construction	30.11.2010	Sveti Vlas	4,610	3,024
Total				5,608

Reconciliation of changes in book value

<i>TBGN</i>	Note	2023	2022
Balance as of 1 January		5,608	6,274
Change in fair value		(908)	(666)
Balance as of 31 December		4,700	5,608

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

For the land located in Sv. Vlas with book value at the end of 2023 amounting to TBGN 2,476 (31.12.2022: TBGN 2,584) independent evaluator used the market analogue method.

Building permits for Sv. Vlas book values at the end of 2023 amounting to TBGN 2,225 (31.12.2022: TBGN 3,024) 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 building is obtained by the difference between the Residual Value method and the value of the Land valued by the market analogue method.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

8. Net assets of the Pension Fund (continued)

8.3. Investment property (continued)

According to the provisions of CSR, in particular "Art. 180c. para. (1) After the expiration of 5 years from the acquisition of each individual investment property owned by the supplementary compulsory pension insurance fund, the pension insurance 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. Al. (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 insurance 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." 1 and 2 are defined 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 insurance 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 PPF "Doverie" will be offered for sale.

The fair value of investment property is classified as recurring fair value measurements in Level 3. The information for this level is based on input data, observable on the market. The relationship between assessment methods and significant unobservable inputs and between key unobservable inputs and fair value is set out in note 16 Financial instruments and investment properties- Risk management.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

8. Net assets of the Pension Fund (continued)

8.4. Corporate bonds

The carrying amount of corporate bonds is increase compared to 2022, including an increase in their relative proportion in the portfolio.

All bonds are secured and listed for trading on the bond segment of BSE – Sofia.

The table below gives detailed information for the corporate bonds as of 31.12.2023.

Issuer	ISIN	Interest coupon	Currency	Nominal value /'000/	Maturity	Fair value /BGN'000/
Bravo Property Fund REIT	BG2100008197	3.25%	BGN	600	11.04.2024	512
Monbat AD	BG2100023170	6 M. EURIBOR + 3.00%, but not less than 3.00%	EUR	441	20.01.2025	699
BACB	BG2100022222	5.00%	EUR	1,400	23.12.2029	2,714
TBI BANK	BG2100005235	9.00%	EUR	400	09.06.2026	806
TBI BANK	BG2100007215	5.25%	EUR	700	30.07.2031	1,344
Bulgarian Energy Holding AD	XS1839682116	3.50%	EUR	950	28.06.2025	1,828
Total						7,903

The table below gives detailed information for the corporate bonds as of 31.12.2022.

Issuer	ISIN	Interest coupon	Currency	Nominal value /'000/	Maturity	Fair value /BGN'000/
Bravo Property Fund REIT	BG2100008197	3.25%	BGN	600	11.04.2024	535
Monbat AD	BG2100023170	6 m EURIBOR + 3.00%, but not less than 3.00%	EUR	441	20.01.2025	850
Hypocredit AD	BG2100018089	1.90%	EUR	565	30.12.2023	489
Hypocredit AD	BG2100038079	1.90%	EUR	680	30.12.2023	626
TBI BANK	BG2100007215	5.25%	EUR	700	30.07.2031	1 358
BEH	XS1839682116	3.50%	EUR	950	28.06.2025	1,716
Total						5,574

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

8. Net assets of the Pension Fund (continued)

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 2023, the investment in Index and Mutual Funds also increased compared to 2022. The insignificant decrease is observed in investments in stocks.

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

	Note	31.12.2023 BGN'000	31.12.2022 BGN'000
Government securities of EU countries	8.5.1	85,268	53,922
Government securities of non-EU countries	8.5.2	40,340	33,343
Individual investments (Bonds)	8.5.3	30,050	24,179
Index and Mutual Funds	8.5.4	54,865	51,887
Shares	8.5.5	40,210	43,799
Total		250,733	207,130

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 value /'000/	Maturity	Fair value /BGN'000/
Republic of Romania	XS1060842975	3.63%	EUR	2,400	24.04.2024	4,799
Republic of Romania	XS2689949399	5.50%	EUR	1,100	18.09.2028	2,240
Republic of Romania	XS2434895558	2.13%	EUR	1,300	07.03.2028	2,346
Republic of Romania	XS1129788524	2.88%	EUR	1,100	28.10.2024	2,148
Republic of Romania	XS1312891549	2.75%	EUR	2,000	29.10.2025	3,830
Republic of Romania	RO0OTTP19A72	4.40%	EUR	500	28.11.2025	988
Republic of Romania	XS2538440780	5.00%	EUR	2,000	27.09.2026	4,058
Republic of Romania	XS1420357318	2.88%	EUR	600	26.05.2028	1,115
Republic of Romania	XS1934867547	2.00%	EUR	910	08.12.2026	1,673
Republic of Romania	XS1892141620	2.88%	EUR	700	11.03.2029	1,270
Germany	DE0001102606	1.70%	EUR	600	15.08.2032	1,156
Germany	DE000BU2Z007	2.30%	EUR	5,400	15.02.2033	11,063
Germany	DE000BU2Z015	2.60%	EUR	3,700	15.08.2033	7,684
Italy	IT0005474330	0.00%	EUR	600	15.12.2024	1,138
Italy	IT0005439275	0.00%	EUR	1,200	15.04.2024	2,323
Italy	IT0005494239	2.50%	EUR	600	01.12.2032	1,086
Republic of Poland	XS1015428821	3.00%	EUR	2,000	15.01.2024	4,015
Republic of Poland	XS0841073793	3.38%	EUR	300	09.07.2024	594
Hungary	XS2259191273	0.50%	EUR	700	18.11.2030	1,072
Hungary	XS1696445516	1.75%	EUR	650	10.10.2027	1,195
Hungary	XS2161992198	1.13%	EUR	600	28.04.2026	1,110
Hungary	XS2386583145	0.13%	EUR	1,200	21.09.2028	1,958
France	FR001400BKZ3	2.00%	EUR	2,800	25.11.2032	5,282
France	FR001400H7V7	3.00%	EUR	5,800	25.05.2033	12,002
Spain	ES00000127A2	1.95%	EUR	960	30.07.2030	1,810
Spain	ES0000012K61	2.55%	EUR	600	31.10.2032	1,148
Republic of Croatia	XS1117298916	3.00%	EUR	950	11.03.2025	1,891
Republic of Croatia	XS1843434876	1.13%	EUR	450	19.06.2029	803
Portugal	PTOTELOE0028	0.48%	EUR	800	18.10.2030	1,376
Portugal	PTOTEYOE0031	1.65%	EUR	600	16.07.2032	1,093
Bank Gospodarstwa Krajowego	XS2397082939	0.38%	EUR	600	13.10.2028	1,002
Total						85,268

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 (continued)

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

Issuer	ISIN	Interest coupon	Currency	Nominal value /'000/	Maturity	Fair value /BGN'000/
Republic of Romania	XS1060842975	3.63%	EUR	2,400	24.04.2024	4,803
Republic of Romania	RO3SQY3RSKX5	0.00%	EUR	500	27.11.2023	951
Republic of Romania	ROE3GCPAFCP6	1.00%	EUR	2,100	13.12.2023	4,021
Republic of Romania	XS2434895558	2.13%	EUR	1,300	07.03.2028	2,160
Republic of Romania	XS1129788524	2.88%	EUR	1,100	28.10.2024	2,123
Republic of Romania	XS1312891549	2.75%	EUR	2,000	29.10.2025	3,781
Republic of Romania	RO0OTTP19A72	4.40%	EUR	500	28.11.2025	976
Republic of Romania	XS2538440780	5.00%	EUR	2,000	27.09.2026	3,980
Republic of Romania	XS1420357318	2.88%	EUR	600	26.05.2028	1,032
Republic of Romania	XS1934867547	2.00%	EUR	910	08.12.2026	1,596
Republic of Romania	XS1892141620	2.88%	EUR	700	11.03.2029	1,161
Germany	DE0001102606	1.70%	EUR	600	15.08.2032	1,097
Italy	IT0005445306	0.50%	EUR	1,600	15.07.2028	2,582
Italy	IT0005474330	0.00%	EUR	600	15.12.2024	1,101
Italy	IT0005439275	0.00%	EUR	1,200	15.04.2024	2,253
Italy	IT0005494239	2.50%	EUR	600	01.12.2032	976
Poland	XS1015428821	3.00%	EUR	2,000	15.01.2024	4,019
Poland	XS0841073793	3.38%	EUR	300	09.07.2024	597
Hungary	XS2259191273	0.50%	EUR	700	18.11.2030	936
Hungary	XS1696445516	1.75%	EUR	650	10.10.2027	1,115
Hungary	XS2161992198	1.13%	EUR	600	28.04.2026	1,052
Hungary	XS2386583145	0.13%	EUR	1,200	21.09.2028	1,730
France	FR001400BKZ3	2.00%	EUR	1,100	25.11.2032	1,954
Spain	ES00000127A2	1.95%	EUR	960	30.07.2030	1,715
Spain	ES0000012K61	2.55%	EUR	400	31.10.2032	715
Republic of Croatia	XS1117298916	3.00%	EUR	950	11.03.2025	1,893
Republic of Croatia	XS1843434876	1.13%	EUR	450	19.06.2029	752
Portugal	PTOTELOE0028	0.48%	EUR	800	18.10.2030	1,260
Portugal	PTOTEYOE0031	1.65%	EUR	400	16.07.2032	671
Bank Gospodarstwa Krajowego	XS2397082939	0.38%	EUR	600	13.10.2028	920
Total						53,922

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

As of 31 December 2023

Issuer	ISIN	Interest coupon	Currency	Nominal value /'000/	Maturity	Fair value /BGN'000/
United Mexican States	XS1751001139	1.75%	EUR	1,410	17.4.2028	2,593
United Mexican States	XS1974394675	1.63%	EUR	1,870	8.4.2026	3,554
US Treasury	US91282CHC82	3.38%	USD	2,900	15.5.2033	4,951
US Treasury	US91282CHT18	3.88%	USD	2,100	15.8.2033	3,768
State of Israel	XS1023541847	2.88%	EUR	2,370	29.1.2024	4,746
Republic of Indonesia	XS1647481206	2.15%	EUR	400	18.7.2024	780
Republic of Indonesia	XS1268430201	3.38%	EUR	1,100	30.6.2025	2,164
Republic of Indonesia	XS2366690332	1.00%	EUR	800	28.7.2029	1,367
Republic of Indonesia	XS2069959398	1.40%	EUR	500	30.10.2031	829
Republic of Indonesia	XS2100404396	0.90%	EUR	1,050	14.2.2027	1,899
China	XS2078532913	0.13%	EUR	700	12.11.2026	1,255
China	XS2259626856	0.25%	EUR	650	25.11.2030	1,057
China	XS2078533218	0.50%	EUR	700	12.11.2031	1,133
Chile	XS1346652891	1.75%	EUR	370	20.1.2026	711
Chile	XS1151586945	1.63%	EUR	1,000	30.1.2025	1,939
Chile	XS2388560604	0.55%	EUR	1,300	21.1.2029	2,226
Chile	XS1236685613	1.88%	EUR	500	27.5.2030	897
Chile	XS2369244087	0.10%	EUR	1,500	26.1.2027	2,662
Columbia	XS1385239006	3.88%	EUR	910	22.3.2026	1,809
Total						40,340

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)

As of 31 December 2022

Issuer	ISIN	Interest coupon	Currency	Nominal value /'000/	Maturity	Fair value /BGN'000/
United Mexican States	XS1751001139	1.75%	EUR	1,410	17.4.2028	2,493
United Mexican States	XS1974394675	1.63%	EUR	1,870	8.4.2026	3,480
State of Israel	XS1936100483	1.50%	EUR	600	16.1.2029	1,068
State of Israel	XS1023541847	2.88%	EUR	2,370	29.1.2024	4,724
Republic of Indonesia	XS1432493879	2.63%	EUR	900	14.6.2023	1,780
Republic of Indonesia	XS1647481206	2.15%	EUR	400	18.7.2024	772
Republic of Indonesia	XS1268430201	3.38%	EUR	1,100	30.6.2025	2,163
Republic of Indonesia	XS2366690332	1.00%	EUR	800	28.7.2029	1,264
Republic of Indonesia	XS2069959398	1.40%	EUR	500	30.10.2031	763
Republic of Indonesia	XS2100404396	0.90%	EUR	1,050	14.2.2027	1,819
China	XS2078532913	0.13%	EUR	700	12.11.2026	1,210
China	XS2259626856	0.25%	EUR	650	25.11.2030	1,010
China	XS2078533218	0.50%	EUR	700	12.11.2031	1,038
Chile	XS1346652891	1.75%	EUR	370	20.1.2026	691
Chile	XS1151586945	1.63%	EUR	1,000	30.1.2025	1,894
Chile	XS2388560604	0.55%	EUR	1,300	21.1.2029	2,086
Chile	XS1236685613	1.88%	EUR	500	27.5.2030	855
Chile	XS2369244087	0.10%	EUR	1,500	26.1.2027	2,510
Columbia	XS1385239006	3.88%	EUR	910	22.3.2026	1,723
Total						33,343

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)

As of 31 December 2023

Issuer	ISIN	Credit rating	Rating agency	Currency	Nominal value /'000/	Fair value /BGN'000/
QUALCOMM INC	US747525AF05	A	S&P	USD	200	349
ALIBABA GROUP HOLDING	US01609WAQ50	A1	Moody's	USD	300	523
AMAZON.COM INC	US023135BC96	A1	Moody's	USD	300	516
RENAULT SA	FR0014006W65	BB+	S&P	EUR	500	950
GOLDMAN SACHS GROUP INC	XS1796209010	BBB+	S&P	EUR	200	379
GOLDMAN SACHS GROUP INC	XS1458408561	BBB+	S&P	EUR	300	568
FORD	XS1959498160	BB+	S&P	EUR	300	599
UBS GROUPE AG	CH0576402181	A-	S&P	EUR	200	344
BANCA TRANSILVANIA	XS2724401588	BB	Fitch	EUR	300	605
BERKSHIRE HATHAWAY INC	XS1200679071	A+	Fitch	EUR	250	465
CESKA SPORITELNA AS	XS2638560156	BBB+	S&P	EUR	600	1,251
SWEDBANK AB	XS2404027935	A+	S&P	EUR	300	541
CRIDIT AGRICOLE	FR00140098S7	A+	S&P	EUR	400	757
DAIMLER AG	DE000A289XJ2	A	S&P	EUR	300	578
PEPSICO INC	XS1061714165	A+	S&P	EUR	230	454
APPLE INC	XS1135337498	AA+	S&P	EUR	160	305
PFIZER INC	XS1574158082	A	Fitch	EUR	250	467
LeasePlan Corporation NV	XS2384269101	A-	S&P	EUR	500	898
RAIFFEISEN BANK INT	XS2682093526	Baa2	Moody's	EUR	700	1,451
RAIFFEISEN BANK ROM	XS2700245561	Baa2	Moody's	EUR	200	409
ING Bank	XS2697483118	A1	Moody's	EUR	800	1,618
DXC CAPITAL FUNDING	XS2384715244	BBB-	S&P	EUR	400	694
VOLKSWAGEN Fin Serv AG	XS2438615606	BBB+	S&P	EUR	200	378
VOLKSWAGEN Leasing	XS2694872081	BBB+	S&P	EUR	400	807
RENAULT SA	FR0013329315	BB+	S&P	EUR	700	1,361
PEUGEOT S.A.	FR0013323326	BBB	S&P	EUR	400	779
VOLVO CAR AB	XS1724626699	Ba1	Moody's	EUR	330	642
VALEO SA	FR0013342334	BB+	S&P	EUR	200	381
TEVA PHARM FNC NL II	XS1813724603	BB-	Fitch	EUR	500	990
VERIZON COMMUNICATIONS	XS1146282634	BBB+	S&P	EUR	320	632
VERIZON COMMUNICATIONS	XS1708161291	BBB+	S&P	EUR	300	562
VALEO SA	FR0014004UE6	BB+	S&P	EUR	200	345
DXC TECHNOLOGY CO	XS1883245331	Baa2	Moody's	EUR	630	1,209
PKO Bank Polski SA	XS2582358789	A3	Moody's	EUR	600	1,246
AMERICA MOVIL SAB DE CV	XS1379122101	BBB+	S&P	EUR	250	492
CK HUTCHISON FINANCE 16	XS1391086987	A-	Fitch	EUR	260	490
NE PROPERTY COOPERATIEF	XS1722898431	BBB	Fitch	EUR	700	1,326
GENERAL ELECTRIC CO	XS1612542826	BBB	Fitch	EUR	250	475
THYSSENKRUPP AG	DE000A14J587	Ba3	Moody's	EUR	560	1,099
SAP AG	DE000A2TSTE8	A	S&P	EUR	200	381
DEUTSCHE BANK AG	DE000DL19US6	BBB-	S&P	EUR	300	589
DEUTSCHE PFANDBRIEFBANK AG	DE000A3T0X97	BBB	S&P	EUR	200	371
SOFTBANK GROUP CORP	XS2361253862	BB	S&P	EUR	400	774
Total						30,050

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)

As of 31 December 2022

Issuer	ISIN	Credit rating	Rating agency	Currency	Nominal value /'000/	Fair value /BGN'000/
QUALCOMM INC	US747525AF05	A	S&P	USD	200	358
ALIBABA GROUP HOLDING	US01609WAQ50	A1	Moody's	USD	300	533
AMAZON.COM INC	US023135BC96	A1	Moody's	USD	300	524
RENAULT SA	FR0014006W65	Ba2	Moody's	EUR	500	861
GOLDMAN SACHS GROUP INC	XS1796209010	BBB+	S&P	EUR	200	356
GOLDMAN SACHS GROUP INC	XS1458408561	BBB+	S&P	EUR	300	549
BANK OF CHINA						
LUXEMBURG	XS2099704731	A	Fitch	EUR	400	782
SOFTBANK GROUP CORP	XS1811213781	BB+	S&P	EUR	400	782
WELLS FARGO & COMPANY	XS0925599556	BBB+	S&P	EUR	110	218
FORD	XS1959498160	Ba2	Moody's	EUR	300	587
UBS GROUPE AG	CH0576402181	A-	S&P	EUR	200	318
BERKSHIRE HATHAWAY INC	XS1200679071	A+	Fitch	EUR	250	443
SWEDBANK AB	XS2404027935	A+	S&P	EUR	300	513
CRIDIT AGRICOLE	FR00140098S7	A+	S&P	EUR	400	736
DAIMLER AG	DE000A289XH6	A-	Fitch	EUR	300	586
DAIMLER AG	DE000A289XJ2	A-	Fitch	EUR	300	564
PEPSICO INC	XS1061714165	A+	S&P	EUR	230	448
APPLE INC	XS1135337498	AA+	S&P	EUR	160	297
PFIZER INC	XS1574158082	A	Fitch	EUR	250	452
LeasePlan Corporation NV	XS2384269101	BBB-	S&P	EUR	500	836
DXC CAPITAL FUNDING	XS2384715244	BBB-	S&P	EUR	400	644
VOLKSWAGEN Fin Serv AG	XS2438615606	BBB+	S&P	EUR	200	363
RENAULT SA	FR0013329315	Ba2	Moody's	EUR	700	1,317
PEUGEOT S.A.	FR0013323326	Baa3	Moody's	EUR	400	765
VOLVO CAR AB	XS1724626699	Ba1	Moody's	EUR	330	617
VALEO SA	FR0013342334	BB+	S&P	EUR	200	364
TEVA PHARM FNC NL II	XS1813724603	BB-	Fitch	EUR	500	949
VERIZON COMMUNICATIONS	XS1146282634	Baa1	Moody's	EUR	320	622
VERIZON COMMUNICATIONS	XS1708161291	BBB+	S&P	EUR	300	538
VALEO SA	FR0014004UE6	BB+	S&P	EUR	200	301
DXC TECHNOLOGY CO	XS1883245331	Baa2	Moody's	EUR	630	1,155
AMERICA MOVIL SAB DE CV	XS1379122101	BBB+	S&P	EUR	250	483
CK HUTCHISON FINANCE 16	XS1391086987	A-	Fitch	EUR	260	454
NE PROPERTY COOPERATIEF	XS1722898431	BBB	Fitch	EUR	700	1,278
GENERAL ELECTRIC CO	XS1612542826	BBB	Fitch	EUR	250	461
THYSSENKRUPP AG	DE000A14J587	B1	Moody's	EUR	560	1,089
SAP AG	DE000A2TSTE8	A	S&P	EUR	200	375
DEUTSCHE BANK AG	DE000DL19US6	BBB-	S&P	EUR	300	566
DEUTSCHE						
PFANDBRIEFBANK AG	DE000A3T0X97	BBB+	S&P	EUR	200	354
SOFTBANK GROUP CORP	XS2361253862	BB+	S&P	EUR	400	741
Total						24,179

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

8. Net assets of the Pension Fund (continued)

8.5. Foreign securities (continued)

8.5.4. Index and Mutual Funds

As of 31 December 2023

Issuer	ISIN	Units	Currency	Fair value /BGN'000/
Amundi MSCI Nordic	LU1681044647	2,209	EUR	2,690
Amundi Msci EM Asia UCITS ETF	LU1681044480	42,044	EUR	2,671
DB X-TRACKERS DAX	LU0274211480	3,018	EUR	935
ISHR EUR 600 HEALTH CARE(DE)	DE000A0Q4R36	3,806	EUR	786
Lyxor STOXX Europe 600 Basic Resources	LU1834983550	4,235	EUR	759
VIG PRIVATE MARKETS FUND SCA	LU2636716941	921.37	EUR	183
Xtrackers MSCI Nordic ETF	IE00B9MRHC27	9,599	EUR	939
iShares MSCI Japan EUR Hedged UCITS	IE00B42Z5J44	23,954	EUR	3,550
SPDR HEALTH CARE	US81369Y2090	5,990	USD	1,445
ISHARES MSCI USA Minimum Volatility	US46429B6974	16,609	USD	2,293
IVV iShares S&P 500 Index Fund	US4642872000	2,040	USD	1,724
Invesco Dynamic Pharmaceutic	US46137V6627	6,007	USD	809
Invesco Solar ETF	US46138G7060	7,780	USD	736
S&P Depository Receipts	US78462F1030	1,998	USD	1,680
SCHRODER ISF China A	LU1713307699	16,222.70	USD	3,352
SCHRODER Indian Equity Class C	LU0264410993	1,784.76	USD	1,046
SPDR Dow Jones Industrial Average	US78467X1090	19,278	USD	12,857
Vanguard S&P 500 ETF	US9229083632	18,370	USD	14,197
VANGARD CONSUMER STAPLE	US92204A2078	4,145	USD	1401
iShares Global Clean Energy ETF	US4642882249	29,397	USD	812
Total				54,865

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

8. Net assets of the Pension Fund (continued)

8.5. Foreign securities (continued)

8.5.4. Index and Mutual Funds (continued)

As of 31 December 2022

Issuer	ISIN	Units	Currency	Fair value /BGN'000/
Amundi MSCI Nordic	LU1681044647	2,209	EUR	2,302
Amundi Msci EM Asia UCITS ETF	LU1681044480	42,044	EUR	2,569
DB X-TRACKERS DAX	LU0274211480	3,018	EUR	782
ISHR EUR 600 HEALTH CARE(DE)	DE000A0Q4R36	3,806	EUR	739
Lyxor STOXX Europe 600 Basic Resources	LU1834983550	4,235	EUR	773
Xtrackers MSCI Nordic ETF	IE00B9MRHC27	19,198	EUR	1,649
iShares MSCI Japan EUR Hedged UCITS	IE00B42Z5J44	23,954	EUR	2,695
iShares STOXX Europe 600 Basic Resources	DE000A0F5UK5	6,018	EUR	731
ISHARES MSCI USA Minimum Volatility	US46429B6974	16,609	USD	2,197
IVV iShares S&P 500 Index Fund	US4642872000	2,040	USD	1,437
Invesco Aerospace & Defense ETF	US46137V1008	5,967	USD	858
Invesco Dynamic Pharmaceutic	US46137V6627	6,007	USD	866
Invesco QQQ Trust Series 1	US46090E1038	4,605	USD	2,249
Invesco Solar ETF	US46138G7060	7,780	USD	1,044
S&P Depositary Receipts	US78462F1030	1,998	USD	1,401
SCHRODER ISF China A	LU1713307699	16,222.7	USD	4,078
SCHRODER Indian Equity Class C	LU0264410993	1,784.76	USD	894
SPDR Dow Jones Industrial Average	US78467X1090	19,278	USD	11,714
Vanguard S&P 500 ETF	US9229083632	18,370	USD	11,837
iShares Global Clean Energy ETF	US4642882249	29,397	USD	1,072
Total				51,887

8.5.5. Shares

As of 31 December 2023

Geographic distribution	Currency	Number of issues	Index	Fair value /BGN'000/	Biggest single exposure /BGN'000/
Europe	EUR	20	Stoxx Europe 600	19,076	1,758
USA	USD	28	S&P 500	21,134	1,252
Total		48		40,210	

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

PROFESSIONAL PENSION FUND DOVERIE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

8. Net assets of the Pension Fund (continued)

8.5. Foreign securities (continued)

8.5.5. Shares (continued)

As of 31 December 2022

Geographic distribution	Currency	Number of issues	Index	Fair value /BGN'000/	Biggest single exposure /BGN'000/
Europe	EUR	16	Stoxx Europe 600	13,903	1,892
USA	USD	34	S&P 500	29,896	1,698
Total		50		43,799	

8.6. Table of maturity of the securities

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

Maturity	Fair value	Up to 1 month	from 1 to 6 months	from 6 months to 1 year	from 1 to 5 years	More than 5 years	Total
	31.12.2023						
	/BGN'000/	/BGN'000/	/BGN'000/	/BGN'000/	/BGN'000/	/BGN'000/	/BGN'000/
Government securities in BGN	46,286	-	51	51	35,395	16,841	52,338
Government securities in EUR	5,683	-	0	226	904	5,702	6,832
Corporate bonds in BGN	512	5	605	-	-	-	610
Corporate bonds in EUR	7,391	354	203	159	4,239	4,460	9,415
Foreign corporate, municipal and government bonds in USD	10,108	-	183	713	2,210	10,350	13,456
Foreign corporate, municipal and government bonds in EUR	145,551	8,904	11,679	9,745	74,148	60,050	164,526
Total	215,531	9,263	12,721	10,894	116,896	97,403	247,177

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

8. Net assets of the Pension Fund (continued)

8.5. Foreign securities (continued)

8.6. Table of maturity of the securities (continued)

The table below presents the maturity structure at fair value of the securities as of December 31, 2022, including future coupon payments.

Maturity	Fair value /BGN'000/ 31.12.2022	Up to 1 month	from 1 to 6 months	from 6 months to 1 year	from 1 to 5 years	More than 5 years	Total
/BGN'000/							
Government securities in BGN	42,664	-	50	51	35,395	16,943	52,439
Government securities in EUR	12,799	-	144	316	7,317	8,517	16,294
Corporate bonds in BGN	536	9	9	18	527	-	563
Corporate bonds in EUR	5,038	187	79	1,575	2,993	1,657	6,491
Foreign corporate, municipal and government bonds in USD	1,415	-	25	25	1,575	-	1,625
Foreign corporate, municipal and government bonds in EUR	110,029	1,956	2,839	6,632	77,574	38,715	127,716
Total	172,481	2,152	3,146	8,617	125,381	65,832	205,128

8.7. Investment receivables and unquoted bonds

As of 31 December 2023, the Fund has investments receivables amounting TBGN 324 (31.12.2022: TBGN 253), as follows:

	31.12.2023 /BGN'000/	31.12.2022 /BGN'000/
Receivables related to Investment property	182	182
Dividends	55	69
Others	87	2
Total	324	253

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

8. Net assets of the Pension Fund (continued)

8.8 Shares and stocks of local issuers

The portfolio of individual shares of PPF as of 31 December 2023 consists of 9 issuers – leading local companies. The total amount of the investments is TBGN 8,896 (31 December 2022 – TBGN 8,926). The most significant exposure towards one issuer amounts to TBGN 1,725 (31 December 2022 – TBGN 2,097).

The investments in shares/stocks of local funds are in total 3 funds amounting to TBGN 3,479 (31 December 2022 – TBGN 3,025).

8.9. Liabilities of the Professional Pension Fund

As of 31 December 2023, the Professional Pension Fund has a current liability to Pension Assurance Company Doverie amounting to TBGN 233 (31 December 2022 – TBGN 203), which is the investment fee payable for December 2023 and TBGN 2,244 (31 December 2022 – TBGN 1,468), liabilities to NSSI.

	<u>31.12.2023</u>	<u>31.12.2022</u>
	BGN'000	BGN'000
Liability to PAC	233	203
Investment liabilities		-
Liability to NSSI	2,244	1,468
	<u>2,477</u>	<u>1,671</u>

9. Net assets attributable to assured individuals

The net assets attributable to insured individuals include contributions and distributed profitability on the accounts of the insured persons.

The table below presents the investment yield to be distributed among the insured members by type of investments:

	Result	
	<u>2023</u>	<u>2022</u>
	BGN'000	BGN'000
Deposits and current account	1,137	62
Shares	6,929	(5,803)
REITs	632	440
Mutual Funds and ETFs	6,271	(6,914)
Government bonds	11,446	(17,582)
Corporate bonds	1,565	(1,520)
Forwards	1,089	(7,402)
Others	(1,212)	(818)
Total	<u>27,857</u>	<u>(39,537)</u>

PROFESSIONAL PENSION FUND DOVERIE**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****10. Fees and charges**

The Company accrues the one-off contribution fee on each contribution from insured individual in a scale (3.75 percent - for contributions received for 96 and under 95 months, 3.50 percent - for contributions received 97 to 120 months, 3.25 percent - for contributions received for 121 to 180 months, 3.0 percent - for contributions received over 180 months) and investment fee (0.75% of Fund's net assets).

	<u>2023</u>	<u>2022</u>
	BGN'000	BGN'000
Gross contribution from insured individuals	39,444	33,148
Contribution fee	<u>(1,393)</u>	<u>(1,172)</u>
Net contribution from insured individuals	<u>38,051</u>	<u>31,976</u>

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

	<u>2023</u>	<u>2022</u>
	BGN'000	BGN'000
Investment fee	<u>2,565</u>	<u>2,369</u>

11. Dividend income

	<u>2023</u>	<u>2022</u>
	BGN'000	BGN'000
Shares	1,447	1,613
REITs	238	314
MFs	629	707
Total	<u>2,314</u>	<u>2,634</u>

12. Interest income

	<u>2023</u>	<u>2022</u>
	BGN'000	BGN'000
Deposits and current account	1,137	62
Government bonds	2,953	1,959
Corporate bonds	899	732
Total	<u>4,989</u>	<u>2,753</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

	2023 BGN'000	2022 BGN'000
REITs	394	126
Shares	(418)	(619)
Government bonds	3,824	(8,682)
Mutual Funds and ETFs	454	(405)
Corporate bonds	(399)	(60)
Forwards	1,089	(7,402)
Others	(304)	(132)
Total	4,640	(17,174)

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

	2023 BGN'000	2022 BGN'000
Government bonds	4,669	(10,859)
Municipal bonds	-	-
Corporate bonds	1,065	(2,192)
Debt instruments	5,734	(13,051)
Shares	5,900	(6,797)
Mutual Funds and ETFs	5,188	(7,216)
Equity instruments	11,088	(14,013)
Others	-	(6)
Total	16,822	(27,070)

15. Net investment property income/(expense)

	2023 BGN'000	2022 BGN'000
Income from investment property	10	-
Expenses related with investment property	(918)	(680)
Total	(908)	(680)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

16. Accounting classification and fair values

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

Financial assets

	At fair value through profit/loss		At amortized cost	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
	BGN'000	BGN'000	BGN'000	BGN'000
Cash and cash equivalents	-	-	40,007	33,491
Investment receivables	-	-	324	253
Derivative assets held for risk management	467	77	-	-
Deposits	-	-	4,823	-
Government securities	177,578	142,727	-	-
Corporate bonds	37,953	29,754	-	-
Mutual funds	58,343	54,912	-	-
Shares	49,106	52,725	-	-
Total	323,447	280,195	45,154	33,744

Financial liabilities

	At fair value through profit/loss		At amortized cost	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
	BGN'000	BGN'000	BGN'000	BGN'000
Liabilities	-	-	2,477	1,671
Total	-	-	2,477	1,671

The 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 shown below.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

16. Accounting classification and fair values (continued)

	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
Financial assets						
Government securities	131,292	100,063	46,286	42,664	-	-
Corporate bonds	30,050	24,179	7,903	4,460	-	1,114
Mutual Funds	58,160	54,912	-	-	183	-
Shares	45,397	49,794	-	777	3,709	2,154
Derivative assets held for risk management	-	-	467	77	-	-
Total	264,899	228,948	54,656	47,978	3,892	3,268
Financial liabilities						
Financial derivatives	-	-	-	-	-	-
Total	-	-	-	-	-	-

No information on fair values is provided if the book value is a rational approximation of the fair value. The following table shows the reconciliation from the opening balances to the closing balances for level 3 fair values.

	2023	2022
	BGN'000	BGN'000
Total Opening balance	3,268	2,307
Shares		
Opening Balance	2,154	1,442
Profit/loss, recognized in the profit or loss	138	(44)
Purchases	-	-
Sales	(6)	(6)
Repayment	-	-
Transferred in / out level 1 to level 2	1,423	762
Closing balance	3,709	2,154
Corporate Bonds, Mortgage Bonds, and Bonds without quotes		
Opening balance	1,114	865
Profit/loss, recognized in the profit or loss	(455)	249
Purchases	-	-
Sales	(659)	-
Repayment	-	-
Transferred in / out level 1 to level 2	-	-
Closing balance	-	1,114
CIS, Mutual Funds, ETFs		
Opening balance	-	-
Profit/loss, recognized in the profit or loss	3	-
Purchases	180	-
Sales	-	-
Repayment	-	-
Transferred in / out level 1 to level 2	-	-
Closing balance	183	-
Total Closing balance	3,892	3,268

Incoming transfers in Level 3 represent issues for which the active market criteria were not met at the end of a period and were assessed by method.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

16. Accounting classification and fair values (continued)

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 a discounted cash flow method or net asset value method.	The cost of capital Expected cash flows	Increase in the cost of capital would decrease the fair value of the stock rights. Increased expected cash flows would increase the fair value.
Investment properties	A complex of applicable methods used from an independent appraiser. Method of comparable sales for determining the value of the land/Residual Value Method for the 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	When the correction coefficients increase, the value of the appraised properties will decrease Increased market prices of used for comparison properties would increase the fair value of the appraised investment property.
CIS, Mutual Funds, ETF's	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.		

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

17. Financial risk management

Given the Fund's nature, only the held financial instruments determine the state and the performance of the Fund. The risks arising from financial instruments may be classified as follows:

- Credit risk
- Market risk, incl. change in the fair 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 PPF 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 PPF, having delegated the operational management processes to ensure effective achievement of and following the policies within the financial business. Monthly reports with the results for the period and their analysis are prepared.

The overall objective and policies are in the direction of risk optimization without undue reduction of competitiveness and 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. For the PPF it mainly arises from the bonds part of the portfolio, cash and bank deposits.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

17. Financial risk management (continued)

Credit risk (continued)

For the purposes of valuation, PPF uses external sources of information, predominantly from internationally recognized agencies. When no such information is available, the Fund uses its own internal credit issuer's evaluation methodology which includes initial analysis of information from the Prospectus and after listing on the stock-exchange, further analysis of data 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 (both 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 PPF in Bulgarian and foreign government securities are to a 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's portfolio possess investment credit rating, assigned by internationally acknowledged rating agencies. The detail rating distribution is represented below.

The investments in debt securities of PPF are equal to TBGN 215,531 and in a simulative scenario with an assumed decrease of their value with 6%, the total value of the portfolio would decrease by TBGN 12,932 or 3.46%. As of 31.12.2022, the total amount of the Fund's investments in debt instruments is TBGN 172,481, and in a simulation scenario with an assumed drop in the price of these investments, in the amount of 6%, the value of the entire investment portfolio would decrease by TBGN 10,349, which is a drop of 3.24%.

Also, the PPF 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 control function with the trustee bank which is obliged to review the financial condition of the issuer, and the quality and quantity of the collateral. The investment committee analyses the concentration regarding credit risk. Under review are the credit rating, the results for the period and the 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 trustee bank is regularly made.

Bank deposits are usually short term 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 transition period of up to six months and only when a change in the rating of a bank with which a deposit contract has been already concluded.

PPF does not use derivatives to manage credit risk. If such a 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 shown below, further explanation of the receivables can be found in note 8.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

17. Financial risk management (continued)

Credit risk (continued)

	31.12.2023	31.12.2022
	Maximum risk	Maximum risk
	BGN'000	BGN'000
Cash and cash equivalents		
	40,007	33,491
Investment receivables	324	253
Derivative assets held for risk management		
	467	77
Deposits	4,823	-
Government securities	177,578	142,727
Corporate bonds	37,953	29,754
Total	261,152	206,302

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

PROFESSIONAL PENSION FUND DOVERIE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

17. Financial risk management (continued)

Credit risk (continued)

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

/BGN'000/	AAA	AA+	AA	AA-	A+	A	A-	BBB+	BBB	BBB-	BB+	BB	BB-	B+	Без рейтинг	Общо
Cash and cash equivalents	-	-	-	-	-	-	40,007	-	-	-	-	-	-	-	-	40,007
Investment receivables	-	-	-	-	-	-	-	-	-	-	-	-	-	-	324	324
Derivative assets held for risk management	-	-	-	-	467	-	-	-	-	-	-	-	-	-	-	467
Deposits	-	-	-	-	4,823	-	-	-	-	-	-	-	-	-	-	4,823
Government securities	19,904	8,719	-	17,284	8,191	-	14,046	5,427	61,702	40,496	1,809	-	-	-	-	177,578
Corporate bonds	-	305	-	-	4,874	1,775	2,978	5,068	6,609	694	4,278	3,208	2,089	-	6,075	37,953
Total	19,904	9,024	-	17,284	18,355	1,775	57,031	10,495	68,311	41,190	6,087	3,208	2,089	-	6,399	261,152

Translation from the original Bulgarian version, in case of divergence the Bulgarian original shall prevail.

PROFESSIONAL PENSION FUND DOVERJE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

17. Financial risk management (continued)

Credit risk (continued)

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

/BGN'000/	AAA	AA+	AA	AA-	A+	A	A-	BBB+	BBB	BBB-	BB+	BB	BB-	B+	Without rating	Total
Cash and cash equivalents						33,491										
Investment receivables	-	-	-	-	-	-	-	-	-	-	-	-	-	-	253	253
Derivative assets held for risk management	-	-	-	-	77	-	-	-	-	-	-	-	-	-	-	77
Government securities	1,097		1,954	-	9,050	-	13,572	4,360	68,856	39,469	4,369	-	-	-	-	142,727
Corporate bonds	-	297	-	-	3,198	1,967	1,922	3,483	2,894	2,811	2,805	4,481	949	1,089	3,858	29,754
Total	1,097	297	1,954	-	12,325	1,967	15,494	7,843	71,750	42,280	7,174	4,481	949	1,089	4,111	206.302

Translation from the original Bulgarian version, in case of divergence the Bulgarian original shall prevail

PROFESSIONAL PENSION FUND DOVERIE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

17. Financial risk management (continued)

Credit risk (continued)

Cash in banks

Cash in banks is classified as short-term financial assets.

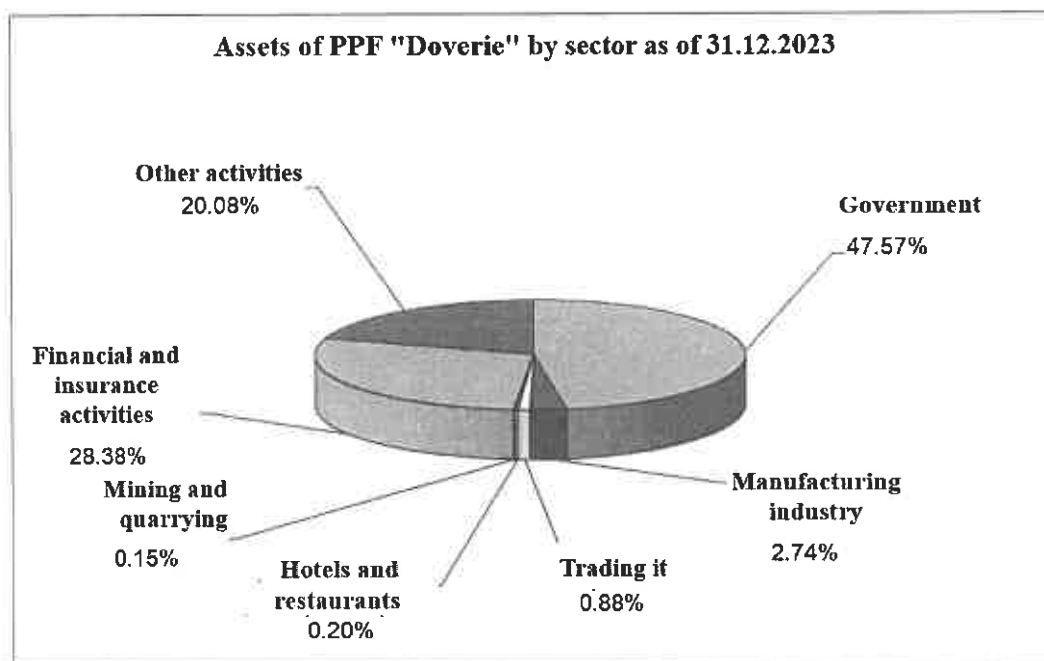
Cash is held at the following trustee bank as of 31 December 2023:

	Rating as of 31 December 2023	Balance as of 31 December 2023
		/BGN'000/
UBB AD	A-	40,007

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

	Rating as of 31 December 2022	Balance as of 31 December 2022
		/BGN'000/
UBB AD	A-	33,491

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



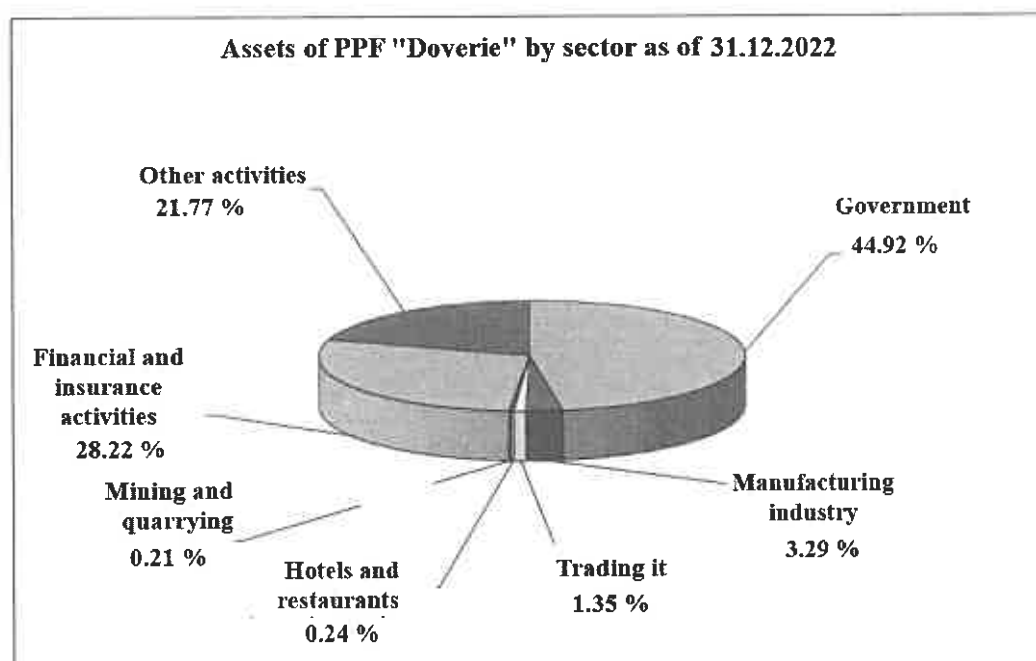
PROFESSIONAL PENSION FUND DOVERIE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

17. Financial risk management (continued)

Credit risk (continued)

Cash in banks (continued)

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



Notes:

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

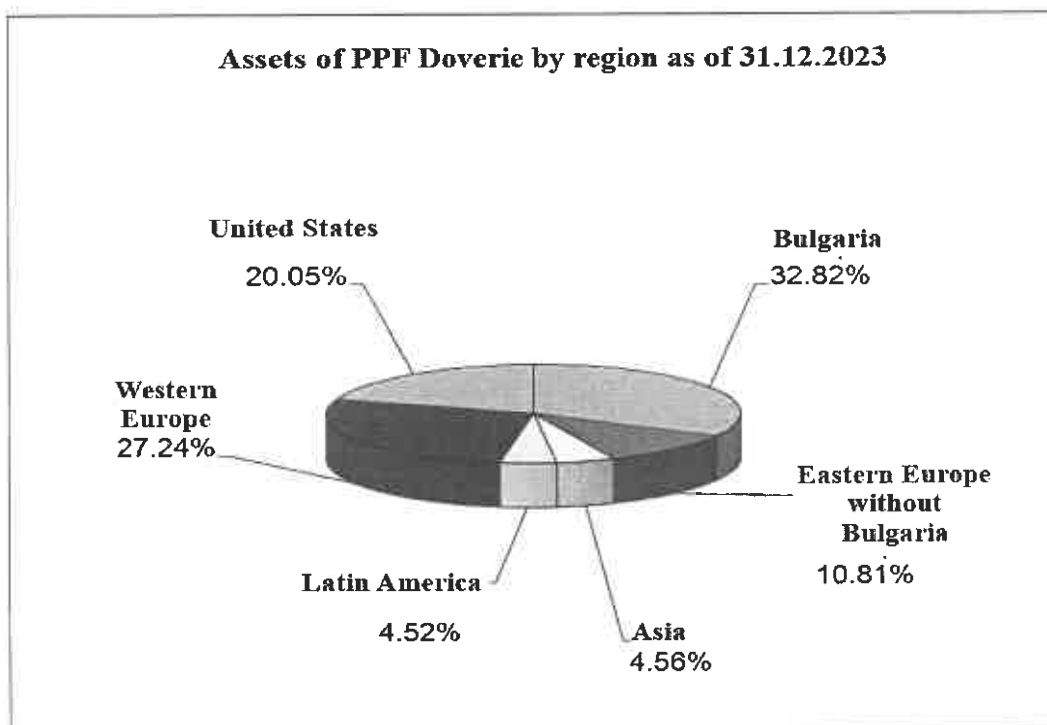
Sector “Other” includes the Fund’s investments in properties, receivables (excl. currency forwards) and cash.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

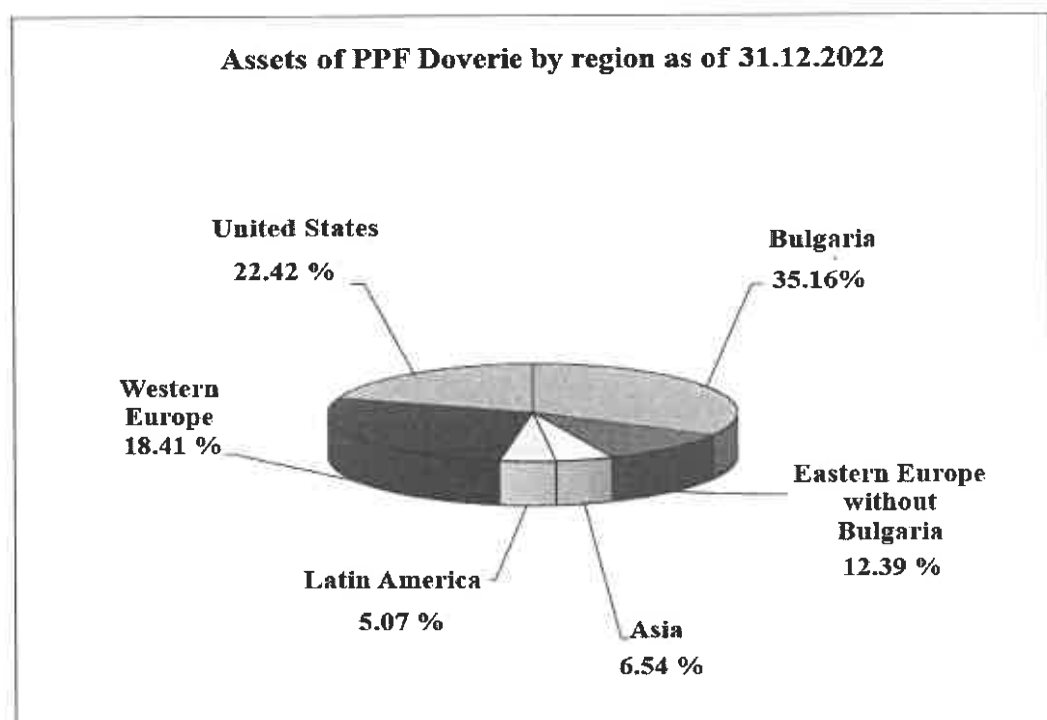
17. Financial risk management (continued)

Credit risk (continued)

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



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



NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

17. Financial risk management (continued)

Market risk

Market risk arises from the Fund's owned 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:

	2022	2023	2022 – 2023
Indicators			
Annual yield	(12.23%)	7.55%	(2.84%)
Standard deviation	7.10%	3.47%	5.63%
Risk-free rate of return	0.00%	3.21%	1.61%
Sharpe Ratio	(1.72)	1.25	(0.79)
Modified Sharpe Ratio	(0,01)	1.25	(0,003)

Indicator Value at Risk (VaR) is presented using data for the value of one unit of PPF Doverie, risk means the fluctuations in value of unit and the daily variations are calculated in percentages. The chosen model – historical VaR, is considered by the management to be the only relevant one because of its clarity, use of objective data and ability for comparison.

	2022	2023	2022 – 2023
Value at Risk	1 day	1 day	1 day
Confidence interval			
95%	(0.87%)	(0.33%)	(0.56%)
99%	(1.28%)	(0.53%)	(1.06%)

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) was no longer meets 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

17. Financial risk management (continued)

Interest risk (continued)

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. 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 mainly from the bond portfolio with a fixed coupon. This risk is managed by diversification of securities with a fixed and floating coupon rate. The Fund analyses the risk of change in interest rates periodically. Sensitivity analysis is applied, and as a result of the analysis management believes that a realistically possible scenario would be a change (increase) in the interest rate by 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 BGN'000	(4,635)	(6,342)
2	Change in the value of the investment portfolio in %	(1.45%)	(1.70%)

Interest rate by instruments as of 31.12.2023

ASSETS	Financial instruments with floating interest rate	Financial instruments with fixed interest rate	Non-interest bearing	Total
BGN'000				
Cash and cash equivalents	-	40,007	-	40,007
Bank deposits	-	4,823	-	4,823
Securities issued or guaranteed by the government	-	51,969	-	51,969
Shares and stocks of local issuers (bonds, shares, mutual funds)	698	7,205	12,375	20,278
Foreign securities	-	155,659	95,074	250,733
Derivative assets held for risk management	-	-	467	467
Investment receivables	-	-	324	324
Investment property	-	-	4,700	4,700
Total Assets	698	259,663	112,940	373,301

PROFESSIONAL PENSION FUND DOVERIE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

17. Financial risk management (continued)

Interest risk (continued)

LIABILITIES	Financial instruments with floating interest rate	Financial instruments with fixed interest rate	Non-interest bearing	Total
BGN'000				
Liabilities to PAC	-	-	233	233
Investment payables	-	-	-	-
Payables to NSSI	-	-	2,244	2,244
Total Liabilities	-	-	2,477	2,477

Interest rate by instruments as of 31.12.2022

ASSETS	Financial instruments with floating interest rate	Financial instruments with fixed interest rate	Non-interest bearing	Total
BGN'000				
Cash and cash equivalents	-	33,491	-	33,491
Bank deposits	-	-	-	-
Securities issued or guaranteed by the government	-	55,463	-	55,463
Shares and stocks of local issuers (bonds, shares, mutual funds)	850	4724	11,951	17,525
Foreign securities	-	111,444	95,686	207,130
Derivative assets held for risk management	-	-	77	77
Investment receivables	-	-	253	253
Investment property	-	-	5,608	5,608
Total Assets	850	205,122	113,575	319,547

PROFESSIONAL PENSION FUND DOVERIE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

17. Financial risk management (continued)

Interest risk (continued)

LIABILITIES	Financial instruments with floating interest rate	Financial instruments with fixed interest rate	Non-interest bearing	Total
BGN'000				
Liabilities to PAC	-	-	203	203
Investment payables	-	-	-	-
Payables to NSSI	-	-	1,468	1,468
Total Liabilities	-	-	1,671	1,671

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 value is dependent on changes in the exchange rate between a third currency, and BGN or EUR are subject 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 that are concluded for a period from 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, a significant part of the Fund's investments is denominated in EUR.

Sensitivity analysis at 10% depreciation of the EUR against USD as of the date of the report, with other things being equal, would lead to an increase in the financial result by TBGN 65 and the opposite – a 10% depreciation of USD against the EUR, will result in a decrease of the result by the same amounts.

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	BGN	EUR	USD	Total
Cash and cash equivalents	17,473	18,180	4,354	40,007
Bank deposits	-	4,823	-	4,823
Financial assets at fair value through profit or loss	57,040	192,348	73,592	322,980
Derivative assets held for risk management	-	-	467	467
Investment receivables	185	85	54	324
Investment property	4,700	-	-	4,700
Total assets	79,398	215,436	78,467	373,301

PROFESSIONAL PENSION FUND DOVERIE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

17. Financial risk management (continued)

Currency risk (continued)

	BGN	EUR	USD	Total
Liabilities to PAC	233	-	-	233
Current liabilities	2	-	-	2
Other liabilities	2,242	-	-	2,242
Total Liabilities	2,477	-	-	2,477

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	BGN	EUR	USD	Total
Cash and cash equivalents	14,748	13,215	5,528	33,491
Financial assets at fair value through profit or loss	53,475	155,685	70,958	280,118
Derivative assets held for risk management	-	-	77	77
Investment receivables	184	-	69	253
Investment property	5,608	-	-	5,608
Total assets	74,015	168,900	76,632	319,547
Liabilities to PAC	203	-	-	203
Current liabilities	-	-	-	-
Other liabilities	1,468	-	-	1,468
Total Liabilities	1,671	-	-	1,671

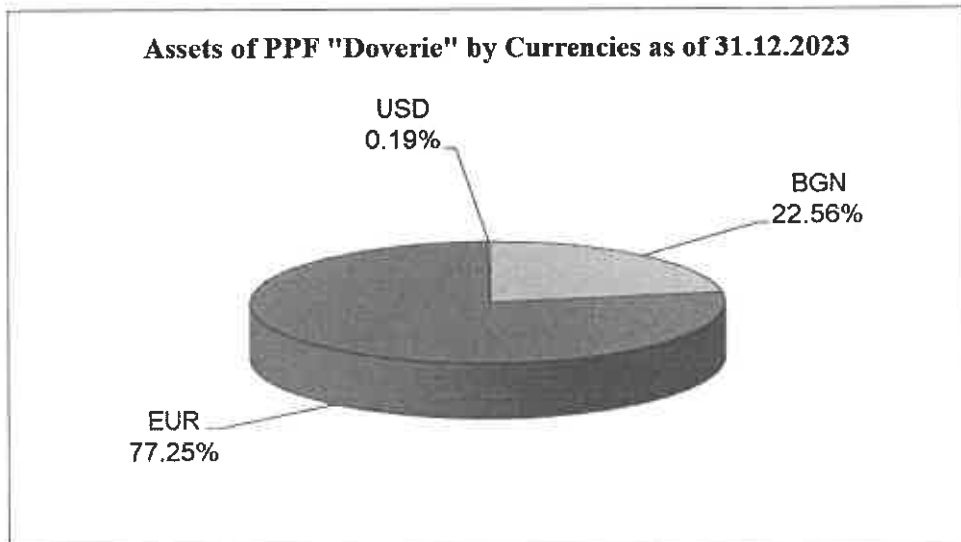
The following table summarizes the Fund's exposure to currency risk as of 31 December 2023 and 31 December 2022. It includes assets and liabilities at book value categorized by original currency.

Currency exposure (assets/liabilities)	Functional Currency	
	2023	2022
	BGN'000.	BGN'000
Euro	215,436	168,900
USD	78,467	76,632
Total	293,903	245,532

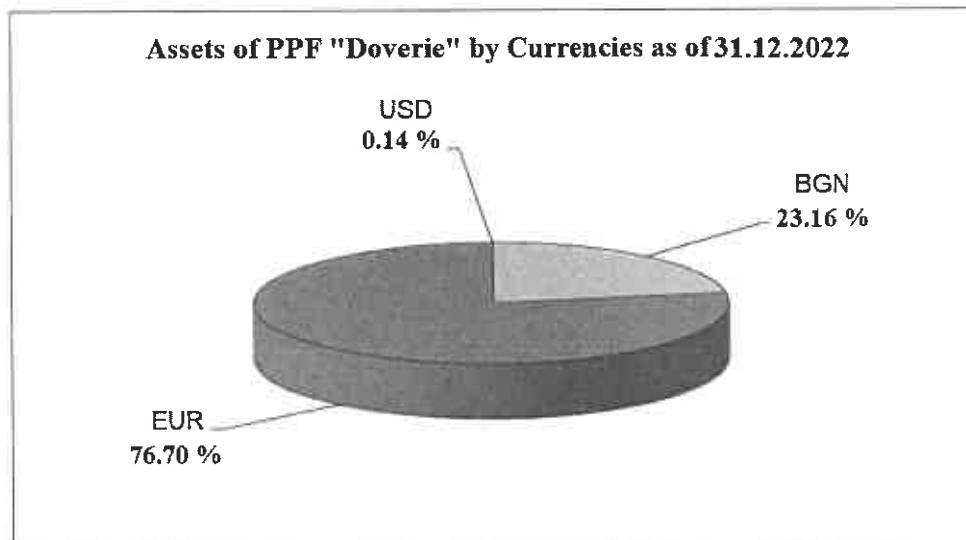
17. Financial risk management (continued)

Currency risk (continued)

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



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



Note:

The exposures in EUR and USD exclude derivative financial assets and liabilities.

PROFESSIONAL PENSION FUND DOVERIE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

17. Financial risk management (continued)

Currency risk (continued)

The tables below show the open deals for a decrease in the currency risk as of 31.12.2023.

Counterparty	Nominal amount original currency USD '000	Currency pair	Maturity
City Bank Europe AD	43,936	EUR/USD	22/01/2024

Fair value 31.12.2023	Assets	Liability
	BGN '000	BGN '000
Currency forwards	467	-
Total	467	-

The tables below show the open deals for a decrease in the currency risk as of 31.12.2022.

Counterparty	Nominal amount original currency USD '000	Currency pair	Maturity
City Bank Europe AD	41,555	EUR/USD	23/01/2023

Fair value 31.12.2023	Assets	Liability
	BGN '000	BGN '000
Currency forwards	77	-
Total	77	-

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 characterised by a host 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. It is predicted 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 increase in productivity.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

17. Financial risk management (continued)

Risks related to economic and macro conditions (continued)

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 U.S. consumer prices — which rose to 9.1 percent during the year and settled around 3 percent by the end of the year. 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 the risks associated with geopolitical tensions, climate change and changes in global demand in 2024. Despite many nuances, there are also some opposing trends in the outlook for 2024. Asian markets could take advantage of the growth opportunities, especially in India, that may 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 rises. 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 unfavourable 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

17. Financial risk management (continued)

Other market risks

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

As of 31 December 2023, investments at a fair value of these instruments are TBGN 58,344 and a realistic scenario of change in the main stock market indices by 30% will result in change in the financial result by TBGN 17,503.

Information on collaterals and credit rating

Total debt securities represent 57.74% of the assets, 0.14% of them are secured and 57.60% unsecured. Total having external credit rating is 56.11%, and the remaining 1.63% are rated using internal methodology.

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 to be at least sufficient to cover obligations when due. To achieve this goal, cash and cash equivalents are maintained amounting at least equal to the requirements for 30-45 days.

Management monitors daily cash management, and when monthly reviewing the budget, a fine-tuning is made, if necessary.

Given the significantly higher amount of inflows over outflows, the Fund has not implemented an active policy for long-term synchronization of assets and liabilities. However, maintaining the necessary cash funds to meet current obligations and the availability of tradable securities in the portfolio would enable it to meet even significant, unusual payables for its activities. In practice, the Fund assesses as minimal the possibility receivables and/or obligations to become required earlier than the date of their maturity.

The following table presents an analysis of the liabilities of the Company as of 31 December 2023 and 31 December 2022 grouped by residual term to maturity:

	<u>31.12.2023</u>	<u>31.12.2022</u>
	BGN'000	BGN'000
Liabilities to PAC	233	203
Investment liabilities		-
Liability to NSSI	<u>2,244</u>	<u>1,468</u>
	<u>2,477</u>	<u>1,671</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

17. Financial risk management (continued)

Liquidity risk (continued)

As of 31 December 2023	Up to 3 months	From 3 to 12 months	From 1 to 2 years	From 2 to 5 years	Over 5 years
	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000
Financial liabilities					
Related to PAC	233	-	-	-	-
Related to investments	-	-	-	-	-
Other	2,244	-	-	-	-
Total	2,477	-	-	-	-

As of 31 December 2022	Up to 3 months	From 3 to 12 months	From 1 to 2 years	From 2 to 5 years	Over 5 years
	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000
Financial liabilities					
Related to PAC	203	-	-	-	-
Related to investments	-	-	-	-	-
Other	1,468	-	-	-	-
Total	1,671	-	-	-	-

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 to the investments might be changed, and the 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 unfavorable situation and respectively the sale to be below the fair value. The Fund assesses 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 might arise. This is a risk of significant political change and significant change in the policies and reforms that would have a negative impact on its activity.

18. Related party transactions

Related party identification

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 (WIENER STÄDTISCHE Versicherungsverein – Vermögensverwaltung) are considered related parties.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

18. Related party transactions (continued)

Transactions with related parties

	<u>2023</u>	<u>2022</u>
	BGN'000	BGN'000
Investment fee	2,565	2,369
Payables to PAC in relation to fees and charges	233	203

19. Contingent assets and liabilities

During the period, the Fund has no contingent assets or liabilities and no legal claims against it.

20. Events after the reporting period, continued

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

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	 _____ Executive Director: Miroslav Krumov Marinov	 _____ Executive Director: Kiril Konstantinov Georgiev
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25 March 2024



Independent Auditors' Report

To the Shareholders of "Pension Assurance Company Doverie" AD

Report on the audit of the financial statements

Our opinion

We have audited the financial statements of Professional 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 significant accounting policies and other explanatory information.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Professional 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).

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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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>Carrying amount of investments at fair value</p> <p>Investments at fair value in the statement of net assets attributable to insured persons as at 31 December 2023: BGN 323,447 thousand (31 December 2022: BGN 280,195 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 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 323,447 thousand, which represents 87% 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 magnitude of the amounts involved, and the significant degree of judgement required in arriving at the fair value of investments, we considered this area to be associated with a significant risk of material misstatement and a key audit matter.</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"> - 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; - tracing the recognized fair values of all quoted investments in the Fund's portfolio as at December 31, 2023, to publicly available market quotations; - 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"> - 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; - assessment the relevance and reliability of the key data used in the valuations; - 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). - 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; - 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 as per the requirements of IFRS, adopted by the EU.



Information other than the financial statements and auditors' report thereon

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.

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

The 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.

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:



Jock Nunan

Registered Auditor responsible for the audit



Boryana Dimova

Registered auditor responsible for the audit

9-11, Maria Luiza blvd.
1000 Sofia, Bulgaria

27 March 2024



For Crowe Bulgaria Audit EOOD:



Gyulyay Rahman

Statutory Manager



Georgi Kaloyanov

Registered auditor responsible for the audit

55, 6-ti Septemvri str.
1142, Sofia, Bulgaria

27 March 2024

