

PAC "DOVERIE" AD

ANNUAL ACTIVITY REPORT
ANNUAL FINANCIAL STATEMENT
AS OF AND FOR THE YEAR ENDED
31 DECEMBER 2023
WITH INDEPENDENT AUDITORS' REPORT

PAC "DOVERIE" AD

<u>CONTENT</u>	<u>PAGE</u>
ANNUAL ACTIVITY REPORT	1-31
ANNUAL FINANCIAL STATEMENT:	
PROFIT OR LOSS STATEMENT AND OTHER COMPREHENSIVE INCOME	1
STATEMENT OF FINANCIAL POSITION	2
STATEMENT OF CASH FLOWS	3
STATEMENT OF CHANGES IN EQUITY	4-5
NOTES TO THE FINANCIAL STATEMENTS	6-65
INDEPENDENT AUDITORS' REPORT	

ANNUAL ACTIVITY REPORT

OF PAC DOVERIE AD AND THE MANAGED PENSION FUNDS IN 2023

GENERAL INFORMATION ABOUT THE COMPANY

PAC Doverie AD (the "Company", "the Company") is a company with activities related solely to the administration and management of pension funds within the meaning of the Social Security Code (SSC).

The company was established on 09.05.1994 as a joint-stock company.

PAC Doverie AD is registered in the register of companies of Sofia City Court Corp. File №9023/1994, part 210, page 124, batch № 16625. It is entered in the Commercial Register on 11.02.2008 with Unique Identification Number 831190986.

As of 31.12.2023 the Company has its registered office, address of management, telephone, telefax, e-mail, Web-site, as follows:

- Sofia, Izgrev Municipality, 13B "Tintiava" street, Post Code 1113;
- Tel: +359 2/937 50 11; Fax: +359 2/937 50 15;
- E-mail: head@poc-doverie.bg; Web: www.poc-doverie.bg

As of the date of the financial statements the Company manages the following pension funds:

- Voluntary pension fund (VPF) – registered on 3 November 2000;
- Professional pension fund (PPF) – registered on 28 November 2000;
- General pension fund (GPF) – registered on 13 February 2001;
- Fund for Life-long Payments (FLPP) – registered on 28 September 2021;
- Fund for Deferred Payments (FDP) – registered on 9 September 2021.

Share capital

As of 31.12.2023 the share capital structure is as follows:

	31.12.2023	
Shareholders	Number of shares in thousands	% of Capital
ATBIH GmbH. *	12,392	82.591%
IFC International Finance Corporation**	1,500	9.997%
Confederation of Independent Trade Unions in Bulgaria (CITUB)	1,025	6.832%
Metallurgy Workers Federation	16	0.107%
Eurobank EFG Bulgaria AD	2	0.013%
Bulgarian Posts EAD	29	0.193%
Association of Federation of the Independent Trade Unions of the Miners - CITUB	6	0.040%
National Federation of Labor (Chemistry & Industry)	9	0.060%
Federation of the Independent TUs of the Power Engineering Workers	12	0.080%
Federation of the Independent TUs of the Food Industry Workers	11	0.073%
Union of Transport Trade Unions in Bulgaria	2	0.013%
Total	15,004	100.00%

*As of 31.12.2023, ATBIH GmbH is owned and controlled by Vienna Insurance Group AG (VIG), Austria.

**IFC is part of the World Bank Group.

Annual Activity Report for the year ended 31 December 2023

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

ANNUAL ACTIVITY REPORT

OF PAC DOVERIE AD AND MANAGED PENSION FUNDS IN 2023 (CONTINUED)

GENERAL COMPANY INFORMATION (CONTINUED)

Share capital (continued)

Additional information regarding Vienna Insurance Group can be found on the Internet at www.vig.com or in VIG's consolidated annual report, and information regarding IFC can be found on the Internet at www.ifc.org

During the past year, the Company has not acquired and transferred its own shares. The Company does not own shares as part of its capital. The total remuneration of members of the Boards of the Company amounted to TBGN 1,978.

During the past year members of the Boards of the Company did not acquire or transferred shares and bonds issued by the Company. The Company has no established rules for the acquisition of shares and bonds of the Board members. The Company has not concluded contracts under Art. 240b of the Commercial Law with members of management and supervisory bodies of the Company or related parties.

The company continued to follow the set goal this year as well.

Due to the specifics of the Company's business, in the conditions of the ongoing economic instability caused by the war in Ukraine and the Covid-19 pandemic, the realized revenues show relative stability. The main contribution to the stability of the operating revenues is the preservation of the number of assured persons and the achievement of positive profitability as internal factors for the Company, which can be influenced relatively independently by making strategic management decisions.

The relatively stable maintenance of the number of assured persons in the mandatory supplementary pension assurance funds shows that the main risk factor for revenues is under control and due to the growing and predominant share of the investment fee in total revenues, the Company is relatively less vulnerable to external crisis effects related to the labor market and assurance thresholds.

A forthcoming transaction of material effect to the Company is not pending.

PAC Doverie has a two-tier system of management – Supervisory and Management Board.

Supervisory Board composed of:

- Peter Höfing – Chairman
- Gerald Weber
- Klaus Mühleder
- Miroslav Stoyanov
- CITUB, represented by Penka Baranova
- Georgina Baker

Board of Directors consisting of:

- ☒ Daniela Petkova – Chairman (until 19.03.2024)
- ☒ Miroslav Marinov
- ☒ Kiril Georgiev
- ☒ Dimana Rankova
- ☒ Lachezar Raychev
- ☒ Vasil Yanachkov
- ☒ Nikolay Marev

ACTIVITY REPORT (CONTINUED)

GENERAL INFORMATION ABOUT THE COMPANY (CONTINUED)

Information regarding the participation of board members as unlimited liability partners, possession of over 25 percent of the capital of another company and their participation in the management of other companies or cooperation as procurators, managers of board members:

For Mr. Mag. Peter Höfner

- Deputy Chairman of the Management Board of Vienna Insurance Group AG Wiener Versicherung Gruppe (Austria);
- Member of the Supervisory Board of VIG RE zajišťovna, a.s (Czech Republic)
- Chairman of the Supervisory Board of Bulstrad Vienna Insurance Group (Bulgaria);
- Chairman of the Supervisory Board of Bulstrad Life Vienna Insurance Group EAD (Bulgaria);
- Chairman of the Supervisory Board of "Intersig Vienna Insurance Group Sh.A., (Albania);
- Chairman of the Supervisory Board of Sigma Inter-Albanian Vienna Insurance Group Sh.A., (Albania)
- Chairman of the Supervisory Board of "Wiener Städtische OSIGURANJE akcionarsko drustvo za osigur", (Serbia);
- Chairman of the Administrative Board of the "Wiener Städtische zivotno osiguranje JSC Podgorica", (Montenegro);
- Chairman of the Supervisory Board of Pension Insurance Company Doverie AD (Bulgaria);
- Chairman of the Supervisory Board of "DONARIS VIENNA INSURANCE GROUP" (Moldova);
- Chairman of the Supervisory Board of Wiener osiguranje Vienna Insurance Group dionicko drustvo za osiguranje (Croatia);
- Chairman of the Shareholders' Committee of CLAIM EXPERT SERVICES S.R.L. (Romania);
- Chairman of the Shareholders' Committee of VIG Management Service SRL (Romania);
- Member of the Audit Committee of BULSTRAD VIENNA INSURANCE GROUP EAD (Bulgaria);
- Member of the Audit Committee of Bulstrad Life Vienna Insurance Group EAD (Bulgaria)
- Chairman of the Supervisory Board of "ASIGURAREA ROMANEASCA - ASIROM VIENNA INSURANCE GROUP S.A." (Romania);
- Chairman of the Supervisory Board of BCR Asigurari de Viata Vienna Insurance Group S.A. (Romania);
- Chairman of the Supervisory Board of "OMNIASIG VIENNA INSURANCE GROUP S.A." (Romania);
- Member of the Management Board of Wiener Wirtschaftsklub (Austria)
- Deputy Chairman of the Board of Vienna Economic Forum (Austria)

For Mr. Mag. Gerald Weber

Participates in the management of the following companies or cooperatives as a manager or board member:

- Manager of VIG-CZ Real Estate Ltd., Austria
- Member of the National Assembly of VIG Properties Bulgaria A, Bulgaria
- Member of the National Assembly of Erste Asset Management GmbH, Austria
- Deputy Chairman of the National Assembly of PAC Doverie AD
- Member of the National Assembly of VIG/C-QUADRAT Towarzystwo Funduszy Inwestycyjnych S.A., Poland
- Vice-President of the National Assembly of VIG Befektetesi Alapkezelő Magyarország Zártkörűen Működő Reszvénytársaság, Hungary
- Procurator of VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe, Austria
- Procurator of Wiener Städtische Wechsel-VIGer Versicherungsverein - Vermögensverwaltung - Vienna Insurance Group, Austria
- Procurator of Social & Culture Beteiligungs GmbH - Wiener Städtische Wechselseitige, Austria

ANNUAL ACTIVITY REPORT (CONTINUED)

GENERAL COMPANY INFORMATION (CONTINUED)

Information regarding the participation of board members in commercial companies as unlimited partners, the holding of more than 25 percent of the capital of another company, as well as their participation in the management of other companies or cooperatives as procurators, managers or board members continued):

For Mr. Dr. Klaus Mühleder

- Member of the National Assembly of Pension Insurance Company Doverie AD
- Member of the National Assembly of ASIGURAREA ROMANEASCA - ASIROM VIENNA INSURANCE GROUP S.A., Romania
- Manager Central Point Insurance IT-Solutions GmbH, Austria
- Member of the National Assembly of OMNIASIG VIENNA INSURANCE GROUP S.A., Romania
- Member of the National Assembly of BCR Asigurari de Viata Vienna Insurance Group S.A., Romania
- Member of the Joint Stock Committee of VIG Management Service SRL, Romania
- Member of the National Assembly of Beesafe Sp.z.o.o., Poland
- Member of the National Assembly of Compensa Towarzystwo Ubezpieczen Na Zycie Spolka Akcyjna Vienna Insurance Group, Poland
- Member of the National Assembly of Compensa Towarzystwo Ubezpieczen Spolka Akcyjna Vienna Insurance Group, Poland
- Member of the National Assembly of InterRisk Towarzystwo Ubezpieczen Spolka Akcyjna Vienna Insurance Group, Poland
- Member of the National Assembly of Vienna Insurance Group Polska Spolka z ograniczona odpowiedzialnoscia, Poland
- Member of the National Assembly of Wiener Towarzystwo Ubezpiezen Spolka Akcyjna Vienna Insurance Group, Poland
- Member of the Advisory Board of Amadeus APEX Technology EuVECA GmbH & Co KG, Austria
- Member of the Advisory Board of Digital Impact Labs Leipzig GmbH, Germany
- Do not own more than 25% of the capital of another company

About Mrs. Georgina Baker

- Member of the National Assembly of PAC "Doverie" AD

During the year, the Company has not concluded transactions with the members of the boards, as well as with members related to them.

On 24 June 2002 the General Meeting of Shareholders of PAC Doverie AD decided to merge the Bulgarian Pension Assurance Company and the funds managed by it into Doverie Pension Assurance Company and the respective pension funds managed by it.

After carrying out the necessary procedures, on 28 May 2003 the Bulgarian Pension Assurance Company merged into the Pension Assurance Company Doverie AD.

In connection with the 2003 merger, the share capital of PAC Doverie AD was increased to TBGN 15,004, the new 2,500,000 shares are registered dematerialized.

The shareholders of BPOD have received 1 share in PAC Doverie AD for 1.8 shares held in BPOD.

ANNUAL ACTIVITY REPORT (CONTINUED)

FACTORS, AFFECTING THE ACTIVITY OF PAC DOVERIE AD

Demographic environment – demographic trends tend to have a positive effect on the development of supplementary pension assurance, even though very slowly, the positive benefits of the pension reform are recognized and the related existence of private pension assurance companies.

Economic environment – in the past its characteristics were low, but increasing incomes of the population, increased number of profitable enterprises, which distribute their profit, insufficiently high collection of compulsory social security contributions and a significant proportion of the gray economy. Changes in tax and assurance legislation stimulated the reduction of the grey economy and economic growth. In 2023 there was a significant recovery in the economy mainly under the influence of external positive factors.

The changes in the economic environment, caused by external and internal factors, affect the pension assurance business, especially the voluntary pension assurance.

For 2023, the economic indicators of the state show an improvement in the economic activity in the country, GDP 1.8% (according to preliminary data), at the same time last year we witnessed a significant decrease in inflation, reaching 4.70% on an annual basis, unemployment at the end of 2023 was 4.3% unchanged compared to 2022.

According to the results of the Labor Force Survey conducted by the National Statistical Institute (NSI) for the fourth quarter of 2023, the economically active population in the country aged between 15 and 64 was Th 2,935.2 thousand compared to 2,989.2 thousand in 2022. The economic activity rate for the population in the same age group was 73.7% or by 0.8% percentage points lower in comparison with the fourth quarter of 2022.

Political-legal environment – a well-established basis of legislation, but its development over the years has been inconsistent. The existence of contradictions in the legislation and regulations creates conditions for its different interpretation and application, which hampers the activity of pension Assurance companies, and the contradictory signals broadcast in the public domain by various institutions and politicians make it difficult to predict the development of the social security market. There is no state policy to stimulate participation in supplementary pension funds for the development of pension Assurance companies through effective use of funds in the funds managed by them, especially for targeted infrastructure development and effective absorption of EU funds. Sociocultural environment – low social security culture of the population, as individuals are still insufficiently interested in where they are insured. A very slow development and increase of culture in this direction is expected.

Competitive environment – 10 licensed pension Assurance companies operate in the country:

PAC Doverie AD
PAC Suglasie AD
PAC DSK – Rodina AD
PAC Allianz – Bulgaria AD
UBB PAC
PAC CKB – Sila
PAC Budeshte AD
PAC Toplina AD
PAI AD
PAC Dallbogg: Life and Health AD

ANNUAL ACTIVITY REPORT (CONTINUED)

FACTORS INFLUENCING THE ACTIVITIES OF PAC DOVERIE AD (CONTINUED)

Each pension assurance company manages three pension funds - General, professional and voluntary, and only PAC DSK-Rodina is registered and manages a voluntary pension fund under Professional schemes.

In 2021, with the onset of the phase of payment of funds from General pension funds and according to Art. 192a and Art. 192b of the SSC were registered payments funds.

Nine pension assurance companies manage two payment funds each – a fund for the payment of lifelong pensions and a fund for deferred payments.

At the end of 2023, DallBogg: Life and Health EAD manages one payout fund, a fund for the payment of lifelong pensions.

According to preliminary data of the FSC, the amount of net assets in all pension funds at the end of 2023 was BGN 22.931 million, including net assets of pension funds managed by PAC Doverie AD – BGN 5.632 million, 24.56% relative share (for 2022 – 24.74%).

In 2023, the total assets of pension funds increased by 19.34% compared to 2022.

There was an increase in all three pension funds.

The strongest growth is registered by the assets of the General Pension Funds by 20.46%.

The relative share of General Pension Funds to total assets reached 86.93% (compared to 86.12% in 2022).

Fund	12.2023 market total	Relative share	12.2023 Doverie	Relative share	2023/ 2022	12.2022 market total	Relative share	12.2022 Doverie	Relative share
GPF	19 933 819	86.93%	5 084 839	90.28%	20.46%	16 548 063	86.12%	4 277 432	89.96%
PPF	1 561 987	6.81%	370 824	6.58%	14.72%	1 361 577	7.09%	317 876	6.69%
VPF	1 435 328	6.26%	176 540	3.13%	9.95%	1 305 486	6.79%	159 586	3.36%
Total	22 931 134	100%	5 632 203	100.00%	19.34%	19 215 126	100%	4 754 894	100.00%

According to the percentage change of the assets under management, the increase in the funds managed by PAC Doverie AD is comparable to the average for the market, which is mainly due to the active strategy in the management of the assets of SPF and the good results in the transfer of funds of the assured members from other funds to those managed by PAC Doverie AD.

The concentration of the market decreased compared to the previous year, but relatively persisted and the companies PAC Doverie AD and Allianz Bulgaria AD in terms of assets under management held a total of about 44.80% (for 2022 – 45.89%) of the market, and 44.71% of the assured individuals (for 2022 - 45.93%).

ANNUAL ACTIVITY REPORT (CONTINUED)

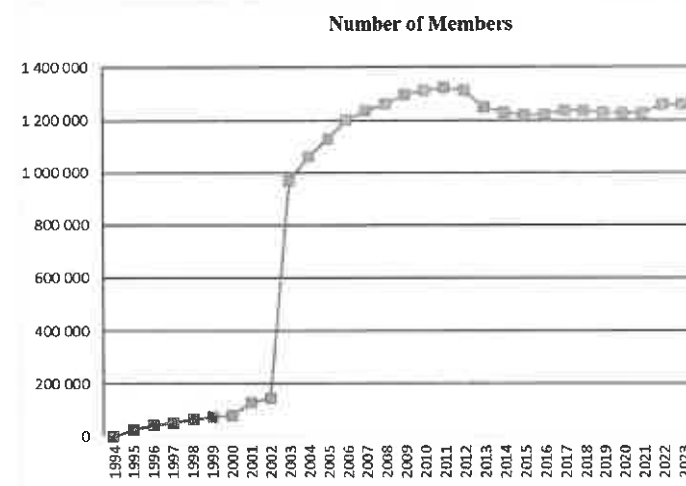
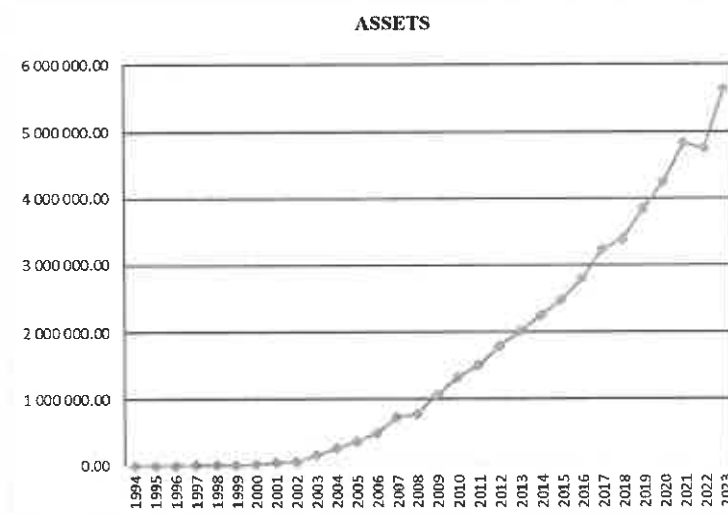
OBJECTIVES AND ACTIVITIES OF PAC DOVERIE AD AND THE SUPPLEMENTARY PENSION ASSURANCE FUNDS MANAGED BY THE COMPANY IN 2023

Objectives

In 2023, the main objectives for the Company were to:

- to keep the number of members in the managed pension funds;
- to control and guarantee the unconditionality of sales in the managed funds;
- to establish a sustainable trend of profit accumulation and distribution as well as to initiate the process for increasing of the required reserves;
- to set the basis for a strategic model for high-quality client service and increase of client satisfaction;

The following graphs show the total assets AUM of PAC "Doverie" AD and the number of persons insured in them:



ANNUAL ACTIVITY REPORT (CONTINUED)

OBJECTIVES AND ACTIVITIES OF PAC DOVERIE AD AND THE SUPPLEMENTARY PENSION ASSURANCE FUNDS MANAGED BY THE COMPANY IN 2023 (CONTINUED)

Objectives (continued)

The attached charts show that PAC Doverie AD in 2023 continued with its upward development, both based on the number of insured members and on the assets under management.

These are the two main indicators with which the activity of supplementary pension Assurance is measured.

By a decision of the Management Board of the Company from the end of 2008 a Code of Ethics and Rules for Personal Transactions in Financial Instruments were adopted.

The Code of Ethics of PAC "Doverie" AD defines the policy and principles of the Company in relation to its customers, employees, shareholders, external associates, partners, and other entities from the external environment. A basic principle of the Code of Ethics is that the reputation of the Company and its trust are part of the most important advantages it has and their preservation is among its priority tasks.

The Rules for Insider Trading follow all good practices applied worldwide to avoid conflicts of interest. The rules provide for clear and consistent procedures regarding the conclusion and declaration of transactions in financial instruments for all employees and managers of the Company, both decision-makers and all with access to information on transactions and portfolios of managed pension funds.

In the last few years, the Bulgarian pension Assurance market has become extremely competitive, forcing market leaders to operate in increasingly innovative ways and to largely diversify their sales channels. With the digitization of the sales process and the elimination of the need for notary intervention introduced in 2019, the Company's results have significantly improved. The digitalization of sales was implemented not only in the company's own sales structure, but also in the activities of partner organizations. In managing the risks inherent in such a partnership, as well as the subsequent replication of digitalization by competitors, the Company has made a management decision to increase and strengthen its own sales structure – an action that will allow us to maintain our position as a market leader.

In parallel with ongoing partnership negotiations with other banking and non-banking institutions, the Company continued to successfully cope with competitive pressure with its own sales structure.

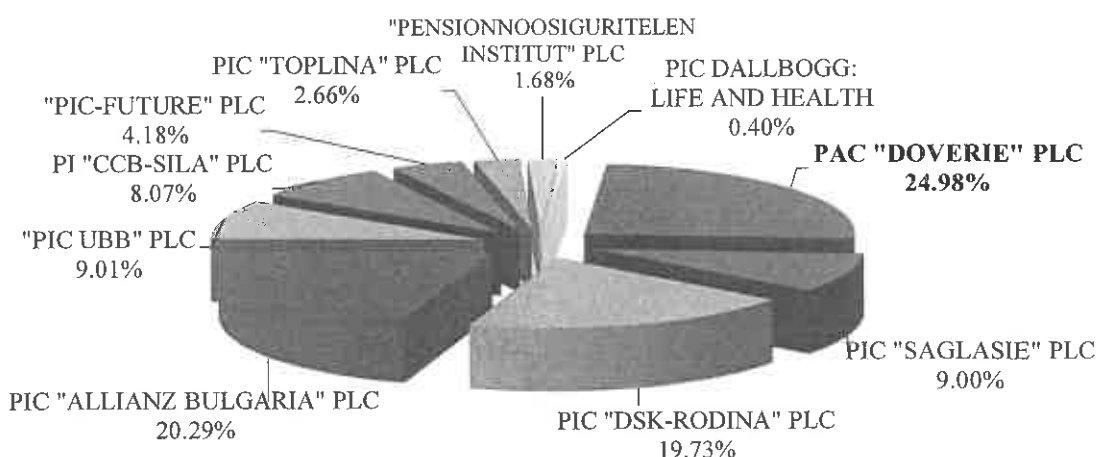
ANNUAL ACTIVITY REPORT (CONTINUED)

I. Branch network

1. General information about sales

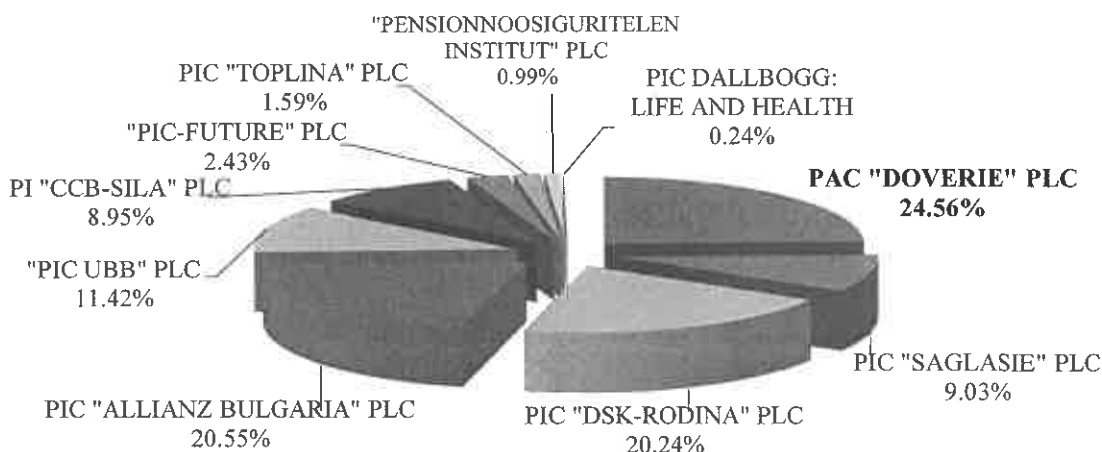
The set goal in 2023 in the field of sales was to continue realizing the strategy of the company to increase the number of assured members and assets attracted for each quarter and for the year. To achieve this goal, it was necessary to maintain the marketing approach of attracting assured members with regularity of contributions and higher accumulated funds in individual lots, while at the same time significantly increasing the number of attracted assured members. The company achieved its sales targets. As a result, the market share of the Company as of 31.12.2023 /according to data from the FSC/ by number of assured members amounts to 24.98%, and the absolute number of assured members is 1,249,450, compared to December 2022, is an increase by 1,845.

Market Share of Pension Assurance Companies by Number of Members in the Supplementary Pension Insurance Funds under Management as of 31.12.2023



The newly insured members who selected funds managed by the Company for 2023 are 19,396. In terms of the net assets of the managed funds, the market share amounts to 24.56%, as of 31.12.2023.

Market Share of Pension Assurance Companies by Net Assets of the Supplementary Pension Insurance Funds under Management as of 31.12.2023



ANNUAL ACTIVITY REPORT (CONTINUED)

I. Branch network (continued)

1. General sales information (continued)

The market shares of the different pension funds managed by the company by number of assured members and by the net assets managed by the funds are respectively:

Indicator	GPF Doverie	PPF Doverie	VPF Doverie
by number of assured members	25.62%	23.77%	21.97%
by value of net assets	25.50%	23.75%	12.45%

PAC Doverie AD maintains and strengthens its role in the field of supplementary pension assurance in Bulgaria. The total number of assured members in funds managed by PAC Doverie AD as of 31.12.2023 /according to data from the FSC/ amounts to 1,249,450 members, and the managed net assets are BGN 5,632,203 million. The main types of sales realized by the commercial structure of PAC Doverie AD are: transfer to GPF, PPF, VPF "Doverie", initial selection in GPF and PPF "Doverie" and new assurance in VPF "Doverie" with personal contributions, contributions from an employer or another insurer.

The sales focus for 2023 continued to be "transfer" sales. The set goals for 2023 included both quantitative and qualitative indicators. As a result, the average accumulated amount of the transferred individual insurance account was increased, while at the same time the focus holds on the number of attracted insured members. The productivity of the sales teams has increased significantly and all KPI's have improved.

For 2023, the Company "transfer" sales are 74,632 members transferred individual lots from funds managed by other pension assurance companies to the funds managed by PAC Doverie AD. In this number, the transferred individual lots from the Branch network are 51,780 members, and from partner networks - 22,852 members. The total amount of realized "transfer" sales for the last five years are:

Number of Transferred Members	2019	2020	2021	2022	2023
in GPF Doverie	34,248	52,966	73,545	89,521	68,075
in PPF Doverie	2,664	3,391	6,535	7,746	6,184
in VPF Doverie	603	505	988	1,355	373
TOTAL	37,515	56,862	81,068	98,622	74,632

The total amount of transferred funds for 2023, in all funds managed PAC Doverie AD, is TBGN 309,256.

Amount of transferred funds (BGN) for the last five years are:

Amount of assets transferred (BGN)	2019	2020	2021	2022	2023
in GPF Doverie	129,340,708	199,571,007	302,018,571	362,085,594	282,056,886
in PPF Doverie	15,332,325	16,157,023	29,498,348	31,868,490	26,143,434
in VPF Doverie	2,379,509	1,370,870	3,463,648	3,840,311	1,058,347
TOTAL	147,052,542	217,098,900	334,980,567	397,794,395	309,256,667

ANNUAL ACTIVITY REPORT (CONTINUED)

I. Branch network (continued)

1. General information about the sales (continued)

For 2024, the Company envisages consolidating what has been achieved in the structure of customers and the amount of attracted assets, while at the same time continuing to increase the transferred members with a significant growth, being the most preferred company by the insured members. Strengthening the quality of sales and keeping the achieved average amount of transferred funds per accounts higher than the market average will be a focus again in the sales strategy for 2024, combined with a significant increase in the number of transferred assured members. A goal of the sales structure in 2024 will also be to continue increasing the efficiency of the sales teams.

In 2023, in addition to the results in "transfer" type sales, good results in attracting newly assured members can be noted, both in the mandatory funds and in the voluntary fund. In 2024, focus will also be placed on attracting a larger share of newly insured members.

2. Sales structure

The sales structure at PAC Doverie AD includes the employees in the branch network of the Company. The main sales channel used by the sales structure is sales through employees and assurance intermediaries

In 2023, the focus of sales staff motivation schemes was towards the strategy undertaken to attract customers with higher funds on individual accounts, as well as to ensure consistency in the work process and the achievement of higher results from more employees on sales. Employee targets were set, both in number of transferred members and volume of transferred assets.

The increased productivity of employees in the sales structure was significantly influenced by the digitalization of the sales process and the shortening of the sales process tremendously.

PAC Doverie AD will continue to be among the innovative companies in the development and enforcement of new approaches and standards in the sale of pension insurance products.

II. "Management of external sales channels for pension products"

In October 2023, the Directorate "Management of external sales channels of pension products" was established with the following functions:

- Identification of external sales channels for pension products.
- Build a bank sales channel, depending on the profile of the partner bank (corporate or retail banking).
- Maintaining and building cooperation with strategic partners/shareholders of PAC Doverie AD.

The Directorate will form its team and will start its operational activities in early 2024.

ANNUAL ACTIVITY REPORT (CONTINUED)

III. Customer Service

1. Customer service structure

PAC Doverie AD has an established customer service structure, specialized in conducting consultations on supplementary pension assurance and helping to increase customer satisfaction of the Company.

As of 31.12.2023, there are 74 employees responsible for customer service, and 20.27% of them are also engaged in sales. 85.14% of service employees work in the company's offices, and 14.86% in the Head Office.

The main activities of the employees in the Head Office of the company are:

- consultations on requests and answers to complaints received through mail, e-mail, or the company's website, from individuals and legal entities, in connection with the supplementary pension assurance and use of rights in the managed funds;
- sending greeting letters for a personal holiday by e-mail to insured persons, who have consented for their data to be used for social activity;
- sending notification letters by e-mail and mail to insured persons who have submitted applications for change of participation / in a pension fund managed by PAC Doverie AD or in a pension fund managed by another pension assurance company / with updates about each completed phase of their procedure;
- conducting surveys with persons who have submitted applications for change of participation and transfer of the accumulated amounts on their accounts to the pension funds managed by the Company;
- correcting emails of insured persons;
- telephone customer service from the "Consultant Center" between 8:00 a.m. and 8:00 p.m.;
- correction of personal data from clients in the country;
- service and consultation of clients who visited the "Client Center" at 13B Tintyava Street;
- administering registered applications for change of participation for new, and those already in process customers, for additional obligatory pension assurance;
- cataloguing and updating data on partner programs;
- regularly updating partner organizations participating in the Pension Ledger program and to insured persons who have opted in to receive quarterly statements for their accounts;
- creating customer cards and sending them to the local offices;
- sending greeting letters with attached membership cards to new clients of the Company;
- conducting client information campaigns.

The main activities of the customer service employees in the local offices of the Company are:

- service and consultation of clients who have visited an office;
- servicing and consulting of insured persons with rights;
- servicing and consulting of heirs of insured persons with rights;
- correction of personal data after received requests for change from clients, users, and assurance intermediaries;
- correcting emails of insured persons;
- services related to the change of the manner of receiving the annual statement from insured persons;
- conducting client information campaigns;
- data entry in the database of concluded contracts for supplementary pension assurance, addendums, applications for participation, applications for change of participation, withdrawal of submitted applications, and other documents.

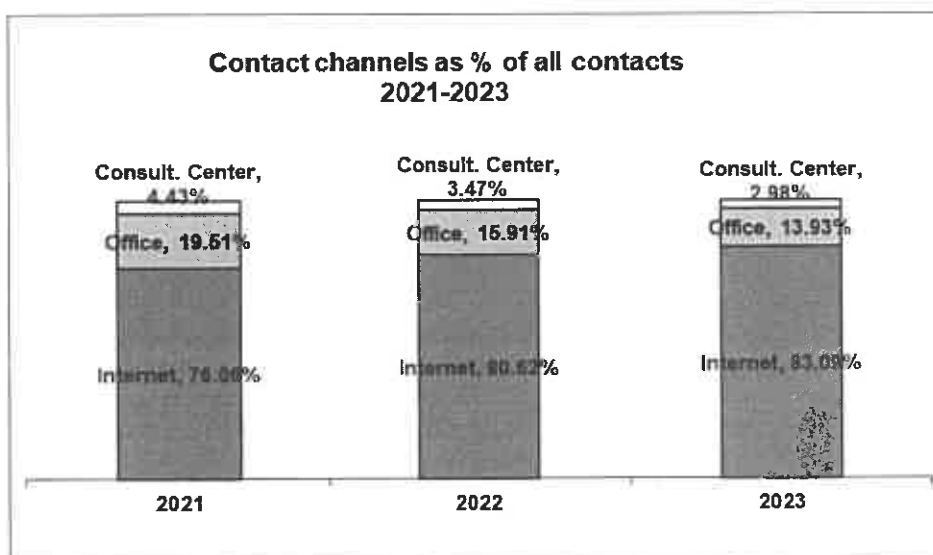
ANNUAL ACTIVITY REPORT (CONTINUED)

III. Customer Service (continued)

2. Customer Service Channels

The Company's main aim is to provide a variety of channels to communicate with our clients and meet their needs through their preferred channel - Consultancy Centre, Internet, SMS, mail, offices and representative offices, on-site consultations.

As of 31.12.2023, the number of contacts made with the Company through all channels of communication is 279,307 which is an increase of 20.95% over 2022. Their distribution by communication channels and compared to previous years is as follows:



The company strives and purposefully goes in the direction of digitalization of most of its processes and activities, as well as the services it offers to its customers. The corporate website of the Company and the module "My Doverie" increase the opportunities of customers to receive the information they need electronically, as well as to perform various actions related to their individual lots.

2.1. Service in regional offices and representative offices

As of 31.12.2023, the Company has 58 offices and representative offices throughout the country, where it provides its clients with professional advice on supplementary pension assurance, access to the individual account in real-time, the ability to correct stored personal data, information about participation in partner programs, and other customer service.

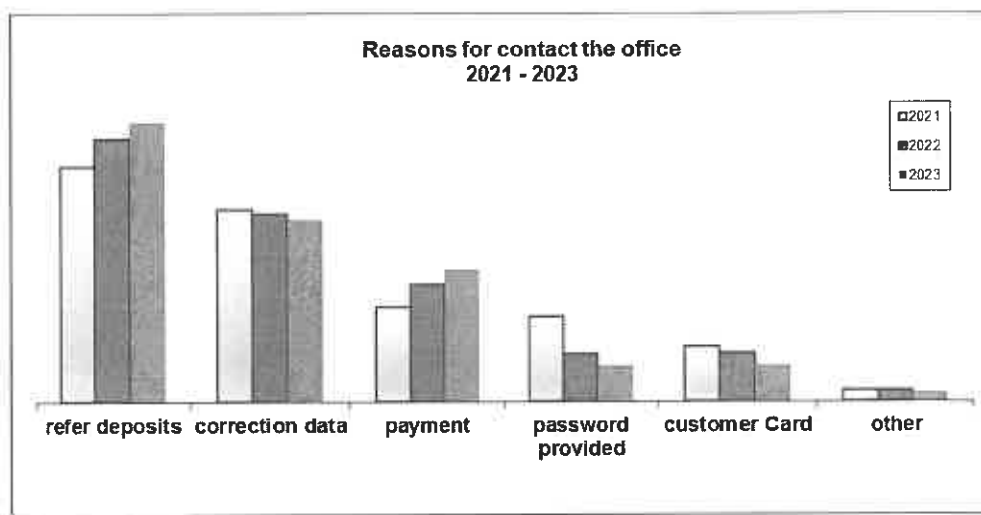
The number of registered visits to the service offices of the company during the year is 32 671. Clients are increasingly interested in checking their individual accounts through the website, respectively, acquiring a password for access, as well as to check the funds managed by PAC Doverie on their behalf.

In compliance with the requirements of current legislation (age for granting a pension under Article 68, paragraph 1 of the SSC and depending on the amount accumulated in the individual account, as of the date of exercise), in 2023, in the regional offices and representative offices, 347 contracts were concluded for additional lifelong old-age pension, 5 651 were concluded the contract for deferred payment and 752 were submitted applications for a one-time payment.

ANNUAL ACTIVITY REPORT (CONTINUED)

III. Customer Service (continued)**2. Customer Service Channels (continued)****2.1. Service in regional offices and representative offices (continued)**

In order to make their informed and optimal decision, the insured persons receive preliminary information on pension rights from GPF Doverie, which is stored both on paper and as an electronic document in the company's information system. Preliminary information is provided at each request of the insured person, until the exercise of the respective pension rights - signing a contract or submitting an application for a one-time payment. In 2023, 9 259 were provided preliminary information on pension rights.

**2.2. Internet**

The company provides an opportunity to its customers through the functionalities of the official website www.poc-doverie.bg to send their inquiries, signals, complaints, etc., to check their account, to make their requests for additional assurance. During the reporting period, 30 537 clients took advantage of these opportunities.

The clients prefer to send inquiries through the Company's website: www.poc-doverie.bg. In 2023, 551 e-mails with inquiries, alerts, praises, etc. were received in this way. 1 143 people have sent inquiries via the Company's e-mail.

PAC "Doverie" AD continues the campaign for recruitment of e-mail addresses of customers who wish to receive their annual statements by e-mail and their number is already 294 914, the increase compared to 2022 is 79.56%.

At the end of 2020, a new functionality of the corporate website was launched, through which each of our clients who has a registered mobile phone in the electronic register of the Company can request and receive a one-time password to log in to their personal account via SMS on their phone. After the obligatory change of the sent password with a new one, at his choice, the client gets the opportunity for continuous access to the account. In 2023, 24 434 attempts were made to obtain a password through "My Doverie" - 16 747 of them were successful.

2.3. Consultations at a place determined by the client

The employees in the offices and representative offices of the Company perform professional consultations at a place indicated by the clients, at a time convenient for them.

For 2023, the number of registered customers served outside the company's offices is 6 232.

ANNUAL ACTIVITY REPORT (CONTINUED)

III. Customer Service (continued)

2. Customer Service Channels (continued)

2.4. 24-hour Consulting Center

The Center, established by PAC Doverie AD in 2005, operates 24 hours a day on tel. 070013400 (according to the client's tariff plan for calling a fixed number). Through it, automatically or by contacting a consultant, the company's clients can receive information on all issues of interest to them, related to the supplementary pension assurance and PAC "Doverie".

As of 31.12.2023, the calls had increased and 8 317 conversations with customers had been conducted, and in some of the cases, more than one question was asked. Depending on the inquiries, the distribution of calls is as follows:

<i>Request about</i>	<i>Number</i>	<i>Share</i>
Information on the possibility of withdrawing funds/receiving a pension	2 842	34.17%
Information on the possibility of inheriting funds	1 050	12.62%
Information about letters /received, not received, content/	644	7.74%
Information about emails /received, not received, content/	615	7.39%
Information on how to check the accumulated amount	1 134	13.63%
Information on assurance numbers, passwords, membership cards, "Compliment from Doverie"	639	7.68%
Information on contributions /received, not received, reversed/	348	4.18%
Information about the company's offices coordinates	358	4.30%
Information about wrong or changed personal data	245	2.95%
Information about account withdrawals (received, not received, content)	851	10.23%
Information about transfer to/from PAC	1 042	12.53%
Information about transfer to/from NSSI or "Silver Fund"	107	1.29%
Information about supplementary pension assurance in VPF	49	0.59%
Membership inquiries	480	5.77%
Others	671	8.07%

2.5. Mail

The clients of the company can send their inquiries, praises, and complaints at any time to the address of the Head Office of the company - Sofia, postal code 1113, 13B Tintyava Str. The company strives to reply to all inquiries as soon as possible.

Customers are less likely to use regular mail for correspondence. As of 31.12.2023, only 44 inquiries were processed from clients through letters.

ANNUAL ACTIVITY REPORT (CONTINUED)

IV. IT Department

The following activities were carried out during the year:

1. Information systems - current maintenance and new developments

During the reporting period, changes were prepared and carried out in the information systems in response to changes in the external and internal regulatory framework.

The developed business process and modules for the information systems for the payment of pensions in the GPF allow the client to receive detailed information based on his personal account in real time in any office of the Company and to choose the best pension solution for himself.

2. Service and technical support

During the period, a total of 1,951 incidents from the territorial structure were registered, or an average of 163 incidents per month. 57% of incidents are related to work with the information system and others. 27% of incidents are related to fixing technical problems with computers, printers, network connectivity, 6% for problems with tablets, and 7% are registered activities or activities under ISMS. When responding to registered incidents in one hour, 40% of requests were resolved, within four hours 19% were resolved, within 1 working day 15% were resolved, and the remaining 26% incidents were resolved in two or more working days.

There were no critical incidents affecting users and daily operations during the period.

3. Security of information and information systems

In the first half of 2023, a supervisory audit of ISO/IEC 27001:2013 was conducted. The implemented information security system covers not only the information systems, but also all processes related to the work with personal data and the training of employees in the way of work. Audits were conducted under an approved annual sample program at the Company's work sites.

3.1. Hardware solutions for information systems security

Based on recommendations from audit reports and tests, the security measures and access to the Company's system were improved and increased. .

In accordance with the GDPR, the rules for the duration of data retention and the methods of processing, incl. deletion were tuned.

Penetration tests were conducted for our external and internal systems

3.2. Policies and rules for security management and IT operations

The Company has implemented policies in implementation of ISO27001 certification and trainings are held for all employees of the Company in order to understand and in-depth knowledge of the basic principles of working with personal data of customers and sensitive information.

Ongoing during the year, several campaigns were carried out to acquaint employees with phishing attacks.

4. Next year's projects

Update the system for electronic applications with reservation and unification of the platforms of final intermediaries and employees and the possibility to use different providers.

Ways to manage privileged accounts, provider access, and auditing changes to user rights will be improved.

ANNUAL ACTIVITY REPORT (CONTINUED)

V. Administration of Supplementary Pension Assurance funds

All applications received for the period for reimbursement of funds in the funds for SPF and applications under Ordinance No. 3 have been processed qualitatively and within the regulated period.

The digitalization of processes allowed to include social security intermediaries with large structures, which doubled the volume of processed documents.

The newly received documents in the Company's archive are currently scanned and indexed.

After digitizing much of the sales process, contracts and applications are in electronic form and minimize the use of paper according to environmental trends.

The pensions of members with an Assurance event are paid regularly according to the rules and no problems have arisen in this direction.

The number of pensions in the General Fund is growing monthly and at the end of 2023 the pension payments from FLPP and FDP exceed 4 thousand per month.

VI. Business Training Department

In 2023 the business training and sales departments were unified in one structure: "Sales administration and Business training". Core responsibilities are:

- Training and development of sales newcomers in the company
- Follow up sales support of the above mentioned
- Training and development of external sales structures
- Follow up sales support of the above mentioned
- Administration of document turnover concerning external agents
- Coordination and support of the phone survey process which is part of the voluntary internal control processes of the company
- Sales reports, illustrating the sales results of the company
- Active participation in bonus schemes calculations for both internal and external sales channels
- Calculations of the commissions due on for the external channels with which the company carries out partnership activities.

During 2023, the structure was able to organize sales training and development activities for 90 new employees, part of our internal network and for around 650 agents, part of our external sales channels. SABB supported 30 000 sales in this one year time span.

On top of this, various procedures were undertaken with the sole aim of optimizing the business training, reporting and document turnover processes.

In 2024 the structure will continue working on the improvement of the sales training and development as well as the optimization and digitalization processes.

All of this will reflect in a positive manner the sales support, as well as reporting and document turnover.

ANNUAL ACTIVITY REPORT (CONTINUED)

VII. Specialized functions

1. Risk Management

The risk management function in the Company in 2023 is carried out by the Risk Management Unit (RMU) in accordance with the internal rules for monitoring, measuring and assessing the risks associated with the investments and activities of PAC Doverie AD and the funds managed by it, as well as with the requirements of Social Security Code (SSC) and the regulations of the FSC.

All identified risks defined in the Policy and the internal rules of the Company are measured and evaluated systematically, and their management is conducted adequately to the perceived risk profile and to achieve the identified business goals, taking into account the impact of the external environment and internal resources of the Company.

First of all, the volatility of the financial markets as a factor of the external environment continued to affect the accumulated profitability of the supplementary pension funds, which sharpened the attention on the main factors exacerbating the impact of investment risks on the performance of the Company and the funds.

For example, the consistent increase in the credit quality of the portfolios of fixed-income instruments of supplementary pension funds has reduced the level of investment credit risk to acceptable levels in an unfavorable interest rate environment for most advanced economies that pose a threat of bankruptcy. At the same time, the aggressive interest rate policy of central banks, which generated expectations of a recession, continued since the beginning of the year, was a solid motive for reducing price risks for investment portfolios by significantly reducing equity portfolios. However, the slight recovery in the markets and the emerging positive trends at the end of the year only contributed to the deletion of temporary negative results in yields, but were not a sufficient condition to cancel the measures taken earlier to reduce market risks.

Secondly, the risks associated with investment profitability, which relate to the reserves guaranteeing payments to insured persons, also required constant monitoring and precise measurement. The monthly reporting and assessment of the risk of non-achievement of the minimum yield for the mandatory supplementary pension insurance funds on the basis of daily measured moving 24-month annual yield continued. For the purpose of more precise measurement of the risk of shortages in the Reserve for guaranteeing the gross contributions paid into accounts of insured persons in the exercise of their right to retirement, a detailed methodological toolkit and a database with statistical and forecast information on payments to pensioners during and after retirement age was developed.

Operational risks and non-compliance with the legislation were assessed in the course of the regular annual review under the Methodology for Assessment of Operational Risks and Internal Rules for Compliance and Regularity and for Management of Non-Compliance and Legal Risk with the participation of the Compliance Officer and the Head of the Internal Control Department. As a result of the assessment, the areas that require additional and continuing improvement measures were outlined, namely customer service and the protection of their personal data, and the resilience of information and communication technologies, including the information systems in the Company against cyber-attacks.

Further digitalization of in-house business processes remains the focus of activities to reduce operational risks by automating the control system.

ANNUAL ACTIVITY REPORT (CONTINUED)

VII. Specialized functions (continued)

1. Risk Management (continued)

Every month the RMU prepared and presented to the Chairman of the Management Board risk reports in a range consistent with the periodicity of measurement and reporting of the observed risks related to the investments and the activities of the Company and the funds managed by it, determined by the internal rules. The reports include measurements and assessments of risks subject to monthly and quarterly reporting, while risks with an annual reporting period are assessed using the measurement indicators used and included in the Company's Own Risk Assessment.

Increased attention in the reports was paid to the factors and events influencing the assessments of the legal, political and reputational risk to the Company's activities in the conditions of political and economic instability in the country, which continued in combination with a complicated international situation. The higher reputational risk ratings for the Company during the year necessitated careful monitoring of media publications and statements on supplementary pension insurance by taking active measures to limit their negative impact on public opinion.

In compliance with the requirements of art. 123e2 of the SIC, the RMU prepares its Own risk assessment (ORA), which presents in a summarized and comparable form all the risks observed and managed by the Company for its activities and the funds managed by it. It serves as a basis for defining measures to bring residual risks up to their permissible levels in line with the perceived risk profile of the Company and the funds managed by it. ORA is used as a major tool in reasoning and making strategic business decisions by the management of the Company, and each objective is related to the level of risk acceptable for its achievement, taking into account the existing control environment and the measures taken to limit and reduce the negative impact of the inherent risk factors.

2. Specialised Internal Control Department

The Specialised Internal Control Department (SICD) was established and operates in accordance with the requirements of Ordinance No.59 of the Financial Supervision Commission (FSC). Internal rules have been adopted for its activities, according to which annual plans are drawn up for carrying out various types of inspections (monitoring and thematic). The results of the inspections are compiled into reports, where the main activities and risks for the Company are evaluated, if necessary, recommendations are provided to improve the internal control environment and activities in relation to the principles of effectiveness, efficiency and economy. The SICD works with all structures and employees, in accordance with the set criteria and requirements of the current rules. The main activity of the SICD for the past year 2023 is being carried out in accordance with the Annual Plan for 2023 approved by the Management Board of PAC Doverie AD, which is carried out in accordance with the set activities/checks and deadlines for implementation. The scope of the inspections and ongoing monitoring includes the following main areas:

- compliance of the Company with the requirements of Ordinance No.3, 9, 29, 34 and 61 of the FSC;
- administration of lots in the three funds (GPF, PPF and VPF), as well as the entire process of granting, updating, disbursing, suspending, refunding and terminating payments, incl. payment of pensions and refunds from the funds;
- the risk associated with the investments of the managed funds, as well as the structure of the investment portfolio and compliance with the regulatory documents.
- activities in working with insurance intermediaries and customer service;
- compliance with the requirements of rules related to conflict of interest, personal transactions with financial instruments, etc.

VII. Specialised functions (continued)

2. Specialised Internal Control Service (continued)

Comprehensive checks of the Company's office network and internal audits on information security are also carried out. The activity of the SICD is diverse and aims, with the performed inspections and monitoring, to assist the management in improving the management and control system at PAC Doverie AD.

3. Internal audit function

The internal audit function in PAC "Doverie" AD was established on the grounds of art. 123f, para. 7 of the SSC, as part of the Company's management system. The place of this function in the organizational structure of the Company aims to ensure that the person performing the internal audit function can effectively perform his duties in an objective, fair and independent manner, incl. of the other operational functions, way.

The purpose, powers and responsibilities of internal audit are defined in the Internal Audit Rules of Pension Assurance Company Doverie AD, adopted by a decision under Protocol No 371 of 07.03.2019 of the Management Board, amended and supplemented by a decision under Protocol No 418 of 19.08.2021 of the Management Board, and are in accordance with Ordinance No 59 of the FSC.

In 2023, the internal audit function was performed by an internal auditor who, according to the SSC, is elected and dismissed by the General Meeting of Shareholders and reports its activities to the management and supervisory bodies of the Company. The audits carried out followed the planned by the Management Board. The objectives of the internal audit function in the Company set by audit for 2023 have been met. As a result of the audits, there were no discrepancies or weaknesses in the high-risk control environment.

VIII. Legal Department

In 2023 the Legal Department activities evolved into the following main directions:

- Contribution to regulations on supplementary pension assurance, through participation in workshops and discussions, preparation of proposals and opinions on projects of normative acts on supplementary pension assurance; preparation and/or coordination of questions to state bodies and organizations regarding the interpretation and application of the regulations on supplementary pension assurance; communication with state bodies and organizations in connection with their activities, regarding the regulatory framework for supplementary pension assurance, etc.;
- Participation in workshops, discussions, and meetings of committees BASPSC and supporting the activities of the Association itself;
- Internal regulations of PAC Doverie AD concerning the company's operations and managed funds for supplementary pension assurance, including;
- Development / coordination of drafts of internal documents of the Company and of the managed funds by it and preparation of proposals for amendments and additions to the existing ones (if necessary);
- Preparation of materials and drafts of documents for management board meetings, supervisory board meetings, council board meetings and the general assembly of the employees of the Company;
- Preparation of draft of agreements and coordination of such projects connected to the activities of the Company. Preparation of drafts and confirmation of agreements relating to the activities of the additional pension assurance funds, managed by PAC Doverie AD.

ANNUAL ACTIVITY REPORT (CONTINUED)

VIII. Legal Department (continued)

- Interaction and support the activities of other structural units of the Company on the legal aspects of their work consisting in giving opinions, comments, and suggestions, and/or coordination of documents and materials developed by these units. coordination of documents and materials developed by the structural units, including related to complaints and objections from insured persons and their heirs.
- Preparation of agreements and study of national regulations in relation to the implementation of the VIG Groupe (Cyber Defense Center Program).

IX. Business administration

The activities carried out during the year by the Business administration Department include:

- Processing and distribution of incoming and outgoing correspondence flows, coming both from the branch network and third parties. In 2023, a total of 50 334 documents were registered and distributed through the document circulation system, according to the rules and procedures adopted by the Company;
- Comprehensive service of the Company's main communication center - Head email;
- Regular activity, together with the IT Department, regarding the Company's compliance with the ISO/IEC 27001/2013 standard (a representative of the Department performs the functions of ISC Secretary). Preparation and assistance, together with the IT Department, for the performance of the yearly supervisory audit for compliance with the requirements of the above-mentioned standard;
- Regular update of the internal website - preparation and publication of messages and other informational materials. administration of the users' accounts and the up-to-date contact information; and
- Preparation of birthday greeting cards for the employees.

X. Public relations

The Public Relations Department continued to build and strengthen the image of PAC Doverie as a highly transparent and stable pension company with a socially responsible and environmentally friendly mission through various types of communication channels aimed at the public.

The main activities of the department include regular publication of press releases and information, implementation of corporate and social projects, creation of digital audio-visual content, as well as supervision of the appearances in media by experts from the Company, which raise awareness about the activities of PAC Doverie and the pension system in Bulgaria.

In 2023 the Company took part, as participant or partner, in events such as: the 9th edition of the European "No Elevators Day"; the 18th World Meeting of the Bulgarian Media - "Media and Freedom"; the 31st edition of the "Bank of the Year" award ceremony; the International Conference organized by the European Confederation Pensions Europe and the Bulgarian Association of Supplementary Pension Security Companies; the 10th "Caps for the Future" Campaign; the 21st edition of the educational program "The Non-Bank Financial Sector in Bulgaria", the INVESTOR FINANCE FORUM, etc.

Once again, for another consecutive year, PAC Doverie was the main partner of Darik Radio's "40 to 40" initiative, which discovers and showcases young, successful, and talented Bulgarians in various fields. In the autumn, as part of its annual "Social Active Day" initiative, the PAC Doverie's team cleaned and helped with the maintenance of the area green around the fishpond near Pancharevo Lake, as well part of the alley between the hydroelectric power station "Kokalyane" and the dam wall.

ANNUAL ACTIVITY REPORT (CONTINUED)

XI. Human Resources

During the reporting year 2023, human resources management and development activities were focused on ensuring the Company's annual business goals with human resources in two directions, by increasing the number but also the quality of personnel in the sales units, using complex approaches in the activities of identifying and attracting qualified employees with a high degree of competence, as well as increasing the competencies of current employees through the organization of trainings with different orientations, including a training program and introduction to work during the first six months.

1. Personnel

As of 31.12.2023, the number of personnel in the Company is 328 people, of which 20 are on long-term parental leave. The average number of staff for the whole of 2023 was 320 people, of which 26 employees were on parental leave. The average age of the employees is 43 years, with 29 people under 30 years old, 102 people from 30 to 40 years old, 102 people from 40 to 50 years old, and 95 employees over 50 years old. There are 254 employees with a higher education, and 74 with a secondary education, with women predominating – 252, with 76 men.

In 2023, the Company employed 110 people.

As of 31.12.2023, the number of personnel in the sales units amounted to 181 people. Customer service is carried out by 52 Customer Service Experts and Supplementary Pension Assurance Consultants. 95 employees work in the functional units.

2. Personnel recruitment and assessment

In 2023, the established and adapted selection procedures, which apply the best global practices, continued to be applied. In the selection, as an approach, a competence model is applied, in which for each position the main functions of the position are first defined, then the key competencies and behaviors necessary for the successful performance of the respective functions and duties. For the analysis and evaluation of personnel selection activities, the results of the empirical studies of the Internal Control Service on the challenges of selection, appointment, adaptation, and employee satisfaction are also used. Because of this complex information, the activity is carried out to attract personnel who, to the greatest extent, possess and demonstrate the competencies previously defined and sought by the company.

Employee attestation procedures are carried out periodically in the form of 360-degree feedback based on a competency model, which includes a set of general, managerial, and professional competencies, each of which is defined by specific behaviors. After the completion of the certification process, employees receive structured feedback from their direct supervisors, and based on the results, individual development plans are drawn up. For all employees who participated in the procedure, the progress of the individual plans is continuously monitored and at the end of the year carry out new attestations.

3. Staff training

All newly appointed employees go through specialized individual and/or group orientation training. During these trainings, basic knowledge is given about the pension products offered by the Company and the activities in the main lines of work.

For the training needs of the employees in the company's sales units, in 2023, introductory and upgrading training continued, which is entirely aimed at increasing knowledge and competences related to the products offered by the company and techniques for selling them, upgrading the financial competencies related to the Supplementary Pension Assurance activity, as well as the Company's investment policy.

ANNUAL ACTIVITY REPORT (CONTINUED)

XI. Human resources (continued)

3. Staff training (continued)

During the reporting year, the Human Resources Department organized 18 group trainings in which a total of 125 employees took part. Before starting the training, employees take tests (entry level) to determine the level of competence, followed by final tests after the completion of the training. At the end of each group training, participants fill out a feedback form. Based on the information from the feedback forms, an analysis of the effectiveness of each training is prepared and to what extent the previously set goals of the training have been achieved.

As a continuation of its policy for development and raising the qualifications of employees, in 2023 PAC Doverie continued to co-finance the training in higher education institutions of its employees. In addition, the Company provides the opportunity to fully finance English language training courses in a specialized language center for its employees, giving them the opportunity to increase their level of language proficiency regardless of their current proficiency level.

4. Employees social policy

The established socially responsible policy also contributes to the high motivation and satisfaction of the Company's employees. All employees are provided with supplementary pension insurance, supplementary health insurance, life insurance and lump sum payments for certain significant events in each person's life. The working conditions for the staff are continuously improved through the implementation of the program for ensuring healthy and safe working conditions. All requirements of the regulatory framework are met. The used office equipment and office equipment is renewed and modernized. All the Company's offices meet the latest requirements for ecology, health and safety at work.

XII. Collection Department

The activity of the specialized structural unit in the Company in terms of Collection department was expressed in the following in the reporting year 2023:

- During 2023 the Collection department expanded its activities on applying the adopted „Measures for increasing of the collection of incoming contributions in the Supplementary Mandatory Pension Assurance” by ongoing monitoring and control of the installments of certain assurers. Timely were inspected received inquiries from insured members requesting clarification of the reasons for the non-transfer of contributions, check the correctness of the provision and take action to transfer the missing contributions. In this regard signals have been sent to the NRA;

- Perform checks and taking the necessary measures regarding corrections of the PIN or personal information of insured members.

- Identification of duplicated contributions in payments of funds for GPF and PPF. Activities continued according to the accepted procedure for checking duplicate contributions in the process of preparing payment orders for heirs of insured members and pensioners. The aim is the execution of a precise investigation of every case and provision of information to NRA in order till the payment date, the assurer to be able to make the necessary corrections of the duplicated amounts and make correct due payments. In 2023 under the procedure, 309 letters for inspection for 1 191 members were sent to NRA. The amount of the duplicated contributions was equal to BGN 66 281.

- Reimbursement of funds by NRA for closed accounts. In connection with the offsetting of installments of individuals with closed accounts made by NRA, the department prepares requests to NRA for reimbursement of the reversed amounts under the adopted procedure. The Collection Department executes subsequent monitoring of the requests, sent to NRA and after the funds are received informs the IT Department about the transfer. In 2023, 85 requests to NRA for 713 individuals with closed accounts.

ANNUAL ACTIVITY REPORT (CONTINUED)

XII. Collection Department (continued)

– Control of the transfer from/to other funds. Employees of the department carried out an ongoing control of the registered requests for transfers of amounts to the funds managed by PAC Doverie under the adopted procedure for an automatic marking of all registered requests daily for which additional actions are necessary – correction of technical errors in a document, collection of additional documents or filling in a new request. Information about the marked requests is published daily by the department on the internal information website of the Company - „Information of irregular transfer requests” into GPF and PPF Doverie.

As of 31.12.2023, the department no longer exists in the structure of PAC "Doverie". Some of its functions have been transferred to other departments.

XIII. Strategic Analysis and Forecasts Directorate

In the last quarter of 2023, the Strategic Analysis and Forecasts Directorate was established. Its task is to support both the strategic plans of the Company and the improvement of the regulatory framework of the second and third pillars of the pension system in order to achieve an optimal replacement ratio of the pension income of insured members in relation to their last labor income.

XIV. Finance, investment, and accounting

1. Implemented investment policies in 2023

The investment policies carried out by VPF, PPF, GPF, FLPP and FDP Doverie in 2023 were characterized above all by changing the allocation of assets in the portfolios, by which to meet the challenges of the world economy as best as possible and to be protected in the maximum extent the funds of the assured persons. An important component in carrying out the activity of investing the funds of the assured persons and pensioners in the company is the observance of ethical rules and adherence to a socially responsible policy. The principles and prohibited practices in investing the funds of Supplementary Pension Assurance Funds and Funds for Pension Payments managed by the Company are laid down and are a main component of the Code of Ethics of PAC Doverie AD.

2. Market analysis by geographical region

2.1. Bulgaria

Considering an extremely volatile environment on international capital markets, PAC Doverie AD took the following actions while managing the investment portfolios of the VPF Doverie, PPF Doverie, GPF Doverie, FLPP Doverie and FDP Doverie:

- Reduced exposure to Bulgarian government debt due to shrinking spreads and decreasing potential for realization of capital gains;
- Partial closure of investments of SPAF in units of collective investment schemes;
- Making a limited number of purchases of shares on BSE-Sofia after a thorough quantitative and qualitative analysis of the issuer's financial position and development prospects. A preponderance was given to companies with transparent corporate governance;
- Due to the historical negative experience in investing in corporate bonds by Bulgarian companies, investments in this financial instrument were limited.

ANNUAL ACTIVITY REPORT (CONTINUED)

XIV. Finance, investment, and accounting (continued)

2. Market analysis by geographical region (continued)

2.2. Abroad

Considering the extremely volatile environment on the international capital markets, PAC Doverie AD took the following actions in the management of the investment portfolios of VPF Doverie, PPF Doverie, PFC Doverie, FLPP Doverie and FRP Doverie:

- The pension funds decrease their exposure to equity instruments traded on certain capital markets like EU and US markets;
- Increased investments in foreign corporate bonds with high credit rating and capital gain perspectives;
- Increased the exposure of funds in government bonds issued by the USA, Latin America, Asia etc.

3. Corporate bonds

In their capacity as holders of corporate bonds issued by Bulgarian issuers, Supplementary Pension Assurance Funds, managed by PAC Doverie AD, through the FIA Department, were an active participant in the general meetings of the bondholders held during the year.

4. Participation in GMS and GMB

In 2023, authorized representatives of PAC Doverie AD attended and took an active part in a total of 15 general meetings of shareholders and general meetings of bondholders of Bulgarian issuers of securities.

This is the result of the continued implementation of the policy adopted by the Company for attendance at all general meetings of shareholders and general meetings of bondholders of Bulgarian issuers in whose securities PAC Doverie AD and the pension funds managed by it have invested.

By posing topical questions, proposing solutions and subsequent voting, at these meetings the representatives of PAC Doverie AD protected the interests of the Company and the pension funds managed by it.

The managements of the individual companies were asked and subsequently discussed questions, both about the achieved results and about the expectations regarding the future development of the companies they manage.

At the general meetings of the bondholders, the representatives of PAC Doverie AD made a number of proposals for voting, which were aimed at reducing the credit risk of the issuers and guaranteeing trouble-free servicing of their debts. The representatives also voted against all proposals that would in any way harm the interests of the insured persons through PAC Doverie AD and the pension funds managed by it in their capacity as shareholders or bondholders.

The participation of representatives of PAC Doverie AD in some general meetings played a key role in the adoption of one or another decision, which in turn confirms the need for active participation in each of them. As a result of the decisions Adopted at the general meetings, a number of issuers began to become more transparent and improve their corporate practices.

ANNUAL ACTIVITY REPORT (CONTINUED)

XIV. Finance, investment, and accounting (continued)

5. Credit rating

Based on the signed contract between PAC Doverie AD and the „Bulgarian Credit Rating Agency” AD, in 2023 a credit rating review of PAC Doverie and the managed funds was made.

After completion of the annual monitoring in 2023 BCRA maintained the long-term credit rating given to PAC Doverie AD of A-, and a rating A-pf to VPF Doverie, PPF Doverie and GPF Doverie with stable perspective. In 2010 the BCRA for a first time assigned PAC Doverie AD with a short-term credit rate of A-2, and it was confirmed in 2023.

6. Risk management

Like other similar businesses, PAC Doverie AD is also exposed to risks arising from the use of financial instruments.

In its ordinary activities, the Company is exposed to the following risks:

- Credit risk;
- Market risk, including a change in market value or cash flow in relation to changes in interest rates;
- Exchange rate risk;
- Liquidity risk;
- Regulatory risk.

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

The overall objective and policies are following risk optimization without aiming to achieve a reduction of competitiveness and flexibility of the Company.

Credit risk is the risk of a financial loss if the counterparty or a financial instrument fails to meet its contractual commitment. For the Company, it mainly arises from the bonds part of the portfolio, cash, and bank deposits. For credit risk measurement, external analysis and resources are used, predominantly internationally recognized agencies.

When no such information is available, the Company uses its own internal credit evaluation methodology which includes data and analysis from the Prospectus and after listing on the stock-exchange further analysis of data derived from the quarterly financial statements.

Market risk arises from the Company’s interest-bearing, tradable and foreign currency denominated financial instruments. This is the risk of a change in fair value or future cash flows according to changes in interest rates, exchange rates or other market factors. The interest rate risk originates from the bond portfolio with a fixed coupon.

That risk is managed by diversification between securities with fixed and floating coupon rates and duration management. The Company analyses the risk of a change of interest rates periodically. Simulation analysis is applied, and as a result of the analysis, management believes that a realistically plausible scenario is a change (increase) in basic (benchmark) interest rate with 75 basis points.

ANNUAL ACTIVITY REPORT (CONTINUED)

XIV. Finance, investment, and accounting (continued)

6. Risk management (continued)

The Company has no operations outside the territory of Bulgaria, and both the revenue and expenditure are in local currency. Although the functional currency is the Bulgarian Lev (BGN), the Company is at risk from changes in exchange rates arising mainly from financial instruments denominated in currencies other than BGN and EUR. In order to reduce the risk of possible unfavorable future changes in the exchange rate between the EUR and the BGN, most of the Company's investments are denominated in EUR. To manage currency risk, forward contracts are used for a period of two weeks to one month and renewed at maturity with a few reputable banks in the local market.

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

The Company is subject to the regulations set out in the Social Security Code and Ordinance's issued by the FSC. Regulatory risk arises from the possibility that certain ordinance and requirements for investments might be changed, and deadlines for the compliance by the new requirements might be short.

7. Interaction with a custodian bank and investment intermediaries

Custodian Bank

In 2023, the successful cooperation with the Custodian Bank in relation to withholding and/or subsequent tax refund from foreign issuers continued in view of the applicable double taxation treaties between the Republic of Bulgaria and the respective country and the tax legislation of the respective country regarding income received by non-local members. In connection with the above, the Bank carried out a comprehensive optimization of the administration of the foreign securities register in respect of the financial instruments owned by the Pension Funds.

During the year, the work continued based on the additional agreements to custodian contracts signed in 2010, offering comparable attractive conditions regarding the amount of fees in connection with securities transfers and the maintenance of registers of financial instruments issued by issuers registered outside the Republic of Bulgaria compared to other banks providing custodian services in the country.

8. Update and maintenance of sections in the company's external website

During the year, the Finance, Accounting, and Investment Department actively participates in the development of proposals for additions and amendments to the Company's external website, as well as in the daily and monthly update of the information in it. The sections maintained by the Directorate are: investment policy, portfolios, analysis, results, etc.

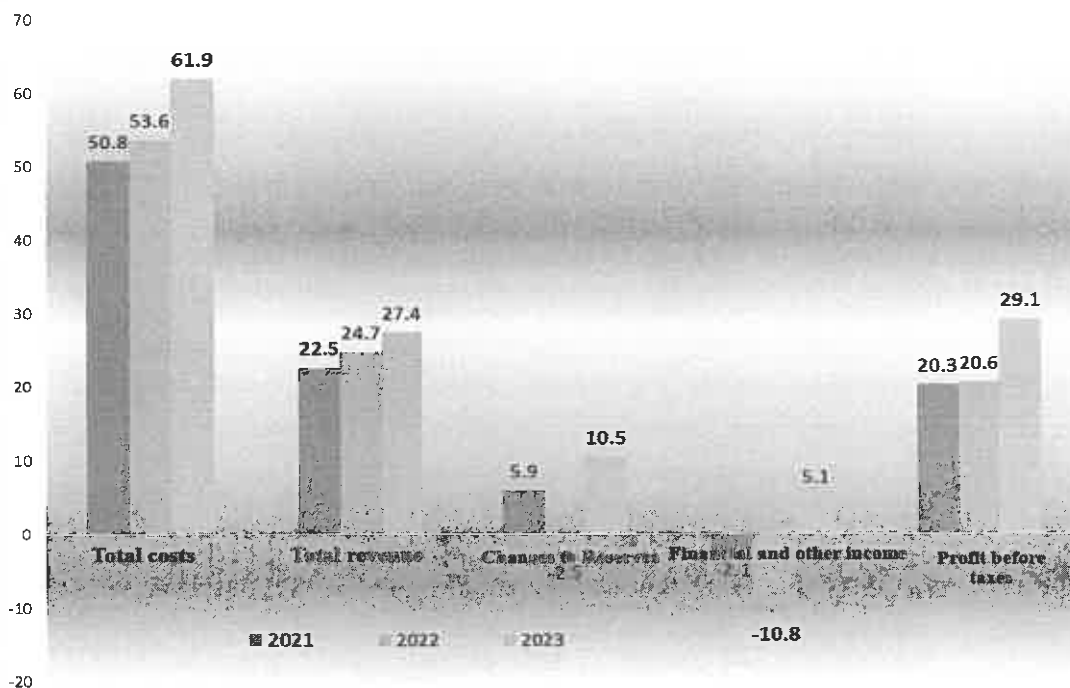
9. Results of activity

PAC "Doverie" AD completes the reporting period with a profit for the year before tax amounting to TBGN 39,587 (2022: profit before tax amounting to TBGN 18,235). The presented profit realized for the year is that before tax and before deduction of specialized reserves by law at the expense of profit.

ANNUAL ACTIVITY REPORT (CONTINUED)

XIV. Finance, investment, and accounting (continued)

10. Financial indicators



The above chart reflects revenue growth compared to 2022, an increase in expenses, reserves set aside increase significantly compared to 2022, net investment income also increases significantly compared to 2022, these changes lead to an increase in profit before taxes by approximately 50% compared to 2022.

Capital management

With the changes in 2021, key requirements for the capital of pension Assurance companies and its management were also introduced in the SSC, which fully govern the payout phase:

- A requirement was introduced to increase the minimum amount of the capital of pension insurance companies from BGN 5 million to BGN 7.5 million. This requirement did not affect PAC Doverie AD, as the amount of the registered and fully paid-in share capital is BGN 15,004 thousand;
- A requirement has been introduced for the adequacy of own funds to cover the solvency margin. The solvency margin is the minimum amount of the pension insurance company's own funds, which is needed as an additional guarantee for the fulfillment of the assumed obligations for payment of lifelong pensions and deferred payments with assumed guarantees. The solvency margin amounts to 4% of the capitalized value of these pensions and deferred payments, but not less than BGN 7.5 million. The pension insurance company should maintain at least 75% of its own funds, covering the solvency margin in government debt securities, corporate bonds, and bank deposits. The structure, the elements, the calculation, etc. in relation to own funds and the insolvency margin are defined by Ordinance №10 of 29.06.2021 on the requirements to the solvency margin of the pension insurance company, to its recovery program and to the minimum liquid assets of the company and the funds managed by it. As of December 31, 2023, the Company meets the set requirements.

ANNUAL ACTIVITY REPORT (CONTINUED)

XIV. Finance, investment, and accounting (continued)

10. Financial indicators (continued)

Capital management (continued)

Also, as a joint-stock company, PAC Doverie AD pays dividends to its shareholders, observing the requirement that the net value of its equity (the difference between the value of the rights and obligations according to the statement of financial position), less the dividends to be paid, is not less than the sum of the capital of the Company, the Reserve Fund and the other funds that the Company is obliged to form by law or statute, without prejudice to the above SSC requirements.

As of 31.12.2023, the key indicators are as follows:

	2023 year	2022 year
Ratio of the amount of own funds to the solvency margin as a percentage	797.23%	679.7%
Ratio of liquidity and current liabilities	12.55	11.87

The capital requirements are reviewed monthly and are subject to accountability to the regulator FSC.

In addition, the objectives pursued by the Company in the management of capital are to ensure compliance with the going concern principle and to allow for adequate returns to shareholders in view of the level of risk.

11. Information on services provided by independent auditors

The amounts charged in 2023 for the services provided by registered auditors for independent financial audit are as follows: for PricewaterhouseCoopers Audit LTD – TBGN 117 VAT included, for Crowe Bulgaria Audit LTD – TBGN 56. VAT included. In 2023, the Company has charged amounts for other services not related to legal audit, provided by registered auditors or members of the network, totaling TBGN 37 for "PricewaterhouseCoopers Audit" Ltd. and TBGN 11 for Crowe Bulgaria Audit ELTD including VAT.

For 2023 and as of the date of this report, PricewaterhouseCoopers Audit Ltd. provided, or is in the process of providing the Company, with the following services:

- Joint statutory financial audit by law of the Company's financial statements and the funds managed by it, prepared for the year ending 31 December 2023, in accordance with IFRS adopted by the EU;
- Review of the Group Financial Reporting Package prepared for the year ending December 31, 2023, in accordance with the instructions issued by the Vienna Assurance Group;
- Commitment to perform agreed procedures by the joint auditors with regard to the annual financial statements for supervisory purposes of the Company and the funds managed by him, prepared for and for the year ending December 31, 2023 according to the templates approved by the Deputy Chairman in charge of the Social Security Supervision Department at the Financial Supervision Commission ("FSC"). The commitment should be implemented in accordance with the requirements of International Standard for Content-Related Services ("IAS") 4400; and
- Engagements for the performance of agreed procedures by joint auditors regarding the management system as of 31.12.2023, which the Company should have in accordance with the requirements of the Social Security Code. The commitment should be implemented in accordance with the requirements of International Standard for Content-Related Services ("IAS") 4400.

ANNUAL ACTIVITY REPORT (CONTINUED)

XIV. Finance, investment, and accounting (continued)

11. Information on services provided by independent auditors (continued)

For 2023 and as of the date of this report, Crowe Bulgaria Audit LTD provided, or is in the process of providing the Company, with the following services:

- Joint statutory financial audit by law of the Company's financial statements and the funds managed by it, prepared for the year ending 31 December 2023, in accordance with IFRS adopted by the EU;
- Commitment to perform agreed procedures by the joint auditors with regard to the annual financial statements for supervisory purposes of the Company and the funds managed by him, prepared for and for the year ending December 31, 2023 according to the templates approved by the Deputy Chairman in charge of the Social Security Supervision Department at the Financial Supervision Commission ("FSC"). The engagement should be executed in accordance with the requirements of the International Standard for Content-Related Services ("IASS") 4400 – Commitments to Perform Agreed Procedures for Financial Information issued by the International Federation of Accountants, applicable to commitments to perform agreed procedures; and
- Engagements for the performance of agreed procedures by joint auditors regarding the management system as of 31.12.2023, which the Company should have, as required by the Social Security Code. The commitment should be implemented in accordance with the requirements of International Standard for Content-Related Services ("IAS") 4400.

EVENTS AFTER THE REPORTING PERIOD DATE

In March 2024, the Chairman of the Supervisory Board of PAC Doverie AD announced that Mrs. Svetla Nestorova was elected as a member of the Management Board of PAC Doverie, who subsequently took over the functions of Mrs. Daniela Petkova, until recently Chairman of the Management Board. Mrs. Petkova retired after being head of the Company for 30 years.

As of the date of approval for the issuance of this financial statement, all necessary approval and registration procedures for the registration of Mrs. Svetla Nestorova have been completed.

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

RESPONSIBILITIES OF MANAGEMENT

According to the Bulgarian legislation, the management should prepare financial statements for each financial year that give a true and fair view of the Company's position at the end of the reporting period and its financial results and cash flows. The Management has prepared the financial statements attached hereto in accordance with International Financial Reporting Standards (IFRS) adopted in the European Union.

Management confirms that it has consistently applied adequate accounting policies in preparing the financial statements as at 31 December 2023.

Management also confirms that it has adhered to current IFRSs, with the financial statements prepared on a going concern basis.

ANNUAL ACTIVITY REPORT (CONTINUED)

RESPONSIBILITIES OF MANAGEMENT (CONTINUED)

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

In preparing this report, data have been used from:

- Financial statement for 2023;
- Statement of realized yield in the managed pension funds;
- FSC – Statistics and Analysis of the Pension assurance Market (preliminary data for 2023); and
- Statistics of the BNB, NSI, National Employment Agency.

This financial statement was approved for issue by the Managing Board on 25 March 2024.

The financial statements are approved from Managing Board and signed on its behalf on:

Miroslav Krumov Marinov

Executive Director

25 March 2024



Svetla Ivanova Nestorova-Asenova

Chairman of the Management Board

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
for the year ended 31 December

		2023	2022
		BGN'000	BGN'000
Revenue from management fees and charges	Note		
·Voluntary Pension Fund		1,611	319
·Professional Pension Fund		3,957	3,541
·General Pension Fund		56,217	49,673
·Fund for Lifelong Pension Payments		42	17
·Deferred Payments Fund		113	52
Total revenue from management fees and charges	8	61,940	53,602
Operating expenses for managing the pension funds			
Staff costs	9	(13,528)	(12,464)
Recognition of contract costs	16	(2,974)	(2,016)
Other operating expenses	10	(12,870)	(11,970)
Total operating expenses		(29,372)	(26,450)
Other income		176	362
Result from managing pension funds		32,744	27,514
Change of pension reserves	20.4	-	84
Net gains/(losses) on financial instruments at fair value through profit and loss		4,917	(10,383)
Interest on financial instruments at fair value through profit and loss		1,990	1,069
Financial income	11	-	-
Financial expenses	11	(64)	(49)
Profit before taxation		39,587	18,235
Tax expenses	23	(2,914)	(2,088)
Profit for the year		36,673	16,147
Other comprehensive income for the year		-	-
Total comprehensive income for the year		36,673	16,147

The notes on pages 6 to 65 are an integral part of the financial statements.

Tatyana Krasimirova Koleva
Prepared by

Miroslav Krumov Marinov
Executive Director

Svetla Ivanova Nestorova -
Asenova

Chairman of the Management Board

In accordance with an Independent Auditors' Report:

For PricewaterhouseCoopers Audit OOD

Jock Nunan
Prosecutor
27 March 2024

Boryana Dimova
Registered auditor, responsible for the audit
27 March 2024

For Crowe Bulgaria Audit EOOD

Gyulyay Rahman
Statutory manager
27 March 2024

Georgi Kalaydzhiev
Registered auditor, responsible for the audit
27 March 2024

Annual Financial Statement for the year ended 31 December 2023

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

STATEMENT OF FINANCIAL POSITION

	Note	31.12.2023 BGN'000	31.12.2022 BGN'000
ASSETS			
Cash and cash equivalents	12	30,573	20,576
Bank deposits	12.1	2,004	-
Financial assets at fair value through profit or loss	13	80,376	74,504
Receivables from pension funds	14	3,809	2,985
Property, plant, and equipment	17	5,320	4,644
Right of use assets	25	1,546	1,879
Intangible assets	18	629	622
Other assets	15	1,015	945
Capitalized costs to achieve contracts with clients	16	14,235	12,582
Deferred tax assets	23	182	169
TOTAL ASSETS		139,689	118,906
LIABILITIES			
Liabilities to related parties	24	410	345
Other liabilities	19	1,482	1,297
Corporate tax liabilities		228	147
Liabilities to personnel		1,326	1,271
Liabilities for defined benefit plans	21	487	375
Lease liabilities	25	1,534	1,872
Pension reserve for the Voluntary Pension Fund	20.4	1,444	1,642
Reserve to guarantee the payment of life-long pensions	20.3	618	618
TOTAL LIABILITIES		7,529	7,567
EQUITY			
Share capital	22.1	15,004	15,004
Minimum Yield Guarantee Reserves	20.1	31,962	25,625
Reserve to guarantee gross contributions to the GPF	20.2	25,424	21,387
Reserves under the Commercial Law	22.2	1,562	1,562
Retained earnings		58,208	47,761
TOTAL EQUITY		132,160	111,339
TOTAL EQUITY AND LIABILITIES		139,689	118,906
for the year ended 31 December			

The notes on pages 6 to 65 are an integral part of the financial statements.

Tatyana Krasimirova Koleva
Prepared by

Miroslav Krumov Marinov
Executive Director

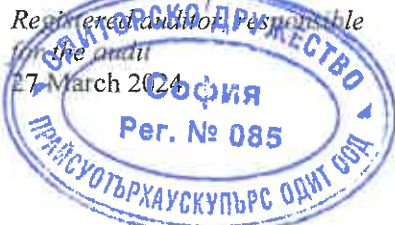
Svetla Ivanova-Nestorova -
Asenova
Chairman of the Management Board

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Jock Nunan
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27 March 2024

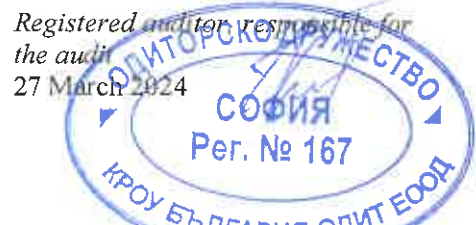
Boryana Dimova
Registered auditor responsible
for the audit
27 March 2024



For Crowe Bulgaria Audit EOOD

Gyulyay Rahman
Statutory manager
27 March 2024

Georgi Kaloyanov
Registered auditor responsible for
the audit
27 March 2024



CASH FLOW STATEMENT
As of 31 December

Note.	2023 /BGN'000/		2022 /BGN'000 /		
	Receipts	Payments	Receipts	Payments	
Cash flow from/to PF					
Cash flow from/to Reserve for guarantee of gross contributions in GPF in other PAC	61,751	870	53,797	176	
Cash flow related to trade contractors	381	442	345	290	
Cash flow related to current financial assets	189	9,565	236	12,510	
Cash flow related to interest, commissions, dividends, and others	263,136	265,693	383,957	402,867	
Cash flow from/to PF	2,847	-	4,055	-	
Cash flow related to salaries and wages	-	12,274	3	11,559	
Cash flow related to commissions of agents	6	4,556	14	1,990	
Cash flow related to bank fees and commissions	686	1,925	47	1,825	
Cash flow from operating in foreign currency	7	10	5	4	
Paid and recovered income taxes	-	2,847	-	2,106	
Cash flow related to profit distribution	-	15,754	-	15,604	
Other cash flow from operating activities	106	836	20	849	
Total cash flow from operating activities	329,109	314,772	442,479	449,780	
Cash flow from investment activities					
Cash flow related to non-current intangible and tangible assets	9	1,454	-	653	
Cash flow related to current financial assets	-	-	-	-	
Total cash flow from investment activities	9	1,454	-	653	
Cash flows from financial operations					
Payments on a lease contracts	-	939	-	818	
Total cash flows from financial operations	-	939	-	818	
Change in cash and cash equivalents during the period	329,118	317,165	11,953	442,479	451,251 (8,772)
Cash and cash equivalents at the beginning of the period	12		20,576		29,348
Cash and cash equivalents at the end of the period	12		32,529		20,576

The notes on pages 6 to 65 are an integral part of the financial statements.


Tatyana Krasimirova Koleva
Prepared by


Miroslav Krumov Marinov
Executive Director

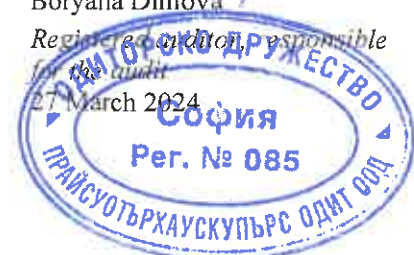

Svetla Ivanova Nestorova -
Aserova
Chairman of the Management Board

In accordance with an Independent Auditors' Report:

For PricewaterhouseCoopers Audit OOD

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27 March 2024



For Crowe Bulgaria Audit EOOD

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Statutory manager
27 March 2024

Georgi Kaloyanov
Registered auditor responsible for the
audit
27 March 2024



STATEMENT OF CHANGES IN EQUITY

As of 31 December

	Share Capital	Reserves	Profit and loss	Pension reserves for minimum return	Reserve for guarantee of gross contributions to GPF	Total
	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000
As of 01 January 2022	15,004	1,562	44,850	27,819	21,567	110,802
Comprehensive income for the period						
Profit for the period	-	-	16,147	-	-	16,147
Other comprehensive income for the period						
Other comprehensive income for the period	-	-	-	-	-	-
Total comprehensive income for the period	-	-	16,147	-	-	16,147
Transactions with shareholders recorded directly in equity						
Dividends	-	-	(15,604)	-	-	(15,604)
Total transactions with shareholders	-	-	(15,604)	-	-	(15,604)
Release of the reserve for guaranteeing the minimum yield of GPF and transfer of the funds to the reserve for guarantee of gross contributions to GPF	-	-	2,194	(2,194)	-	-
Increase in reserves for minimum return	-	-	174	-	(174)	-
Increase of reserve for guarantee of gross contributions to GPF	-	-	-	-	(61)	(61)
Net transfer of reserve for guarantee of gross contributions to GPF from/(to) other pension assurance companies	-	-	-	-	55	55
As of 31 December 2022	15,004	1,562	47,761	25,625	21,387	111,339

The notes on pages 6 to 65 are an integral part of the financial statements.

Tatyana Krasimirova Koleva
Prepared by

Miroslav Krumov Marinov
Executive Director

Svetla Ivanova Nestorova -
Asenova
Chairman of the Management Board

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27 March 2024

Georgi Kaloyanov
Registered auditor, responsible for the audit
27 March 2024

27 March 2024

PAC "DOVERIE" AD

STATEMENT OF CHANGES IN EQUITY (CONTINUED)

As of 31 December

	Share Capital	Reserves	Profit and loss	Pension reserves for minimum return	Reserve for guarantee of gross contributions to GPF	Total
	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000
As of 01 January 2023	15,004	1,562	47,761	25,625	21,387	111,339
Comprehensive income for the period						
Profit for the period	-	-	36,673	-	-	36,673
Other comprehensive income for the period						
Other comprehensive income for the period	-	-	-	-	-	-
Total comprehensive income for the period						
	-	-	36,673	-	-	36,673
Transactions with shareholders recorded directly in equity						
Dividends	-	-	(15,754)	-	-	(15,754)
Total transactions with shareholders						
	-	-	(15,754)	-	-	(15,754)
Increase of the reserve for guaranteeing the minimum yield	-	-	(6,337)	6,337	-	-
Increase of reserve for guarantee of gross contributions to GPF	-	-	(4,135)	-	4,135	-
Decrease of reserve for guarantee of gross contributions to GPF transfer from GPF for supplementing individual accounts	-	-	-	-	(36)	(36)
Net transfer of reserve for guarantee of gross contributions to GPF from/(to) other pension assurance companies	-	-	-	-	(62)	(62)
As of 31 December 2023	15,004	1,562	58,208	31,962	25,424	132,160

The notes on pages 6 to 65 are an integral part of the financial statements.

Tatyana Krasimirova Koleva
Prepared by

Miroslav Krumov Marinov
Executive Director

Svetla Ivanova Nestorova -
Asenova
Chairman of the Management Board

In accordance with an Independent Auditors' Report:

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Jock Nunan
Prosecutor
27 March 2024

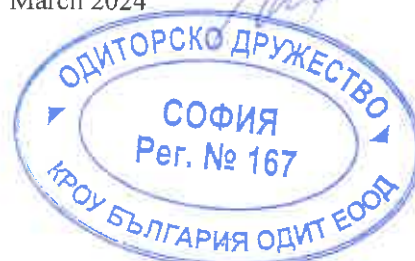
Boryana Dimova
Registered auditor, responsible
for the audit
27 March 2024



For Crowe Bulgaria Audit EOOD

Gyulyay Rahman
Statutory manager
27 March 2024

Georgi Kaloyanov
Registered auditor, responsible for the
audit
27 March 2024



NOTES TO THE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

PAC Doverie AD (the Company) is a joint stock Company registered on May 9, 1994, in Sofia. The Company is registered under Unique Identification Number 831190986 in Registry Agency.

The registered office of the Company is in Sofia, Izgrev Municipality, 13 B floor 7, entrance A Tintyava Street.

The sole activity of the Company is the administration and management of pension funds within the meaning of the Social Security Code (the Code).

As at the date of the financial statements the Company manages the following pension funds:

- Voluntary Pension Fund (VPF) – registered on 3 November 2000;
- Professional Pension Fund (PPF) – registered on 28 November 2000;
- General Pension Fund (GPF) – registered on 13 February 2001;
- Fund for Deferred Payments (FDP) – registered on 9 September 2021;
- Fund for Life-long Payments (FLPP) – registered on 28 September 2021

The share capital of PAC Doverie AD is in amount of TBGN 15,004, fully paid, consisting of 15,004,165 registered unit, dematerialized shares with a nominal value of BGN 1.

2. LEGAL FRAMEWORK AND PENSION PRODUCTS

Pension management companies are joint stock companies registered under the Commercial Law with a minimum share capital of 7.5 million BGN and licensed to perform management of pension funds as its sole trade activity. The operations of the Company and the managed pension funds are regulated by the Social Security Code and the respective Ordinances and Regulations and are controlled by the Financial Supervision Commission.

Pursuant to Financial Supervision Commission's Ordinance No 3, enacted September 24, 2003, specifying the terms and procedures for switching participation and transferring the amounts accrued in an assured person's account from one supplementary pension fund to another fund of the same type, managed by another pension assurance company, in 2023, there were four transfers of funds to additional mandatory pension funds managed by other PACs.

According to the requirements of the Code and Ordinance No 9, enacted November 19, 2003, defining the terms and procedures for valuation of assets and liabilities of supplementary pension funds and pension assurance 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, FSC), since July 1, 2004 the assets of the members have been accounted both in BGN and in number of units. Companies should calculate the number of units in each fund as well as the value of their net assets, and the value of one unit. The unit values are calculated every day and disclosed till 6.00 pm in every office of the Company and on its web page. Ordinance 9 introduced common rules for valuation of the financial assets at their fair value which further eased the comparison of pension funds investment results.

The value of one unit as of the last business day of 2023 by funds is:

- Voluntary Pension Fund – 1.91092
- Professional Pension Fund – 1.79733
- General Pension Fund – 1.77622

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2.LEGAL FRAMEWORK AND PENSION PRODUCTS (CONTINUED)

With the legal settlement of the payout phase, as of September 2021, the following pension products are offered under assurance in a General pension fund:

Types of pensions and deferred payment

Supplementary old-age pension

An assured person is entitled to an additional lifetime old-age pension (including up to one year before reaching his age under Art. 68, para. 1 of the Social Security Code), provided that the accumulated funds in his individual account allow the granting of a pension in an amount not less than the minimum amount of the retirement pension under Art. 68, Al. 1 of SSC. The additional lifetime old-age pension is a monthly payment of an amount provided for in the pension contract, due to the pensioner from a certain date until his death, the amount of which may not be less than 15 percent of the minimum amount of the retirement pension under Art. 68, para. 1 of the SSC as of the date of its determination (Art. 167, para. 3 of the SSC).

The pension assurance company, through the fund for the payment of lifelong pensions, provides the following types of pensions:

1. a lifetime pension without additional conditions;
2. lifetime pension with a period of guaranteed payment (at the choice of the person, between 2 and 10 years);
3. a lifetime pension including deferred payment of part of the funds until the age chosen by the pensioner is reached.

The only difference between the pension products approved above is the rights of the heirs of a deceased pensioner. In case of death of a pensioner with a lifetime pension under item 2 before the expiration of the guaranteed payment period, the heirs shall be paid once the current value of the payments due to him until the end of the guaranteed payment period, and in case of death of a pensioner with a lifetime pension under item 3. during the deferred payment, the heirs are paid a lump sum amounting to the present value of the deferred payments due after his death according to the plan for deferred payment in the contract with the deceased. In the general case (item 1), in case of death of a pensioner without heirs, the due funds remain in the fund for payment of lifelong pensions.

When the amount of the funds on the individual account of the insured person, accumulated on the date of determining the pension, is greater than the amount of the gross amount of the transferred insurance contributions for the respective person and at his request, the pension insurance company is obliged to offer payment of supplementary lifetime old-age pension with a guaranteed amount equal to the amount of the first pension, calculated on the basis of the accumulated funds on the individual account. For this purpose, a risk factor approved by the FSC shall be applied and shall be granted only if its guaranteed amount is higher than that under Art. 169, para. 3. If possible and the person chooses a supplementary lifetime old-age pension with a guaranteed amount, he / she must additionally indicate in the pension contract its type according to the options above under items 1-3.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. LEGAL FRAMEWORK AND PENSION PRODUCTS (CONTINUED)

Types of pensions and deferred payment (continued)

Deferred and one-off payout

When the funds on the individual account of the insured person, including after replenishment by the order of art. 131, para. 2 - 5 of the SSC (up to the so-called guaranteed amount of the gross contributions) are insufficient for the granting of an additional lifelong old-age pension in the amount under Art. 167, para. 3 of SSC, but exceed three times the amount of the minimum pension for length of service and age under Art. 68, para. 1 of the SSC as of the date of determining the value of the funds in the account, the insured person has the right to receive them in installments.

When the amount of the funds on the individual account is less than three times the amount of the minimum pension for insurance length of service and age under Art. 68, para. 1 of the SSC, including after their supplementation to the guaranteed gross amount of the contributions, they are paid to the person once.

Annual update

The supplementary lifetime old-age pension and the deferred payment will be updated at least once a year, with the guaranteed amount unchanged.

The supplementary lifelong old-age pension will be updated by not less than 50% of the positive difference between the realized return on investment of the Fund's lifelong pension funds during the period covered by the update and the technical interest rate on which it is based. its size is calculated on an annual basis. The amount of the supplementary lifelong old-age pension will be able to be reduced only after spending the funds from the analytical account, considering the part of the income with which the lifelong pensions have not been updated and cannot be lower than its guaranteed amount. f. not lower than the gross amount of the insurance contributions per person transferred by the NRA and the NSSI).

The deferred payment will be updated by not less than 50% of the realized return on investment of the Fund's funds for deferred payments during the period covered by the update, on an annual basis. The amount of the deferred payment will be able to be reduced only after spending the funds from the analytical account, taking into account the part of the income with which no update has been made and cannot be lower than its guaranteed amount (i.e., not lower of the gross amount of social security contributions transferred by the NRA and NSSI per person).

Payment funds

PAC Doverie AD, as a Company that manages a universal pension fund, has established the following funds for making payments:

- Fund for Life-long Pension Payments (FLPP); and
- Fund for Deferred Payments (FDP)

These two funds, like the ones managed so far, were created as separate assets, with individual rules, with individual accounting and financial reporting, with general and regulatory purposes, and separate storage of their assets in a custodian bank.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. LEGAL FRAMEWORK AND PENSION PRODUCTS (CONTINUED)

Changes in the activity of pension assurance companies, effective from 2021

The changes in SSC refer to the following main aspects of the activity of the pension assurance companies:

- The pension insurance company generates income from fixed fees, calculated on the value of the net assets of the lifelong pension fund and the deferred payment fund, depending on the period during which they were managed by the pension insurance company, up to 0.5% per year. Fees are deducted in the order and manner determined by an ordinance of the FSC;
- The expenses for payment of lifelong pensions, in the amount of the actual performed, but not more than one lev per transaction, are at the expense of the fund for payment of lifelong pensions. In case the actually incurred expenses exceed one lev, the pension insurance company shall reimburse the excess of the expenses to the fund;
- Pension insurance companies are obliged to achieve a minimum return on the management of the assets of the supplementary mandatory pension insurance funds (measurable based on the achieved return on the management of the assets of all funds of the respective type for the previous 24-month period). For this purpose, the pension insurance company must create a reserve in the company with its own funds for each fund for supplementary mandatory pension insurance managed by it. The reserve is recalculated at the end of each month, and its amount may not be less than 0.5% and more than 1.5% of the value of the net assets of the respective fund, reduced by the funds of a similar reserve in the funds;
- A requirement is introduced for the formation of a new type of reserve (mainly with own funds) to ensure the replenishment of the individual account in GPF, in cases where the amount of funds in the account accumulated at the date of determining the pension payment of a person who acquired right to a pension is less than the amount of the gross amount of social security contributions transferred by the NRA and the NSSI. This reserve is recalculated monthly and is fixed at 0.5% of the net assets of GPF. This reserve is also a source in case of established shortage, in case the amount of the funds for payment of deferred payments is lower than the amount of liabilities to the persons receiving deferred payments and their heirs (upon exhaustion of the possibility to reduce deferred payments up to the guaranteed number of gross contributions indicated above);
- The responsible actuaries of the pension insurance companies calculate as of December 31 of each year the liabilities to the pensioners and heirs of the deceased pensioners and the required amount of funds required to cover them. To cover a possible shortage in the fund for payment of lifelong pensions, the pension insurance company creates a reserve to guarantee the payment of lifelong pensions. The requirements for the formation (mainly with own funds), the calculation and maintenance of the reserve for guaranteeing the payment of lifelong pensions, its supplementation and release are determined by an ordinance of the FSC, as its formation is a function of percent of the present value of liabilities to pensioners and their heirs (1%, but not more than 2%);

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. LEGAL FRAMEWORK AND PENSION PRODUCTS (CONTINUED)

Changes in the activity of pension assurance companies, effective from 2021 (continued)

- Ensuring the shortage between the funds for making payments and obligations to pensioners and their heirs extends to the own funds of the pension insurance company;
- In connection with the formation of the new type of reserve to ensure the replenishment of the individual account in GPF, a reduction was introduced in the amount of the reserve set aside with own funds to guarantee a minimum return for each managed fund for supplementary mandatory pension insurance. It cannot be less than 0.5% and more than 1.5% of the value of the net assets of the respective fund (previous limits: between 1% and 3%). The released funds in 2021 were redirected to the formation of the new reserve; and
- With the entry into force of the changes as of 2021, the existing pension reserves for the payment of lifelong pensions from the general pension funds were transformed into reserves for guaranteeing the payment of lifelong pensions.

3. BASIS FOR PREPARATION

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

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

The Management Board of PAC Doverie has approved the financial statements on March 25, 2024.

Going concern principle

Revenues in 2023 amounted to TBGN 61,940. (2022: TBGN 53,602) They have seen significant growth. The main contribution to the stability of operating revenues is the preservation of the number of assured members as an internal factor for the Company, which can be influenced relatively independently by making strategic management decisions.

The relatively stable maintenance of the number of insured members in the compulsory supplementary pension assurance funds shows that the main risk factor for revenues is under control and due to the increasing and predominant share of the investment fee in the total revenues, the Company is relatively less vulnerable to external crisis influences related to the labor market and social security thresholds.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. BASIS FOR PREPARATION (CONTINUED)

Going concern principle (continued)

The management is focused on the continued pursuit of the Company's strategy and the objectives set.

Through an active investment policy, the Company managed to realize a significant positive financial result from the management of its financial assets, which protected the shareholders of the Company to the maximum extent.

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

4. MEASUREMENT BASE

These financial statements are prepared on a historical cost basis, except for the following items, which are measured on an alternative basis at each reporting date:

Position	Basis of measurement
Non-derivative financial instruments at fair value through profit or loss	Fair value
The obligation under defined benefit plans	Present value of defined benefit obligation

5. FUNCTIONAL CURRENCY AND PRESENTATION CURRENCY

Unless otherwise stated, the data in the annual financial statements and the notes to it are presented in thousands of Bulgarian Leva (BGN'000). All financial information is presented rounded to the nearest thousand, unless otherwise stated.

6. USE OF ESTIMATES AND JUDGEMENTS

The preparation of financial statements requires management to make judgments, estimates, and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities at the end of the reporting period and the reported income and expenses for the period. Actual results may differ from these assumptions.

Estimates and assumptions are reviewed on an ongoing base. Revision of the estimates is recognized prospectively.

Positions in the financial statements, the presentation of which requires a higher degree of discretion, and those items for which estimates have a significant effect on the financial statements are separately disclosed in Note 27.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6. USE OF ESTIMATES AND JUDGEMENTS (CONTINUED)

Uncertainty in assumptions and estimates

The company investments in financial instruments are reported based on fair value valuation (see note 27). The inputs for determination of the fair value used in the valuation method are classified in different levels depending on how observable they are.

- 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 liabilities that are 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. Reclassification of a position from one level to another is recognized in the period of occurrence.

Deferred acquisition costs

The Company pays agent commissions to attract individuals as assured members in the pension funds under its management. The management body has conducted a detailed analysis to identify the ultimate Company's client - the assured person or the pension funds managed by it, to assess whether these commission costs meet the criteria for recognition as assets for contract costs, according to IFRS 15.

The analysis implies a significant judgment and management's conclusion is that the assured persons are the clients of the Company in accordance with the requirements of IFRS 15, respectively the commissions meet the definition of assets for expenses for contractually based on IFRS 15. In addition, the depreciation of assets for contract expense requires judgment in respect of expected contract performance. The management has prepared a detailed analysis to determine the expected duration of the contracts with individuals for the pension funds that the Company manages. The so-called expected terms of the contracts are used as the basis for recognizing the depreciation of capitalized commissions.

7. MATERIAL INFORMATION ON ACCOUNTING POLICIES

7.1. Property, machinery, and equipment

(i) Recognition and assessment

Initial recognition

Property, plant and equipment items primarily are shown at cost, which includes the purchase price and all direct costs.

Subsequent evaluation after initial recognition

After recognition as an asset, an item of property, plant and equipment is carried at a model of the cost, which is its cost less any accumulated depreciation and accumulated impairment losses.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7. MATERIAL INFORMATION ON ACCOUNTING POLICIES (CONTINUED)

7.1. Property, machinery, and equipment (continued)

(ii) Follow-up costs

Property, plant, and equipment are stated at cost less accumulated depreciation.

The Company recognizes in the carrying amount of an asset of property, plant, and equipment the cost of replacing part of such an asset when such an expense is incurred, if it meets the criteria for recognition of an asset. The carrying amount of those parts that are replaced is derecognized in profit or loss.

(iii) Depreciation

Properties, facilities, and equipment are depreciated by the linear method. Depreciation rates determined based on the following useful lives per asset group shall apply:

Description	2022 Years	2021 Years
Buildings	25	25
Vehicles	5	5
Office Equipment	4	4
Machines and equipment	5 to 10	5 to 10
Others	6.5-7	6.5-7

The accumulation of depreciation of an asset begins when it is settled in place and available for use.

7.2. Intangible assets

(i) Recognition and assessment

Intangible assets acquired by the Company having a certain useful life are presented at cost less accumulated depreciation and impairment losses.

(ii) Follow-up costs

Subsequent expenditure is capitalized only when it increases the future economic benefits of the specific asset to which they relate. All other expenditures, including expenditure on internally generated goodwill and trademarks, are recognized as an expense when incurred.

(iii) Depreciation

Depreciation is calculated to write off the cost of intangible assets, less their estimated residual value on a straight-line basis for the estimated useful lives, as is usually recognized in profit or loss.

The Company depreciated intangible assets on a straight-line basis for a period of 5 to 10 years.

The accumulation of depreciation of an asset for accounting purposes begins when it is in place and available for use.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7. MATERIAL INFORMATION ON ACCOUNTING POLICIES (CONTINUED)

7.3. Financial instruments

(i) Recognition and initial measurement

Financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue.

(ii) Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at: amortized cost or FVTPL.

Financial assets are not reclassified after their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

All financial assets not classified as measured at amortized cost are measured at FVTPL. This includes all derivative financial assets.

Financial assets – Business model assessment

The Company assesses the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities, or expected cash outflows or realizing cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g., whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume, and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7. MATERIAL INFORMATION ON ACCOUNTING POLICIES (CONTINUED)

7.3. Financial instruments (continued)

(ii) Classification and subsequent measurement (continued)

Financial assets – Business model assessment (continued)

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, in accordance with Company's ongoing principle for recognition of assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets – Assessing whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period and for other basic lending risks and costs (e.g., liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets (e.g., non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual nominal value, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7. MATERIAL INFORMATION ON ACCOUNTING POLICIES (CONTINUED)

7.3. Financial instruments (continued)

*(ii) Classification and subsequent measurement (continued)***Financial assets - Subsequent measurement and gains and losses**

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss, except for derivatives designated as hedging instruments for which hedge accounting is applied.
Financial assets at amortized cost	These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

Financial liabilities – Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

*(iii) Write-off***Financial assets**

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

Financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled, or expired. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7. MATERIAL INFORMATION ON ACCOUNTING POLICIES (CONTINUED)

7.3. Financial instruments (continued)

(iii) Write-off (continued)

Financial liabilities (continued)

When a financial liability is derecognized, the difference between the carrying amount and the consideration paid (including any non-monetary assets or obligations transferred) is recognised in profit or loss.

(iv) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

Cash and cash equivalents

In the cash flow statement, cash and cash equivalents comprise cash on hand, cash in bank accounts and deposits with original maturity up to three months.

7.4. Impairment

Financial instruments and contract assets

The Company recognizes loss allowances for ECLs on:

- financial assets measured at amortized cost;
- contract assets.

The Company measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- financial assets that are determined to have low credit risk at the reporting date; and
 - financial assets for which credit risk (i.e., the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7. MATERIAL INFORMATION ON ACCOUNTING POLICIES (CONTINUED)

7.4. Impairment (continued)

Financial instruments and contract assets (continued)

The Company considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realizing security (if any is held); or
- the financial asset is more than 90 days past due.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

Measurement of the ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

Financial assets with credit impairment

At each reporting date, the Company assesses whether financial assets carried at amortized cost and debt securities at FVOCI are credit impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data: significant financial difficulty of the borrower or issuer or a breach of contract such as a default or being more than 90 days past due.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

Write-off

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7. MATERIAL INFORMATION ON ACCOUNTING POLICIES (CONTINUED)

7.5. Pension reserves

In connection with its pension assurance activity, the Company sets aside reserves in accordance with the requirements set out in the applicable regulations, as follows:

Reserves for guaranteeing the minimal return

According to the requirements of art. 193 of the Social Security Code, the Company is obliged to achieve a minimum return on the management of the assets of the supplementary mandatory pension assurance funds. The minimum return is determined by the Financial Supervision Commission at the end of each quarter as a percentage separately for GPF and PPF.

When the achieved return from the supplementary mandatory pension insurance fund is lower than the minimum, the Company is obliged to cover the difference within 10 days from its announcement.

To guarantee the minimum return, reserves are created in the Company and in the respective fund. The reserve in the Company is recalculated at the end of each month, and its amount cannot be less than 0.5% and more than 1.5% of the value of the net assets of the respective fund, reduced by the funds of a similar reserve in the funds (up to August 2022: not less than 1% and not more than 3% of the value of the net assets of the respective fund).

The manner and procedure for determining the minimum yield, for covering the difference to the minimum yield and for forming and using the respective reserves, as well as for releasing funds from the reserve, shall be regulated by Ordinance №12 of 10 December 2003 on the manner and procedure to determine the minimum return on asset management of the supplementary mandatory pension insurance funds, to cover the difference to the minimum return and to form and use the reserves to guarantee the minimum return of the FSC.

The reserve for guaranteeing the minimum return is presented in the equity section of the statement of financial position with general purpose of the pension insurance company. The amendment for the year of the formed pension reserve for guaranteeing the minimum profitability in connection with art. 193 of the SSC is presented as a transaction for distribution of accumulated profits from previous years and their transformation into a reserve in the equity section.

The pension reserve for minimum profitability deducted during the financial year is recognized as a tax expense of the pension insurance company and is not taxed under the Corporate Income Tax Act based on a normative act (Article 193, paragraph 12 of the Social Security Code).

Reserve for guaranteeing the amount of gross amount of transferred contributions to a General pension fund

The pension insurance company creates a reserve for guaranteeing the gross amount of the contributions to the universal pension fund under the conditions of art. 131, para. 2 of SSC. This reserve guarantees the replenishment of the individual account in GPF, in cases when the amount of funds on the account, accumulated at the date of determining the pension payment of a person who has acquired the right to a pension, is less than the amount of gross transferred from the National Revenue Agency and the National Social Security Institute social security contributions for this person. This reserve is recalculated monthly and is fixed at 0.5% of the net assets of GPF. It is also a source in case of an established shortage, in case the amount of the funds for payment of deferred payments is lower than the amount of liabilities to the persons receiving deferred payments and their heirs (upon exhaustion of the possibility to reduce deferred payments to guaranteed number of gross contributions).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7. MATERIAL INFORMATION ON ACCOUNTING POLICIES (CONTINUED)

7.5. Pension reserves (continued)

Provision for guaranteeing the sum of the gross amount of contributions transferred to a General pension fund (cont'd)

The requirements for the formation, calculation and maintenance of the reserve for guaranteeing the gross amount of contributions to the universal pension fund, supplementing it to the required amount and releasing funds from it are determined by Ordinance No68 of 10 June 2021 on the reserves of pension insurance companies for guaranteeing the gross number of contributions to the FSC's universal pension funds.

The reserve for guaranteeing the gross amount of the contributions to the universal pension fund is presented in the equity section in the statement of financial position with general purpose of the pension insurance company. The change for the year of the formed pension reserve to guarantee the gross amount of contributions to the universal pension fund with own funds is presented as a transaction for distribution of accumulated profits from previous years and their transformation into a reserve in the equity section.

Deductions with own funds to create a reserve to guarantee the gross amount of contributions to the universal pension fund are recognized as a tax expense of the pension insurance company and are not subject to tax under the Corporate Income Tax Act based on a normative act (Art. 193a, para 8 of SSC).

Reserve for guaranteeing the payment of lifetime pensions

To cover the shortage in the fund for payment of lifelong pensions under Art. 192a of the CSR, the Company creates a reserve to guarantee the payment of lifelong pensions.

Regulatory requirements for the formation, calculation, and maintenance of the reserve for guaranteeing the payment of lifelong pensions, its supplementation and release from it are determined by Ordinance No19 of 8 December 2004 on pension reserves and reserves for guaranteeing the payment of lifelong pensions to FSC, as its formation is a function of percentages of the present value of liabilities to retirees and their heirs (1%, but not more than 2%).

The reserve for guaranteeing the payment of lifelong pensions is reported as a liability in the statement of financial position of the company.

Other pension reserves – voluntary pension Assurance

Pension assurance company that manages a supplementary voluntary pension insurance fund and pays lifelong pensions must create a pension reserve in accordance with Ordinance No19 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 persons who have survived longer than the preliminary actuarial calculations, therefore their value is indicated by the responsible actuary of the Company based on actuarial calculation.

Such reserves are reported as liabilities in the statement of financial position of the company. The net cost of allocating them to own funds is recognized in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7. MATERIAL INFORMATION ON ACCOUNTING POLICIES (CONTINUED)

7.6 Revenue from contracts with customers

The main revenues of the Company are formed by fees and deductions in connection with its management of Voluntary Pension Fund, Professional Pension Fund, General Pension Fund, Fund for Deferred Payments, and Fund for life-long Pension Payments defined in the Social Security Code.

Obligations to implement

Revenues in the Company are recognized when the client gains control over the services promised in the contract with the client. The control is transferred to the client upon satisfaction of the obligations for performance under the contract by providing the promised services to the client. A Client is a party that has entered into an agreement with the Company to receive services that are the result of its ordinary activities in exchange for remuneration.

Clients of the pension insurance companies are the people insured in the funds, the pensioners and the people receiving deferred payments, as the pension insurance companies have concluded contracts with them and each insured person or pensioner explicitly agrees with the management services. Fund management services include various permanent and / or recurring activities that are identifiable and part of an integrated service. They are a series of identifiable services and are therefore an obligation to implement, as (a) the integrated management service includes a number of identifiable time periods (usually one month); b) the services are essentially the same, as the client receives a permanent benefit from them every single time period (every month), even if the tasks performed are different in nature and quantity; (c) control is transferred over time as the customer receives and consumes the service at the same time as it is provided and it is not necessary for another company to substantially repeat the work performed by the Company at that date if that other company has to perform the remainder of the obligation.

Revenue is recognized over time and the progress of the contract is measured based on elapsed time (monthly). This method has been identified as the most appropriate for measuring progress, as the services are provided monthly and are part of a series and, therefore, best describe the Company's activities in transferring control and meeting obligations.

Transaction price and payment terms

The transaction price is the amount of the remuneration to which the Company expects to be entitled, except for the amounts collected on behalf of third parties.

The fees and charges are fixed according to the legal requirements in the country and the regulations or rules of the relevant fund, and although they are transferred from the funds to the pension insurance companies, they are entirely at the expense of the insured persons and pensioners - in the form of deductions from the insurance contributions and investment fees, calculated on the value of the net assets of the respective fund or on the realized income from the invested funds for a given period (described below).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7. MATERIAL INFORMATION ON ACCOUNTING POLICIES (CONTINUED)

7.6. Revenue from contracts with customers (continued)

General Pension Fund (GPF) and Professional Pension Fund (PPF)

The revenues of the Company, in its capacity of manager of VPF, are from the following statutory fees and charges:

- deduction from each insurance contribution of up to 3.75% (from 2019), and
- annual investment fee, calculated on the value of the net assets of the Fund depending on the period during which they were managed amounting to 0.75% (from 2019).

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

Voluntary Pension Fund (VPF)

The revenues of the Company, in its capacity of manager of VPF, are from the following statutory fees and charges:

- deduction as a percentage of each insurance contribution - from 1.75% to 4%;
- annual investment fee in the amount of 9% of the income realized from the investment of the funds.

The company may collect additional fees in the following cases:

- Fee in the amount of 10 percent of the withdrawn amount, but not more than BGN 20 in case of full or partial withdrawal of funds from the individual account, before the occurrence of an insurance case;
- upon transfer of the funds under the individual account in a pension scheme according to art. 343a, para. 1, p. 2 or art. 343e, para. 1 of SSC - up to BGN 20.

Fund for Deferred Payments (FDP) and Fund for Life-long Payments (FLPP)

For the management of the funds for making payments with art. 201, para. 3 of the SSC, a fee is introduced in favor of the Company. The fee is calculated on the value of the net assets of FDP and FLPP depending on the period during which these assets were managed by the company, up to 0.5% per year.

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>).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7. MATERIAL INFORMATION ON ACCOUNTING POLICIES (CONTINUED)

7.7. Costs for achieving contracts with customers

The costs of reaching agreements with clients (see note 7.6 above) represent remuneration of insurance intermediaries for attracting members to VPF, PPF and GPF. They are calculated based on general conditions to the contracts with the insurance intermediaries.

According to the existing practice of the Company, the clients of the funds can conclude a contract with the Company directly or through the mediation of an agent - assurance intermediary.

The activity of mediating the conclusion of contracts for supplementary pension assurance with clients of the SPI funds through an assurance intermediary is regulated in the Regulations for the organization and activity of each of the SPI funds and in the Assurance Mediation Contracts.

Pursuant to § 91 and 92 of IFRS 15 Revenue from Contracts with Customers, the Company should recognize as an asset, the additional costs incurred to obtain a contract with a client if it expects to recover them in the future and which it would not have incurred if the contract had not been performed. Such expenses are the commissions paid for concluding the contract for supplementary pension assurance.

These costs should be recognized as an asset and amortized on a systematic basis that corresponds to the period during which the Company will provide services to the client under a supplementary pension assurance contract.

The company reports the costs for commissions of assurance intermediaries directly related to the conclusion of a client contract for participation in the respective pension fund, as additional costs for reaching contracts with a client. These additional costs are recognized by the Company as deferred acquisition costs as they expect to be recovered from future revenue under contracts with customers.

In accordance with the rules of IFRS 15, these costs are subject to capitalization and should be recognized as an asset for costs of obtaining contracts with customers only if:

- are made in relation to, and relate to, a contract with a customer that is within the scope of IFRS 15;
- are not included in the scope of another IFRS; and
- are directly related to the contract and are expected to be recovered as a result of performance of the contract.

Based on the developed models, the Company has defined the following periods for amortization of costs:

About:	GPF		PPF		VPF	
	2023	2022	2023	2022	2023	2022
Number of years	9	10,1	8	8	10	13

The depreciation period shall be reviewed at least once a year at the reporting date and updated if necessary. As at 31 December 2023, the depreciation periods were revised due to developments in some of the assumptions and the corresponding effects are prospectively reflected (see note 16 below).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7. MATERIAL INFORMATION ON ACCOUNTING POLICIES (CONTINUED)

7.7. Costs for achieving contracts with customers (continued)

The management analysis includes an assessment of the average annual expected membership of the attracted clients by funds, considering the statistical risks.

The main assumptions set out in the analysis for the deferral of commission expenses are as follows:

- Average age of attracted customers;
- Gender distribution of attracted customers;
- Average expected period of membership;
- Mortality table;
- Estimated retirement time for insured individuals; and
- Probability of leaving the fund during the period of Assurance (based on measured activity and propensity to transfer to the market).

7.8. Interest income or expenses

The company realizes interest income from deposits, current accounts, and debt securities.

Interest income or expense is recognized using the effective interest rate. When calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit impaired) or to the amortized cost of the liability. However, for financial assets that are not purchased or initially created financial assets with credit impairment but subsequently become financial assets with credit impairment, interest income is calculated by applying the effective interest rate to the amortized cost of the financial asset. If the financial asset is no longer credit impaired, then the calculation of interest income is again made on a gross basis.

7.9. Dividend income

Dividend income is recognised in profit or loss on the date on which the Company's right to receive the dividend is established.

7.10. Income/(charges) from financial instruments designated at fair value through profit or loss

Income / (expense) from financial instruments designated at fair value through profit or loss includes all realized and unrealized changes in fair value and realized gains / (losses) from sale.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7. MATERIAL INFORMATION ON ACCOUNTING POLICIES (CONTINUED)

7.11. Foreign currency

Transactions denominated in foreign currency are recorded in the reporting currency at the official exchange rate at the date of the transaction.

Cash assets and liabilities denominated in foreign currencies are recalculated in the functional currency at the exchange rate of the Bulgarian National Bank (BNB) at the reporting date. Non-monetary assets and liabilities that are valued at fair value in a foreign currency are translated into the functional currency at the exchange rate on the date on which the fair value was determined. Non-monetary positions are valued at the historical cost in a foreign currency are recalculated using the exchange rate on the day of transaction. Exchange differences are recognized in profit or loss in the statement of comprehensive income.

7.12. Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution plans comprise contributions to state-owned institutions and to obligatory pension funds managed by privately owned management companies, in accordance with legal requirements or individual choice. Obligations for contributions to defined contribution plans are expensed as the related service is provided.

(ii) Defined benefit plans

The Company's obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods and that amount is discounted.

Re-measurements arising from defined benefit plans comprise actuarial gains and losses and are recognized in other comprehensive income (OCI). Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

(iii) Short-term employee benefits

Short-term employee benefit obligations are reported as an expense as the related service is provided. A liability is recognized for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount because of past service provided by the employee and the obligation can be estimated reliably.

(iv) Other long-term employee benefits

The Company's net obligation in respect of long-term employee benefits is the amount of future benefits that employees have earned in return for rendered their services in the current and prior periods. This benefit is discounted to determine its present value. Revaluations are recognized in profit or loss in the period in which they arise.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7. MATERIAL INFORMATION ON ACCOUNTING POLICIES (CONTINUED)

7.13. Income taxes

Income tax for the year is current and deferred taxes. It is recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in OCI.

(i) Current tax

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable or receivable in respect of previous years.

(ii) Deferred tax

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future; and taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

In determining the amount of current and deferred tax the Company considers the impact of uncertain tax positions and whether additional taxes and interest may be due.

The Company considers that the accruals for tax liabilities are adequate for all tax years, they are open for verification by the competent authorities based on the assessment of many factors, including interpretation of tax laws and previous experience. This estimate is based on estimates and assumptions and may include estimates of future events. New information may appear, according to which the Company may change its assessments of the adequacy of existing tax liabilities; such changes in tax liabilities would affect the tax expense in the period when such determination is made.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7. MATERIAL INFORMATION ON ACCOUNTING POLICIES (CONTINUED)

7.14. Leasing

At the beginning of the contract, the Company assesses whether the contract represents or contains a lease. A contract is or contains a lease if, under that contract, the right to control the use of an asset for a specified period is transferred for consideration. To assess whether the right to control the use of an asset is transferred under a contract, the Company uses the definition of a lease in IFRS 16, Leasing

The Company reassesses whether a contract is or contains elements of a lease only in the event of a change in the terms and conditions of the contract.

For a contract that represents or contains elements of leasing, the Company reports each leasing component separately from the non-leasing components of the contract.

(i) The Company as a lessee

Asset with the right of use

As at the starting date of the lease the Company recognizes an asset with the right of use and a lease liability. The asset is initially measured at cost, which is the initial cost of the lease liability, adjusted for all lease payments made before or before the date of commencement, plus any initial direct costs incurred, and an estimate of the costs of dismantling and relocation of the underlying asset or recovery of the underlying asset or the terrain on which it is located, reduced by the lease incentives received.

After initial recognition, an asset with a right of use is accounted for using the cost model. According to this model, the Company values the asset with the right of use at acquisition price:

- minus all accumulated depreciation and all accumulated impairment losses; and
- adjusted for any revaluation of the lease liability as set out below.

The asset with the right of use is subsequently depreciated on a straight-line basis from the commencement date to the end of the lease term.

Lease liability

The lease liability is initially measured at the current discounted value of the lease payments. Lease payments that are included in determining the lease liability include the following:

- fixed payments, including essentially fixed payments;
- variable lease payments that depend on an index or percentage, which are valued according to the value of the index or the percentage at the starting date;
- amounts expected to be due from the lessee under the residual guarantees;
- sanctions for earlier termination of the lease, unless the Company is reasonably certain that it will not terminate the lease earlier.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7. MATERIAL INFORMATION ON ACCOUNTING POLICIES (CONTINUED)

7.14. Leasing (continued)

(i) Lessee (continued)

Lease liability (continued)

After the commencement date, the Company shall measure the lease liability as:

- increases the carrying amount to reflect interest on the lease liability;
- reduce book value to reflect lease payments made; and
- reevaluate the book value to reflect revaluations or amendments to the lease contract provided in IFRS 16 (for example, when there is a change in future lease payments resulting from a change in an index or percentage or if there is a change in the Company's estimate of the amount that is expected to be paid under residual guarantees), or to reflect substantially adjusted lease payments.

Short-term leases and leases of low-value assets

The company has chosen:

- not to recognize right-of-use assets and lease liabilities for leasing of low value assets; and
- short-term leases (with a starting date of 12 months or less)

The Company recognizes lease payments related to these leases as an expense in profit or loss on a straight-line basis over the lease term.

The Company has adopted a three-year extension for all contracts that are in the period of automatic renewal after the initial expiration.

Presentation

In general purpose financial statements, usable assets and lease liabilities are presented separately from other assets and liabilities.

(ii) The Company as a lessor

In order to classify a lease, the Company makes an overall assessment of whether the lease transfers substantially all the risks and rewards of ownership to the underlying asset. If so, then the lease is financial, if not it is operational. The Company is a lessor only under operating leases.

Leased income under operating leases is recognized as income in the income statement and other comprehensive income on a straight-line basis over the term of the lease.

The Company recognizes expenses, including depreciation, incurred in generating income from leasing as an expense in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7. MATERIAL INFORMATION ON ACCOUNTING POLICIES (CONTINUED)

7.15. Change in material accounting policies

(a) New and amended standards adopted by the Company

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

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

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

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

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

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

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

Any changes to the Adopted Standards listed above have no effect on the amounts recognised in prior periods, nor are they expected to have a significant effect on the current or future periods.

(b) New Standards and Interpretations not yet Adopted by the Company

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

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

Amendments to IAS 1 Presentation of Financial Statements:

- **Classification of liabilities as current and non-current** (issued on 23 January 2020)
- **Classification of liabilities as current and non-current - postponement of the effective date** (issued on July 15, 2020)
- **Non-current liabilities with contractual clauses** (issued on 31 October 2022, ultimately effective for annual periods beginning on or after 1 January 2024)

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7. MATERIAL INFORMATION ON ACCOUNTING POLICIES (CONTINUED)

7.15. Change in material accounting policies (continued)

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

Amendment to IAS 7 Cash Flow Statements and IFRS 7 Financial Instruments: Disclosure – 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)

8. Income from fees and deductions

For 2023, the Company has generated income from fees and deductions as follows:

	GPF	PPF	VPF	FLPP	FDP	Total
	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000
Management fee	21,389	1,393	308	42	113	23,245
Investment fee	34,828	2,564	1,281	-	-	38,673
Fee reimbursed amounts	-	-	22	-	-	22
Total	56,217	3,957	1,611	42	113	61,940

For 2022, the Company has generated income from fees and deductions as follows:

	GPF	PPF	VPF	FLPP	FDP	Total
	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000
Management fee	18,257	1,172	300	17	52	19,798
Investment fee	31,416	2,369	-	-	-	33,785
Fee reimbursed amounts	-	-	19	-	-	19
Total	49,673	3,541	319	17	52	53,602

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

9. Staff costs

	2023	2022
	BGN'000	BGN'000
Salaries and wages	10,474	9,611
Social security contributions	1,771	1,741
Provisions for unused paid leave and assurance	394	429
Provisions on retirement	112	69
Other costs related to staff	777	614
Total	13,528	12,464

10. Other operating expenses

	2023	2022
	BGN'000	BGN'000
Professional fees	5,361	5,451
<i>incl. audit in accordance with the Independent Financial Audit Act</i>	221	230
<i>incl. fees paid to the FSC</i>	1,807	1,762
Advertising and marketing services	456	334
Rent and overhead	212	
Depreciation and amortization	637	575
Depreciation and amortization for right of use assets	770	845
Travel, insurance and accommodation	898	806
Annual member statements	1,084	838
Telephone and postal services	306	272
Stationery	540	519
Custodian expenses	120	70
Others	1,945	1,779
Professional fees	541	481
Total	12,870	11,970

The amounts charged in 2023 for the services provided by registered auditors for independent financial audit are as follows: for PricewaterhouseCoopers Audit LTD – TBGN 117. VAT included, for Crowe Bulgaria Audit ELTD – TBGN 56 VAT included. In 2023, the Company has charged amounts for other services not related to legal audit, provided by registered auditors or members of the network, totaling TBGN 37 for "PricewaterhouseCoopers Audit" Ltd. and TBGN 11. for Crowe Bulgaria Audit ELTD including VAT.

For 2023 and as of the date of this report, PricewaterhouseCoopers Audit LTD and Crowe Bulgaria Audit ELTD have provided, or are in the process of providing the Company, with the following services:

Joint statutory financial audit by law of the Company's financial statements and the funds managed by it, prepared for the year ending 31 December 2023, in accordance with IFRS Adopted by the EU;

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10. Other operating expenditure (continued)

For 2023 and as of the date of this report, PricewaterhouseCoopers Audit LTD and Crowe Bulgaria Audit ELTD have provided, or are in the process of providing the Company, with the following services (continued):

- Commitment to perform agreed procedures by the joint auditors regarding the annual financial statements for supervisory purposes of the Company and the funds managed by him, prepared for and for the year ending December 31, 2023 according to the templates approved by the Deputy Chairman in charge of the Social Security Supervision Department at the Financial Supervision Commission ("FSC"). The commitment should be implemented in accordance with the requirements of International Standard for Content-Related Services ("IAS") 4400; and

- Engagements for performing agreed procedures by joint auditors regarding the management system as of 31.12.2023, which the Company should have in accordance with the requirements of the Social Security Code. The commitment should be implemented in accordance with the requirements of International Standard for Content-Related Services ("IAS") 4400.

For 2023 and at the date of this report, PricewaterhouseCoopers Audit Ltd. has provided the Company with an overview of the group financial reporting package prepared for the year ending December 31, 2023, in accordance with the instructions issued by Vienna Insurance Group.

By adopting IFRS 15 on 1 January 2018, the Company capitalised on the costs of reaching contracts with clients and recognised intermediary commissions in installments, see note 16.

11. Financial income and expenditure

	<u>2023 year</u>	<u>2022 year</u>
	BGN'000	BGN'000
Income from dividends	-	-
Interest expenses on operating leases	(30)	(26)
Expenses for commissions financial instruments	(12)	(7)
Net income/(expenses) from foreign currency operations	(2)	2
Bank charges	(20)	(18)
	<u>(64)</u>	<u>(49)</u>

12. Cash and cash equivalents

	<u>Dec 31, 2023</u>	<u>Dec 31, 2022</u>
	BGN'000	BGN'000
Cash in cash	<u>17</u>	<u>39</u>
- in BGN	14	35
- in foreign currency	3	4
Cash in bank accounts	<u>30,556</u>	<u>20,537</u>
- in BGN	14,298	8,937
- in foreign currency	16,258	11,600
Total	<u>30,573</u>	<u>20,576</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

12. Cash and equivalents (continued)

12.1. Bank deposits

Bank	Currency	Nominal value /'000/	Maturity	Value /BGN'000/	Credit rating	Rating agency
ING BANK N.V.	EUR	1 000	29.04.2024	2,004	A+	S&P
Total				2,004		

The value of the deposits includes accrued but unpaid interest as of 31.12.2023, amounting to TBGN 49.

13. Financial assets carried at fair value through profit or loss

As of 31.12.2023 and 31.12.2022, current financial assets are as follows:

	Note.	Dec 31, 2023 BGN'000	Dec 31, 2022 BGN'000
Government bonds	13.1	73,979	68,421
Corporate bonds	13.2	6,397	6,083
Total		80,376	74,504

13.1 Government bonds

As of 31.12.2023:

ISSUER	ISIN	Interest coupon	Currency	Nominal /'000/	Maturity	Fair value / BGN'000/
Republic of Bulgaria	BG2030121110	0.00%	BGN	16,469	17.5.2025	15,751
Republic of Bulgaria	BG2030021112	0.000%	BGN	1,600	24.2.2026	1,490
Republic of Bulgaria	BG2040121217	0.250%	BGN	5,000	24.5.2029	4,147
Republic of Bulgaria	BG2040019213	1.50%	BGN	4,400	21.6.2039	3,258
Republic of Poland	XS1015428821	3.000%	EUR	1,000	15.1.2024	2,007
Republic of Italy	IT0005439275	0.00%	EUR	500	15.4.2024	968
Republic of Poland	XS0841073793	3.375%	EUR	2,000	9.7.2024	3,960
Republic of Italy	IT0005452989	0.00%	EUR	2,000	15.8.2024	3,833
Republic of Romania	XS1129788524	2.88%	EUR	800	28.10.2024	1,562
Republic of Bulgaria	BG2040210218	5.750%	EUR	5,000	29.9.2025	10,304
Mexico	XS1974394675	1.63%	EUR	1,300	8.4.2026	2,471
Republic of Chile	XS2369244087	0.10%	EUR	2,500	26.1.2027	4,437
Republic of Croatia	XS1428088626	3.00%	EUR	1,000	20.3.2027	2,003
Republic of Romania	XS1599193403	2.38%	EUR	2,300	19.4.2027	4,312
Kingdom of Saudi Arabia	XS2024540622	0.75%	EUR	2,000	9.7.2027	3,597
Republic of Italy	IT0005445306	0.50%	EUR	1,500	15.7.2028	2,642
Republic of Chile	XS2388560604	0.56%	EUR	500	21.1.2029	856

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

13. Financial assets carried at fair value through profit or loss (continued)

13.1 Government securities (continued)

As of 31.12.2023 (continued):

ISSUER	ISIN	Interest coupon	Currency	Nominal /'000/	Maturity	Fair value / BGN'000/
Republic of Croatia	XS2259191273	0.50%	EUR	2,000	18.11.2030	3,062
China	XS2259626856	0.25%	EUR	500	25.11.2030	813
Bank Gospodarstwa Krajowego*	XS2397082939	0.375%	EUR	1,500	13.10.2028	2,506
Total						73,979

*assimilated to government bonds guaranteed by the state

The value of the securities includes interest at the rate of TBGN 460.

As of 31.12.2022:

ISSUER	ISIN	Interest coupon	Currency	Nominal /'000/	Maturity	Fair value / BGN'000/
Republic of Bulgaria	BG2030121110	0.00%	BGN	16,469	17.5.2025	14,934
Republic of Bulgaria	BG2030021112	0.000%	BGN	1,600	24.2.2026	1,423
Republic of Bulgaria	BG2040121217	0.250%	BGN	5,000	24.5.2029	3,756
Republic of Bulgaria	BG2040019213	1.50%	BGN	4,400	21.6.2039	2,332
Republic of Bulgaria	XS1382693452	1.88%	EUR	2,250	21.3.2023	4,454
Republic of Poland	XS1015428821	3.000%	EUR	1,000	15.1.2024	2,010
Republic of Italy	IT0005439275	0.00%	EUR	500	15.4.2024	939
Republic of Poland	XS0841073793	3.375%	EUR	2,000	9.7.2024	3,983
Republic of Italy	IT0005452989	0.00%	EUR	2,000	15.8.2024	3,711
Republic of Romania	XS1129788524	2.88%	EUR	800	28.10.2024	1,544
Republic of Bulgaria	BG2040210218	5.750%	EUR	2,000	29.9.2025	4,200
Mexico	XS1974394675	1.63%	EUR	1,300	8.4.2026	2,419
Republic of Chile	XS2369244087	0.10%	EUR	2,500	26.1.2027	4,183
Republic of Croatia	XS1428088626	3.00%	EUR	1,000	20.3.2027	1,981
Republic of Romania	XS1599193403	2.38%	EUR	2,300	19.4.2027	4,085
Kingdom of Saudi Arabia	XS2024540622	0.75%	EUR	2,000	9.7.2027	3,494
Republic of Italy	IT0005445306	0.50%	EUR	1,500	15.7.2028	2,420
Republic of Chile	XS2388560604	0.56%	EUR	500	21.1.2029	802
Republic of Croatia	XS2259191273	0.50%	EUR	2,000	18.11.2030	2,674
China	XS2259626856	0.25%	EUR	500	25.11.2030	777
Bank Gospodarstwa Krajowego*	XS2397082939	0.375%	EUR	1,500	13.10.2028	2,300
Total						68,421

*assimilated to government bonds guaranteed by the state

The value of the securities includes interest at the rate of TBGN 437.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

13. Financial assets carried at fair value through profit or loss (continued)

13.2 Corporate bonds

As of 31.12.2023:

ISSUER	ISIN	Interest coupon	Currency	Value /'000/	Maturity	Fair value /BGN'000/
Softbank Group Corp	XS2361253862	2.125%	EUR	1,000	6.7.2024	1,936
Ford	XS2116728895	1.74%	EUR	200	19.7.2024	389
Deutsche Pfandbriefbank AG	DE000A3T0X97	0.25%	EUR	200	17.1.2025	371
VOLKSWAGEN Fin Serv AG	XS2438615606	0.25%	EUR	200	31.1.2025	378
Teva Pharm	XS1813724603	4.50%	EUR	300	1.3.2025	594
Credit Agricole	FR00140098S7	1.00%	EUR	200	18.9.2025	379
Prosus NV	XS2430287529	1.21%	EUR	200	19.1.2026	371
Accor	FR0013399029	3.00%	EUR	200	4.2.2026	387
Orano	FR0013414919	3.38%	EUR	300	23.4.2026	594
LeasePlan Corporation NV	XS2384269101	0.25%	EUR	250	7.9.2026	449
ING Bank	XS2697483118	4.125%	EUR	100	2.10.2026	202
DXC Capital Funding LTD	XS2384715244	0.45%	EUR	200	15.9.2027	347
Total						6,397

The value of corporate bonds includes interest of TBGN 66.

As of 31.12.2022:

ISSUER	ISIN	Interest coupon	Currency	Value /'000/	Maturity	Fair value /BGN'000/
Softbank Group Corp	XS2361253862	2.125%	EUR	1,000	6.7.2024	1,852
Ford	XS2116728895	1.74%	EUR	200	19.7.2024	375
Deutsche Pfandbriefbank AG	DE000A3T0X97	0.25%	EUR	200	17.1.2025	354
VOLKSWAGEN Fin Serv AG	XS2438615606	0.25%	EUR	200	31.1.2025	363
Teva Pharm	XS1813724603	4.50%	EUR	300	1.3.2025	569
Credit Agricole	FR00140098S7	1.00%	EUR	200	18.9.2025	368
Prosus NV	XS2430287529	1.21%	EUR	200	19.1.2026	356
Accor	FR0013399029	3.00%	EUR	200	4.2.2026	385
Orano	FR0013414919	3.38%	EUR	300	23.4.2026	583
LeasePlan Corporation NV	XS2384269101	0.25%	EUR	250	7.9.2026	418
DXC Capital Funding LTD	XS2384715244	0.45%	EUR	200	15.9.2027	322
Hippocredit AD	BG2100038079	1.90%	EUR	150	30.12.2023	138
Total						6,083

The value of corporate bonds includes interest of TBGN 65.

PAC "DOVERIE" AD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

14. Receivables from pension funds

	<u>31.12.2023</u>	<u>31.12.2022</u>
	BGN'000	BGN'000
Investment fee from VPF	338	-
Investment fee from PPF	233	203
Investment fee from GPF	3,191	2,734
VPF Management Fee	29	38
FLPP Management Fee	5	2
FDP Management Fee	12	7
Other fees	1	1
Total	<u>3,809</u>	<u>2,985</u>

15. Other assets

	<u>31.12.2023</u>	<u>31.12.2022</u>
	BGN'000	BGN'000
Prepaid expenses	782	598
Guarantees	103	171
Inventories	14	80
Receivables from clients and suppliers	102	56
Employees	14	12
Tax refund	-	28
Bonds without a quote	-	-
Total	<u>1,015</u>	<u>945</u>

PAC Doverie AD reflects as expenses for future periods Insurance and annual subscriptions.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

16. Capitalized costs for achieving contracts with customers

	2023 year BGN'000	2022 year BGN'000
As of 1 January,	12 582	8,722
Costs of achieving contracts with customers during the period	4,627	5,876
Depreciation of costs to achieve contracts	(2,974)	(2,016)
As at 31 December	14,235	12,582

As of 31 December 2023, the periods for depreciation of capitalised costs to achieve contracts with customers were reviewed due to developments in some of the assumptions set. The revision led to a relative decrease in the number of years to depreciate, with the effect for 2023 being higher costs in profits and losses amounting to TBGN 577. and the corresponding decrease in the book value of capitalised carryover costs to subsequent periods.

17. Property, machinery, and equipment

	Land and buildings	Cars	Computers and computer equipment	Other	Total
	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000
Book value					
As of 01 January 2023	7,598	2,224	1,985	1,336	13,143
Acquired	-	177	932	968	2077
Disposals	-	(147)	(472)	(817)	(1436)
As of 31 December 2023	7,598	2,254	2,445	1,487	13,784
Depreciation					
As of 01 January 2023	3,744	1,869	1,730	1,156	8,499
Charged	302	113	129	50	594
Disposals	-	(147)	(471)	(11)	(629)
As of 31 December 2023	4,046	1,835	1,388	1,195	8,464
Book value					
As of 01 January 2023	3,854	355	255	180	4,644
As of 31 December 2023	3,552	419	1,057	292	5,320

During the current reporting period, the Company has used property, plant and equipment fully depreciated at the reporting date, whose carrying amount and accumulated depreciation amounts to TBGN 2,193. distributed as follows:

- Computers and computer equipment – TBGN 1,120.
- Office furniture – TBGN 1,073.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

17. Property, machinery and equipment (continued)

As of 31.12.2023, the Company had reviewed its assets, as a result of which it estimated that there were no indications of impairment.

Impairment of property, plant, and equipment

Management has reviewed tangible fixed assets and considers that there are no indicators that the carrying amount of assets exceeds their recoverable amount. Therefore, no impairments of property, plant and equipment have been recognised as at 31 December 2023 (31 December 2022: 0).

	Land and buildings	Cars	Computers and computer equipment	Other	Total
	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000
Book value					
As of 01 January 2022	7,598	2,093	1,946	1,394	13,031
Acquired	-	272	75	124	471
Disposals	-	(141)	(36)	(182)	(359)
As of 31 December 2022	7,598	2,224	1,985	1,336	13,143
Depreciation					
As of 01 January 2022	3,442	1,783	1,622	1,125	7,972
Charged	302	227	141	39	709
Disposals	-	(141)	(33)	(8)	(182)
As of 31 December 2022	3,744	1,869	1,730	1,156	8,499
Book value					
As of 01 January 2022	4,156	310	324	269	5,059
As of 31 December 2022	3,854	355	255	180	4,644

In 2022, the Company used property, plant, and equipment, fully depreciated at the date of the report, whose book value and accumulated depreciation amounted to TBGN 2,304. distributed as follows:

- Computers and computer equipment – TBGN 1,275.
- Office furniture – TBGN 1,029.

18. Intangible assets

	Software	Other DNAs	Total
	BGN'000	BGN'000	BGN'000
Book value			
As of 01 January 2023	2,237	23	2,260
Acquired	185	-	185
Inscribed	(2)	-	(2)
As of 31 December 2023	2,420	23	2,443
Depreciation			
As of 01 January 2023	1,615	23	1,638
Charged	176	-	176
Disposals	-	-	-
As of 31 December 2023	1,791	23	1,814

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

18. Intangible assets (continued)

	Software	Other FA	Total
	BGN'000	BGN'000	BGN'000
Book value			
As of 01 January 2023	622	-	622
As of 31 December 2023	629	-	629

During the current reporting period, the Company has used intangible assets fully depreciated at the date of the statement, whose book value and accumulated depreciation amounts to TBGN 1,404 distributed as follows:

- Other FA – TBGN 23.
- Software products – TBGN 1,381.

As of 31.12.2023, the Company had reviewed its assets, as a result of which it estimated that there were no indications of impairment.

The book values as of 31.12.2022 can be analyzed as follows:

	Software	Other FA	Total
	BGN'000	BGN'000	BGN'000
Book value			
As of 01 January 2022	1,883	23	1,906
Acquired	354	-	354
Inscribed	-	-	-
As of 31 December 2022	2,237	23	2,260
Depreciation			
As of 01 January 2022	1,481	21	1,502
Charged	134	2	136
Written	-	-	-
As of 31 December 2022	1,615	23	1,638
Book value			
As of 01 January 2022	402	2	404
As of 31 December 2022	622	-	622

In 2022, the Company used intangible assets fully depreciated at the date of the statement, whose book value and accumulated depreciation amounted to TBGN 1,382. distributed as follows:

- Other FA – TBGN 16.
- Software products – TBGN 1,366.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

19. Other liabilities

	<u>31.12.2023</u>	<u>31.12.2022</u>
	BGN'000	BGN'000
Commissions obligations to agents	432	443
Liabilities to suppliers and customers	441	392
Liabilities to assurance institutions	466	377
Other tax liabilities	129	68
Investment-related liabilities	-	-
Other liabilities	14	17
Total	<u>1,482</u>	<u>1,297</u>

As of 31.12.2023 the Company has liabilities to the budget, including income taxes as follows:

	<u>31.12.2023</u>	<u>31.12.2022</u>
	BGN'000	BGN'000
Personal income tax	75	25
Withholding taxes	39	38
Value Added Tax	15	5
Total	<u>129</u>	<u>68</u>

20. Specialized reserves

As of 31.12.2023 and 31.12.2022, the allocated specialized reserves are as follows:

20.1 Minimum yield guarantee reserve

<i>BGN'000</i>	<u>Reserve minimum yield GPF</u>	<u>Reserve minimum yield PPF</u>	<u>Total reserve minimum yield</u>
Balance as at 31.12.2022	24,275	3,544	27,819
Other changes in pension Assurance reserves	(1,394)	(800)	(2,194)
Balance as at 31.12.2022	<u>22,881</u>	<u>2,744</u>	<u>25,625</u>
Changes in pension Assurance reserves	6,050	287	6,337
Balance as at 31.12.2023	<u>28,931</u>	<u>3,031</u>	<u>31,962</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

20. Specialised reserves (continued)

20.1 Minimum yield guarantee reserve (continued)

As of 31.12.2023, the amount of the minimum yield guarantee reserve for the GPF is TBGN 28,931. (31.12.2022: TBGN 22,881) and for PPF it is TBGN 3,031. (31.12.2022: TBGN 2,744).

On the basis of §112, item 1 of the Transitional and Final Provisions to the Law on Amendment and Supplement to SSC and a decision of the management on the occasion of compliance with the changed requirements for pension reserves, on August 24, 2021, funds amounting to TBGN 20,693 were released from the minimum yield guarantee reserve, which served as a source for the creation of a reserve to guarantee the gross amount of contributions to the GPF amounting to 0.5% of the value of the net assets of GPF Doverie at the date of creation of the new reserve (see also below note 20.2).

None of the funds managed by the Company had returns in 2023 and 2022 below the minimum level set for the industry.

20.2 Reserve for guaranteeing gross contributions to the PFM

	Reserve for guaranteeing gross contributions to the GPF- own funds	Reserve for guaranteeing gross contributions to GPF - transfer to GPF	Reserve for guaranteeing gross contributions to the GPF- transferred from other PAC	Total Reserve for guaranteeing gross contributions to the GPF
<i>BGN'000</i>				
Balance as at 31.12.2021	21,565	-	2	21,567
Modification of pension Assurance reserves	(174)	(61)	55	(180)
Balance as at 31.12.2022	21,391	(61)	57	21,387
Modification of pension Assurance reserves	4,135	(36)	(62)	4,037
Balance as at 31.12.2023	25,526	(97)	(5)	25,424

As of 31.12.2023, the amount of the reserve for guaranteeing gross contributions to the GPF is TBGN 25,424. (31.12.2022: TBGN 21,387) and represents 0.5% of the net assets value of Doverie GPF as of the reporting date.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

20. Specialised reserves (continued)

20.3 Provision for guaranteeing the payment of lifetime pensions

<i>BGN'000</i>	Reserve for guarantee payment of lifetime pensions- excess FLPP	Reserve for guarantee payment of lifetime pensions - own funds	Reserve for guarantee payment of lifelong pensions - transferred funds from GPF members without heirs	Total Provision for guarantee payment of lifetime pensions
Balance as at 31.12.2021	-	-	618	618
Modification of pension Assurance reserves	-	-	-	-
Balance as at 31.12.2022	-	-	618	618
Modification of pension Assurance reserves	-	-	-	-
Balance as at 31.12.2023	-	-	618	618

On the basis of §111 of the Transitional and Final Provisions to the Law on Amendment and Supplement to the Social Security Code, the existing pension reserves for the payment of lifelong pensions from a General pension fund under the previous rules for pension reserves were transformed into a reserve to ensure the payment of lifelong pensions.

As of 31.12.2023, the amount of the reserve for guaranteeing the payment of lifelong pensions is TBGN 618 (31.12.2022: TBGN 618), entirely formed from transferred funds from the General pension fund of deceased members without heirs.

Since the beginning of the year following the year of conclusion of the first pension contract for the payment of an additional lifetime old-age pension (i.e. from 2022), the amount of the reserve for guaranteeing the payment of lifelong pensions has been established at the rate of 1% of the present value of the obligations to pensioners and their heirs under Art. 4, para. 3 of Ordinance No 70 of 29.06.2021 on the requirements to the funds for making payments as of 31 December of the accounting year, but not more than 2% of the present value of the liabilities to pensioners and their heirs.

As the size of TBGN 618. reserve exceeds the threshold set, as of 31 December 2023, no obligation had yet arisen for the Company to set aside an Additional reserve at the expense of own funds.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

20. Specialised reserves (continued)

20.4. Pension reserve – Voluntary Pension Fund (VPF)

<i>BGN'000</i>	Pension reserve VPF
Balance as at 31.12.2021	1,840
Changes of the own funds reserve	(84)
Reduction of the reserve of pensions paid	(114)
Balance as at 31.12.2022	1,642
Changes of the own funds reserve	-
Reduction of the reserve of pensions paid	(198)
Balance as at 31.12.2023	1,444

21. Obligations for defined benefit plans

Obligations for Defined Benefit Plans in Retirement

<i>BGN'000</i>	Dec 31, 2023	Dec 31, 2022
Liabilities for Defined Benefit Plans in Retirement	487	375
Total employee benefit liabilities	487	375

The company has an obligation to pay income upon departure of those of its employees who retire in accordance with the requirements of art. 222, § 3 of the Labor Code (LC) in Bulgaria.

In accordance with these provisions of the Labor Code, upon termination of the employment contract of an employee who has acquired the right to a pension, the employer pays him compensation in the amount of two gross wages.

In case the employee has completed a length of service of 10 years or more at the date of retirement, the benefit is in the amount of six gross wages.

PAC "DOVERIE" AD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

22. Equity

22.1 Share capital

As of 31.12.2023, the share capital of the Company amounts to TBGN15,004. Lv. and is fully imported. Its structure is as follows:

Shareholder	31.12.2023		31.12.2022	
	Participation value / BGN'000/	% of participation	Participation value / BGN'000/	% of participation
ATBIH GmbH.	12,392	82.591%	13,892	92.588%
IFC International Finance Corporation	1,500	9.997%	-	-
Confederation of Independent Trade Unions in Bulgaria (CITUB)	1,025	6.832%	1,025	6.832%
Metallurgy Workers Federation	16	0.107%	16	0.107%
Eurobank EFG Bulgaria AD	-	-	2	0.013%
Bulgarian Posts EAD	2	0.013%	-	-
Federation of the Independent Trade Unions of the Miners	29	0.193%	29	0.193%
National Federation of Labor (Chemistry & Industry)	6	0.040%	6	0.040%
Federation of the Independent TUs of the Power Engineering Workers	9	0.060%	9	0.060%
Federation of the Independent TUs of the Food Industry Workers	12	0.080%	12	0.080%
Association of Federation of the Independent Trade Unions of the Miners - CITUB	11	0.073%	11	0.073%
Association of Federation of the Independent Trade Unions of the Miners - CITUB	2	0.013%	2	0.013%
Total	15,004	100.00%	15,004	100.00%

22.2. Reserves under the Commercial Law

The company sets aside reserves according to the requirements of art. 246 of the Commerce Law.

As of 31.12.2023, the reserve structure of the Company is as follows:

	31.12.2023	31.12.2022
	BGN'000	BGN'000
Other reserves	1,562	1,562
Total	1,562	1,562

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

22. Equity (continued)

22.3. Retained earnings

The general meeting of shareholders of PAC Doverie decides on the distribution of accumulated profits, on the replenishment of the "Reserve" fund and on the payment of a dividend by the Company, on the proposal of the Management Board, approved by the Supervisory Board.

The dividend is payable in accordance with applicable laws and regulations. Without being exhaustive:

- Dividends are paid only if, according to the audited and accepted general purpose financial statement for the relevant year, the net value of the property, less the dividends payable, is not less than the amount of the capital of the Company, the Reserve Fund and the other funds that the Company is required to establish by law or statute;

- Dividend payments are made up to the amount of the profit for the relevant year, the undistributed profit from previous years, the part of the "Reserve" fund and other funds of the Company exceeding the minimum specified by law or the Articles of Association, reduced by uncovered losses from previous years, and deductions for the "Reserve" fund and the other funds that the Company is obliged to form according to the Articles of Association, the Commercial Law, the Social Security Code and other applicable laws and regulations;

- The company cannot pay a dividend in an amount and in a manner that would lead to a violation of the requirements of the Social Security Code related to the solvency limit (see note 28 below);

- The company cannot distribute a dividend to its shareholders before the formation of the specialized reserves required in the sense of the Social Security Code (see note 20 above) or before covering a shortfall in the funds for making payments, when such is present.

On May 23, 2023, a regular General Meeting of Shareholders was held with the following decisions:

- approves the financial statements and their reports of PAC Doverie AD and the managed pension funds for the year ending 31 December 2022;
- distributed as a dividend part of the profit for 2022 amounting to TBGN 15,754.

The dividend approved and distributed in 2022 by a decision of the General Assembly of May 20, 2022 amounts to TBGN 15,604.

Dividends were charged and fully paid in the same period as the decision to distribute them.

23. Taxes

	2023	2022
	BGN'000	BGN'000
Income tax for the current period	2,928	2,097
Origination and reversal of temporary differences	(14)	(21)
Derecognition of previously recognized deferred tax assets	-	12
Total	2,914	2,088

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

23. Taxes (continued)

	2023 year		2022 year	
	%	BGN'000	%	BGN'000
Profit before taxes		39,587		18,235
Tax based on applicable tax rate	10.00%	3,959	10.00%	1,824
Increase in permanent differences	0.03%	13	0.09%	16
Effect of transfer to a pension reserve	-1.61%	(638)	1.20%	219
Effect of transfer to a reserve for guarantee the gross amount of contributions to GPF	-1.06%	(420)	0.09%	17
Derecognition of previously recognized deferred tax assets	0.00%	-	0.07%	12
Tax expenses	7.36%	2,914	11.45%	2,088

The amount of deferred tax as at 31 December 2023 and 31 December 2022 applies to the following assets and (liabilities):

	Balance as at	Recognised in	Balance as at
	31.12.2023	profit or loss	31.12.2022
	BGN'000	BGN'000	BGN'000
Provisions for unused annual paid leave and social security payables	56	(3)	59
Impairment of receivables	-	-	-
Provisions for liabilities	6	-	6
Retirement benefits provisions	49	11	38
Provisions for agents' commissions and unpaid remuneration to personnel	69	9	60
Assets with the right to use	(1)	-	(1)
Property, plant and equipment	3	(4)	7
Total deferred tax assets	182	13	169
	Balance as at	Recognised in	Balance as at
	31.12.2022	profit or loss	31.12.2021
	BGN'000	BGN'000	BGN'000
Provisions for unused annual paid leave and social security payables	59	10	49
Impairment of receivables	-	(1)	1
Provisions for liabilities	6	4	2
Retirement benefits provisions	38	7	31
Provisions for agents' commissions and unpaid remuneration to personnel	60	4	56
Assets with the right to use	(1)	-	(1)
Property, plant and equipment	7	(15)	22
Total deferred tax assets	169	9	160

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

24. Related parties

A company considers it to be a related party in accordance with the definitions in International Accounting Standard 24, Related Party Disclosure (IAS 24), with:

- the parent company, ATBIH GmbH, of which 100% is controlled by Vienna Assurance Group AG, of which 72% is controlled by WIENER STÄDTISCHE Versicherungsverein – Vermögensverwaltung (ultimate controlling company);
- the companies of the Vienna Assurance Group AG;
- key management personnel and companies under their direct and indirect control.

Key management personnel

The company identifies as key management personnel the following members:

- All members of the Management Board and the Supervisory Board of the Company;
- Executive Directors and Members of the Management and Supervisory Boards of ATBIH GmbH (direct parent), Vienna Assurance Company AG Wiener Versicherung Gruppe (VIG Holding) and Wiener Städtische Wechselseitiger Versicherungsverein – Vermögensverwaltung – Vienna Assurance Group (ultimate controller); and
- Directors, senior executives, and senior employees with specific roles (senior employees) in the Company.

(a) Parent company

In 2023, the Company declared and paid to ATBIH GmbH a dividend of TBGN 13,012. (2022: TBGN 14,447).

(b) Transactions with other related parties

All affiliates presented in the table below are members under the control of Vienna Assurance Group AG.

		Statement of financial position		Comprehensive Income Statement	
		31.12.2023		31.12.2023	
		Asset	Liability	Expenses	Income
		BGN'000	BGN'000	BGN'000	BGN'000
DV Asset Management AD	Specialized services	-	150	1,892	-
Bulstrad Professional Medicine Ltd.	Specialized services	-	-	5	-
Bulstrad Vienna Insurance Group	Assurance	-	-	89	2
Bulstrad Life Vienna Insurance Group	Assurance	-	64	94	-
Global Services Bulgaria AD	Services	-	25	349	-
VIG AGWiener Versicherung Gruppe	Specialized services	-	-	17	-
DV Consulting EAD	Rent	-	-	-	123
Guarantees MB and NS			171	-	-
Total		-	410	2,446	125

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

24. Related parties (continued)

(b) Transactions with other related parties (continued)

		Statement of financial position		Comprehensive Income Statement	
		31.12.2022		31.12.2022	
		Asset	Liability	Expenses	Income
		BGN'000	BGN'000	BGN'000	BGN'000
DV Asset Management AD	Professional services	-	150	1,800	-
Bulstrad occupational medicine EOOD	Professional services	-	-	5	-
Bulstrad Vienna Insurance Group	Assurance	-	-	91	5
Bulstrad Life Vienna Insurance Group	Assurance	-	48	107	5
Global Services Bulgaria AD	Services	-	25	355	-
VIG AG	Professional services	-	-	12	-
Wiener Versicherung Gruppe DV Consulting EOOD	Rent	-	-	-	119
Supervisory and Management Board	Guarantees	-	122	-	-
Total		-	345	2,370	129

(c) Transactions with key management personnel

BNG'000	2023	2022
Remuneration of key management staff	4,082	3,912
Total	4,082	3,912

Management and supervisory bodies

The company has a two-tier system of management.

The members of the boards were charged and paid a total of TBGN 1,978 amounts during the year.

The guarantees of the members of Supervisory and Management Boards on 31.12.2023 are TBGN 151 (2022: TBGN 122). The board members of the Company have not issued any bonds, and the board members have not acquired or transferred bonds. The board members are not shareholders in the Company and have not acquired or transferred shares of the Company.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

25. Right-of-use assets and operating lease liabilities

The company as a lessee

The table below provides information on right-of-use assets and depreciation in 2023.

	Buildings	Office machinery	Other	Total
	BGN'000	BGN'000	BGN'000	BGN'000
Book value				
As of 01 January 2023	4,199	51	35	4,285
Additions - new lease contacts	710	-	-	710
Terminated lease contracts	(379)	-	-	(379)
As of 31 December 2023	4,530	51	35	4,616
Depreciation				
As of 01 January 2023	2,368	26	12	2,406
Additions	957	6	6	969
Disposals	(305)	-	-	(305)
As of 31 December 2023	3,020	32	18	3,070
Book value				
Net book value as at 01 January 2023	1,831	25	23	1,879
Net book value as at 31 December 2023	1,510	19	17	1,546

The table below provides information on right-of-use assets and depreciation in 2022.

	Buildings	Office machinery	Other	Total
	BGN'000	BGN'000	BGN'000	BGN'000
Book value				
As of 01 January 2022	3,916	50	26	3,992
Additions - new lease contacts	665	1	17	683
Terminated lease contracts	(382)	-	(8)	(390)
As of 31 December 2022	4,199	51	35	4,285
Depreciation				
As of 01 January 2022	1,813	20	13	1,846
Additions	842	6	4	852
Disposals	(287)	-	(5)	(292)
As of 31 December 2022	2,368	26	12	2,406
Book value				
Net book value as at 01 January 2022	2,103	30	13	2,146
Net book value as at 31 December 2022	1,831	25	23	1,879

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

25. Right-of-use assets and operating lease liabilities (continued)

The company as lessee (continued)

Regarding tax legislation right of use assets are not tax depreciable assets.

As at 31 December 2023, the maturity structure of lease liabilities was as follows:

	<u>31.12.2023</u>	<u>31.12.2022</u>
	BGN'000	BGN'000
Within one year	762	796
Between one and five years	763	1,076
Between five and ten	9	-
Total	<u>1,534</u>	<u>1,872</u>

The following amounts are recognised in the statement of comprehensive income:

	<u>2023</u>	<u>2022</u>
	BGN'000	BGN'000
Total depreciation cost	<u>898</u>	<u>806</u>
Interest expense on lease liabilities	30	26
Expense related to short-term leasing	-	-
Loss on termination of lease	-	-
Total costs related to leasing contracts	<u>928</u>	<u>832</u>

Reconciliation of movements in lease obligations with cash flows arising from financing activities

	<u>2023</u>	<u>2022</u>
	BGN'000	BGN'000
Leasing obligations		
Balance on 1 January	<u>1,872</u>	<u>2,134</u>
Payments of lease obligations	(939)	(818)
New leases	601	556
Interest expenses	30	26
Interest paid	(30)	(26)
Balance at 31 December	<u>1,534</u>	<u>1,872</u>

The following amounts are recognised in the statement of cash flows:

	<u>2023</u>	<u>2022</u>
	BGN'000	BGN'000
Cash Outflow from Leases (IFRS 16) – Financing Activities		
Principal	939	818
	<u>939</u>	<u>818</u>
Outgoing cash from leasing contracts – operating activities	30	26
Total cash outflow	<u>969</u>	<u>844</u>

PAC "DOVERIE" AD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

25. Right-of-use assets and operating lease liabilities (continued)

The company as a lessor

The Company has signed a lease contract for offices and commercial premises. This contract has an average term of between 1 and 5 years. The Company has no restrictions imposed by the contract.

As of 31 December 2023, the future minimum installments under the concluded lease agreement are as follows:

	<u>31.12.2023</u>	<u>31.12.2022</u>
	BGN'000	BGN'000
Within one year	123	123
Between one and five years	327	82
Total	450	205

- 26. Non-consolidated structured enterprises managed by PAC Doverie AD

The table below provides information on the types of non-consolidated structured enterprises that the Company does not consolidate but manages.

In BGN'000

Type of enterprise	Purpose of the enterprise and ways of financing	Interest of the Company in the structured enterprise	Total assets under management
GPF Doverie, PPF Doverie, VPF Doverie, Fund for Life-long Payments Doverie, Fund for Deferred Payments Trust	Management of the accounts of assured members Pension funds are financed by receiving contributions for insured members from the NRA, employers' or personal contributions depending on the type of fund	Fee income in Size of TBGN 61,940 for 2023 and TBGN 53,602 for 2022	TBGN 5,673,780 for 2023 TBGN 4,778,134 for 2022

The maximum exposure to loss of the Company as at 31 December 2023 in respect of non-consolidated structured enterprises is the carrying amount of outstanding investment and management fee receivables amounting to TBGN 3,809 (2022: TBGN 2,985).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

27. Accounting classifications and fair values

The following tables show the carrying and fair values of financial assets and financial liabilities and their accounting classification.

Financial assets

	At fair value through profit/loss		Credits and Receivables	
	31.12.2023	31.12. 2022	31.12.2023	31.12. 2022
	BGN'000	BGN'000	BGN'000	BGN'000
Cash and equivalents	-	-	30,573	20,576
Bank deposits			2,004	-
Receivables			4,028	3,252
Government bonds	73,979	68,421	-	-
Corporate bonds	6,397	6,083	-	-
CIS	-	-	-	-
Total	80,376	74,504	36,605	23,828

Financial liabilities

	At amortized cost	
	31.12.2023	31.12. 2022
	BGN'000	BGN'000
Liabilities to related parties and other liabilities	3,456	3,423
Total	3,456	3,423

Distribution of assets by sensitivity levels in the fair value hierarchy (according to source and input data for determining fair value) is indicated in the following table.

	Level 1		Level 2		Level 3		Total	
	31.12.2023	31.12.2022	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	BGN'000	BGN'000
Government bonds	39,029	41,776	34,950	26,645	-	-	73,979	68,421
Municipal bonds	-	-	-	-	-	-	-	-
Corporate	6,397	5,945	-	-	-	138	6,397	6,083
CIS	-	-	-	-	-	-	-	-
Receivables	-	-	-	-	-	-	-	-
Total	45,426	47,721	34,950	26,645	-	138	80,376	74,504

Information on fair values is not included if the carrying amount is a reasonable approximation of fair value.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

- 27. Accounting classifications and fair values (continued)

Value of financial assets included in level 3 at 31 December

	2023	2022
	BGN'000	BGN'000
Total Opening balance	138	109
Corporate bonds		
Starting balance	138	107
Gains/(losses) shown in the income statement	(59)	31
Purchases	-	-
Sales	(79)	-
Repayment	-	-
Transfer to/from level 1 and level 2	-	-
Closing Balance	-	138

	2023	2022
	BGN'000	BGN'000
Receivables		
Opening balance	-	2
Gains/losses shown in the income statement	-	-
Purchases	-	-
Sales	-	-
Repayment	-	(2)
Transfer to/from level 1 and level 2	-	-
Closing Balance	-	-
Total Closing Balance	-	138

- 28. Financial risk management

In its ordinary activities, the Company is exposed to the following risks:

- Credit risk;
- Market risk, including a change in market value or cash flow in relation to changes in interest rates;
- Exchange rate risk;
- Other market risk;
- Liquidity risk;
- Regulatory risk.

Like other similar businesses, PAC Doverie AD is also exposed to risks arising from the use of financial instruments. The following explanatory notes describe the objectives, policies, and processes for managing these risks, as well as the methods used to measure them.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

- 28. Financial risk management (cont'd)

Main financial instruments

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

- Receivables;
- Cash and cash equivalents.
- Government bonds;
- Bonds (corporate, municipal, mortgage);
- CIS;
- Shares.

Objectives, policies, and processes

The Management Board has overall responsibility for setting objectives and policies regarding risk management in the Company, having delegated the operational management processes to ensure effective achievement of and following the policies within the financial activity. Monthly reports, management reports and analysis are prepared.

The overall objective and policies are following risk optimization without aiming to achieve a reduction of competitiveness and flexibility of the Company. Further details regarding the policies can be found below.

Credit risk

Credit risk is the risk of financial loss if the counterparty to a financial instrument fails to meet its contractual commitment. For the Company it mainly arises from the bonds part of the portfolio, cash and bank deposits.

For the purposes of credit risk measurement external analysis and resources are used, predominantly internationally recognized agencies. When such information is not available, the Company uses its own internal credit evaluation methodology which includes data and analysis from the Prospectus and after listing on the stock-exchange further analysis of data derived from the quarterly financial statements. The analysis of the credit rating includes 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 (bond or share issuers) in which the Company has invested, to discuss the financial position of the issuer and the perspectives for the development of the issuer's business.

The investments of the Company 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. All issuers of government securities, included in the Company portfolio possess investment credit rating, assigned by internationally acknowledged rating agencies. The detail rating distribution is represented below.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

- 28. Financial risk management (cont'd)

Main financial instruments (continued)

Credit risk (continued)

The total amount of the Company's investments in debt instruments is TBGN 80,376. In a simulation scenario with a planned drop in the price of these investments of 6%, the value of the entire investment portfolio would be reduced by TBGN 4.823 or 5.85%.

In addition, the Company invests mainly in debt securities collateralized by mortgages, liens, receivables, and financial risk assurance. For that type of asset-backed securities the local regulation constitutes the function of control with the trustee bank which is obliged to review quarterly the financial condition of the issuer, and the quality and quantity of the collateral. The investment committee regularly considers the concentration risk in credit risk. Under review are the credit rating results for the period and reports trustee banks.

In the daily activities of the Company relationships with multiple suppliers arise. With most of them payments are agreed to be made after completion of the contract or service.

Credit risk, albeit minimal, exists when it comes to cash in banks. For that purpose, a thorough analysis of the financial condition and credit risk of the banks is regularly made.

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

The Company does not use derivatives to manage credit risk. In case such a need arises in strictly defined circumstances such steps can be taken to reduce the risk.

Quantitative disclosure of credit risk exposure related to financial assets is as follows and further explanation of the receivables can be found in note 12-14.

Financial assets	31.12.2023		31.12.2022	
	Book value	Maximum risk	Book value	Maximum risk
	BGN'000	BGN'000	BGN'000	BGN'000
Cash and equivalents	30,573	30,573	20,576	20,576
Bank deposits	2,004	2,004	-	-
Receivables	4,028	4,028	3,252	3,252
Government bonds	73,979	73,979	68,421	68,421
Corporate bonds	6,397	6,397	6,083	6,083
Total	116,981	116,981	98,332	98,332

PAC "DOVERIE" AD

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

28. Financial risk management (cont'd)

Main financial instruments (continued)

Credit risk (continued)

Standard & Poor's risk rating scale or equivalized to financial instruments at fair value as at 31 December 2023

/BGN'000 /	A+	A	A-	BBB+	BBB	BBB-	BB+	BB	BB-	Unrated	Total
Cash and equivalents	-		30,556	-		-		-	-	17	30,573
Bank deposits	2,004			-		-		-	-	-	2,004
Receivables				-		-		-	-	4,028	4,028
Government bonds	4,410		13,767	2,003	34,950	18,849		-	-		73,979
Corporate bonds	581		449	378	371	1,699	389	1,936	594		6,397
Total	6,995		44,772	2,381	35,321	20,548	389	1,936	594	4,045	116,981

Annual Financial Statement for the year ended 31 December 2023

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

PAC "DOVERIE" AD

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

28. Financial risk management (cont'd)

Main financial instruments (continued)

Credit risk (continued)

Standard & Poor's Risk Rating Scale or assimilated to financial instruments at fair value 31 December 2022

/BGN'000/	A+	A	A-	BBB+	BBB	BBB-	BB+	BB	BB-	Unrated	Total
Cash and equivalents			20,537			-		-		39	20,576
Receivables						-		-		3,252	3,252
Government bonds	777	3,494	13,278	0	33,773	15,118	1,981	-			68,421
Corporate bonds	368	0	0	717	0	1,096	2,820	375	569	138	6,083
Total	1,145	3,494	33,815	717	33,773	16,214	4,801	375	569	3,429	98,332

Annual Financial Statement for the year ended 31 December 2023

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

28. Financial risk management (cont'd)

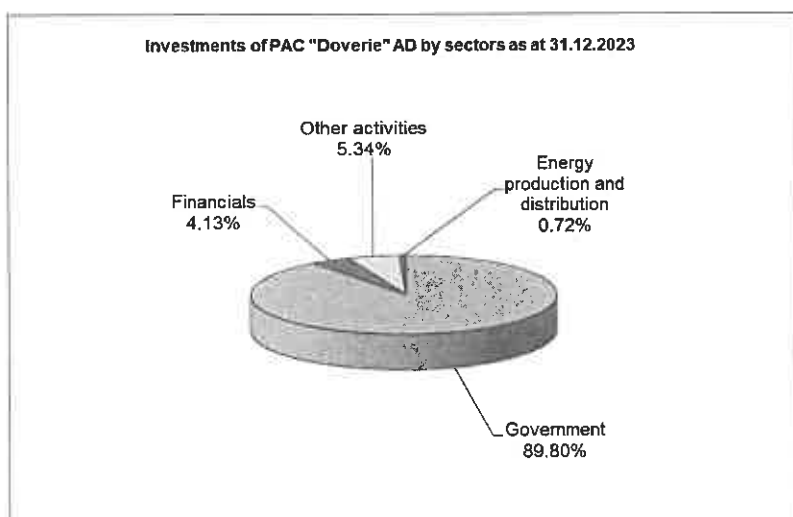
Main financial instruments (continued)

Credit risk (continued)

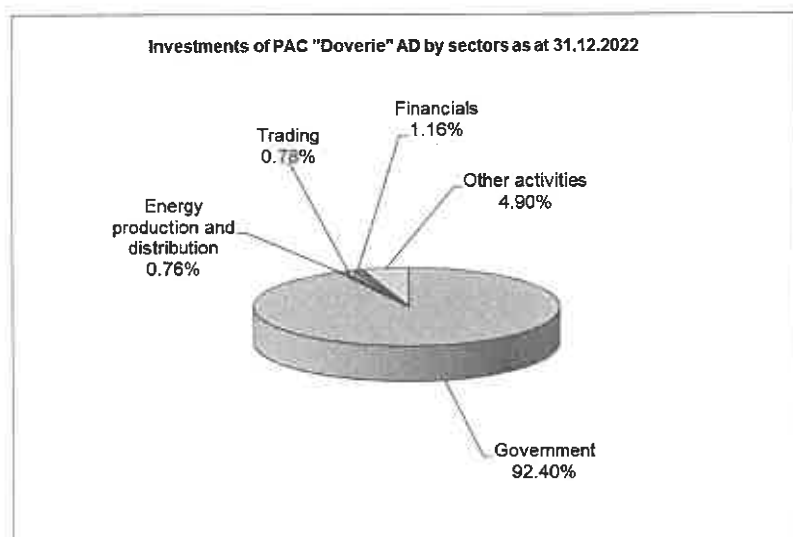
The time structure of receivables from customers and suppliers as of the reporting date is as follows:

<i>BGN'000</i>	<u>31.12.2023</u>	<u>31.12.2022</u>
Current (out of standing)	97	50
Overdue between 1-30 days	2	-
Overdue between 31-90 days	1	1
Overdue between 90-120 days	1	-
Overdue over 120 days	1	-
Gross book value of receivables	102	51
Impairment loss	-	-
Net book value of receivables	102	51

The following graph presents the concentration of assets by economic sector as at 31 December 2023.



The following graph presents the concentration of assets by economic sector as at 31 December 2022.



Note: The financial and Assurance activities sector includes bank deposits, investments in REITs and CISs, securities issued by credit institutions and holding companies.

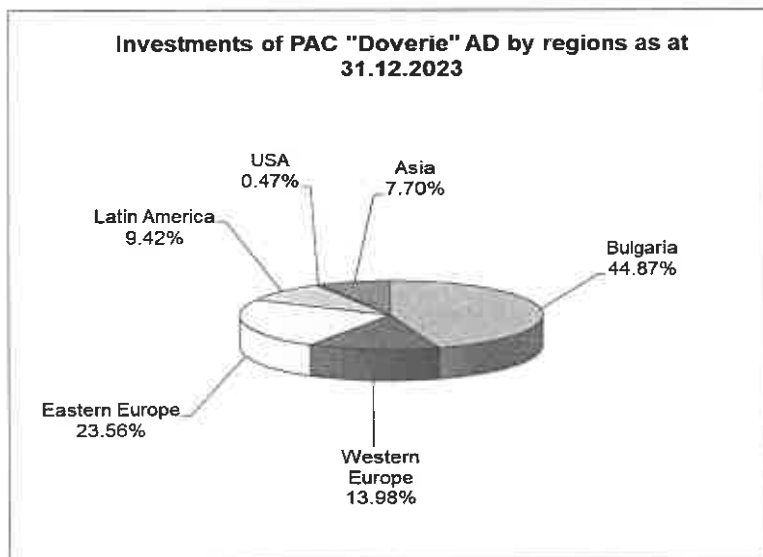
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

28. Financial risk management (cont'd)

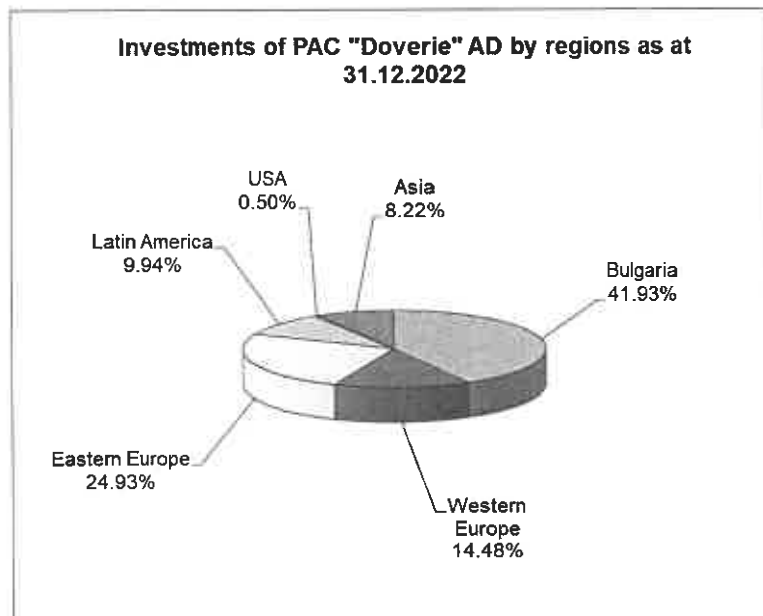
Main financial instruments (continued)

Credit risk (continued)

The following graph presents the concentration by geographical areas of assets as at 31 December 2023.



The following graph presents the concentration by geographical areas of assets as at 31 December 2022.



Note: When preparing the distribution of investments of PAC Doverie AD geographically, by sectors and currencies, investments and bank deposits are included.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

28. Financial risk management (cont'd)

Main financial instruments (continued)

Market risk

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

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

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

No	Indicator	2022	2023
1	Change in the value of the investment portfolio in TBGN	(1,904)	(1,667)
2	Change in investment portfolio value in %	(2.56%)	(2.02%)

Exchange rate risk

The Company has no operations outside the territory of Bulgaria and both the revenue and expenditure are in local currency. Although the functional currency is the Bulgarian Lev (BGN), the Company 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 Company that are denominated in BGN or EUR are subjected to currency risk, but their value is dependent on changes in the exchange rate between a third currency and BGN or EUR. During the reporting period such financial instruments were not part of the investment portfolio of the Company. To reduce the risk of any adverse change in the future the exchange rate between EUR and BGN, the majority of the investments of the Company are denominated in EUR.

A simulation analysis of a 10% depreciation of the euro against the US dollar at the date of the report, other things being equal, would lead to an increase in the pre-tax result by TBGN 4.5. Conversely, with a 10% depreciation of the dollar against the euro, the result would be reduced by the same amount.

The following table summarizes the Company's exposure to foreign exchange risk as at 31 December 2023. It includes assets and liabilities at book value, categorized by currency type.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

28. Financial risk management (cont'd)

Main financial instruments (continued)

Exchange rate risk (continued)

BGN'000	BGN		EUR		USD		Total	
	2023	2022	2023	2022	2023	2022		
Cash and cash equivalents	14,312	8,972	16,216	11,579	45	25	30,573	20,576
Deposits	-	-	2,004	-	-	-	2,004	-
Financial assets at fair value through profit or losses	24,647	22,445	55,729	52,059	-	-	80,376	74,504
Receivables	4,028	3,252	-	-	-	-	4,028	3,252
Total assets	42,987	34,669	73,949	63,638	45	25	116,981	98,332
Lease liabilities	1,534	1,872	-	-	-	-	1,534	1,872
Liabilities to related parties, other liabilities and obligations for defined benefit plans	3,456	3,423	-	-	-	-	3,456	3,423
Total liabilities	4,990	5,295	-	-	-	-	4,990	5,295

As at 31 December 2023, the Company's net exposure to foreign exchange risk was as follows:

Foreign exchange exposure (assets/liabilities) before hedging	Functional currency	
	2023	2022
	BGN'000	BGN'000
Euro	73,949	63,638
United States dollar	45	25
Total	73,994	63,663

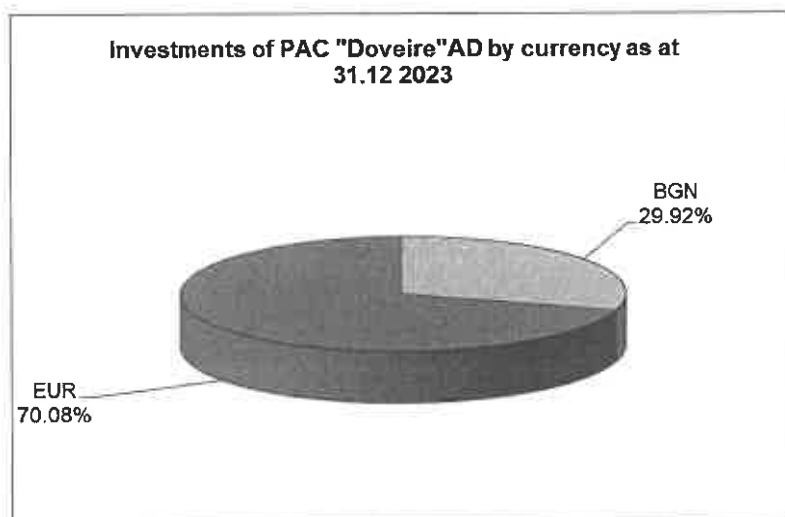
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

28. Financial risk management (cont'd)

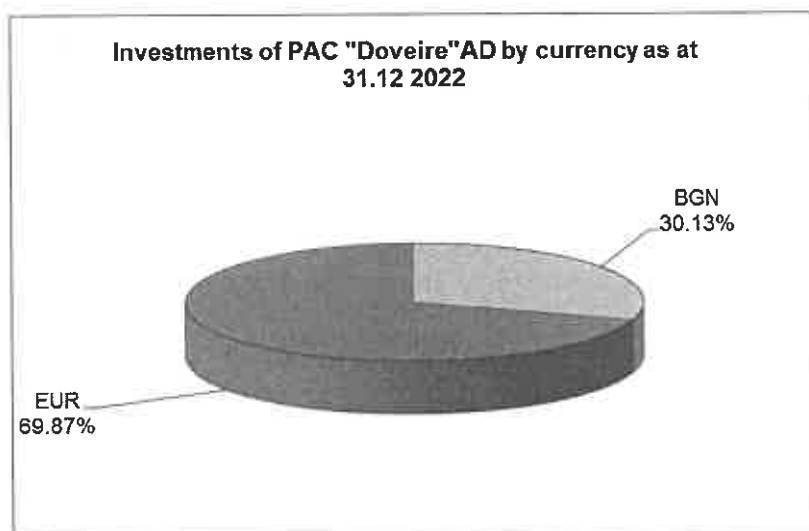
Main financial instruments (continued)

Exchange rate risk (continued)

The following graph presents the concentration by currency of investments as at 31 December 2023.



The following graph presents the concentration by currency of investments as at 31 December 2022.



NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

28. Financial risk management (cont'd)

Main financial instruments (continued)

Other market risk

The Company has no strategic holdings of shares/stocks in specific enterprises.

Liquidity risk

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

The Company's policy is to ensure at all times available cash at least sufficient to cover obligations when they are 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 balances and monthly with the budget review makes fine-tuning where necessary.

Given the significantly higher number of inflows from outflows, the Company 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 and unusual outflows. In practice, possibility of receivables and/or obligations to become due earlier than the maturity, the Company assessed as minimal.

The table below provides an analysis of the Company's liabilities as at 31 December 2023, disaggregated by residual maturity.

The tables below analyse financial liabilities in their respective groups on the basis of their contractual maturities. The amounts presented in the table are the undiscounted cash flows of a contract.

As of 31 December 2023	Balance- ca value	Contract cash flows	Up to 3 months	Between 3 and 12 months	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000
Financial liabilities							
Lease liabilities	1,534	(1,534)	(258)	(504)	(599)	(173)	-
Liabilities to related parties and other liabilities	3,456	(3,456)	(2,989)	(14)	-	-	(466)
Total	4,990	(4,990)	(3,247)	(518)	(599)	(173)	(466)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

28. Financial risk management (cont'd)

Main financial instruments (continued)

Liquidity risk (continued)

As of 31 December 2022	Balance- ca value	Contract cash flows	Up to 3 months	Between 3 and 12 months	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000
Financial liabilities							
Lease liabilities	1,872	(1,872)	(204)	(592)	(903)	(173)	-
Liabilities to related parties and other liabilities	3,423	(3,423)	(3,032)	(16)	-	-	(375)
Total	5,295	(5,295)	(3,236)	(608)	(903)	(173)	(375)

Regulatory risk

The Company is subject to the regulations set out in Social Security Code and Regulations issued by the FSC. Regulatory risk arises from the possibility that certain regulations and requirements for investments might be changed, and deadlines for the compliance in accordance with the new requirements might be short. In this case it could be that the Company 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 Company recognizes this risk as being minimal, given the current allocation of financial assets and the probability of such change.

Capital management

With the changes in 2021 in the SSC, fully regulating the payout phase, key requirements for the capital of pension assurance companies and its management were introduced:

- A requirement for an increase in the minimum amount of the capital of pension assurance companies of EUR 5 million was introduced. BGN 7.5 million. left. This requirement did not affect PAC Doverie AD, as the amount of the registered and fully paid share capital is TBGN 15,004.
- A requirement for the sufficiency of own funds to cover the solvency margin was introduced. The solvency margin is the minimum amount of the pension company's own funds, which is necessary as an additional guarantee for the fulfilment of commitments for the payment of lifetime pensions and deferred payments with guarantees. The solvency margin amounts to 4% of the capitalised value of these pensions and deferred payments, but not less than EUR 7.5 million. The pension assurance company should maintain at least 75% of the own funds covering the solvency margin in government debt securities, corporate bonds, and bank deposits. The structure, elements, calculation, etc. in relation to own funds and the insolvency margin are defined by Ordinance No 10 of 29.06.2021 on the requirements for the solvency margin of the pension Assurance company, its resolution program and the minimum liquid funds of the company and the funds managed by it. As of 31 December 2023, and 31 December 2022, the Company meets the requirements set (see below).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

28. Financial risk management (cont'd)

Main financial instruments (continued)

Capital management (continued)

Also, as a joint-stock company, PAC Doverie AD pays dividends to its shareholders, complying with the requirement that the net value of its assets (the difference between the value of the rights and liabilities according to the financial statement) less the dividends to be paid is not less than the amount of the Company's capital, the Reserve Fund and the other funds that the Company is obliged to form by law or statute, and without prejudice to the above requirements of the Social Security Code.

At the end of the reporting period, the key indicators are as follows:

	31.12.2023	31.12.2022
Adequacy	797.23%	679.7%
Liquidity	12.55	11.87

Capital requirements are reviewed monthly and are subject to accountability to the regulator.

Objectives that the Company follows when managing the capital are to ensure compliance with the principle of going concern, thus enabling return on capital and to provide an adequate return for shareholders in view of the level of risk.

29. Contingent assets and contingent liabilities

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

30. Events after the reporting period date

In March 2024, the Chairman of the Supervisory Board of PAC Doverie AD announced that Mrs. Svetla Nestorova was elected as a member of the Management Board of PAC Doverie, who subsequently took over the functions of Mrs. Daniela Petkova, until recently Chairman of the Management Board. Mrs. Petkova retired after being head of the Company for 30 years.

As of the date of approval for the issuance of this financial statement, all necessary approval and registration procedures for the registration of Mrs. Svetla Nestorova have been completed.

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

This financial statement was approved for issue by the Management Board on March 25, 2024.

The financial statements have been approved by the Management Board and signed on its behalf by:

Prepared by: 
Tatyana Krasimirova Koleva

Executive Director: 
Miroslav Krumov Marinov

Chairman of the Management Board: 
Svetla Ivanova Nestorova-Asenova



25 March 2024



Independent Auditors' Report

To the Shareholders of "Pension Assurance Company Doverie" AD

Report on the audit of the financial statements

Our opinion

We have audited the financial statements of Pension Assurance Company Doverie AD (the "Company") which comprise the statement of financial position as at 31 December 2023, the statement of profit and loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and the notes to the financial statements, comprising material information on accounting policies and other explanatory information.

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

Basis for opinion

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

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

Independence

We are independent of the Company 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>Revenue from management fees and charges</p> <p>Revenue from pension fund management in the statement of profit or loss and other comprehensive income: BGN 61,940 thousand for the year ended 31 December 2023 (31 December 2022: BGN 30,602 thousand). See Note 7.6. Material information on accounting - Revenue from contracts with customers and Note 8. Revenues from pension fund management. Revenue from pension fund management accounts for the main part of the revenue of the Company for the year ending 31 December 2023. The majority of the balance is represented by investment fees earned from the funds managed by the Company. These fees are calculated by applying the fee rates, as set out in the respective managed funds' rules, to their respective net assets value (NAV), for the general pension fund (GPF) and the professional pension fund (PPF), or to the recognized net gain/(loss) from investment activities during the year, for the voluntary pension fund (VFP). The main component of the NAV is the value of the underlying investments, which is estimated based on the investment's prices quoted in active markets or, for the investments where quoted prices in active markets are not available, based on valuation models.</p> <p>The remainder of the revenue from pension fund management for the year is represented by management fees, calculated by applying the fee rates, as set out in the respective managed funds' rules, to contributions made by the assured individuals. The assured individuals' contributions to GPF and PPF are defined by the requirements of the Social security code while those to VPF are defined by the individuals or their employers. Due to the magnitude of the amounts involved, and the complexities involved in the assessment of</p>	<p>Our procedures over the revenue from pension fund management included, among other things:</p> <ul style="list-style-type: none"> - testing the design, implementation and operating effectiveness of selected key controls relating to the recognition of revenue from pension fund management, including the controls over the valuation of investments underlying the funds' NAV; - Independently estimating the investment fee revenue, as follows: <ul style="list-style-type: none"> - assessing the fair value of the investments underlying the funds' NAV, by tracing them to quoted market prices or, where not quoted, assisted by our own valuation specialists, testing their valuations. This included primarily: (i) assessing the valuation methods applied against the relevant financial reporting framework and generally accepted valuation practices, (ii) challenging the appropriateness of the key assumptions, mainly those for discount rates, growth rates and yields, (iii) challenging the reliability and relevance of the data used and (iv) testing the internal coherence, logic and mathematical accuracy of the valuation calculations. - on a sample basis tracing the fee rates applied to those prescribed in the funds' rules, and recalculating investment fee revenue for the year by applying those rates to the corresponding NAV or the recognized net gain from investment activities during the year. - Testing the management fee revenue for the year, as follows: <ul style="list-style-type: none"> - for UPF and PPF – tracing contributions from assured individuals to National Revenue Agency data and bank statements; - for VPF, on a sample basis, tracing contributions from assured individuals or their employers to bank statements; - tracing the fee rates applied in the management fee calculations to those prescribed in the funds' rules and the limits set out in the Social Security Code; - recalculating management fee revenue for the

the fair value of the investments underlying the funds' NAV for GPF and PPF and the gains from investment activities for VPF, this area required our increased attention in the audit, and as such was considered by us to be our key audit matter.

year by reference to the fee rate and contributions tested as part of the preceding procedures.

- Obtaining a confirmation letter from custodian bank and reconciling the confirmed nominal values of financial assets to the investment portfolio of the funds;
- Assessing the accuracy and completeness of the revenue recognition-related disclosures in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union (EU)..

Information other than the financial statements and auditors' report thereon

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

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

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

Additional matters to be reported under the Accountancy Act

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

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

Based on the procedures performed, in our opinion:

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

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

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 Company'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 Company or to cease operations, or has no realistic alternative but to do so.

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

Auditors' responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company'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 Company'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 Company 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 Company 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 Company on 18 December 2017.
- Crowe Bulgaria Audit EOOD was appointed as a statutory auditor of the financial statements of the Company 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 Company on 20 May 2022.
- The audit of the financial statements of the Company for the year ended 31 December 2023 represents seventh consecutive statutory audit engagement for that Company carried out by PricewaterhouseCoopers Audit OOD.
- The audit of the financial statements of the Company for the year ended 31 December 2023 represents second consecutive statutory audit engagements for that Company 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 Company.

For PricewaterhouseCoopers Audit OOD:

For Crowe Bulgaria Audit EOOD:



Jock Nunan

Manging Director



Boryana Dimova

Registered auditor responsible for the audit

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



27 March 2024



Gyulyay Rahman

Statutory Manager



Georgi Kaloyanov

Registered auditor responsible for the audit

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



27 March 2024