

**VOLUNTARY PENSION FUND DOVERIE**

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VOLUNTARY PENSION FUND  
DOVERIE

ANNUAL ACTIVITY REPORT

FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED

31 December 2023

INDEPENDENT AUDITORS' REPORT

## **VOLUNTARY PENSION FUND DOVERIE**

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<b><u>CONTENTS</u></b>	<b><u>PAGE</u></b>
ANNUAL ACTIVITY REPORT	1-7
ANNUAL FINANCIAL STATEMENTS:	
STATEMENT OF PROFIT OR LOSS AND OTHER 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 STATEMENT	4-52
INDEPENDENT AUDITORS' REPORT	

## VOLUNTARY PENSION FUND DOVERIE

### ACTIVITY REPORT

#### 1. Organization, business, and performance of Voluntary pension fund Doverie

##### 1.1. Organization

Voluntary pension fund Doverie (the Fund, Doverie VPF,) was registered on November 3, 2000, by Resolution No 12540/2000 of Sofia City Court. The registered office and address of management of the Fund is Sofia, Izgrev Municipality, 13B Tintyava Str., PC 1113.

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

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

##### 1.2 Investment Return

\* In preparing the table are used data for value per share for Voluntary Pension Fund Doverie published by the Financial Supervision Commission.

\* Standard deviation is a statistical measure of the variance of a magnitude about its arithmetical or expected value.

Index	01.01.2019	01.01.2020	01.01.2021	01.01.2022	01.01.2023	Geometric mean nominal return 2019–2023
	31.12.2019	31.12.2020	31.12.2021	31.12.2022	31.12.2023	
Nominal yield	4.99%	2.51%	5.49%	-12.31%	7.85%	1.43%
Standard deviation	1.59%	4.94%	3.38%	7.85%	3.56%	-
Sharpe ratio	3.38	0.60	1.77	-	1.31	-

\* 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 have a connection with future results. Past performance is not a guarantee of future positive returns, preservation of the full investment amount or increase of the unit value.

##### 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 VPF Doverie is 141,174, which represents 21.97% (preliminary data) of all members of voluntary pension funds in Bulgaria.

In terms of sources of insurance, the distribution is as follows:

Insured individuals	2023	2022	Change
By employer's contributions	128,024	129,119	- 0.85%
By personal contributions	56,382	58,537	-3.68%
By contributions from a third-party contributor	117	117	0%

## VOLUNTARY PENSION FUND DOVERIE

### ACTIVITY REPORT, CONTINUED

#### 1.4. New members

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

As of 31 December 2023, in VPF Doverie the number of new members is 2,011 which is 29.04% less than in 2022 (2,834). Of the new members 75.93% are insured by the employer, 9.75% - by personal contributions, and 14.32% - by both employer and individual contributions.

<i>New members</i>	<b>2023</b>	<b>2022</b>	<b>Change</b>
By employer's contributions	1,815	2,397	-24.28%
By personal contributions	484	668	-27.54%
By a third-party contribution	0	3	-100%
<b>Total</b>	<b>2,299</b>	<b>3,068</b>	<b>- 25.07%</b>

During the past year, 501 individuals transferred their accumulated amounts from other voluntary pension funds to VPF Doverie. 68.66% of them transferred only employer contributions, 15.77% only personal contributions and 15.57% both employer and personal contributions. Compared to the year 2022 (1,511 persons) the number of individuals who transferred their membership to VPF Doverie increased by 66.84%.

#### 1.5. Discontinued membership

The total number of members that left the fund in 2023 is 3,098, which is a decrease of 34.53% compared to 2022 (4,732 individuals).

<b>Reason</b>	<i>Terminated participation</i>		<b>Change</b>
	<b>2023</b>	<b>2022</b>	
Withdrawal of personal contributions	68	85	-20.00%
Retirement for old age and disability	2,384	2,370	0.59%
Succession	389	422	-7.82%
Switching participation	257	1,855	-86.15%
<b>Total</b>	<b>3,098</b>	<b>4,732</b>	<b>-34.53%</b>

The current number of terminated participations is due to the occurrence of an insurance event "old age" – 76.95% of the total.

#### 1.6. Revenues

In 2023 contributions for 20,402 assured individuals were received in VPF Doverie, which represents 14.45% of all members of the fund (141,174 individuals). Compared to 2022 (21,226 persons), the number of these persons has decreased by 3.88%.

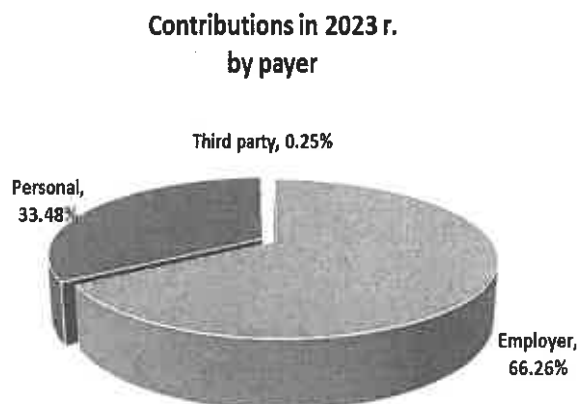
The total received funds in 2023 amount to BGN 14,511,647, by 12.92% less than the year 2022 (BGN 16,664,658). The amount consists of BGN 12,667,533 from assurance contributions and BGN 1,844,114 from transfers from other voluntary pension funds.

## **VOLUNTARY PENSION FUND DOVERIE**

### **ACTIVITY REPORT, CONTINUED**

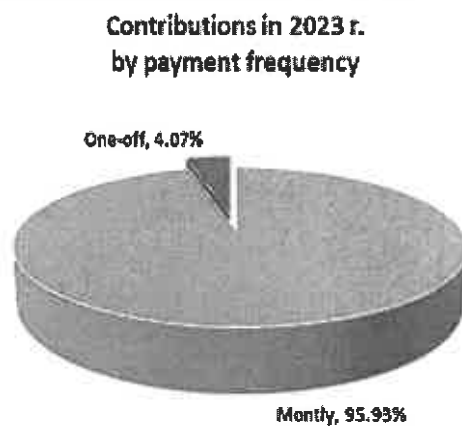
#### **1.6. Revenues, continued**

Contributions are distributed by contributor, as follows:



#### **1.6. Revenues, continued**

The ratio of contributions according to periodicity (monthly, one-off) has the following distribution:



In 2023 the average monthly amount of the receipts was equal to BGN 76.48 including funds from contributions and transfers. Compared to 2022 (BGN 78.07) there is a decrease by 2.04%.

The average monthly contribution per individual is equal to BGN 72.60, by 1.20% more than in 2022 (BGN 71.74).

The average amount of the transferred amount for one person from another voluntary fund is BGN 3,146.95, by 24.03% more than compared to 2022 (BGN 2,537.15).

As of 31 December 2023, the average accumulated amount per individual is BGN 1,128.73, which is 11.53% less than in 2022 (BGN 1,275.83).

## **VOLUNTARY PENSION FUND DOVERIE**

### **ACTIVITY REPORT, CONTINUED**

#### **1.7. Pensions**

As of 31 December 2023, 663 members receive monthly supplementary pensions from VPF Doverie.

<i>Pensions</i>	<i>Life-long</i>	<i>Fixed period</i>	<i>Total</i>
Personal pension for old age	370	48	418
Personal pension for disability	6	-	6
Survivor's pension	239	-	239
<b>Total</b>	<b>616</b>	<b>48</b>	<b>663</b>

The average amount of the personal with old age pension as of 31 December 2023 is BGN 56.37, and of the personal disability, pensions are BGN 66.46.

#### **1.8. Risk management**

The managing company PAC Doverie AD manages the risks that the Fund is exposed to, and information about the management of those 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 for 2023 is equal to TBGN 1,995, which represents an increase by 50% compared to 2022 (TBGN 1,330).

##### **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 their fair value, the Fund has realized income amounting to TBGN 126,916 and respectively had expenses amounting to TBGN 115,250, compared to respectively TBGN 172,348 and TBGN 196,956 in 2022.

##### **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 and money and money equivalents in deposits.

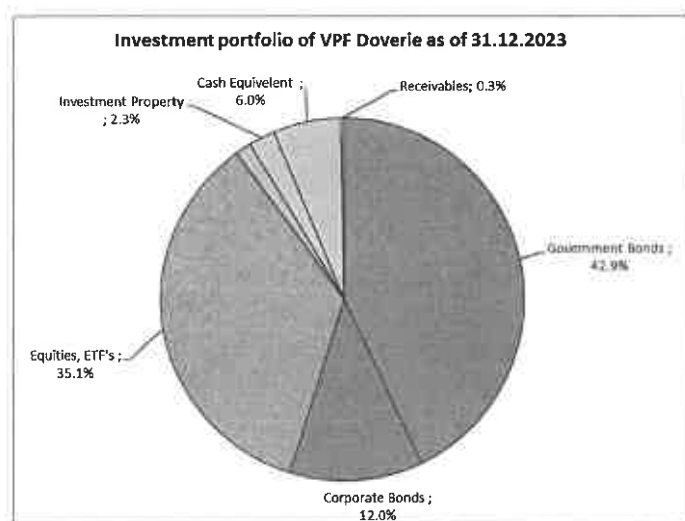
These positions as of 31 December 2023 are securities, denominated in USD including - foreign corporate bonds, government securities, shares, and collective investment schemes shares with a fair value of TBGN 44,027 as of 31 December 2023. In the statement of net assets attributable to insured individuals of the Fund as of 31 December 2023, the forward currency contract operations resulted in a receivable at the amount of TBGN 279.

## VOLUNTARY PENSION FUND DOVERIE

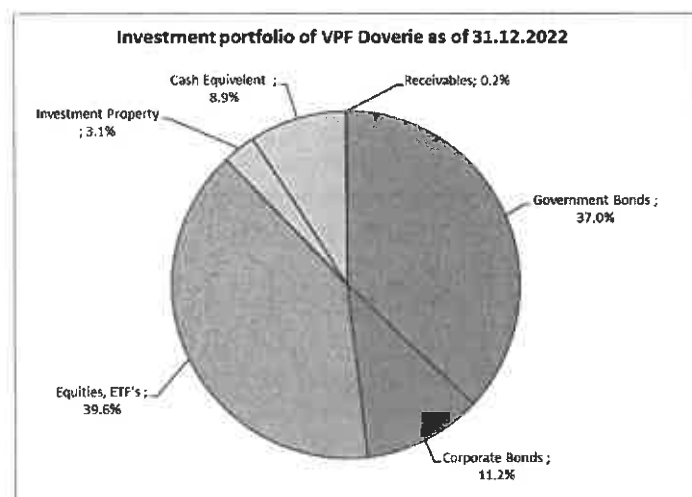
### ACTIVITY REPORT, CONTINUED

#### 3. Analysis of portfolio structure

Portfolio structure as of 31 December 2023



Portfolio structure as of 31 December 2022



##### 3.1 Cash and cash equivalents

Cash and cash equivalents decrease compared with 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.) increased at the end of the period compared to the previous year.

##### 3.3. Investment property

During the year the Fund realized expenses from the revaluation of investment property. The book value of three of the investment properties within the portfolio has been decreased as a result of the revaluation.

## **VOLUNTARY PENSION FUND DOVERIE**

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### **ACTIVITY REPORT, CONTINUED**

#### **3. Analysis of portfolio structure, continued**

##### **3.4. Government bonds**

At the end of 2023, the relative share of government bonds was 42.91% of the value of the assets (31.12.2022: 37.02%), the main part of these investments is in foreign government bonds, which is due to the active restructuring of the portfolio.

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

As of the end of 2023, the fund had an exposure to bank deposits amounting to 1.41 % of its assets.

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

The absolute value of the corporate bonds increased compared to previous year. The corporate bond portfolio of the fund is well diversified, both geographically and by industry.

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

After extremely difficult for investors in stocks and bonds 2022, in 2023 part of the previous year's losses was recovered. Almost all indices ended the year in positive territory, thus breaking the downward trend that began in 2022. Overall, the fund's exposure to ETF's decreased, both in absolute terms 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 № 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.

The unit value on the last working day of 2023 was 1.91092.

The investments underlying the products of the VPF Doverie do not comply with the EU criteria for environmentally sustainable economic activities.

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

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



## **VOLUNTARY PENSION FUND DOVERIE**

### **ACTIVITY REPORT, CONTINUED**

#### **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 on 25 March 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

**VOLUNTARY PENSION FUND DOVERIE**

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

		2023	2022
		BGN'000	BGN'000
	Note		
Interest income	12	1,995	1,330
Dividend income (net)	11	1,405	1,591
Net gain/(loss) from operations with foreign currency	14	9,177	15,760
Net gain/(loss) from operations with Bulgarian securities at fair value through profit or loss	13	2,489	(8,848)
Investment property expenses	15	(837)	(759)
<b>Net gain/(loss) from investing the assets of the fund</b>		<b>14,229</b>	<b>(22,446)</b>
Investment fees	10	(1,281)	-
<b>Total operating expenses</b>		<b>(1,281)</b>	<b>-</b>
<b>Change in net assets available to assured members</b>		<b>12,948</b>	<b>(22,446)</b>

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

  
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Prepared by  
Tatyana Krasimirova Koleva



  
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Executive Director  
Miroslav Krumpalov Marinov

  
\_\_\_\_\_

Executive Director  
Kiril Konstantinov Georgiev

In accordance with an Independent Auditors' Report:

for PricewaterhouseCoopers Audit OOD


for Crowe Bulgaria Audit EOOD

  
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Jock Nunan  
Procurator  
27.3.2024

  
\_\_\_\_\_

Gyulyay Rahman  
Statutory manager  
27.3.2024

  
\_\_\_\_\_

Boryana Dimova  
Registered auditor, responsible for the audit  
27.3.2024

  
\_\_\_\_\_

Georgi Kaloyanov  
Registered auditor, responsible for the audit  
27.3.2024




**VOLUNTARY 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
<b>NET ASSETS AT 1 JANUARY</b>		159,586	181,951
Decrease/Increase in net assets attributable to insured individuals		12,948	(22,446)
<b>Increases</b>			
Received contributions (net)	10	12,538	12,561
Transferred from other funds		1,844	3,834
		<u>14,202</u>	<u>16,395</u>
<b>Decreases</b>			
Payments to members		(2,698)	(2,141)
Transfer and withdrawal fee		(21)	(19)
Payments to pensioners		(6,552)	(6,978)
Transferred to other funds		(925)	(7,176)
		<u>(10,196)</u>	<u>(16,314)</u>
<b>NET ASSETS AT 31 DECEMBER</b>		<u>176,540</u>	<u>159,586</u>

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

  
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Prepared by  
Tatyana Krasimirova Koleva

  
  
\_\_\_\_\_

Executive Director DOVERIE Executive Director  
Miroslav Krumov Marinov Konstantinov Georgiev

In accordance with an Independent Auditors' Report:

for PricewaterhouseCoopers Audit OOD

for Crowe Bulgaria Audit EOOD

  
\_\_\_\_\_

Jock Nunan  
Procurator  
27.3.2024

  
\_\_\_\_\_

Gyulyay Rahman  
Statutory manager  
27.3.2024

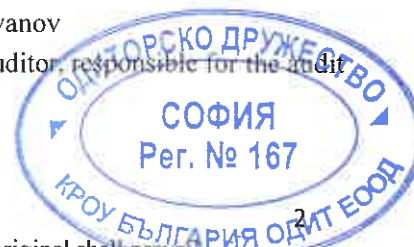
  
\_\_\_\_\_

Boryana Dimova  
Registered auditor, responsible for the audit  
27.3.2024



  
\_\_\_\_\_

Georgi Kaloyanov  
Registered auditor, responsible for the audit  
27.3.2024

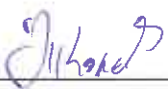


**VOLUNTARY PENSION FUND DOVERIE**


**STATEMENT OF NET ASSETS ATTRIBUTABLE TO ASSURED INDIVIDUALS  
AT 31 DECEMBER**


		31.12.2023	31.12.2022
		BGN'000	BGN'000
<b>ASSETS</b>	<b>Notes</b>		
Cash and cash equivalents	17	10,653	14,248
Bank deposits	8.2	2,502	-
Securities issued or guaranteed by the Bulgarian government	8.1	24,053	22,140
Securities issued by Bulgarian issuers (bonds, shares, CIS)	8.4, 8.7	11,746	10,519
Foreign investments	8.5	123,341	107,520
Derivative assets held for risk management		279	91
Receivables relating to investments and dividends	8.7	251	184
Investment property	8.3	4,105	4,938
<b>TOTAL ASSETS</b>		<b>176,930</b>	<b>159,640</b>
<b>LIABILITIES</b>			
Liabilities to the pension assurance company (PAC)	8.8	368	38
Liabilities relating to investments	8.8	-	-
Other current liabilities	8.8	22	16
<b>TOTAL LIABILITIES</b>		<b>390</b>	<b>54</b>
<b>NET ASSETS ATTRIBUTABLE TO ASSURED INDIVIDUALS</b>		<b>176,540</b>	<b>159,586</b>

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



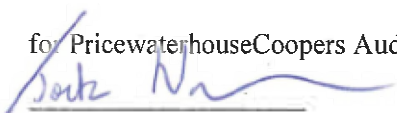
Prepared by  
Tatyana Krasimirova Koleva

  
Executive Director  
Miroslav Krumov Marinov

  
Executive Director  
Kiril Konstantinov Georgiev


In accordance with an Independent Auditors' Report:

for PricewaterhouseCoopers Audit OOD

  
Jock Nunan  
Procurator  
27.3.2024

  
Boriana Dimitrova  
Registered auditor, responsible for the audit  
27.3.2024

for Crowe Bulgaria Audit EOOD

  
Gyulyay Rahman  
Statutory manager  
27.3.2024

  
Georgi Kaloyanov  
Registered auditor, responsible for the audit  
27.3.2024

## **VOLUNTARY PENSION FUND DOVERIE**

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

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#### **1. Organization and business of Voluntary Pension Fund Doverie**

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

Voluntary Pension Fund Doverie (the Fund, VPF Doverie, and VPF) was registered on November 3, 2000, by Resolution No 12540/2000 of Sofia City Court. The registered office and address of management of the Fund is Sofia, Izgrev Municipality, 13B Tintyava Str., PC 1113.

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

##### ***1.2 Business and results***

As of 31 December 2023, the total number of members of VPF Doverie according to data of the Financial Supervision Commission (FSC) is 141,174.

The return on investment of the assets of VPF Doverie for 2023 is positive at the rate of 7.85% on an annual basis (according to data of the FSC).

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

The Company's financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) adopted by the European Union (EU)<sup>1</sup>.

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

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

#### **Going Concern Principle**

In 2023, income from 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 as internal factors for the Fund, which can be influenced relatively independently by making strategic management decisions.

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<sup>1</sup> 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).

## **VOLUNTARY PENSION FUND DOVERIE**

### **NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

#### **2. Basis of accounting, continued**

##### **Going Concern Principle, continued**

During the year SPIF maintained 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 from a point of several factors – instruments, sectors, industries, and geographical locations. A significant part of the funds was invested in highly liquid foreign government bonds and corporate bonds with a high credit rating, which significantly improved the quality of the portfolio and significantly reduced the credit risk.

The duration of the portfolio was kept relatively stable so as not to increase the exposure to interest rate risk. During the year the Fund maintains sufficient cash resources to cover its immediate payments. The Fund took advantage of the market volatility during the year by implementing an active investment management strategy for both equity and debt instruments.

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

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

#### **3. New accounting standards**

##### **3.1. Changes in significant accounting policies**

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

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

The Fund has applied the following standards and amendments for the first time for its annual reporting period beginning on January 1, 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)

###### **(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)

## **VOLUNTARY PENSION FUND DOVERIE**

### **NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

#### **3. New accounting standards, continued**

##### ***3.1. Changes in significant accounting policies, continued***

**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)

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.

##### ***3.1. Changes in significant accounting policies, continued***

(b) New standards, interpretations and amendments not yet adopted by the Fund

Certain new accounting standards and interpretations have been published that are not mandatory to apply during the reporting period as at 31 December 2023 and have not been previously adopted by the Fund. They are not expected to have a material impact on the Fund's financial statements.

**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 have not yet been adopted that are expected to have a significant impact on the Company during the current or future reporting period, as well as on transactions in the foreseeable future.

##### ***3.2. New standards, interpretations and amendments 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)

## **VOLUNTARY PENSION FUND DOVERIE**

### **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**

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the value of reported assets and liabilities and the disclosure of contingent liabilities at the end of the reporting period, as well as reported income and expenses for the period. Actual results may differ from these assumptions. Estimates and assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively. Significant accounting estimates and judgments are based on historical experience and other factors, including expectations of future events that are believed to be probable under the circumstances. Their authenticity is checked regularly.

The judgments that may result in a significant adjustment to the carrying amount of assets and liabilities in the next financial year are discussed below.

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



## **VOLUNTARY PENSION FUND DOVERIE**

### **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 measurement 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 derecognized 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.

## **VOLUNTARY PENSION FUND DOVERIE**

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

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

###### **(i) Measurement**

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

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

###### **(ii) Recognition and initial measurement**

All financial assets 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 insured individuals.

###### **(iii) 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 retirees or a specific part of them may be reported based on 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.

## **VOLUNTARY PENSION FUND DOVERIE**

### **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 financial asset expire or when the rights to receive the contractual cash flows from a transaction are transferred, where substantially all the risks and rewards of ownership of the financial asset are transferred or where the Fund does not transfer and does not retain substantially all the risks and rewards of ownership, nor does it 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, considering legal advice where appropriate. All recovered amounts are reported in the statement of changes in net assets attributable to assured individuals.

###### ***7.4. Interest income***

The Fund receives interest income from deposits, current accounts, and bond securities. Interest income is accrued on a monthly 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. Dividend income is presented in a separate line item in the statement of comprehensive income.

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

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

###### ***7.7. Derivatives***

Derivatives are recognized initially at fair value; attributable transaction costs are recognized in profit or loss as they are incurred. After 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.

## **VOLUNTARY PENSION FUND DOVERIE**

### **NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

#### **7. Significant accounting policies, continued**

##### **7.8. Fees and charges**

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

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

- one-time entrance fee for opening an individual insurance account – no fee.
- deduction as a percentage of each assurance contribution - up to 4%.
- annual investment fee in the amount of up to 9% of the income realized from the investment of the funds.

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

PAC Doverie AD may collect additional fees (reported at the expense of the insured persons) in the following cases:

- for each withdrawal (in full or in part) of the accumulated funds under the individual insurance account before acquiring the right to a personal old-age or disability pension - up to BGN 20;
- upon transfer of the funds under the individual account in a pension scheme according to art. 343a, para. 1, p. 2 or art. 343f, para. 1 of SSC - up to BGN 20.

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.

**VOLUNTARY PENSION FUND DOVERIE****NOTES TO THE FINANCIAL STATEMENTS, CONTINUED****8. Net assets of the pension fund**

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

	Notes	31.12.2023 BGN'000	31.12.2022 BGN'000
<b>ASSETS</b>			
Bulgarian government securities	8.1	24,053	22,140
Bank deposits	8.2	2,502	-
Investment property	8.3	4,105	4,938
Corporate bonds	8.4	4,564	3,595
Foreign securities	8.5	123,341	107,520
Derivative assets		279	91
Receivables related to investment	8.7	251	184
Shares and stocks of local issuers	8.8	7,182	6,924
Current accounts in BGN		3,805	5,719
Current accounts in foreign currency		6,848	8,529
<b>TOTAL ASSETS</b>		<b>176,930</b>	<b>159,640</b>
Less: Liabilities	8.8	(390)	(54)
<b>TOTAL NET ASSETS</b>		<b>176,540</b>	<b>159,586</b>

**8.1 Bulgarian government securities**

In 2023 the Fund increased its exposure in government securities. BGN denominated government securities have increased.

	31.12.2023 BGN'000	31.12.2022 BGN'000
Government securities denominated in BGN	24,053	22,140
Government securities denominated in foreign currency	-	-
<b>Total</b>	<b>24,053</b>	<b>22,140</b>

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

Issuer	ISIN	Coupon rate	Currency	Par value /BGN'000/	Maturity	Fair value /BGN'000/
Republic of Bulgaria	BG2040019213	1.500%	BGN	2 800	21.06.2039	2,073
Republic of Bulgaria	BG2040121217	0.250%	BGN	5 578	24.05.2029	4,627
Republic of Bulgaria	BG2030121110	0.000%	BGN	16 295	17.05.2025	15,584
Republic of Bulgaria	BG2030021112	0.000%	BGN	1 900	24.02.2026	1,769
<b>Total</b>						<b>24,053</b>

**VOLUNTARY PENSION FUND DOVERIE****NOTES TO THE FINANCIAL STATEMENTS, CONTINUED****8. Net assets of the pension fund, continued****8.1 Bulgarian government securities, continued**

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

Issuer	ISIN	Coupon rate	Currency	Par value /'000/	Maturity	Fair value /BGN'000/
Republic of Bulgaria	BG2040019213	1.500%	BGN	2 800	21.06.2039	1,484
Republic of Bulgaria	BG2040121217	0.250%	BGN	5 578	24.05.2029	4,190
Republic of Bulgaria	BG2030121110	0.000%	BGN	16 295	17.05.2025	14,776
Republic of Bulgaria	BG2030021112	0.000%	BGN	1 900	24.02.2026	1,690
<b>Total</b>						<b>22,140</b>

The investments in government securities are revaluated at fair value.

**8.2 Bank deposits**

At the end of the reporting period, the fund had an exposure to bank deposits amounting to 1.41% of assets.

The Fund's exposure to bank deposits as at 31.12.2023 is as follows:

Bank	Currency	Par value /'000/	Maturity	Amount /BGN'000/	Credit rating	Rating Agency
ING BANK N.V.	EUR	415	24.1.2024	835	A+	S&P
ING BANK N.V.	EUR	415	15.2.2024	835	A+	S&P
ING BANK N.V.	EUR	415	29.4.2024	832	A+	S&P
<b>TOTAL</b>				<b>2,502</b>		

**8.3. Investment properties**

As at 31 December 2023 the Voluntary Pension Fund Doverie owns investments in the following real estates:

Description	Date of acquisition	Place	Acquisition price /BGN'000/	Fair value /BGN'000/
Regulated estate	23.11.2007	Sveti Vlas	2,014	1,892
Plot Nesebar right of construction	30.11.2010	Sveti Vlas	3,460	1,701
Land plot	18.04.2011	Madjare	1,056	512
<b>Total</b>				<b>4,105</b>

As at 31 December 2022 the Voluntary Pension Fund Doverie owns investments in the following real estates:

Description	Date of acquisition	Place	Acquisition price /BGN'000/	Fair value /BGN'000/
Regulated estate	23.11.2007	Sveti Vlas	2,014	1,975
Plot Nesebar right of construction	30.11.2010	Sveti Vlas	3,460	2,311
Land plot	18.04.2011	Madjare	1,056	652
<b>Total</b>				<b>4,938</b>

## VOLUNTARY PENSION FUND DOVERIE

### NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

#### 8. Net assets of the pension fund, continued

##### 8.3. Investment properties, continued

###### Reconciliation of changes in book value

<i>TBGN</i>	<b>2023</b>	<b>2022</b>
Balance on 01 January	4,938	5,683
Change in fair value	-833	-745
<b>Balance at 31 December</b>	<b>4,105</b>	<b>4,938</b>

Evaluation of investment properties at fair value at December 31, 2023, and December 31, 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 1,892 (2022: TBGN 1,975) independent evaluator used the market analogue method.

Building permits for. Sv. Vlas book values at the end of 2023 amounting to TBGN 1,701 (2022: TBGN 2,311) 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 method of market analogues.

For the property located in Madjare with book value at the end of 2023 amounting of TBGN 512 (2022: TBGN 652), the independent valuer used a valuation method: Market analogue method and Residual value method.

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

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

As a result of the calculations, the management of the Company decided that the properties owned by VPF "Doverie" will be offered for sale.

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

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

<b>Issuer</b>	<b>ISIN</b>	<b>Interest coupon</b>	<b>Currency</b>	<b>Nominal /'000/</b>	<b>Maturity</b>	<b>Fair value /BGN'000/</b>
Monbat AD	BG2100023170	6 m. EURIBOR + 3.00%, but not less than 3.00%	EUR	280	20.01.2025	444
Bravo Property Fund REIT	BG2100008197	3.25%	BGN	400	11.04.2024	342
TBI Bank	BG2100007215	5.25%	EUR	500	30.07.2031	960
BEH	XS1839682116	3.50%	EUR	550	28.06.2025	1,058
BACB	BG2100022222	5.00%	EUR	700	23.12.2029	1,357
TBI Bank	BG2100005235	9.00%	EUR	200	09.06.2026	403
<b>Total</b>						<b>4,564</b>

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

<b>Issuer</b>	<b>ISIN</b>	<b>Interest coupon</b>	<b>Currency</b>	<b>Nominal /'000/</b>	<b>Maturity</b>	<b>Fair value /BGN'000/</b>
Monbat AD	BG2100023170	6 m. EURIBOR + 3.00%, but not less than 3.00%	EUR	280	20.01.2025	540
Bravo Property Fund REIT	BG2100008197	3.25%	BGN	400	11.04.2024	357
TBI Bank	BG2100007215	5.25%	EUR	500	30.07.2031	970
BEH	XS1839682116	3.50%	EUR	550	28.06.2025	993
Hypocredit AD	BG2100018089	1.90%	EUR	450	30.12.2023	389
Hypocredit AD	BG2100038079	1.90%	EUR	376	30.12.2023	346
<b>Total</b>						<b>3,595</b>

**8.5. Foreign securities**

Index and mutual funds have the largest share in foreign securities. Exposure to government bonds issued by EU member increased by approximately 55%. Individual investments (bonds) increased compared to 2022. A decrease was observed in equity investments compared to 2022.



## VOLUNTARY PENSION FUND DOVERIE

### NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

#### 8. Net assets of the pension fund, continued

##### 8.5. Foreign securities, continued

The table below presents the investments of VPF 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	33,599	21,729
Government securities of non-EU countries	8.5.2	18,264	15,225
Individual investments (Bonds)	8.5.3	16,621	14,244
Index and Mutual Funds	8.5.4	33,635	32,243
Shares	8.5.5	21,222	24,079
<b>Total</b>		<b>123,341</b>	<b>107,520</b>

##### 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 /'000/	Maturity	Fair value /BGN'000/
Republic of Spain	ES00000127A2	1.95%	EUR	540	30.07.2030	1,018
Republic of Spain	ES0000012K61	2.55%	EUR	100	31.10.2032	191
Republic of Romania	XS1060842975	3.63%	EUR	1,200	24.04.2024	2,399
Republic of Romania	XS1129788524	2.88%	EUR	650	28.10.2024	1,269
Republic of Romania	XS1312891549	2.75%	EUR	1,300	29.10.2025	2,490
Republic of Romania	XS1934867547	2.00%	EUR	520	08.12.2026	956
Republic of Romania	XS1420357318	2.88%	EUR	350	26.05.2028	650
Republic of Romania	XS1892141620	2.88%	EUR	400	11.03.2029	725
Republic of Romania	XS2689949399	5.50%	EUR	500	18.09.2028	1,018
Republic of Romania	XS2434895558	2.13%	EUR	500	08.03.2028	903
Italy	IT0005439275	0.00%	EUR	800	15.04.2024	1,549
Germany	DE000BU2Z007	2.30%	EUR	2,600	15.02.2033	5,327
Germany	DE000BU2Z015	2.60%	EUR	300	15.08.2033	623
Poland	XS0841073793	3.38%	EUR	200	09.07.2024	396
Poland	XS1015428821	3.00%	EUR	800	15.01.2024	1,606
Portugal	PTOTELOE0028	0.48%	EUR	450	18.10.2030	774
Portugal	PTOTEYOE0031	1.65%	EUR	100	16.07.2032	182
Republic of Croatia	XS1843434876	1.13%	EUR	250	19.06.2029	446
Republic of Croatia	XS1117298916	3.00%	EUR	600	11.03.2025	1,195
France	FR001400BKZ3	2.00%	EUR	1,100	25.11.2032	2,075
France	FR001400H7V7	3.00%	EUR	2,100	25.05.2033	4,346
Bank Gospodarstwa Krajowego	XS2397082939	0.38%	EUR	300	13.10.2028	501
Hungary	XS2259191273	0.50%	EUR	200	18.11.2030	306
Hungary	XS2386583145	0.13%	EUR	700	21.09.2028	1,142
Hungary	XS2161992198	1.13%	EUR	400	28.04.2026	740
Hungary	XS1696445516	1.75%	EUR	420	10.10.2027	772
<b>Total:</b>						<b>33,599</b>

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

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

<b>Issuer</b>	<b>ISIN</b>	<b>Interest coupon</b>	<b>Currency</b>	<b>Nominal /'000/</b>	<b>Maturity</b>	<b>Fair value /BGN'000/</b>
Republic of Spain	ES00000127A2	1.95%	EUR	540	30.07.2030	965
Republic of Romania	XS1060842975	3.63%	EUR	1,200	24.04.2024	2,402
Republic of Romania	XS1129788524	2.88%	EUR	650	28.10.2024	1,254
Republic of Romania	XS1312891549	2.75%	EUR	1,300	29.10.2025	2,458
Republic of Romania	XS1934867547	2.00%	EUR	520	08.12.2026	912
Republic of Romania	XS1420357318	2.88%	EUR	350	26.05.2028	602
Republic of Romania	XS1892141620	2.88%	EUR	400	11.03.2029	664
Republic of Romania	ROE3GCPAFCP6	1.00%	EUR	400	13.12.2023	766
Republic of Romania	XS2434895558	2.13%	EUR	500	08.03.2028	831
Italy	IT0005439275	0.00%	EUR	800	15.04.2024	1,502
Italy	IT0005445306	0.50%	EUR	950	15.07.2028	1,533
Republic of Poland	XS0841073793	3.38%	EUR	200	09.07.2024	398
Republic of Poland	XS1015428821	3.00%	EUR	800	15.01.2024	1,607
Portugal	PTOTELOE0028	0.48%	EUR	450	18.10.2030	709
Republic of Croatia	XS1843434876	1.13%	EUR	250	19.06.2029	418
Republic of Croatia	XS1117298916	3.00%	EUR	600	11.03.2025	1,196
France	FR001400BKZ3	2.00%	EUR	200	25.11.2032	355
Bank Gospodarstwa Krajowego	XS2397082939	0.38%	EUR	300	13.10.2028	460
Hungary	XS2259191273	0.50%	EUR	200	18.11.2030	267
Hungary	XS2386583145	0.13%	EUR	700	21.09.2028	1,009
Hungary	XS2161992198	1.13%	EUR	400	28.04.2026	701
Hungary	XS1696445516	1.75%	EUR	420	10.10.2027	720
<b>Total</b>						<b>21,729</b>

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

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

<b>Issuer</b>	<b>ISIN</b>	<b>Interest coupon</b>	<b>Currency</b>	<b>Nominal /'000/</b>	<b>Maturity</b>	<b>Fair value /BGN'000/</b>
Israel	XS1023541847	2.88%	EUR	1,230	29.01.2024	2,463
Republic of Indonesia	XS2366690332	1.00%	EUR	400	28.07.2029	683
Republic of Indonesia	XS1268430201	3.38%	EUR	600	30.06.2025	1,181
Republic of Indonesia	XS2100404396	0.90%	EUR	450	14.02.2027	814
Republic of Indonesia	XS2069959398	1.40%	EUR	300	30.10.2031	497
China	XS2078533218	0.50%	EUR	400	12.11.2031	647
China	XS2259626856	0.25%	EUR	350	25.11.2030	569
China	XS2078532913	0.13%	EUR	400	12.11.2026	717
Columbia	XS1385239006	3.88%	EUR	510	22.03.2026	1,014
United Mexican States	XS1751001139	1.75%	EUR	540	17.04.2028	993
United Mexican States	XS1974394675	1.63%	EUR	1,030	08.04.2026	1,958
USA	US91282CHC82	3.38%	USD	1,200	15.05.2033	2,049
USA	US91282CHT18	3.88%	USD	800	15.08.2033	1,435
Chile	XS2369244087	0.10%	EUR	600	26.01.2027	1,065
Chile	XS2388560604	0.55%	EUR	700	21.01.2029	1,199
Chile	XS1236685613	1.88%	EUR	300	27.05.2030	538
Chile	XS1346652891	1.75%	EUR	230	20.01.2026	442
<b>Total</b>						<b>18,264</b>

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

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

<b>Issuer</b>	<b>ISIN</b>	<b>Interest coupon</b>	<b>Currency</b>	<b>Nominal /'000/</b>	<b>Maturity</b>	<b>Fair value /BGN'000/</b>
Israel	XS1023541847	2.88%	EUR	1,230	29.01.2024	2,452
Republic of Indonesia	XS2366690332	1.00%	EUR	400	28.07.2029	632
Republic of Indonesia	XS1432493879	2.63%	EUR	500	14.06.2023	989
Republic of Indonesia	XS1268430201	3.38%	EUR	600	30.06.2025	1,180
Republic of Indonesia	XS2100404396	0.90%	EUR	450	14.02.2027	779
Republic of Indonesia	XS2069959398	1.40%	EUR	300	30.10.2031	457
China	XS2078533218	0.50%	EUR	400	12.11.2031	593
China	XS2259626856	0.25%	EUR	350	25.11.2030	544
China	XS2078532913	0.13%	EUR	400	12.11.2026	691
Columbia	XS1385239006	3.88%	EUR	510	22.03.2026	966
United Mexican States	XS1751001139	1.75%	EUR	540	17.04.2028	955
United Mexican States	XS1974394675	1.63%	EUR	1,030	08.04.2026	1,917
Chile	XS2369244087	0.10%	EUR	600	26.01.2027	1,004
Chile	XS2388560604	0.55%	EUR	700	21.01.2029	1,123
Chile	XS1236685613	1.88%	EUR	300	27.05.2030	513
Chile	XS1346652891	1.75%	EUR	230	20.01.2026	430
<b>Total</b>						<b>15,225</b>

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

The table below provides detail on the individual investments (Bonds) as of 31 December 2023:

Issuer	ISIN	Credit rating	Rating agency	Currency	Nominal value /'000/	Fair value /BGN'000/
UBS GROUP AG	CH0576402181	A-	S&P	EUR	200	344
RENAULT SA	FR0013329315	BB+	S&P	EUR	400	778
PEUGEOT S.A.	FR0013323326	BBB	S&P	EUR	300	584
VALEO SA	FR0013342334	BB+	S&P	EUR	100	190
PKO Bank Polski SA	XS2582358789	A3	Moody's	EUR	300	623
Softbank Group Corp	XS2361253862	BB	S&P	EUR	200	387
NE PROPERTY COOPERATIEF	XS1722898431	BBB	Fitch	EUR	400	758
GENERAL ELECTRIC CO	XS1612542826	BBB	Fitch	EUR	150	285
RENAULT SA	FR0014006W65	BB+	S&P	EUR	200	380
Ford	XS1959498160	BB+	S&P	EUR	200	400
Deutsche Pfandbriefbank AG	DE000A3T0X97	BBB	S&P	EUR	100	185
TEVA PHARM FNC NL II	XS1813724603	BB-	Fitch	EUR	300	594
VOLKSWAGEN Fin Serv AG	XS2438615606	BBB+	S&P	EUR	100	189
Credit Agricole	FR00140098S7	A+	S&P	EUR	200	379
PFIZER INC	XS1574158082	A	Fitch	EUR	170	317
APPLE INC	XS1135337498	AA+	S&P	EUR	120	228
PEPSICO INC	XS1061714165	A+	S&P	EUR	150	296
Volkswagen Leasing	XS2694872081	BBB+	S&P	EUR	200	404
Swedbank AB	XS2404027935	A+	S&P	EUR	100	180
BERKSHIRE HATHAWAY INC	XS1200679071	A+	Fitch	EUR	170	316
AMERICA MOVIL SAB DE CV	XS1379122101	BBB+	S&P	EUR	170	334
ING Bank	XS2697483118	A1	Moody's	EUR	400	809
DAIMLER AG	DE000A289XJ2	A	S&P	EUR	200	386
CK HUTCHISON FINANCE 16	XS1391086987	A-	Fitch	EUR	170	320
VOLVO CAR AB	XS1724626699	Ba1	Moody's	EUR	190	370
SAP SE	DE000A2TSTE8	A	S&P	EUR	100	190
THYSSENKRUPP AG	DE000A14J587	Ba3	Moody's	EUR	350	687
DEUTSCHE BANK AG	DE000DL19US6	BBB-	S&P	EUR	200	392
LeasePlan Corporation NV	XS2384269101	A-	S&P	EUR	250	449
DXC Capital Funding LTD	XS2384715244	Baa2	Moody's	EUR	200	347
QUALCOMM INC	US747525AF05	A	S&P	USD	150	262
ALIBABA GROUP HOLDING	US01609WAQ50	A1	Moody's	USD	200	349
AMAZON.COM INC	US023135BC96	A1	Moody's	USD	200	344
GOLDMAN SACHS GROUP INC	XS1796209010	BBB+	S&P	EUR	150	284
GOLDMAN SACHS GROUP INC	XS1458408561	BBB+	S&P	EUR	200	379
DXC TECHNOLOGY CO	XS1883245331	Baa2	Moody's	EUR	390	749
VERIZON COMMUNICATIONS	XS1146282634	BBB+	S&P	EUR	190	375
VERIZON COMMUNICATIONS	XS1708161291	BBB+	S&P	EUR	200	375
Raiffeisen Bank Romania	XS2700245561	Baa2	Moody's	EUR	100	205
Raiffeisen Bank Intl.	XS2682093526	Baa3	Moody's	EUR	300	622
Banka Transilvania	XS2724401588	BB	Fitch	EUR	200	404
VALEO SA	FR0014004UE6	BB+	S&P	EUR	100	172
<b>Total</b>						<b>16,621</b>

**VOLUNTARY PENSION FUND DOVERIE**

**NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

**8. Net assets of the pension fund, continued**

**8.5. Foreign securities, continued**

**8.5.3. Individual investments (Bonds), continued**

The table below provides detail on the individual investments (Bonds) as of 31 December 2022:

Issuer	ISIN	Credit rating	Rating agency	Currency	Nominal value /'000/	Fair value /BGN'000/
UBS GROUP AG	CH0576402181	A-	S&P	EUR	200	319
RENAULT SA	FR0013329315	Ba2	Moody's	EUR	400	752
PEUGEOT S.A.	FR0013323326	Baa3	Moody's	EUR	300	573
VALEO SA	FR0013342334	BB+	S&P	EUR	100	182
SoftBank Group Corp	XS1811213781	BB+	S&P	EUR	200	391
Softbank Group Corp	XS2361253862	BB+	S&P	EUR	200	370
NE PROPERTY COOPERATIEF	XS1722898431	BBB	Fitch	EUR	400	730
GENERAL ELECTRIC CO	XS1612542826	BBB	Fitch	EUR	150	277
RENAULT SA	FR0014006W65	Ba2	Moody's	EUR	200	344
Ford	XS1959498160	Ba2	Moody's	EUR	200	392
Deutsche Pfandbriefbank AG	DE000A3T0X97	BBB+	S&P	EUR	100	177
TEVA PHARM FNC NL II	XS1813724603	BB-	Fitch	EUR	300	569
VOLKSWAGEN Fin Serv AG	XS2438615606	BBB+	S&P	EUR	100	182
Credit Agricole	FR00140098S7	A+	S&P	EUR	200	368
PFIZER INC	XS1574158082	A	Fitch	EUR	170	307
APPLE INC	XS1135337498	AA+	S&P	EUR	120	223
PEPSICO INC	XS1061714165	A+	S&P	EUR	150	292
Bank of China Luxemburg	XS2099704731	A	Fitch	EUR	200	391
Swedbank AB	XS2404027935	A+	S&P	EUR	100	171
BERKSHIRE HATHAWAY INC	XS1200679071	A+	Fitch	EUR	170	302
AMERICA MOVIL SAB DE CV	XS1379122101	BBB+	S&P	EUR	170	328
DAIMLER AG	DE000A289XH6	A-	Fitch	EUR	200	391
DAIMLER AG	DE000A289XJ2	A-	Fitch	EUR	200	376
CK HUTCHISON FINANCE 16	XS1391086987	A-	Fitch	EUR	170	297
VOLVO CAR AB	XS1724626699	Ba1	Moody's	EUR	190	355
SAP SE	DE000A2TSTE8	A	S&P	EUR	100	187
THYSSENKRUPP AG	DE000A14J587	B1	Moody's	EUR	350	681
DEUTSCHE BANK AG	DE000DL19US6	BBB-	S&P	EUR	200	377
LeasePlan Corporation NV	XS2384269101	BBB-	S&P	EUR	250	418
DXC Capital Funding LTD	XS2384715244	BBB-	S&P	EUR	200	322
QUALCOMM INC	US747525AF05	A	S&P	USD	150	269
ALIBABA GROUP HOLDING	US01609WAQ50	A+	Moody's	USD	200	355
AMAZON.COM INC	US023135BC96	A1	Moody's	USD	200	349
GOLDMAN SACHS GROUP INC	XS1796209010	BBB+	S&P	EUR	150	267
GOLDMAN SACHS GROUP INC	XS1458408561	BBB+	S&P	EUR	200	366
DXC TECHNOLOGY CO	XS1883245331	Baa2	Moody's	EUR	390	715
VERIZON COMMUNICATIONS	XS1146282634	Baa1	Moody's	EUR	190	369
VERIZON COMMUNICATIONS	XS1708161291	BBB+	S&P	EUR	200	359
VALEO SA	FR0014004UE6	BB+	S&P	EUR	100	151
<b>Total</b>						<b>14,244</b>

**VOLUNTARY PENSION FUND DOVERIE****NOTES TO THE FINANCIAL STATEMENTS, CONTINUED****8. Net assets of the pension fund, continued****8.5. Foreign securities, continued****8.5.4. Index and Mutual Funds**

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

<b>Issuer</b>	<b>ISIN</b>	<b>Number</b>	<b>Currency</b>	<b>Fair value /BGN'000/</b>
SPDR Dow Jones Industrial Average	US78467X1090	11,246	USD	7,500
IVV iShares S&P 500 Index Fund	US4642872000	1,164	USD	983
Invesco Dynamic Pharmaceutic	US46137V6627	3,427	USD	461
Vanguard S&P 500 ETF	US9229083632	9,650	USD	7,458
ISHARES MSCI USA Minimum Volatility	US46429B6974	13,616	USD	1,879
SCHRODER ISF China A	LU1713307699	9,093	USD	1,879
SCHRODER Indian Equity Class C	LU0264410993	1,071	USD	628
Vanguard Consumer Staples ETF	US92204A2078	2,244	USD	759
Invesco Solar ETF	US46138G7060	4,367	USD	413
Health Care Select Sector SPDR ETF	US81369Y2090	3,243	USD	782
S&P Depository Receipts	US78462F1030	1,091	USD	918
iShares Global Clean Energy ETF	US4642882249	16,500	USD	456
DB X-TRACKERS DAX	LU0274211480	1,546	EUR	479
CAC 40	FR0007052782	8,682	EUR	1,258
Lyxor STOXX Europe 600 Basic Resources	LU1834983550	2,279	EUR	408
Amundi MSCI Nordic	LU1681044647	1,377	EUR	1,677
Amundi MSCI EM Asia UCITS ETF	LU1681044480	23,584	EUR	1,498
Dow Jones Eurostoxx 50	DE0005933956	7,354	EUR	652
ISHR EUR 600 HEALTH CARE(DE)	DE000A0Q4R36	2,171	EUR	449
Xtrackers MSCI Nordic ETF	IE00B9MRHC27	7,036	EUR	688
VIG Private Markets Fund SCA SICAV-RAIF	LU2636716941	921	EUR	183
iShares MSCI Japan EUR Hedged	IE00B42Z5J44	15,025	EUR	2,227
<b>Total</b>				<b>33,635</b>

**VOLUNTARY PENSION FUND DOVERIE**

**NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

**8. Net assets of the pension fund, continued**

**8.5. Foreign securities, continued**

**8.5.4. Index and Mutual Funds, continued**

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

<b>Issuer</b>	<b>ISIN</b>	<b>Number</b>	<b>Currency</b>	<b>Fair value /BGN'000/</b>
SPDR Dow Jones Industrial Average	US78467X1090	11,246	USD	6,834
IVV iShares S&P 500 Index Fund	US4642872000	1,164	USD	820
Invesco Dynamic Pharmaceutic	US46137V6627	3,427	USD	494
Vanguard S&P 500 ETF	US9229083632	9,650	USD	6,218
ISHARES MSCI USA Minimum Volatility	US46429B6974	13,616	USD	1,801
SCHRODER ISF China A	LU1713307699	9,093	USD	2,285
SCHRODER Indian Equity Class C	LU0264410993	1,071	USD	537
Invesco QQQ Trust Series 1	US46090E1038	4,164	USD	2,033
Invesco Solar ETF	US46138G7060	4,367	USD	586
Invesco Aerospace & Defense ETF	US46137V1008	3,176	USD	457
S&P Depositary Receipts	US78462F1030	1,091	USD	765
iShares Global Clean Energy ETF	US4642882249	16,500	USD	602
DB X-TRACKERS DAX	LU0274211480	1,546	EUR	400
CAC 40	FR0007052782	8,682	EUR	1,080
Lyxor STOXX Europe 600 Basic Resources	LU1834983550	2,279	EUR	416
Amundi MSCI Nordic	LU1681044647	1,377	EUR	1,435
Amundi MSCI EM Asia UCITS ETF	LU1681044480	23,584	EUR	1,441
Dow Jones Eurostoxx 50	DE0005933956	7,354	EUR	547
ISHR EUR 600 HEALTH CARE(DE)	DE000A0Q4R36	2,171	EUR	422
Xtrackers MSCI Nordic ETF	IE00B9MRHC27	11,479	EUR	986
iShares STOXX Europe 600 Basic Resources	DE000A0F5UK5	3,239	EUR	394
iShares MSCI Japan EUR Hedged	IE00B42Z5J44	15,025	EUR	1,690
<b>Общо</b>				<b>32,243</b>

**8.5.5. Shares**

The table below provides detailed information on equity investments as of 31 December 2023. Investments in foreign stocks are oriented entirely in Europe and the US.

<b>Geographic distribution</b>	<b>Currency</b>	<b>Number of issues</b>	<b>Index</b>	<b>Fair value /BGN'000/</b>	<b>Biggest single exposure /BGN'000/</b>
Europe	EUR	20	Stoxx Europe 600	9,630	843
USA	USD	28	S&P 500	11,592	669
<b>TOTAL</b>				<b>21,222</b>	



**VOLUNTARY 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*

The table below provides detailed information on equity investments as of 31 December 2022

<b>Geographic distribution</b>	<b>Currency</b>	<b>Number of issues</b>	<b>Index</b>	<b>Fair value /BGN'000/</b>	<b>Biggest single exposure /BGN'000/</b>
Europe	EUR	16.	Stoxx Europe 600	7,621	1,042
USA	USD	34	S&P 500	16,458	917
<b>TOTAL</b>				<b>24,079</b>	

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

*8.6. Table of maturity of the securities*

The table below presents the contractual maturity structure of the securities as of 31 December 2023.

<b>Maturity</b>	<b>Fair value /BGN'000/ 31.12.2023</b>	<b>Up to 1 month</b>	<b>from 1 to 6 months</b>	<b>from 6 months to 1 year</b>	<b>from 1 to 5 years</b>	<b>Up to 5 years</b>	<b>Total</b>
	<i>/BGN'000/</i>	<i>/BGN'000/</i>	<i>/BGN'000/</i>	<i>/BGN'000/</i>	<i>/BGN'000/</i>	<i>/BGN'000/</i>	<i>/BGN'000/</i>
Government securities in BGN	24,054	-	28	28	18,419	8,826	27,301
Government securities in EUR	-	-	-	-	-	-	-
Corporate bonds in BGN	342	3	403	-	-	-	406
Corporate bonds in EUR	4,222	225	107	97	2,408	2,569	5,406
Foreign bonds in USD	4,439	-	80	434	1,164	4,137	5,815
Foreign bonds in EUR	64,044	4,129	6,514	4,170	34,642	22,353	71,808
<b>Total</b>	<b>97,101</b>	<b>4,357</b>	<b>7,132</b>	<b>4,729</b>	<b>56,633</b>	<b>37,885</b>	<b>110,737</b>

**VOLUNTARY PENSION FUND DOVERIE****NOTES TO THE FINANCIAL STATEMENTS, CONTINUED****8. Net assets of the pension fund, continued****8.6. Table of maturity of the securities, continued**

The table below presents the contractual maturity structure of the securities as of 31 December 2022.

Maturity	Fair value	Up to 1	from 1 to	from 6	from 1 to	Up to 5	Total
	/BGN'000/ 31.12.2023	month	6 months	months to 1 year	5 years	years	
	/BGN'000/	/BGN'000/	/BGN'000/	/BGN'000/	/BGN'000/	/BGN'000/	/BGN'000/
Government securities in BGN	22,140	-	28	28	18,419	8,882	27,357
Government securities in EUR	-	-	-	-	-	-	-
Corporate bonds in BGN	357	6	6	12	352	-	376
Corporate bonds in EUR	3,238	119	47	1,043	1,812	1,183	4,204
Foreign bonds in USD	973	-	17	17	1,082	-	1,116
Foreign bonds in EUR	50,225	950	1,437	1,514	37,634	16,515	58,050
<b>Total</b>	<b>76,933</b>	<b>1,075</b>	<b>1,535</b>	<b>2,614</b>	<b>59,299</b>	<b>26,580</b>	<b>91,103</b>

**8.7. Investment receivables and unquoted bonds**

As of 31 December 2023, the Fund has accounts receivable related to investments in the amount of TBGN 251 (31.12.2022: TBGN 184), as follows:

	31.12.2023	31.12.2022
	BGN'000	BGN'000
Receivables related to securities	79	-
Receivables related with investment property	142	142
Dividends	30	41
Other receivables	-	1
<b>Total</b>	<b>251</b>	<b>184</b>

## **VOLUNTARY PENSION FUND DOVERIE**

### **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 VPF as of 31 December 2023 consists of 9 issuers – leading local companies. The total amount of the investments is TBGN 5,737 (31 December 2022 – TBGN 5,780).

The biggest single exposure towards one issuer amounts to TBGN 1,439 (31 December 2022 – TBGN 1,387). Investments in shares/stocks of local funds are in 2 funds in the amount of TBGN 1,445 (31 December 2022 – TBGN 1,144).

##### **8.9. Liabilities of the Voluntary Pension Fund**

As at 31 December 2023 the Voluntary Pension Fund has total liabilities amounting to TBGN 390 (31 December 2022 – TBGN 54), distributed as follows:

- TBGN 368 representing due fees to PAC Doverie;
- TBGN 22 related with Personal Income Tax withheld by the insured persons (31 December 2022 –TBGN 16);

#### **9. Net assets attributable to insured individuals**

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

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

	<b>Result</b>	
	<b>2023</b>	<b>2022</b>
	<b>BGN'000</b>	<b>BGN'000</b>
Deposits and current account	465	26
Shares	3,804	(3,096)
REIT's	459	357
Mutual Funds and ETFs	4,289	(4,968)
Government bonds	4,793	(9,318)
Corporate bonds	833	(464)
Forwards	612	(4,054)
Others	(1,026)	(929)
<b>Total</b>	<b>14,229</b>	<b>(22,446)</b>

## VOLUNTARY PENSION FUND DOVERIE

### NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

#### 10. Fees and charges

The Company accrues contribution fee on each contribution made by insured individual and investment fee (9% of the realized profit by the Fund). In addition, a 10% fee, but not more than BGN 20, is applied on full or partial withdrawal of funds from the individual account before the occurrence of an assurance event.

	<u>2023</u>	<u>2022</u>
	BGN'000	BGN'000
Gross contributions received from insured persons	12,665	12,861
Management fee	<u>(307)</u>	<u>(300)</u>
Net contributions received from insured persons	<u><b>12,358</b></u>	<u><b>12,561</b></u>

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

	<u>2023</u>	<u>2022</u>
	BGN'000	BGN'000
Investment fee	<u><b>1,281</b></u>	<u>-</u>

#### 11. Dividend income

	<u>2023</u>	<u>2022</u>
	BGN'000	BGN'000
Shares	822	902
REIT's	169	252
CIS, MF's	414	437
<b>Total</b>	<u><b>1,405</b></u>	<u><b>1,591</b></u>

#### 12. Interest income

	<u>2023</u>	<u>2022</u>
	BGN'000	BGN'000
Deposits and current accounts	465	26
Government bonds	1,022	840
Corporate bonds	<u>508</u>	<u>464</u>
<b>Total</b>	<u><b>1,995</b></u>	<u><b>1,330</b></u>

**VOLUNTARY PENSION FUND DOVERIE**

**NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

**13. Net profits / (losses) from operations with Bulgarian securities, determined at fair value through profit or loss**

	<u>2023</u>	<u>2022</u>
	BGN'000	BGN'000
REIT's	290	105
Shares	(206)	(352)
Government bonds	1,923	(4,150)
CIS, MF's	302	(211)
Corporate bonds	(243)	(20)
Forwards	612	(4,054)
Others	(189)	(166)
<b>Total profits/(losses)</b>	<b><u>2,489</u></b>	<b><u>(8,848)</u></b>

**14. Net gains / (losses) from operations with foreign securities, determined at fair value through profit or loss**

	<u>2023</u>	<u>2022</u>
	BGN'000	BGN'000
Government bonds	1,848	(5,632)
Municipal bonds		
Corporate bonds	568	(1284)
<b>Debt instruments, measured at fair value through loss</b>	<b><u>2,416</u></b>	<b><u>(6,916)</u></b>
Shares	3,188	(3,646)
Mutual Funds and ETFs	3,573	(5,194)
<b>Equity instruments</b>	<b><u>6,761</u></b>	<b><u>(8,840)</u></b>
Others		(4)
<b>Total profits/(losses)</b>	<b><u>9,177</u></b>	<b><u>(15,760)</u></b>

**15. Net gain from investment property**

	<u>2023</u>	<u>2022</u>
	BGN'000	BGN'000
Income from investment property	7	-
Expenses related to investment properties	(844)	(759)
<b>Total</b>	<b><u>(837)</u></b>	<b><u>(759)</u></b>

## VOLUNTARY PENSION FUND DOVERIE

### NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

#### 16. Accounting classification and fair values

The following tables represent the carrying amounts of financial assets and liabilities and their accounting classification.

##### 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 equivalents	-	-	10,653	14,248
Investment receivables	-	-	251	184
Derivative assets held for risk management	279	91	-	-
Deposits	-	-	2,502	-
Government securities	75,917	59,095	-	-
Corporate bonds	21,184	17,839	-	-
Mutual Funds	35,081	33,386	-	-
Shares	26,958	29,859	-	-
<b>Total</b>	<b>159,419</b>	<b>140,270</b>	<b>13,406</b>	<b>14,432</b>

##### 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	-	-	390	54
<b>Total</b>	<b>-</b>	<b>-</b>	<b>390</b>	<b>54</b>

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.

The following table provides an analysis of the fair value hierarchy of the Fund's financial assets as at 31 December 2023:

	Level 1		Level 2		Level 3	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022	31.12.2023	31.12.2022
	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000
<b>Financial assets</b>						
Government securities	51,863	36,955	24,054	22,140	-	-
Corporate bonds	16,620	14,244	4,564	2,860	-	735
Mutual funds	34,898	33,386	-	-	183	-
Shares	24,684	27,677	-	755	2,274	1,427
Derivative assets held for risk management	-	-	279	91	-	-
<b>Total</b>	<b>128,065</b>	<b>112,262</b>	<b>28,897</b>	<b>25,846</b>	<b>2,457</b>	<b>2,162</b>

**VOLUNTARY PENSION FUND DOVERIE****NOTES TO THE FINANCIAL STATEMENTS, CONTINUED****16. Accounting classification and fair values, continued**

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

	<b>2023</b>	<b>2022</b>
	<b>BGN'000</b>	<b>BGN'000</b>
<b>Total Opening balance</b>	<b>2,162</b>	<b>1,481</b>
<b>Shares</b>		
<b>Opening balance</b>	<b>1,427</b>	<b>910</b>
Profit/(loss), recognized in the profit or loss and other comprehensive income	118	(35)
Purchases	-	-
Sales	-	-
Repayment	-	-
Transferred in / out level 1 to level 2	729	552
<b>Closing balance</b>	<b>2,274</b>	<b>1,427</b>
<b>Corporate Bonds, Mortgage Bonds and Bonds without quotes</b>		
<b>Opening balance</b>	<b>735</b>	<b>571</b>
Profit/(loss), recognized in the profit or loss and other comprehensive income	(276)	164
Purchases	-	-
Sales	(459)	-
Repayment	-	-
Transferred in / out level 1 to level 2	-	-
<b>Closing balance</b>	<b>-</b>	<b>735</b>
<b>CIS MF's</b>		
<b>Opening balance</b>	<b>-</b>	<b>-</b>
Profit/(loss), recognized in the profit or loss and other comprehensive income	3	-
Purchases	180	-
Sales	-	-
Repayment	-	-
Transferred in / out level 1 to level 2	-	-
<b>Closing balance</b>	<b>183</b>	<b>0</b>
<b>Total Closing balance</b>	<b>2,457</b>	<b>2,162</b>

Level 3 incoming transfers represent issues for which the active market criteria were not met at the end of a period and were assessed using valuation techniques.

**VOLUNTARY PENSION FUND DOVERIE**

**NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

**16. Accounting classification and fair values, continued**

**Financial liabilities, continued**

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

<b>Financial instrument</b>	<b>Valuation Technique</b>	<b>Significant unobservable inputs (Level 3 only)</b>	<b>Inter-relationship between key unobservable inputs and fair value (Level 3 only)</b>
Currency forwards	The fair value of currency forwards is determined based on 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 the 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 coefficients for location, offer ability, type of comparable properties - market analogues	When the correction coefficients increase, the value of the appraised properties will decrease. Increased market prices of comparable properties would increase the fair value of the appraised investment property.
CIS	The fair value of the CIS shall be determined on the basis of information received by the issuer on its calculated net asset value per unit.		



**17. Financial risk management**

Given the Fund's nature, the portfolio of financial instruments determines 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 market value or cash flow relating to changes in interest rates
  - Foreign exchange risk
  - Other market risk
- Liquidity risk
- Regulatory risk
- Political risk

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

**Main financial instruments**

The main financial instruments used by the VPF 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 VPF, having delegated the operational management processes to ensure effective achievement of and following the policies within the financial business. Monthly reports and analysis are prepared and reported.

The overall objective and policies are in the direction of risk optimization without unnecessarily to achieve a 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 VPF it mainly arises from the bonds part of the portfolio, cash, and bank deposits.

## **VOLUNTARY PENSION FUND DOVERIE**

### **NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

#### **17. Financial risk management, continued**

##### *Credit risk, continued*

For risk measurement VPF uses external analysis and resources, predominantly internationally recognized agencies. When no such information is available, the Fund uses its own internal credit evaluation methodology which includes data and analysis from the Prospectus and after listing on the stock-exchange, further analysis of the data derived from the quarterly financial statements. The analysis of the credit rating includes an examination of the individual characteristics and competitive advantages of the issuer, the potential of the respective market segment, as well as the performance versus the forecasts in the prospectus. Regular meetings are carried out with the managers of the public companies in which the company 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 VPF in Bulgarian and foreign government securities are in major extent exposed to credit risk, caused by a change in the price of the bonds, caused by 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 detailed rating distribution is represented below. The investments in government securities of VPF amount to TBGN 97,101, and in a simulative scenario with an assumed decrease of their value with 6%, the total value of the portfolio would decrease with TBGN 5,826 or 3.29%.

Also, the VPF invests mainly in debt securities collateralized by mortgages, liens, receivables, and financial risk insurance. For that type of asset-backed securities, the local regulation constitutes the function of control with the trustee bank which is obliged to review the financials of the issuer and the quality and quantity of the collateral. The investment committee manages the concentration in credit risk. Under review are the credit ratings, results for the period and reports of trustee banks.

Credit risk, although minimal, exists for cash in accounts in the trustee bank. Nevertheless, a thorough analysis of the financial condition and evaluation of the credit risk of the bank is regularly performed.

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 only when the rating of an already contacted bank is changed below the minimum level.

VPF does not use derivatives to manage credit risk. If such need occurs and in strictly defined circumstances such 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 described below, further explanation of the receivables can be found in the note 8.6:

**VOLUNTARY PENSION FUND DOVERIE**  
**NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

**17. Financial risk management, continued**

*Credit risk, continued*

	<b>31.12.2023 r.</b>	<b>31.12.2022 r.</b>
	<b>Maximum risk</b>	<b>Maximum risk</b>
	BGN'000	BGN'000
Cash and cash equivalents	10,653	14,248
Investment receivables	251	184
Derivative assets held for risk management	279	91
Deposits	2,502	-
Government securities	75,917	59,095
Corporate bonds	21,184	17,839
<b>Total</b>	<b>110,786</b>	<b>91,457</b>

*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+	Without rating	Total
Cash and cash equivalents	-	-	-	-	-	-	10,653	-	-	-	-	-	-	-	-	10,653
Investment receivables	-	-	-	-	-	-	-	-	-	-	-	-	-	-	251	251
Derivative assets held for risk management	-	-	-	-	279	-	-	-	-	-	-	-	-	-	-	279
Deposits	-	-	-	-	2,502	-	-	-	-	-	-	-	-	-	-	2,502
Government securities	5,950	3,484	-	6,421	4,397	-	5,745	2,166	28,869	17,871	1,014	-	-	-	-	75,917
Corporate bonds	-	228	-	-	2,673	1,155	1,736	2,340	3,780	347	2,290	1,849	1,281	-	3,505	21,184
<b>Total</b>	<b>5,950</b>	<b>3,712</b>	<b>-</b>	<b>6,421</b>	<b>9,851</b>	<b>1,155</b>	<b>18,134</b>	<b>4,506</b>	<b>32,649</b>	<b>18,218</b>	<b>3,304</b>	<b>1,849</b>	<b>1,281</b>	<b>-</b>	<b>3,756</b>	<b>110,786</b>

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

**VOLUNTARY 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 2022*

/BGN'000/	AAA	AA+	AA	AA-	A+	A	A-	BBB+	BBB	BBB-	BB+	BB	BB-	B+	Without rating	Total
Cash and cash equivalents	-	-	-	-	-	-	14,248	-	-	-	-	-	-	-	-	14,248
Investment receivables	-	-	-	-	-	-	-	-	-	-	-	-	-	-	184	184
Derivative assets held for risk management	-	-	-	-	91	-	-	-	-	-	-	-	-	-	-	91
Deposits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Government securities	-	-	355	-	4,280	-	5,537	1,673	28,876	15,794	2,580	-	-	-	-	59,095
Corporate bonds	-	223	-	-	1,836	1,154	1,382	2,048	1,722	1,691	1,449	2,482	569	681	2,602	17,839
<b>Total</b>	-	<b>223</b>	<b>355</b>	-	<b>6,207</b>	<b>1,154</b>	<b>21,167</b>	<b>3,721</b>	<b>30,598</b>	<b>17,485</b>	<b>4,029</b>	<b>2,482</b>	<b>569</b>	<b>681</b>	<b>2,786</b>	<b>91,457</b>

**VOLUNTARY 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 current financial assets.

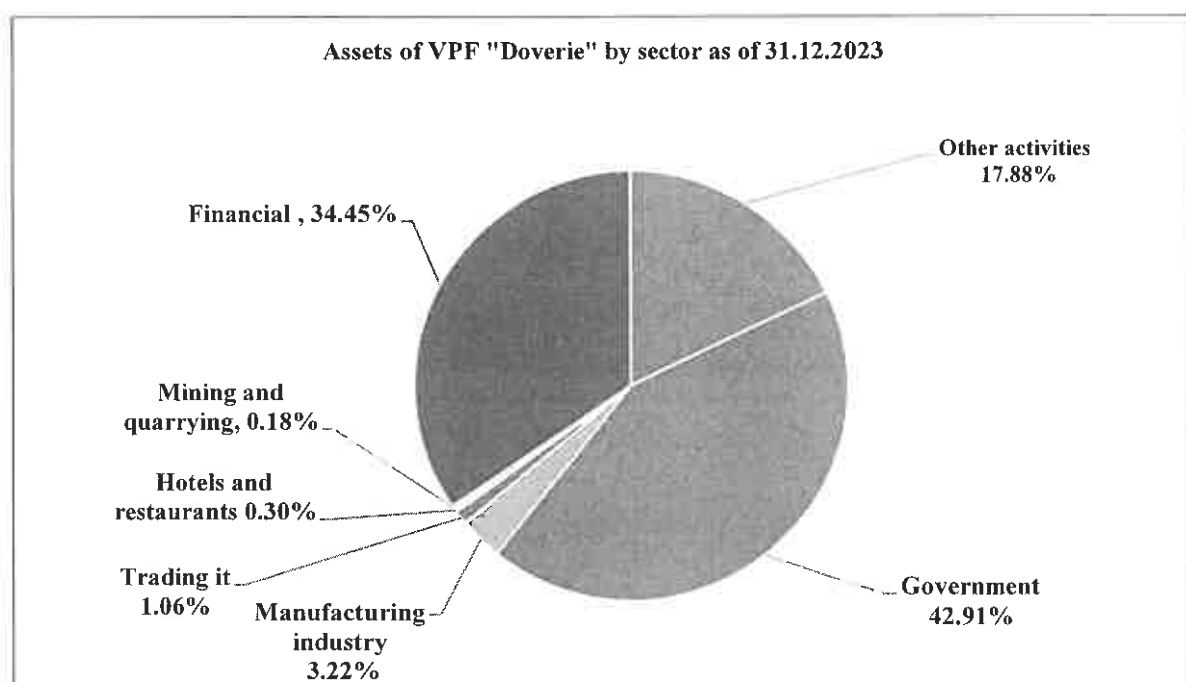
Cash is held at the following trustee bank on 31 December 2023:

	<b>Rating as of 31 December 2023</b>	<b>Balance as at 31 December 2023</b>
		/BGN'000/
UBB AD	A-	10,653

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

	<b>Rating as of 31 December 2022</b>	<b>Balance as at 31 December 2022</b>
		/BGN'000/
UBB AD	A-	14,248

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



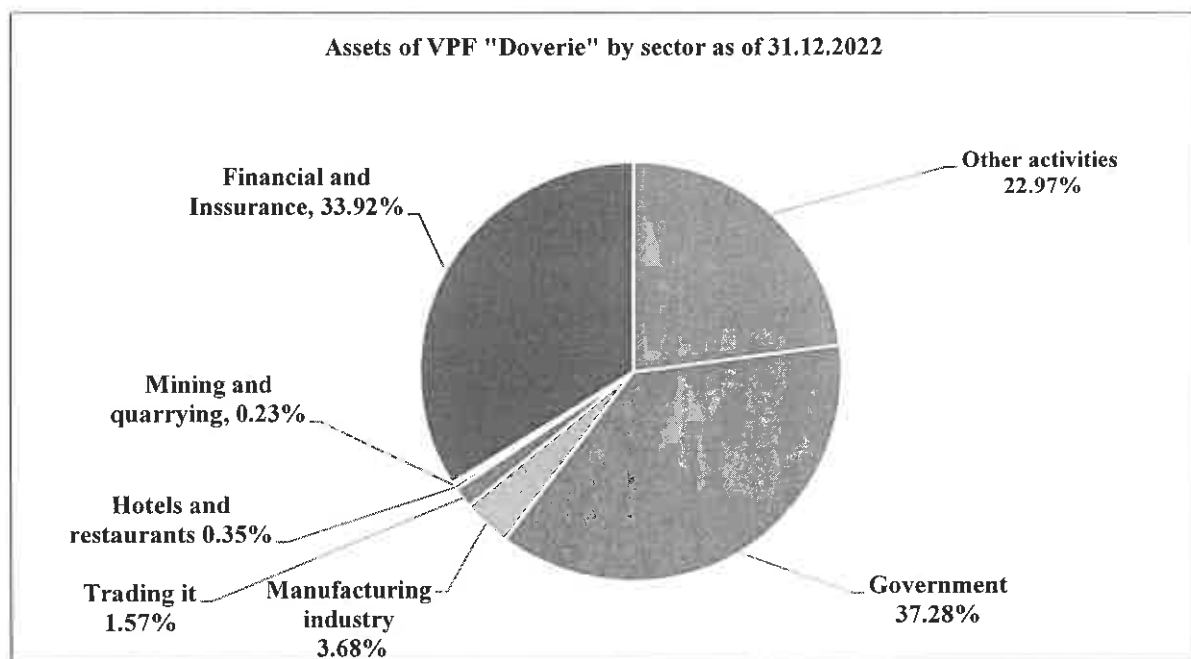
**VOLUNTARY PENSION FUND DOVERIE**

**NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

**17. Financial risk management, continued**

*Credit risk, continued*

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



*Notes:*

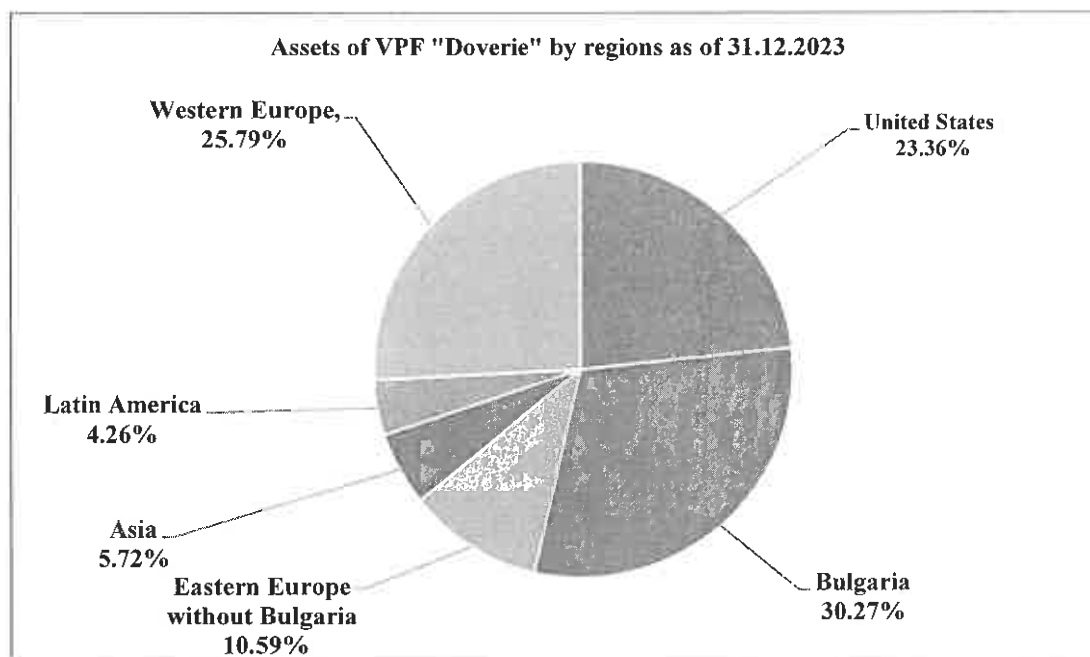
Sector „Financials” includes bank deposits, investments in special investment purpose companies and mutual funds, securities issued by credit institutions and holding companies.

Sector “Other” includes the investments in properties, receivables (excl. currency forwards) and cash in hand and funds in bank accounts.

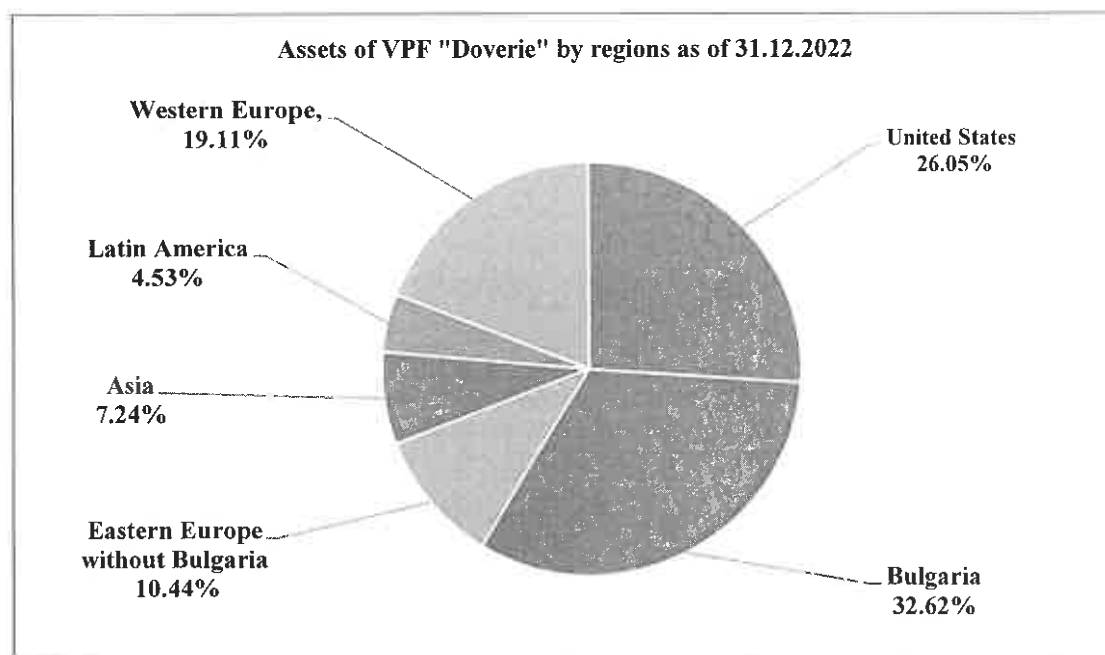
**17. Financial risk management, continued**

*Credit risk, continued*

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



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



## VOLUNTARY PENSION FUND DOVERIE

### NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

#### 17. Financial risk management, continued

##### *Market risk*

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

##### Indicators to measure the risk of the portfolio as a whole:

	2022	2023	2022 - 2023
<b>Indicators</b>			
Annual yield	(12.31%)	7.85%	(-2.75%)
Standard deviation	7.83%	3.56%	6,12%
Risk-free rate of return	0.00%	3,21%	1.61%
Sharpe ratio	(1.57)	1.31	(-0.71)
Modified Sharpe ratio	(0.01)	1.31	(-0.003)

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

The chosen model – Historical VaR, management believes it is the only relevant one because of its clarity, use of objective data and comparability

	2022	2023	2022 - 2023
<b>Value at risk</b>			
	1 day	1 day	1 day
Confidence interval			
95%	-0.95%	-0.33%	-0.62%
99%	-1.38%	-0.54%	-1.19%

##### *Interest risk*

##### *Management of benchmark interest rate reform and related risks*

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 meeting the EU regulation criteria for indicators. According to EU regulations after January 1, 2020 the index cannot be used for new financial contracts. However, (Eonia) continued to be published until the beginning of January 2022, during this period the ECB recommended to the market participants to gradually replace (Eonia) for all its products and contracts, with the new (€STR) standard reference rate. (€STR) is also a banks overnight reference rate within the euro area in accordance with EU regulations. It represents the average of 35 different interest rates that cover five main currencies - US dollars, euros, British pounds, Japanese yen and Swiss franc. (€STR) represents an average of the rates in Europe. These rates are usually used by banks and institutional investors, as well as pension funds. One of the key reasons for switching to (€STR) is that there will be more banks contributing to the average rate than with (Eonia). The company applies alternative rates, considering the EU regulation.



## VOLUNTARY PENSION FUND DOVERIE

### NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

#### 17. Financial risk management, continued

##### *Interest risk, continued*

Currently, the Fund does not have any exposures that may be affected by the reforms undertaken in relation to the reference interest rates. The risk management unit monitors and manages the transition to alternative rates and assesses to what extent cash flows could be affected as a result of the ongoing reform. The unit provides periodic reports on the management of interest rate risk and the risks arising from the reform.

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

№	Indicator	2022	2023
1	Change in the value of the investment portfolio in thousand BGN	(1,943)	(2,598)
2	Change in the value of the investment portfolio in %	(1.22%)	(1.47%)

ASSETS	Financial instruments with floating interest rate	Financial instruments with fixed interest rate	Non-interest bearing	Total
/BGN'000/				
Cash and cash equivalents	-	10,653	-	10,653
Bank deposits	-	2,502	-	2,502
Securities issued or guaranteed by the government	-	24,053	-	24,053
Shares and stocks of local issuers (bonds, shares, mutual funds)	443	4,121	7,182	11,746
Foreign securities	-	68,484	54,857	123,341
Derivative assets held for risk management	-	-	279	279
Investment receivables	-	-	251	251
Investment property	-	-	4,105	4,105
<b>Total Assets</b>	<b>443</b>	<b>109,813</b>	<b>66,674</b>	<b>176,930</b>

**VOLUNTARY PENSION FUND DOVERIE****NOTES TO THE FINANCIAL STATEMENTS, CONTINUED****17. Financial risk management, continued***Interest risk, continued*

Management of reference rate reform and associated risks continued

<b>LIABILITIES</b>	<b>Financial instruments with floating interest rate</b>	<b>Financial instruments with fixed interest rate</b>	<b>Non-interest bearing</b>	<b>Total</b>
TBGN				
Liabilities to PAC	-	-	368	368
Investment payables	-	-	-	-
Derivative liabilities held for risk management	-	-	-	-
Other liabilities	-	-	22	22
<b>Total Liabilities</b>	<b>-</b>	<b>-</b>	<b>390</b>	<b>390</b>

The Fund is a local entity in 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 for a period of two weeks to one month and rolled at maturity with a few banks on the local market.

To reduce the risk of any adverse change in the future exchange rate between euro and BGN, the significant part of the Fund's investments is denominated in EUR.

Sensitivity analysis at 10% depreciation of the EUR against USD as at the date of the financial statements, with other equal conditions, would lead to an increase in the financial result by TBGN 63 and the opposite – a 10% depreciation of USD against the EUR, will result in decrease of the result would be decrease by TBGN 53.

**VOLUNTARY PENSION FUND DOVERIE****NOTES TO THE FINANCIAL STATEMENTS, CONTINUED****17. Financial risk management, continued***Currency risk, continued*

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

/BGN'000/	BGN	EUR	USD	Total
Cash, cash equivalents and deposits	3,805	2,155	4,693	10,652
Bank deposits	-	2,502	-	2,502
Financial assets at fair value through profit or loss	30,175	88,819	40,146	159,140
Receivables	142	79	30	251
Derivative assets held for risk management purposes	-	-	279	279
Investment property	4,105	-	-	4,105
<b>Total assets</b>	<b>38,227</b>	<b>93,555</b>	<b>45,148</b>	<b>176,930</b>
Liabilities to PAC	368	-	-	368
Other liabilities	22	-	-	22
<b>Total liabilities</b>	<b>390</b>	<b>-</b>	<b>-</b>	<b>390</b>

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

/BGN'000/	BGN	EUR	USD	Total
Cash, cash equivalents and deposits	5,719	5,497	3,032	14,248
Financial assets at fair value through profit or loss	28,319	70,998	40,862	140,179
Receivables	142	-	42	184
Derivative assets held for risk management purposes	-	-	91	91
Investment property	4,938	-	-	4,938
<b>Total assets</b>	<b>39,118</b>	<b>76,495</b>	<b>44,027</b>	<b>159,640</b>
Liabilities to PAC	38	-	-	38
Other liabilities	16	-	-	16
<b>Total liabilities</b>	<b>54</b>	<b>-</b>	<b>-</b>	<b>54</b>

**VOLUNTARY PENSION FUND DOVERIE**

**NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

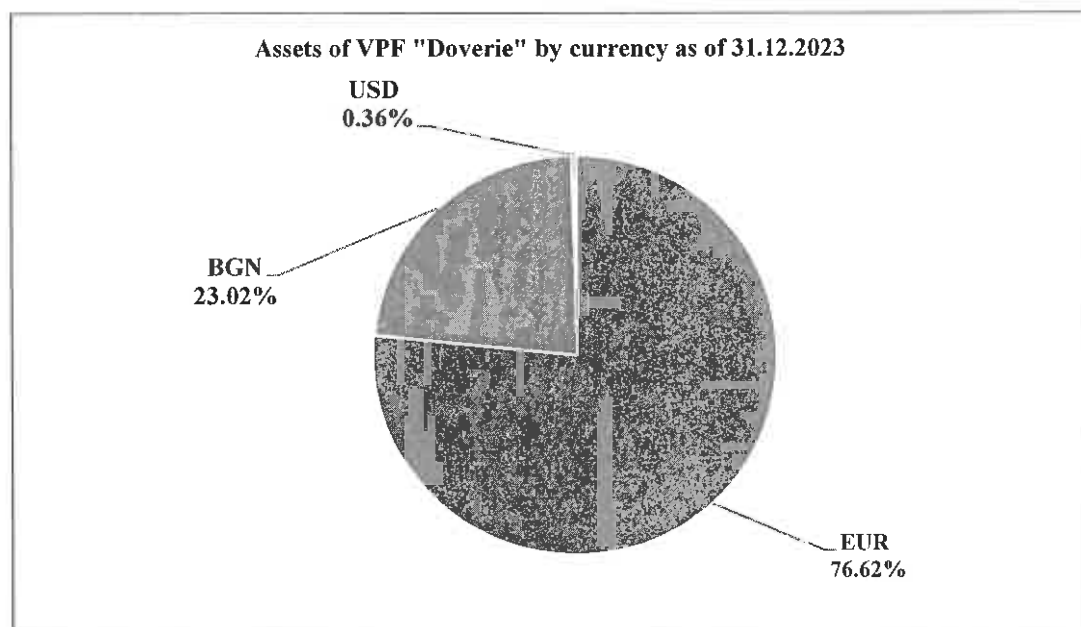
**17. Financial risk management, continued**

*Currency risk, continued*

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

Currency exposure (assets/liabilities)	Functional Currency	
	2023	Bulgarian lev 2022
	BGN'000	BGN'000
EUR	93,555	76,495
USD	45,148	44,025
<b>Total</b>	<b>138,703</b>	<b>120,520</b>

The following graphic shows the concentration by the currency of the assets as of 31.12.2023



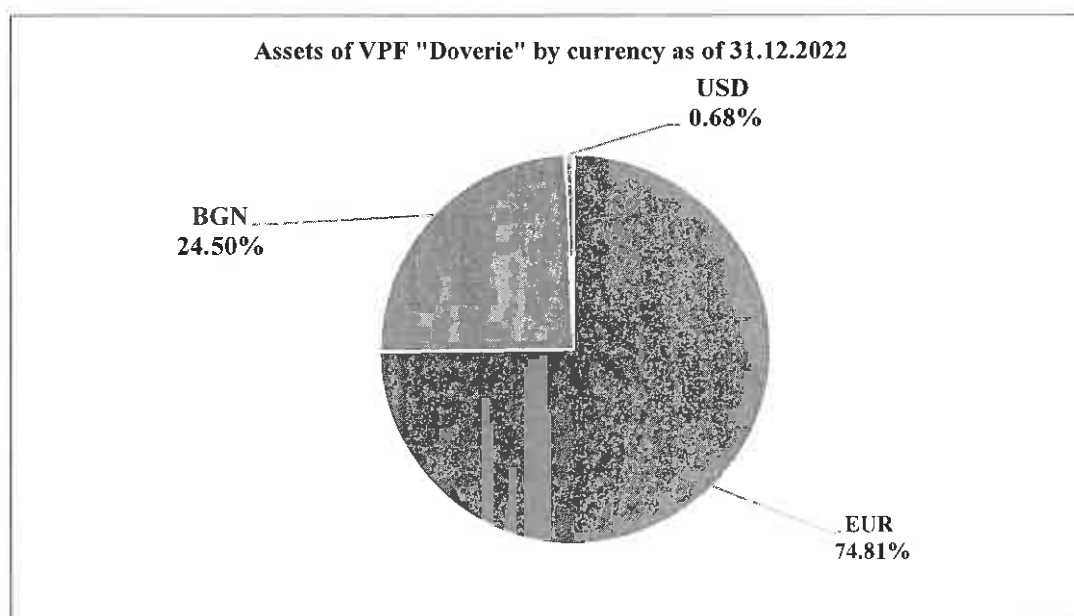
**VOLUNTARY PENSION FUND DOVERIE**

**NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

**17. Financial risk management, continued**

*Currency risk, continued*

The following table shows the concentration by currency of assets as of 31 December 2022.



*Note:*

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

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

Counterparty	Nominal amount original currency USD '000	Currency pair	Maturity	
			Receivables	Payables
Citibank Europe AD	25,146	EUR/USD		22/01/2024
<b>Fair value as of 31.12.2023</b>				
			BGN '000	BGN '000
Currency forwards			279	-
<b>Total</b>			<b>279</b>	<b>-</b>

## VOLUNTARY PENSION FUND DOVERIE

### NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

#### 17. Financial risk management, continued

##### *Currency risk, continued*

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

Counterparty	Nominal amount original currency	Currency pair	Maturity
	USD '000		
Citibank Europe AD	23,416	EUR/USD	23/01/2023

Fair value as at 31.12.2022	Receivables	Payables
	BGN '000	BGN '000
Currency forwards	91	-
<b>Total</b>	<b>91</b>	<b>-</b>

#### Risks related to economic and macro conditions

In 2023, the world's economies continued to face numerous macroeconomic barriers, including geopolitical uncertainty, inflation and tight monetary policy and financial conditions. Global economic growth is expected to slow further. Commodity prices have begun a gradual recovery and global supply chains have begun to recover, but risks of volatility in the global economy remain for longer. Global real GDP growth is expected to slow to 3.0% (IMF forecast). Meanwhile, the new economic reality is characterized by a 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. The prediction is that emerging economies will grow more than developed economies during the year.

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

## **VOLUNTARY PENSION FUND DOVERIE**

### **NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

#### **17. Financial risk management, continued**

##### **Risks related to economic and macro conditions, continue**

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

In 2023, Bulgaria maintained its Baa1 and BBB credit rating investment rates from Moody's and S&P with a stable outlook. The international rating agency Fitch Ratings affirmed Bulgaria's long-term credit rating "BBB" with a positive outlook. The Agency shares that this assessment is due to the strong external and fiscal position vis-à-vis those of the countries with the same rating, the credible policy framework related to EU membership, plus the long-standing functioning of the currency board regime, balanced by unfavorable demographics that weigh on potential growth and government finances in the long term. The positive outlook reflects the potential for euro adoption, which will lead to further improvements in external indicators. According to the International Monetary Fund's updated forecasts for 2023-2024, experts expect global growth to fall and remain at levels of 3.0% – from the expected 3.5%. Global headline inflation is expected to fall in 2023, settling at 5.2% in 2024. Underlying inflation is projected to decline more smoothly and inflation forecasts for 2024 have been revised upwards.

According to the announced forecast for 2023, the IMF expects Bulgaria's real GDP growth to grow 1.7% respectively (compared to 3.4% for 2022). Trends for 2024 are growth of about 2%. GDP is expected to grow by around 2% in 2024 amid still-strong private consumption and shrinking imports. Output growth is forecast to slow to 1.8% in 2024 and then rise to 2.6% in 2025. The macroeconomic trends and challenges described above do not cover all potential risks.

##### **Other market risks**

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

As of 31 December 2023 the fair value of these instruments is TBGN 62,039 and a realistic scenario would be a change in the major world stock market indices by 30% that will lead to change in the financial result by TBGN 18,612.

##### **Information on collaterals**

Total debt securities represent 54.88% of the assets, 0.19% of them secured and 54.69% unsecured. External credit rating is assigned to 52.90% of the assets and the remaining 1.98% are rated using internal methodology.

## VOLUNTARY PENSION FUND DOVERIE

### NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

#### 17. Financial risk management, continued

##### *Liquidity risk*

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

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

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

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

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

As at 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
<b>Financial liabilities</b>					
Related to PAC	368	-	-	-	-
Related to investments	-	-	-	-	-
Other liabilities	22	-	-	-	-
<b>Total</b>	<b>390</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>



## VOLUNTARY PENSION FUND DOVERIE

### NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

#### 17. Financial risk management, continued

##### *Liquidity risk, continued*

As at 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
<b>Financial liabilities</b>					
Related to PAC	38	-	-	-	-
Related to investments	-	-	-	-	-
Other liabilities	16	-	-	-	-
<b>Total</b>	<b>54</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

##### *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 specific regulations and requirements for investments might be changed, and deadlines for the compliance of operations in accordance with the new requirements might be short. In this particular case, it could be that the Fund would be forced to dispose of assets and their realization may be affected adversely in an 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 likelihood of such change.

##### *Political risk*

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

#### 18. Related party transactions

The Fund has as a related party the following:

PAC Doverie AD, in its capacity of a company managing the assets of the Fund, as well as the companies under the common control of the ultimate parent of PAC Doverie (ultimate controlling entity WIENER STÄDISCHE Versicherungsverein – Vermögensverwaltung) are considered related parties.

##### *Transactions with related parties*

BGN'000	Type of transaction	2023	2022
PAC Doverie AD	Investment fee	338	-
PAC Doverie AD	Payables to PAC in relation to fees and charges	30	38
PAC Doverie AD	Receivables from PAC in relation to fees and charges	-	-
	<b>Total</b>	<b>368</b>	<b>38</b>

## VOLUNTARY PENSION FUND DOVERIE

### NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

#### 19. Expected liabilities of the Fund to insured persons, pensioners, and heirs

A pension insurance company that manages a supplementary voluntary pension insurance fund and pays lifelong pensions must create a pension reserve in accordance with Ordinance №19 of 8 December 2004 on pension reserves and reserves for guaranteeing the payment of lifelong pensions to the FSC. These pension reserves cover the payment of the pensions of the individuals who have lived longer than the preliminary actuarial calculations, therefore their value is indicated by the responsible actuary of the company based on actuarial calculation.

According to the calculations of the responsible actuary of PAC Doverie as of 31 December 2023:

- The Fund's liability to insured individuals and pensioners with fixed-term pensions is equal to the amount of funds in their individual accounts and amounts to TBGN 175,598 (31 December 2022: TBGN 159,309).
- Liabilities for other pension products of VPF Doverie are as follows:

	<u>31.12.2023 г.</u>	<u>31.12.2022 г.</u>
	BGN'000	BGN'000
1. Available funds in individual accounts	292	277
2. Obligations for:		
- - lifetime pensions	386	466
- - disability pensions	44	46
- - hereditary pensions	1,307	1,407
Total liabilities	<u>1,737</u>	<u>1,919</u>
<b>Surplus / (Deficit) (1-2)</b>	<u><b>(1,444)</b></u>	<u><b>(1,642)</b></u>

Achieving a positive return and future update of the pensions paid by the Fund above the amount guaranteed by law or contract are not guaranteed. PAC Doverie AD covers the risk of living longer than the preliminary actuarial calculations and investment risk up to the amount of the pension guaranteed by law or contract.

The funds set aside in the statement of financial position of PAC Doverie AD from the pension reserve to guarantee the payment of income to pensioners of the Fund amount to TBGN 1,444 as of 31 December 2023 (i.e., an amount exceeding the deficit calculated above).

**VOLUNTARY PENSION FUND DOVERIE**

**NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

**20. Contingent assets and liabilities**

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

**21. Events after the reporting period**

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

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

These financial statements were 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

March 25, 2024



## Independent Auditors' Report

To the Shareholders of "Pension Assurance Company Doverie" AD

### Report on the audit of the financial statements

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#### Our opinion

We have audited the financial statements of Voluntary Pension Fund Doverie (the "Fund") which comprise the statement of changes 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 Voluntary Pension Fund Doverie as at 31 December 2023, and the Fund's financial performance for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union (EU).

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#### Basis for opinion

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

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

#### Independence

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

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## Key audit matters

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

Key audit matter	How our audit addressed the key audit matter
<p><b>Carrying amount of investments at fair value</b></p> <p>Investments at fair value in the statement of net assets attributable to insured individuals as at 31 December 2023: BGN 159,419 thousand (31 December 2022: BGN 140,270 thousand). See Note 6. Use of estimates and assumptions, Note 7.3. Investments of the Fund in financial instruments – (iii) Subsequent measurement, Note, 8.1. Bulgarian government securities, 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 159,419 thousand, which represents 90% of the total assets as at that date, and is considered to be the key driver of the Fund's performance and the net asset value.</p> <p>The fair valuation of the Fund's fair value investments, which include mainly government bonds as well as equities and mutual fund units, is based on market prices derived from active markets or, for the assets not traded on such active markets, valuation models which often require a considerable number of inputs. Developing model inputs, such as those in respect of discount rates and yields, requires significant management judgment.</p> <p>Due to the significant value of the investments at fair value as a component of the Fund's financial statements, and the necessity for judgments and assumptions required to arrive at the fair value estimation of these investments, we have identified this area as carrying a significant risk of material misstatement, thus constituting a key audit 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"> <li>- testing the design, implementation and operating effectiveness of selected key controls within the process of valuation of investments at fair value, including the controls over the valuation inputs and assumptions, and validation of the valuation outcomes;</li> <li>- tracing the recognized fair values of all quoted investments in the Fund's portfolio as at December 31, 2023, to publicly available market quotations;</li> <li>- assisted by our own valuation specialists, challenging the valuations of the investments at fair value not traded on active markets. This included: <ul style="list-style-type: none"> <li>- assessing the compliance of the valuation methods and models applied against the relevant requirements of the financial reporting framework and generally accepted valuation practices. Also, evaluating the internal coherence, logic and mathematical accuracy of the valuation models;</li> <li>- assessment the relevance and reliability of the key data used in the valuations;</li> <li>- challenging the appropriateness of the underlying key assumptions, primarily those for the discount rates, growth rates and yields, by reference to independent external sources (such as market intelligence platforms).</li> </ul> </li> <li>- obtaining a confirmation letter from the custodian bank and reconciling the confirmed quantities and nominal value of the investments at fair value to the Fund's investment portfolio records as at the reporting date;</li> <li>- evaluating adequacy, completeness and accuracy of the disclosures with respect to the investments at fair value, including those in respect to the fair value hierarchy, migrations within the hierarchy during the year and the key assumptions used in deriving the fair values.</li> </ul>

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## 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.

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## 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.

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

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

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

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

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

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

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

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

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

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

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

- PricewaterhouseCoopers Audit OOD was appointed as a statutory auditor of the financial statements of the Fund for the year ended 31 December 2023 by the decision of the sole owner on 23 May 2023 for a period of one year. PricewaterhouseCoopers Audit OOD was first appointed as auditors of the Fund on 18 December 2017.
- Crowe Bulgaria Audit EOOD was appointed as a statutory auditor of the financial statements of the Fund for the year ended 31 December 2023 by the decision of the sole owner on 23 May 2023 for a period of one year. Crowe Bulgaria Audit EOOD was first appointed as auditors of the Fund on 20 May 2022.
- The audit of the financial statements of the Fund for the year ended 31 December 2023 represents seventh consecutive statutory audit engagements 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 engagements for that Fund carried out by Crowe Bulgaria Audit EOOD.
- We hereby confirm that the audit opinion expressed by us is consistent with the additional report dated 27 March 2024 provided to the Audit committee of Pension Assurance Company Doverie AD in compliance with the requirements of Art. 60 of the Independent Financial Audit Act.
- We hereby confirm that we have not provided the prohibited non-audit services referred to in Art.64 of the Independent Financial Audit Act.



- We hereby confirm that in conducting the audit we have remained independent of the Fund.

For PricewaterhouseCoopers Audit OOD:

For Crowe Bulgaria Audit EOOD:



Jock Nunan  
Managing Director

Gyulyay Rahman  
Statutory Manager



Boryana Dimova  
Registered auditor responsible for the audit  
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27 March 2024

27 March 2024