

PROFESSIONAL PENSION FUND
DOVERIE

ANNUAL ACTIVITY REPORT

FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED

31 December 2022

INDEPENDENT AUDITORS' REPORT

CONTENTS

PAGE

ANNUAL ACTIVITY REPORT	1-9
ANNUAL FINANCIAL STATEMENTS:	
STATEMENT OF COMPREHENSIVE INCOME	1
STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO INSURED INDIVIDUALS	2
STATEMENT OF NET ASSETS ATTRIBUTABLE TO INSURED INDIVIDUALS	3
NOTES TO THE FINANCIAL STATEMENTS	4-46
INDEPENDENT AUDITORS' REPORT	

ANNUAL ACTIVITY REPORT

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

1.1. Organization

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

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

The General Assembly of the Shareholders of PAC Doverie AD held on 24 June 2002, resolved on the merger of the Bulgarian Pension Insurance Company and the pension funds managed by it with Pension Assurance Company Doverie and the respective pension funds under its management. After finalization of the necessary procedures, on 20 May 2003, the Bulgarian Professional Pension Fund merged with Professional Pension Fund Doverie.

1.2. Investment Return

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

Index	01.01.2018	01.01.2019	01.01.2020	01.01.2021	01.01.2022	Geometric mean
	31.12.2018	31.12.2019	31.12.2020	31.12.2021	31.12.2022	Nominal yield 2018 – 2022
Nominal yield	-4.47%	4.31%	1.73%	5.06%	-12.23%	-1.34%
Standard deviation	2.82%	1.43%	4.92%	3.45%	7.12%	-
Sharpe ratio	-	3.28	0.45	1.61	-	-

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

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

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

ANNUAL ACTIVITY REPORT, CONTINUED

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

1.3. Members

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

As of 31 December 2022, the number of members in PPF Doverie has reached 76,157 representing 23.65% (preliminary data) of all members of professional pension funds in Bulgaria.

The increase in the number of insured persons, compared to those reported on December 31, 2021 (71,755 persons) is 6.13%.

1.3.1. New members

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

In 2022 PPF Doverie increased its insured persons by 10,150 new persons working under the conditions of the 1st and 2nd category of labour, for which at least one contribution has been received. Of these, 502 are persons with initial choice, 7,882 - transferred from other funds and 1,766 - were allocated on a non-discretionary basis to the fund by the National Revenue Agency (NRA).

Compared to 2021 (7,513) the newly insured persons increased by 35.10%.

1.3.2. Initial choice

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

In 2022, 472 individuals had applied through NRA and were registered in PPF Doverie. Compared to 2021 (258), there was an increase of 82.95% in the initial choice.

1.3.3. Non-discretionary member allocation

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

In 2022, four allocations in total were made between ten professional funds for a total of 10,507 individuals, representing 2.88% more than the year 2021 (10,213 members).

The total number of individuals allocated on a non-discretionary basis to Professional Pension Fund Doverie in 2022 is 1,800 representing 17.13% of all allocated individuals by the NRA. Contributions were received for 98.11% of these individuals in 2022.

ANNUAL ACTIVITY REPORT, CONTINUED

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

1.3. Members, continued

Compared to 2021 (1,480) individuals allocated on a non-discretionary basis increased by 21.62%.

1.3.4. Transferred members

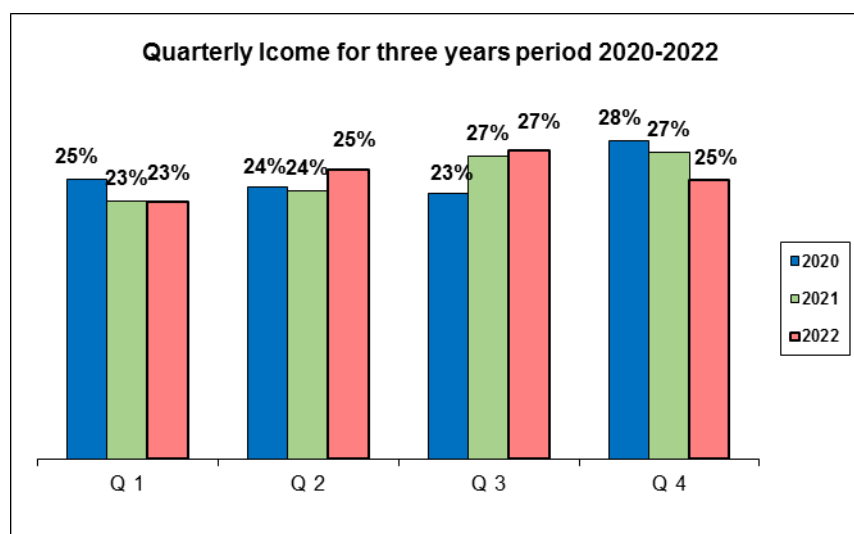
Transferred members are all insured individuals that have transferred their pension account or switched participation from other pension funds in PPF Doverie during the calendar year.

In 2022, the number of individuals that switched participation from other professional pension funds was 7,882 representing 36.51% increase compared to 2021 (5,774 members).

1.4. Revenue

In 2022, contributions from 35,321 members were received in PPF Doverie, representing 46.38% of all fund members. The total received amount is BGN 65,558,968, 50.61% of which is from insurance contributions and related interest and 49.39% transferred from other professional pension funds.

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

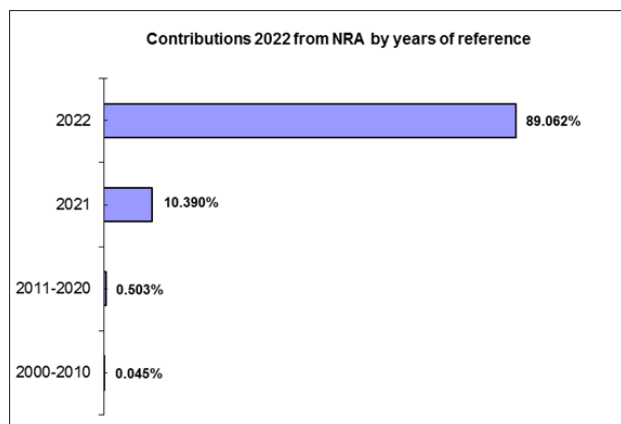


89.06% of the total receipts transferred by NRA in 2022, represent contributions for the current year and 10.94% - contributions related to prior years.

ANNUAL ACTIVITY REPORT, CONTINUED

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

1.4. Revenue, continued



The average annual assurance contribution per member in 2022 is BGN 1,856.09, an increase of 3.15% compared to 2021 (BGN 1,799.40).

The average monthly assurance contribution received from NRA for 2022 is BGN 113.76, an increase of 5.69% compared to 2021 (BGN 107.63).

The average amount transferred to PPF Doverie per member for 2022 is BGN 4,108.35, a decrease of 11.35% compared to 2021 (BGN 4,634.28).

1.5. Discontinued membership

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

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

In 2022, 5,747 members had left PPF Doverie, which is an increase of 9.09% compared to the year 2021 (5,268 members).

The members that switched participation to other pension funds during 2022 are 3,989, representing 69.41% of the members that have left the fund. This represents an increase of 13.81% compared to the year 2021 (3,505 members).

Members that terminated membership due to the occurrence of an insured event are 1,462 or 25.44% of all who left the fund. Compared to 2021 (1,411 members), the number of members with accounts closed due to the occurrence of an insured event increased by 3.61%.

ANNUAL ACTIVITY REPORT, CONTINUED

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

1.5. Discontinued membership, continued

Insured event	Discontinued memberships	
	2022	2021
Pensioners under Art.69b of the SSC	818	788
Pensioners Art.68, 68a, 69 and 69a of the SSC	281	251
Deceased	363	372
TOTAL	1,462	1,411

The average accumulated amount per early retired person as per art. 69b of the SSC, that was transferred to NSSI in 2022 equals to BGN 10,544.76. Compared to 2021 (BGN 11,204.50), this amount has decreased by 5,89%.

The average amount paid to members eligible for a pension for years of service and old age under art. 68, 68a, 69 and 69a of SSC is BGN 3,183.97. Compared to 2021 (BGN 3,705.57), this amount has decreased by 14.08%.

As of 31.12.2022, 296 members chosen to ensure fully in fund "Pensions" PAYGO pursuant art. 4B of SSC (effective from 01.01.2016) and transferred the accumulated funds from PPF Doverie to fund "Pensions" PAYGO. Compared to 2021 (352 members), the number has decreased by 15.91%.

The average accumulated amount of members who have chosen to ensure fully in fund "Pensions" PAYGO pursuant art. 4B of SSC (effective from 01.01.2016) and transferred the accumulated funds from PPF Doverie to fund "Pensions" PAYGO is BGN 10,496.65. Compared to 2021 (BGN 11,387.51), this amount has decreased by 7.82%.

1.6. Retirees

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

In 2022, one person has been granted a fixed-term occupational pension by PPF Doverie.

1.7. Risk management

The managing company PAC Doverie AD manages the risks that the Fund is exposed to, and information about the management of these risks is presented in the Annual activities report part of the financial statements of PAC Doverie AD as of and for the year ended 31 December 2022.

2. Financial activity

2.1. Interest income

The total interest income in 2022 amounts to TBGN 2,753 compared to TBGN 2,767 in 2021.

ANNUAL ACTIVITY REPORT, CONTINUED

2. Financial activity, continued

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

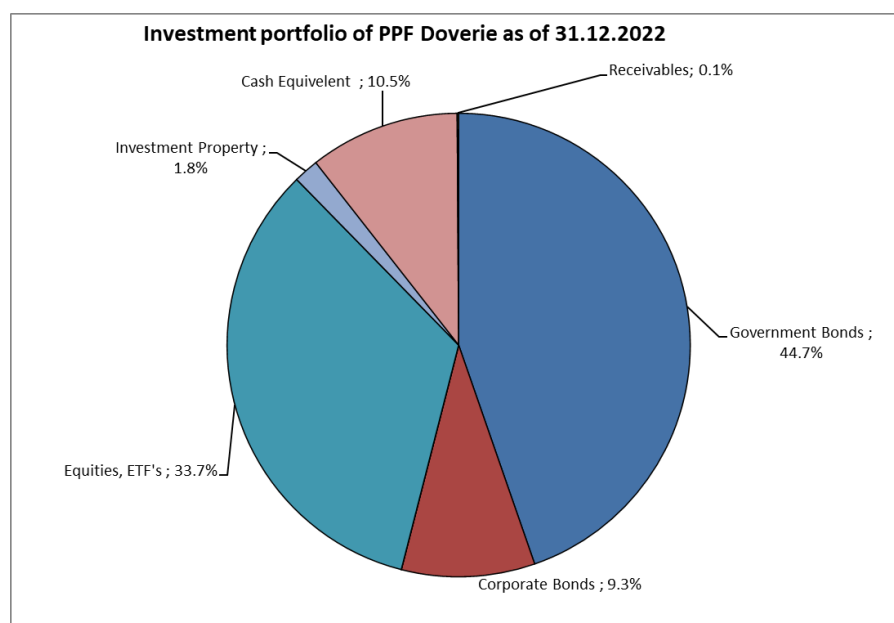
As a result of the transactions made in 2022 with securities held for trading and their daily revaluation at fair value, the Fund has realized income amounting TBGN 305,569 and respectively has incurred expenses totaling TBGN 349,813, in 2021: TBGN 194,382 income and 180,537 expenses, respectively.

2.3 Foreign currency operations

The income and respectively the expenses from foreign currency operations are formed from the securities in the portfolio held during the year, denominated in USD. These positions are securities and cash, denominated in USD including - foreign corporate bonds, government securities, shares, and collective investment schemes shares with a fair value of TBGN 70,958 as of 31 December 2022. In the statement of net assets attributable to insured individuals of the Fund as of 31 December 2022, the forward currency contract operations resulted in a receivable at the amount of TBGN 77 (2021: receivable TBGN 140).

3. Portfolio structure analysis

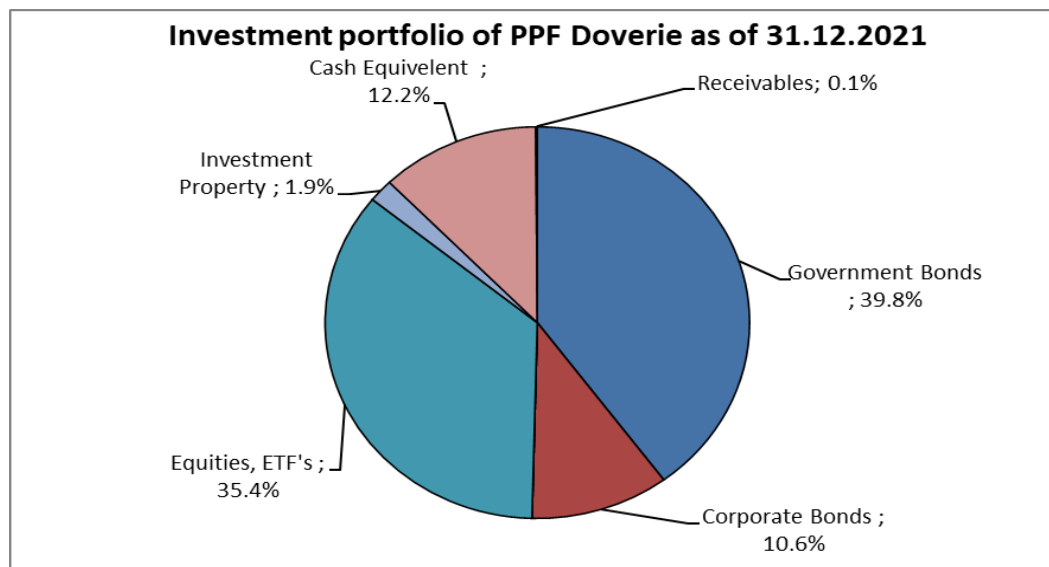
Portfolio structure as of 31 December 2022



ANNUAL ACTIVITY REPORT, CONTINUED

3. Portfolio structure analysis (continued)

Portfolio structure as of 31 December 2021

**3.1. Current accounts**

Cash remained unchanged compared to the previous year. All current accounts are subject to group cash management according to a cash-management contract signed with the custodian bank.

3.2 Receivables

Receivables related to investments, (receivables due for the period, related to outstanding interests, dividends, etc.) remained unchanged compared to the previous year.

3.3. Investment property

In 2022, the Fund realized negative financial result from the revaluation of investment property. The book value of the investment properties within the portfolio has been decreased as a result of the revaluation.

3.4. Government securities

At the end of 2022, the relative share of the government securities is 44.70% of the total assets (2021: 39.80%), a significant part of which is the foreign government securities, due to the ongoing restructuring and management of the portfolio.

ANNUAL ACTIVITY REPORT, CONTINUED**3. Portfolio structure analysis (continued)****3.5. Bank deposits**

As of the end of 2022, the Fund has no exposure to bank deposits.

3.6. Corporate bonds

The absolute value of the corporate bonds decreased; a decrease was observed in the proportion in the portfolio. The corporate bond portfolio of the fund is well diversified by region and by sector.

3.7. Equity

2022 has been extremely tough for equity investors. Almost all indexes ended the year in negative territory, thus ending the upward trend that started a few years ago. Overall, the Fund's exposure to ETF's decreased both in absolute value and as a share of the portfolio.

In 2022, the Fund continued to follow the adopted active strategy for the management of the portfolio of shares and units of collective investment schemes. The investments were made after detailed analyses of the financial indicators of the individual companies.

4. Regulatory requirements

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

The unit value on the last working day of 2022 was 1.67119.

5. Events after the reporting period

The management of PAC Doverie continues to monitor non-adjusting macroeconomic movements after the reporting date (such as interest rates, market values of financial assets and the impact on inflation of fluctuating fuel prices and/or unstable supplies chain). In general, these movements had a positive effect on the valuation of the Fund's assets in the period between the reporting date and the date of approval for issuing the annual financial statements.

With the collapse of Silicon Valley Bank and Signature Bank, the forced merger of UBS and Credit Suisse, and persistent questions about the viability of the small regional US banks, central banks across the world are once again confronted with the need to ensure financial system stability.

As central banks continue to hike interest rates to confront ongoing inflationary threats, market volatility increases and the risk of broader economic contraction rises. PAC Doverie AD and the funds under management have no exposure to collapsed banks but remain cautious about the further market developments and focused on robust risk management.

There are no other significant post balance sheet events with effect on the financial statements as of 31 December 2022.

ANNUAL ACTIVITY REPORT, CONTINUED

6. Responsibilities of the management

Under Bulgarian law, management should prepare a financial report for each financial year that gives an accurate and fair view of the Company's status as of the end of the reporting period and its financial results. The management has prepared this financial statement in accordance with International Financial Reporting Standards (IFRS) adopted in the European Union.

The management confirms that it has consistently applied an adequate accounting policy and that the preparation of the financial statements as of 31 December 2022 complies with the precautionary principle.

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

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

These financial statements are approved by the Management Board of PAC Doverie AD on 23 March 2023.

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

Miroslav Krumov Marinov

Daniela Panova Petkova

Executive Director

Chairman of the Management Board

23 March 2023

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December

		<u>2022</u>	<u>2021</u>
		BGN'000	BGN'000
	Note		
Interest income	12	2,753	2,767
Dividend income (net)	11	2,634	1,665
Net gain/(loss) from foreign financial instruments at fair value through profit and loss	14	(27,070)	16,500
Net gain/(loss) from Bulgarian financial instruments at fair value through profit and loss	13	(17,174)	(2,655)
Net income (expense) from investment property	15	(680)	(691)
Net gain/(loss) from investing the assets of the Fund		<u>(39,537)</u>	<u>17,586</u>
Investment fees	10, 18	(2,369)	(2,343)
Total operating expenses		<u>(2,369)</u>	<u>(2,343)</u>
Increase in net assets attributable to insured individuals		<u><u>(41,906)</u></u>	<u><u>15,243</u></u>

Notes on pages 4 to 46 are an integral part of the financial statements.

Prepared by:

Executive Director:

Chairman of the Management Board:

Ivanka Stoyanova
Lazarova

Miroslav Krumov Marinov

Daniela Panova Petkova

In accordance with an Independent Auditors' Report:

For PricewaterhouseCoopers Audit OOD

For Crowe Bulgaria Audit EOOD

Boryana Dimova
*Manager and Registered auditor,
responsible for the audit*

27.3.2023

Gyulyay Rahman
Manager
27.3.2023

Georgi Kaloyanov

*Registered auditor, responsible for the
audit*

27.3.2023

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

	Note	2021 BGN'000	2021 BGN'000
NET ASSETS OF THE FUND AT 1 JANUARY		330,218	294,330
Change in net assets attributable to insured individuals		(41,906)	15,243
Increase			
Net contributions	10	31,976	28,427
Transferred from other funds		32,382	26,758
Other increase		29	10
		<u>64,387</u>	<u>55,195</u>
Decreases			
Payments to members		(1,830)	(2,118)
Payments to pensioners		(9,557)	(9,738)
Transferred to other funds		(23,436)	(22,694)
		<u>(34,823)</u>	<u>(34,550)</u>
NET ASSETS OF THE FUND AT 31 DECEMBER		<u>317,876</u>	<u>330,218</u>

Notes on pages 4 to 46 are an integral part of the financial statements.

Prepared by: Executive Director: Chairman of the Management Board:

Ivanka Stoyanova
Lazarova

Miroslav Krumov Marinov

Daniela Panova Petkova

In accordance with an Independent Auditors' Report:

For PricewaterhouseCoopers Audit OOD

For Crowe Bulgaria Audit EOOD

Boryana Dimova
*Managing Director and Registered
auditor, responsible for the audit*
27.3.2023

Gyulyay Rahman
Manager
27.3.2023

Georgi Kaloyanov
*Registered auditor,
responsible for the audit*
27.3.2023

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

	Note	31.12.2022 BGN'000	31.12.2021 BGN'000
ASSETS			
Cash and cash equivalents	17	33,491	40,386
Securities issued or guaranteed by the Bulgarian government	8.1	55,463	31,505
Securities issued by Bulgarian issuers (bonds, shares and collective investment schemes)	8.3, 8.6	17,525	18,488
Foreign securities	8.4	207,130	234,838
Derivative assets held for risk management		77	140
Investment receivables	8.6	253	229
Investment property	8.2	5,608	6,274
TOTAL ASSETS		<u>319,547</u>	<u>331,860</u>
LIABILITIES			
Payables to PAC	8.8, 18	203	209
Investment payables	8.8	-	1
Payables to NSSI	8.8	1,468	1,432
TOTAL LIABILITIES		<u>1,671</u>	<u>1,642</u>
NET ASSETS ATTRIBUTABLE TO INSURED INDIVIDUALS		<u>317,876</u>	<u>330,218</u>

Notes on pages 4 to 46 are an integral part of the financial statements.

Prepared by: Executive Director: Chairman of the Management Board:

Ivanka Stoyanova
Lazarova

Miroslav Krumov Marinov

Daniela Panova Petkova

In accordance with an Independent Auditors' Report:

For PricewaterhouseCoopers Audit OOD

For Crowe Bulgaria Audit EOOD

Boryana Dimova
*Managing Director and Registered
auditor, responsible for the audit*
27.3.2023

Gyulyay Rahman
Manager
27.3.2023

Georgi Kaloyanov
*Registered auditor,
responsible for the audit*
27.3.2023

NOTES TO THE FINANCIAL STATEMENTS

1. Organization and business of Professional Pension Fund Doverie

1.1 Organization

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

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

1.2 Business and results

The first insurance contributions to the Fund were received in 2001 and refer to 2000 and 2001. As of 31 December 2022, the total number of members of PPF Doverie according to data of the Financial Supervision Commission (FSC) is 76,157.

The return on investments of the assets of PPF Doverie in 2022 is negative -12.23% on an annual basis (according to data published by the Financial Supervision Commission).

2. Basis of accounting

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

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

The financial statements have been approved by the Management Board of PAC Doverie on 23 March 2022.

Going Concern Principle

In 2022, income from insurance contributions, incl. of transfers is relatively stable compared to 2021. The main contribution to the stability of the operating income is the preservation of the number of insured persons and the achievement of a positive return on investments (see below) as internal factors for the Fund, which can be influenced relatively independently by making strategic management decisions.

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

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

NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

2. Basis of accounting (continued)

Going Concern Principle (continued)

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

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

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

3. New accounting standards

3.1. Changes in significant accounting policies

The following new and amended standards and interpretations are effective from 1 January 2022 but they do not have a material effect on the Fund's financial statements.

(a) New and amended standards adopted by the Fund

Amendments to IFRS 3 Business Combinations; IAS 16 Property, Plant and Equipment; IAS 37 Provisions, Contingent Liabilities and Contingent Assets; and Annual Improvements 2018-2020 (issued on 14 May 2020 and effective for annual periods beginning on or after 1 January 2022)

Annual improvements 2018-2020 r. issued on 1 January 2022, adopted by the EU (effective from 1 January 2022, adopted by the EU)

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

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

Certain new accounting standards and interpretations that are not mandatory for the reporting period at 31 December 2022 and have not been previously adopted by the Fund have been published. The Fund's assessment of the impact of these new standards and interpretations is set out below

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

Amendments 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).

NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**3. New accounting standards****3.1. Changes in significant accounting policies, continued**

Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction (issued on 7 May 2021 and effective for annual periods beginning on or after 1 January 2023)

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

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

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

3.2 New standards and interpretations not yet adopted by the Fund

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

Amendments to IAS 1 Presentation of Financial Statements:

- **Classification of Liabilities as Current or Non-current** (issued on 23 January 2020);
- **Classification of Liabilities as Current or Non-current - Deferral of Effective Date** (issued on 15 July 2020); and
- **Non-current Liabilities with Covenants** (issued on 31 October 2022 and ultimately effective for annual periods beginning on or after 1 January 2024)

Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback (issued on 22 September 2022 and effective for annual periods beginning on or after 1 January 2024)

4. Basis of measurement

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

5. Functional and presentation currency

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

NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

6. Use of estimates and assumptions

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

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

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

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

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

Assumption and estimation uncertainties

Measurement of fair values

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

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

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

7. Significant accounting policies

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

7.1. Investment property

Initial recognition

Investment property is recognized as an asset only when:

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

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

NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

7. Significant accounting policies, continued

7.1. Investment property, continued

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

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

Subsequent evaluation after initial recognition

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

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

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

Derecognition

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

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

7.2. Foreign currency

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

7. Significant accounting policies (Continued)

7.3. Investments of the Fund in financial instruments

i) Measurement

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

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

(ii) Recognition and initial measurement

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

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

(iii) Classification and subsequent measurement

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

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

(iv) Derecognition

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

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

NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

7. Significant accounting policies (Continued)

7.4. Interest income

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

7.5. Dividend income

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

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

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

7.7. Derivatives

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

In compliance with the adopted investment policy the derivative financial instruments are held for risk management of foreign currency positions. In 2022 such operations were made by foreign currency forward contracts with several banks.

7.8. Fees and charges

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

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

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

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

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

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

7.9. Tax

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

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

NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

7. Significant accounting policies (Continued)

7.10. Liabilities

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

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

7.11. Segment reporting

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

NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

8. Net assets of the Pension Fund

The net assets of PPF as of 31 December 2022 and 2021 are as follows:

		31.12.2022	31.12.2021
	Note	BGN'000	BGN'000
ASSETS			
Bulgarian government securities	8.1	55,463	31,505
Investment property	8.2	5,608	6,274
Corporate bonds	8.3	5,574	5,633
Foreign securities	8.4	207,130	234,838
Derivative assets held for risk management		77	140
Investment receivables	8.6	253	229
Shares and stocks of local issuers	8.7	11,951	12,855
Current accounts in BGN	17	14,748	20,876
Current accounts in foreign currency	17	18,743	19,510
TOTAL ASSETS		319,547	331,860
Liabilities	8.8	(1,671)	(1,642)
TOTAL NET ASSETS		317,876	330,218

8.1. Government securities issued by Republic of Bulgaria

Over the past year, the Fund has increased its total exposure to government bonds. Government bonds denominated in BGN marked a significant increase, while government bonds denominated in foreign currency stay unchanged.

	31.12.2022	31.12.2021
	BGN'000	BGN'000
Government securities denominated in BGN	42,664	19,260
Government securities denominated in a foreign currency	12,799	12,245
Total	55,463	31,505

NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

8. Net assets of the Pension Fund, continued

8.1. Government securities issued by Republic of Bulgaria, continued

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

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

Investments in government securities are revalued at fair value.

The position of the Fund in Bulgarian government securities as of 31 December 2021 is as follows:

Issuer	ISIN	Coupon rate	Currency	Par value /'000/	Maturity	Fair value /BGN'000/
Republic of Bulgaria	BG2040019213	1.50%	BGN	4,900	21.6.2039	5,281
Republic of Bulgaria	BG2030121110	0.00%	BGN	1,390	17.5.2025	1,386
Republic of Bulgaria	BG2030021112	0.00%	BGN	2,400	24.2.2026	2,386
Republic of Bulgaria	BG2040121217	0.25%	BGN	10,400	24.5.2029	10,207
Republic of Bulgaria	XS1083844503	2.95%	EUR	2,801	3.9.2024	5,975
Republic of Bulgaria	XS1208855889	2.63%	EUR	2,800	26.3.2027	6,270
Total						31,505

Investments in government securities are revalued at fair value.

8.2. Investment property

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

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

NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

8. Net assets of the Pension Fund, continued

8.2. Investment property (continued)

As of 31 December 2021, the Professional Pension Fund Doverie owns investment in the following real estate properties:

Description	Date of acquisition	Place	Acquisition price /BGN'000/	Fair value /BGN'000/
Regulated land plot	23.11.2007	Sveti Vlas	3,652	2,633
Plot Nessebar right of construction	30.11.2010	Sveti Vlas	4,610	3,641
Total				6,274

Reconciliation of changes in book value

TBGN	Notes	2022	2021
Balance as of 1 January		6,274	6,928
Change in fair value		(666)	(654)
Balance as of 31 December		5,608	6,274

Evaluation of investment properties at fair value of 31 December 2022 and 31 December 2021 was carried out by independent external evaluators.

For the land located in Sv. Vlas with book value at the end of 2022 amounting to TBGN 2,584 (2021: TBGN 2,633) independent evaluator used the market analogue method.

Building permits for Sv. Vlas book values at the end of 2022 amounting to TBGN 3,024 (2021: TBGN 3,641) the independent valuer used a valuation method to initially estimate the aggregate of land and the right to build under the Residual Value method. The deduction of the value of the right of building is obtained by the difference between the Residual Value method and the value of the Land valued by the market analogue method.

The fair value of investment property is classified as recurring fair value measurements in Level 3. The information for this level is based on input data, observable on the market. The relationship between assessment methods and significant unobservable inputs and between key unobservable inputs and fair value is set out in note 17 Financial risk management.

8.3. Corporate bonds

The carrying amount of corporate bonds stay unchanged compared to 2021, including an increase in their relative proportion in the portfolio.

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

NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

8. Net assets of the Pension Fund, continued

8.3. Corporate bonds, continued

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

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

The table below gives detailed information for the corporate bonds as of 31.12.2021.

Issuer	ISIN	Interest coupon	Currency	Nominal value /'000/	Maturity	Fair value /BGN'000/
Bravo Property Fund REIT	BG2100008197	3.25%	BGN	600	11.4.2024	559
Monbat AD	BG2100023170	6 m. EURIBOR + 3.00%, but not less than 3.00%	EUR	431	20.1.2025	812
Hypocredit AD	BG2100018089	2.50%	EUR	565	30.06.2021	379
Hypocredit AD	BG2100038079	2.50%	EUR	680	30.06.2021	486
TBI BANK	BG2100007215	5.25%	EUR	700	30.07.2031	1,399
BEH	XS1839682116	3.50%	EUR	950	28.06.2025	1,998
Total						5,633

NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

8. Net assets of the Pension Fund, continued

8.4. Foreign securities

The main share of the foreign securities is of the government bonds of EU member countries. The individual investments (bonds) decreased compared to 2021, the investment in Index and Mutual Funds also decreased compared to 2021. The significant decrease is observed in investments in stocks.

The table below presents the investments of PPF Doverie in foreign securities as of 31 December 2022 and 31 December 2021.

	Note	31.12.2022 BGN'000	31.12.2021 BGN'000
Government securities of EU countries	8.4.1	53,922	70,112
Government securities of non-EU countries	8.4.2	33,343	30,596
Individual investments (Bonds)	8.4.3	24,179	29,422
Index and Mutual Funds	8.4.4	51,887	58,089
Shares	8.4.5	43,799	46,619
Total		207,130	234,838

8.4.1. Government or government guaranteed securities of EU countries

Government or government guaranteed securities of EU countries as of 31 December 2021

Issuer	ISIN	Interest coupon	Currency	Nominal value /'000/	Maturity	Fair value /BGN'000/
Republic of Romania	XS1060842975	3.63%	EUR	2,400	24.04.2024	4,803
Republic of Romania	RO3SQY3RSKX5	0.00%	EUR	500	27.11.2023	951
Republic of Romania	ROE3GCPAFCP6	1.00%	EUR	2,100	13.12.2023	4,021
Republic of Romania	XS2434895558	2.13%	EUR	1,300	07.03.2028	2,160
Republic of Romania	XS1129788524	2.88%	EUR	1,100	28.10.2024	2,123
Republic of Romania	XS1312891549	2.75%	EUR	2,000	29.10.2025	3,781
Republic of Romania	RO0OTTP19A72	4.40%	EUR	500	28.11.2025	976
Republic of Romania	XS2538440780	5.00%	EUR	2,000	27.09.2026	3,980
Republic of Romania	XS1420357318	2.88%	EUR	600	26.05.2028	1,032
Republic of Romania	XS1934867547	2.00%	EUR	910	08.12.2026	1,596
Republic of Romania	XS1892141620	2.88%	EUR	700	11.03.2029	1,161
German Bund	DE0001102606	1.70%	EUR	600	15.08.2032	1,097
Italy	IT0005445306	0.50%	EUR	1,600	15.07.2028	2,582
Italy	IT0005474330	0.00%	EUR	600	15.12.2024	1,101
Italy	IT0005439275	0.00%	EUR	1,200	15.04.2024	2,253
Italy	IT0005494239	2.50%	EUR	600	01.12.2032	976
Republic of Poland	XS1015428821	3.00%	EUR	2,000	15.01.2024	4,019
Republic of Poland	XS0841073793	3.38%	EUR	300	09.07.2024	597
Hungary	XS2259191273	0.50%	EUR	700	18.11.2030	936
Hungary	XS1696445516	1.75%	EUR	650	10.10.2027	1,115
Hungary	XS2161992198	1.13%	EUR	600	28.04.2026	1,052
Hungary	XS2386583145	0.13%	EUR	1,200	21.09.2028	1,730
France	FR001400BKZ3	2.00%	EUR	1,100	25.11.2032	1,954

NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

8. Net assets of the Pension Fund, continued

8.4. Foreign securities, continued

8.4.1. Government or government guaranteed securities of EU countries, continued

Issuer	ISIN	Interest coupon	Currency	Nominal value /'000/	Maturity	Fair value /BGN'000/
Republic of Spain	ES00000127A2	1.95%	EUR	960	30.07.2030	1,715
Republic of Spain	ES0000012K61	2.55%	EUR	400	31.10.2032	715
Republic of Croatia	XS1117298916	3.00%	EUR	950	11.03.2025	1,893
Republic of Croatia	XS1843434876	1.13%	EUR	450	19.06.2029	752
Portugal	PTOTELOE0028	0.48%	EUR	800	18.10.2030	1,260
Portugal	PTOTEYOE0031	1.65%	EUR	400	16.07.2032	671
Bank Gospodarstwa Krajowego	XS2397082939	0.38%	EUR	600	13.10.2028	920
Total						53,922

Government or government guaranteed securities of EU countries as of 31 December 2021.

Issuer	ISIN	Interest coupon	Currency	Nominal value /'000/	Maturity	Fair value /BGN'000/
Republic of Romania	XS1060842975	3.63%	EUR	2,400	24.4.2024	5,162
Republic of Romania	XS1129788524	2.88%	EUR	1,100	28.10.2024	2,302
Republic of Romania	XS1312891549	2.75%	EUR	2,000	29.10.2025	4,237
Republic of Romania	XS1420357318	2.88%	EUR	600	26.5.2028	1,285
Republic of Romania	XS1934867547	2.00%	EUR	910	8.12.2026	1,869
Republic of Romania	XS1892141620	2.88%	EUR	700	11.3.2029	1,488
German Bund	DE0001102507	0.00%	EUR	5,470	15.8.2030	10,940
German Bund	DE0001102531	0.00%	EUR	2,000	15.2.2031	3,989
Italy	IT0005445306	0.50%	EUR	1,600	15.7.2028	3,095
Italy	IT0005449969	0.95%	EUR	1,200	1.12.2031	2,301
Republic of Poland	XS1015428821	3.00%	EUR	2,000	15.1.2024	4,284
Hungary	XS2386583145	0.13%	EUR	1,200	21.9.2028	2,282
Hungary	XS1696445516	1.75%	EUR	650	10.10.2027	1,387
Hungary	XS2161992198	1.13%	EUR	600	28.4.2026	1,225
France	FR0013516549	0.00%	EUR	4,600	25.11.2030	8,909
Republic of Spain	ES00000127A2	1.95%	EUR	960	30.7.2030	2,143
Republic of Croatia	XS1028953989	3.88%	EUR	3,020	30.5.2022	6,138
Republic of Croatia	XS1117298916	3.00%	EUR	950	11.3.2025	2,075
Republic of Croatia	XS1843434876	1.13%	EUR	450	19.6.2029	900
Portuguese Government Bond	PTOTELOE0028	0.48%	EUR	800	18.10.2030	1,591
Bank Gospodarstwa Krajowego	XS2397082939	0.38%	EUR	600	13.10.2028	1,155
Council of Europe Development Bank	XS2286422071	0.00%	EUR	200	20.1.2031	386
European Investment Bank	XS2283340060	0.00%	EUR	500	14.1.2031	969
Total						70,212

NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

8. Net assets of the Pension Fund, continued

8.4. Foreign securities, continued

8.4.2. Government securities of non-EU countries

As of 31 December 2022

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

As of 31 December 2021

Issuer	ISIN	Interest coupon	Currency	Nominal value /'000/	Maturity	Fair value /BGN'000/
United Mexican States	XS1751001139	1.75%	EUR	610	17.4.2028	1,249
United Mexican States	XS1511779305	1.38%	EUR	570	15.1.2025	1,164
United Mexican States	XS1974394675	1.63%	EUR	1,870	8.4.2026	3,848
State of Israel	XS1023541847	2.88%	EUR	2,370	29.1.2024	5,053
Republic of Indonesia	XS2366690332	1.00%	EUR	800	28.7.2029	1,543
Republic of Indonesia	XS1432493879	2.63%	EUR	900	14.6.2023	1,847
Republic of Indonesia	XS1268430201	3.38%	EUR	1,100	30.6.2025	2,395
Republic of Indonesia	XS2069959398	1.40%	EUR	500	30.10.2031	982
Republic of Indonesia	XS2100404396	0.90%	EUR	350	14.2.2027	690
China	XS2078532913	0.13%	EUR	700	12.11.2026	1,368
China	XS2078533218	0.50%	EUR	700	12.11.2031	1,339
China	XS2259626856	0.25%	EUR	650	25.11.2030	1,230
Chile	XS1346652891	1.75%	EUR	370	20.1.2026	779
Chile	XS1236685613	1.88%	EUR	500	27.5.2030	1,077
Chile	XS2388560604	0.55%	EUR	1,300	21.1.2029	2,523
Chile	XS2369244087	0.10%	EUR	800	26.1.2027	1,533
Columbia	XS1385239006	3.88%	EUR	910	22.3.2026	1,976
Total						30,596

NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

8. Net assets of the Pension Fund, continued

8.4. Foreign securities, continued

8.4.3. Individual investments (Bonds)

As of 31 December 2022

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

NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

8. Net assets of the Pension Fund, continued

8.4. Foreign securities, continued

8.4.3. Individual investments (Bonds), continued

Individual investments (Bonds) as of 31 December 2021

Issuer	ISIN	Credit rating	Rating agency	Currency	Nominal value /'000/	Fair value /BGN'000/
PKO BNK POLSKI (PKO FIN)	XS0783934085	A3	Moody's	USD	700	1,255
QUALCOMM INC	US747525AF05	A	S&P	USD	200	369
ALIBABA GROUP HOLDING	US01609WAQ50	A1	Moody's	USD	300	547
AMAZON.COM INC	US023135BC96	A1	Moody's	USD	300	565
RENAULT SA	FR0014006W65	Ba2	Moody's	EUR	500	982
GOLDMAN SACHS GROUP INC	XS1796209010	BBB+	S&P	EUR	200	428
GOLDMAN SACHS GROUP INC	XS1458408561	BBB+	S&P	EUR	300	623
GENERAL ELECTRIC CO	XS1612542669	BBB	Fitch	EUR	200	393
AT&T INC	XS1144086110	BBB	S&P	EUR	200	395
BANK OF CHINA LUXEMBURG	XS2099704731	A	Fitch	EUR	400	784
WELLS FARGO & COMPANY	XS0925599556	BBB+	S&P	EUR	110	225
UBS GROUPE AG	CH0576402181	A-	S&P	EUR	200	384
BERKSHIRE HATHAWAY INC	XS1200679071	A+	Fitch	EUR	250	515
Swedbank AB	XS2404027935	A+	S&P	EUR	300	585
DAIMLER AG	DE000A289XH6	A-	Fitch	EUR	300	608
DAIMLER AG	DE000A289XJ2	A-	Fitch	EUR	300	642
WALMART INC	XS1054528457	Aa2	Moody's	EUR	360	718
PROCTER & GAMBLE CO/THE	XS0816704125	Aa3	Moody's	EUR	360	720
PEPSICO INC	XS1061714165	A+	S&P	EUR	230	505
APPLE INC	XS1135337498	AA+	S&P	EUR	160	337
PFIZER INC	XS1574158082	A	Fitch	EUR	250	512
LeasePlan Corporation NV	XS2384269101	BBB-	S&P	EUR	500	965
DXC CAPITAL FUNDING	XS2384715244	BBB-	S&P	EUR	400	759
VEOLIA ENVIRONNEMENT SA	FR0010474239	BBB	S&P	EUR	330	679
ENGIE SA	FR0010952770	BBB+	S&P	EUR	200	406
RENAULT SA	FR0013329315	Ba2	Moody's	EUR	400	786
PEUGEOT S.A.	FR0013323326	Baa3	Moody's	EUR	400	834
VOLVO CAR AB	XS1724626699	Ba1	Moody's	EUR	330	682
VALEO SA	FR0013342334	BB+	S&P	EUR	200	407
KONINKLIJKE KPN NV	XS0752092311	Baa3	Moody's	EUR	250	510
TEVA PHARM FNC NL II	XS1813724603	BB-	Fitch	EUR	500	1,027
VERIZON COMMUNICATIONS	XS1146282634	Baa1	Moody's	EUR	320	658
VERIZON COMMUNICATIONS	XS1708161291	BBB+	S&P	EUR	300	619
VALEO SA	FR0014004UE6	BB+	S&P	EUR	200	383
DXC TECHNOLOGY CO	XS1883245331	Baa2	Moody's	EUR	630	1,297
BAYER AG	XS1840614900	BBB	S&P	EUR	300	590
AMERICA MOVIL SAB DE CV	XS1379122101	BBB+	S&P	EUR	250	510
CK HUTCHISON FINANCE 16	XS1391086987	A-	Fitch	EUR	260	559
NE PROPERTY COOPERATIEF	XS1722898431	BBB	Fitch	EUR	700	1,407
GENERAL ELECTRIC CO	XS1612542826	BBB	Fitch	EUR	250	502
THYSSENKRUPP AG	DE000A14J587	B1	Moody's	EUR	560	1,159
SAP AG	DE000A2TSTE8	A	S&P	EUR	200	401
DEUTSCHE BANK AG	DE000DL19US6	BBB-	S&P	EUR	300	648
Softbank Group Corp	XS2361253862	BB+	S&P	EUR	400	780
BARCLAYS BANK PLC	XS0363980607	A	S&P	EUR	700	360
IBERDROLA INTL BV	XS1057055060	Baa1	Moody's	EUR	200	402
Total						29,422

NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

8. Net assets of the Pension Fund, continued

8.4. Foreign securities, continued

8.4.4. Index and Mutual Funds

As of 31 December 2022

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

As of 31 December 2021

Issuer	ISIN	Units	Currency	Fair value /BGN'000/
Amundi MSCI Nordic	LU1681044647	2,209	EUR	2,617
Amundi MSCI EM Asia UCITS ETF	LU1681044480	42,044	EUR	3,061
CAC	FR0007052782	13,383	EUR	1,840
DB X-TRACKERS DAX	LU0274211480	10,897	EUR	3,238
Dow Jones Eurostoxx 50	DE0005933956	12,338	EUR	1,041
ISHR EUR 600 HEALTH CARE(DE)	DE000A0Q4R36	3,806	EUR	803
LYXOR IBEX 35	FR0010251744	4,716	EUR	789
Xtrackers MSCI Nordic ETF	IE00B9MRHC27	19,198	EUR	1,959
iShares MSCI Japan EUR Hedged UCITS	IE00B42Z5J44	23,954	EUR	2,838
ISHARES MSCI USA Minimum Volatility	US46429B6974	39,258	USD	5,483
IVV iShares S&P 500 Index Fund	US4642872000	20,40	USD	1,680
Invesco Dynamic Pharmaceutic	US46137V6627	6,007	USD	841
Invesco QQQ Trust Series 1	US46090E1038	4,705	USD	3,229
Invesco Solar ETF	US46138G7060	7,780	USD	1,037
SCHRODER ISF China A	LU1713307699	16,222.7	USD	5,497
SCHRODER Indian Equity Class C	LU0264410993	1,784.76	USD	974
SPDR Dow Jones Industrial Average	US78467X1090	15,388	USD	9,653
Vanguard S&P 500 ETF	US9229083632	13,844	USD	10,434
iShares Global Clean Energy ETF	US4642882249	29,397	USD	1,075
Total				58,089

NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

8. Net assets of the Pension Fund, continued

8.4. Foreign securities, continued

8.4.5. Shares

As of 31 December 2022

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

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

As of 31 December 2021

Geographic distribution	Currency	Number of issues	Index	Fair value /BGN'000/	Biggest single exposure
Europe	EUR	2	Stoxx Europe 600	15,004	1,777
USA	USD	33	S&P 500	31,615	1,781
Total		49		46,619	

8.5. Table of maturity of the securities

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

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

NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

8. Net assets of the Pension Fund, continued

8.5. Table of maturity of the securities, continued

The table below presents the agreed maturity structure at fair value of the securities as of December 31, 2021, including future coupon payments.

Maturity	Fair value /BGN'000/ 31.12.2021	Up to 1 month	from 1 to 6 months	from 6 months to 1 year	from 1 to 5 years	More than 5 years	Total
/BGN'000/							
Government securities in BGN	19,260	-	50	50	4,188	16,284	20,572
Government securities in EUR	12,245	-	144	162	6,377	5,620	12,303
Corporate bonds in BGN	559	9	9	18	563	-	599
Corporate bonds in EUR	5,074	13	14	98	2,682	1,728	4,535
Foreign corporate, municipal and government bonds in USD	2,736	-	51	1,260	988	530	2,829
Foreign corporate, municipal and government bonds in EUR	127,393	1,051	9,263	2,638	59,764	59,575	132,291
Total	167,267	1,073	9,531	4,226	74,562	83,737	173,129

8.6. Investment receivables and unquoted bonds

As of 31 December 2022, the Fund has investments receivables amounting TBGN 253 (2021: TBGN 229), as follows:

	31.12.2022 BGN'000	31.12.2021 BGN'000
Receivables related to Investment property	182	182
Dividends	69	45
Others	2	2
Total	253	229

8.7. Shares and stocks of local issuers

The portfolio of individual shares of PPF as of 31 December 2022 consists of 9 issuers – leading local companies. The total amount of the investments is TBGN 8,926 (31 December 2021 – TBGN 9,425). The most significant exposure towards one issuer amounts to TBGN 2,097 (31 December 2021 – TBGN 2,678).

The investments in shares/stocks of local funds are in total 3 funds amounting to TBGN 3,025 (31 December 2021 – TBGN 3,430).

8.8. Liabilities of the Professional Pension Fund

As of 31 December 2022, the Professional Pension Fund has a current liability to Pension Assurance Company Doverie amounting to TBGN 203 (31 December 2021 – TBGN 209), which is the investment fee payable for December 2022 and TBGN 1,468 (31 December 2021 – TBGN 1,432), liabilities to NSSI.

NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

8. Net assets of the Pension Fund, continued

8.8. Liabilities of the Professional Pension Fund, continued

	<u>31.12.2022</u>	<u>31.12.2021</u>
	BGN'000	BGN'000
Liability to PAC	203	209
Investment liabilities	-	1
Liability to NSSI	1,468	1,432
	<u>1,671</u>	<u>1,642</u>

9. Net assets attributable to insured individuals

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

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

	Result	
	<u>2022</u>	<u>2021</u>
	BGN'000	BGN'000
Deposits and current account	62	-
Shares	(5,803)	13,536
REITs	440	786
Mutual Funds and ETFs	(6,914)	12,137
Government bonds	(17,582)	(1,780)
Corporate bonds	(1,520)	196
Municipal bonds	-	(17)
Forwards	(7,402)	(6,523)
Others	(818)	(749)
Total	<u>(39,537)</u>	<u>17,586</u>

10. Fees and charges

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

	<u>2022</u>	<u>2021</u>
	BGN'000	BGN'000
Gross contribution from insured individuals	33,148	29,455
Contribution fee	(1,172)	(1,028)
Net contribution from insured individuals	<u>31,976</u>	<u>28,427</u>

In the statement of changes in net assets at the disposal of insured persons, the contribution contributions for 2022 and 2021 are presented on a net basis.

	<u>2022</u>	<u>2021</u>
	BGN'000	BGN'000
Investment fee	2,369	2,343

NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

11. Dividend income

	<u>2022</u>	<u>2021</u>
	BGN'000	BGN'000
Shares	1,613	999
REITs	314	133
MFs	707	533
Total	<u>2,634</u>	<u>1,665</u>

12. Interest income

	<u>2022</u>	<u>2021</u>
	BGN'000	BGN'000
Deposits and current account	62	-
Government bonds	1,959	2,027
Corporate bonds	732	740
Total	<u>2,753</u>	<u>2,767</u>

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

	<u>2022</u>	<u>2021</u>
	BGN'000	BGN'000
REITs	126	653
Shares	(619)	3,796
Government bonds	(8,682)	(601)
Mutual Funds and ETFs	(405)	374
Corporate bonds	(60)	(302)
Forwards	(7,402)	(6,523)
Others	(132)	(52)
Total	<u>(17,174)</u>	<u>(2,655)</u>

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

	<u>2022</u>	<u>2021</u>
	BGN'000	BGN'000
Government bonds	(10,859)	(3,206)
Municipal bonds	-	(17)
Corporate bonds	(2,192)	(242)
Debt instruments	<u>(13,051)</u>	<u>(3,465)</u>
Shares	(6,797)	8,741
Mutual Funds and ETFs	(7,216)	11,230
Equity instruments	<u>(14,013)</u>	<u>19,971</u>
Others	(6)	(6)
Total	<u>(27,070)</u>	<u>16,500</u>

NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

15. Net investment property income/(expense)

	2022	2021
	BGN'000	BGN'000
Income from investment property	-	5
Expenses related with investment property	(680)	(696)
Total	(680)	(691)

16. Accounting classification and fair values

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

Financial assets	At fair value through profit/loss		At amortized cost	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021
	BGN'000	BGN'000	BGN'000	BGN'000
Cash and cash equivalents	-	-	33,491	40,386
Investment receivables	-	-	253	229
Derivative assets held for risk management	77	140	-	-
Deposits	-	-	-	-
Government securities	142,727	132,213	-	-
Corporate bonds	29,754	35,055	-	-
Mutual funds	54,912	61,519	-	-
Shares	52,725	56,044	-	-
Total	280,195	284,971	33,744	40,615

Financial liabilities

	At fair value through profit/loss		At amortized cost	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021
	BGN'000	BGN'000	BGN'000	BGN'000
Liabilities		-	1,671	1,642
Total		-	1,671	1,642

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

NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

16. Accounting classification and fair values, continued

	Level 1		Level 2		Level 3	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021	31.12.2022	31.12.2021
	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000
Financial assets						
Government securities	100,063	112,953	42,664	19,260	-	-
Corporate bonds	24,179	34,190	4,460	-	1,114	865
Mutual funds	54,912	61,519	-	-	-	-
Shares	49,794	54,602	777	-	2,154	1,442
Derivative assets held for risk management	-	-	77	140	-	-
Total	228,948	263,264	47,978	19,400	3,268	2,307
Financial liabilities						
Financial derivatives	-	-	-	-	-	-
Total	-	-	-	-	-	-

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

	2022	2021
	BGN'000	BGN'000
Total Opening balance	2,307	14,847
Shares		
Opening balance	1,442	13,569
Profit/loss, recognized in the profit or loss comprehensive income statement	(44)	2,874
Purchases	-	18
Sales	(6)	(15,019)
Transferred in / out level 1 to level 2	762	-
Closing balance	2,154	1,442
Corporate Bonds, Mortgage Bonds, and Bonds without quotes		
Opening balance	865	1,278
Profit/loss, recognized in the profit or loss and other comprehensive income statement	249	(413)
Purchases	-	-
Sales	-	-
Repayment	-	-
Transferred in / out level 1 to level 3	-	-
Closing balance	1,114	865
Total Closing balance	3,268	2,307

NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

16. Accounting classification and fair values, continued

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

Financial instrument	Valuation Technique	Significant unobservable inputs (Level 3 only)	Inter-relationship between key unobservable inputs and fair value (Level 3 only)
Currency forwards	The fair value of currency forwards is determined on the basis of the difference between the determined currency forward rate and the currency rate of BNB for the corresponding day.		Increased expected cash flows would increase the fair value.
Corporate bonds	The fair value of corporate bonds is determined by the discounted cash flow method.	<ul style="list-style-type: none"> - Expected cash flows - Yield to maturity of a bond analogy (5.88729%) - Risk premium/discount (26.75%) 	Increased yield to maturity of the bond analogy and the risk premium would decrease the fair value.
Shares	The fair value of shares is determined by a discounted cash flow method or net asset value method.	<ul style="list-style-type: none"> - The cost of capital - Expected cash flows 	<p>Increase in the cost of capital would decrease the fair value of the stock rights.</p> <p>Increased expected cash flows would increase the fair value.</p>
Investment properties	A complex of applicable methods used from an independent appraiser.	<p>Method of comparable sales for determining the value of the land/Residual Value</p> <p>Method for the value of land where the Method of comparable sales is not applicable / Cost method for determining the value of buildings / Generally accepted valuation formula for value of building permits</p> <p style="text-align: center;">-</p>	Increased market prices of used for comparison properties would increase the fair value of the appraised investment property.

NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

17. Financial risk management

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

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

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

Main financial instruments

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

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

Objectives, policies and processes

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

The overall objective and policies are in the direction of risk optimization without undue reduction of competitiveness and flexibility of the Fund. Further details regarding the policies can be found below:

Credit risk

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

NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**17. Financial risk management, continued***Credit risk, continued*

For the purposes of valuation, PPF uses external sources of information, predominantly from internationally recognized agencies. When no such information is available, the Fund uses its own internal credit issuer's evaluation methodology which includes initial analysis of information from the Prospectus and after listing on the stock-exchange, further analysis of data from the quarterly financial statements. The analysis of the credit rating includes an examination of the individual characteristics and competitive advantages of the issuer, the potential of the respective market segment, as well as the performance versus the forecasts in the prospectus. Regular meetings are carried out with the managers of the public companies in which the Fund has invested (both shares and/or bonds), to discuss the financial position of the issuer and the perspectives for the development of the issuer's business.

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

The investments in debt securities of PPF are equal to TBGN 172,481 and in a simulative scenario with an assumed decrease of their value with 6%, the total value of the portfolio would decrease by TBGN 10,349 or 3.24%. As of 31.12.2021, the total amount of the Fund's investments in debt instruments is TBGN 167,268, and in a simulation scenario with an assumed drop in the price of these investments, in the amount of 6%, the value of the entire investment portfolio would decrease by TBGN 10,036, which is a drop of 3.02%.

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

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

Bank deposits are usually short term and mid-term with maturity up to 2 years. Eligible counterparty bank may be one with rating by an external agency of at least BB or equivalent. Exceptions are allowed only for a transition period of up to six months and only when a change in the rating of a bank with which a deposit contract has been already concluded.

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

Quantitative disclosure of exposure to credit risk related to financial assets is shown below, further explanation of the receivables can be found in note 8.

NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

17. Financial risk management, continued

Credit risk, continued

	31.12.2022	31.12.2021
	Maximum	Maximum
	risk	risk
	BGN'000	BGN'000
Cash and cash equivalents	33,491	40,386
Investment receivables	253	229
Derivative assets held for risk management	77	140
Deposits	-	-
Government securities	142,727	132,213
Corporate bonds	29,754	35,055
Total	206,302	208,023

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

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

NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

17. Financial risk management, continued

Credit risk, continued

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

/BGN'000/	AAA	AA+	AA	AA-	A+	A	A-	BBB+	BBB	BBB-	BB+	BB	BB-	B+	Without rating	Total
Investment receivables	-	-	-	-	-	-	-	-	-	-	-	-	-	-	253	253
Derivative assets held for risk management	-	-	-	-	77	-	-	-	-	-	-	-	-	-	-	77
Government securities	1,097		1,954	-	9,050	-	13,572	4,360	68,856	39,469	4,369	-	-	-	-	142,727
Corporate bonds	-	297	-	-	3,198	1,967	1,922	3,483	2,894	2,811	2,805	4,481	949	1,089	3,858	29,754
Total	1,097	297	1,954	-	12,325	1,967	15,494	7,843	71,750	42,280	7,174	4,481	949	1,089	4,111	172,811

NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

17. Financial risk management, continued

Credit risk, continued

Rating scale of Risk Methodology of Standard & Poor's or equivalent regarding the fair value of financial instruments as of 31 December 2021

/BGN'000/	AAA	AA+	AA	AA-	A+	A	A-	BBB+	BBB	BBB-	BB+	BB	BB-	B+	Without rating	Total
Investment receivables	-	-	-	-	-	-	-	-	-	-	-	-	-	-	229	229
Derivative assets held for risk management	-	-	-	-	140	-	-	-	-	-	-	-	-	-	-	140
Government securities	15,898	386	8,909	-	8,989	-	11,351	2,143	45,447	28,001	11,089	-	-	-	-	132,213
Corporate bonds	-	337	718	720	2,717	2,056	3,816	3,871	5,264	3,715	2,252	3,766	1,028	1,159	3,636	35,055
Total	15,898	723	9,627	720	11,846	2,056	15,167	6,014	50,711	31,716	13,341	3,766	1,028	1,159	3,865	167,637

NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

17. Financial risk management, continued

Credit risk, continued

Cash in banks

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

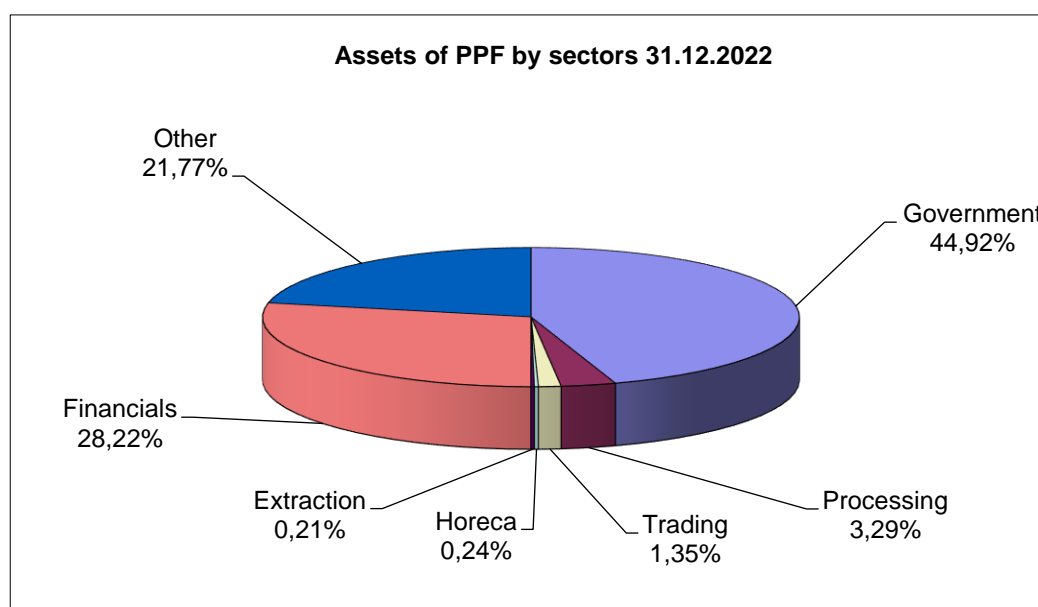
Cash is held at the following trustee bank as of 31 December 2022:

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

Cash is held at the following trustee bank as of 31 December 2021:

	Rating as of 31 December 2021	Balance as of 31 December 2021
		/BGN'000/
UBB AD	A-	40,386

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



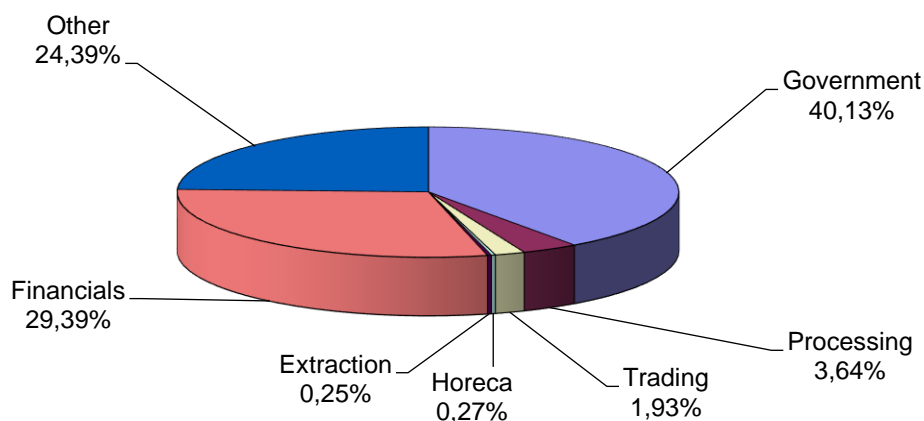
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

17. Financial risk management, continued

Credit risk, continued

The following graph shows the concentration of the assets as of 31.12.2021 by sectors.

Assets of PPF by sectors 31.12.2021



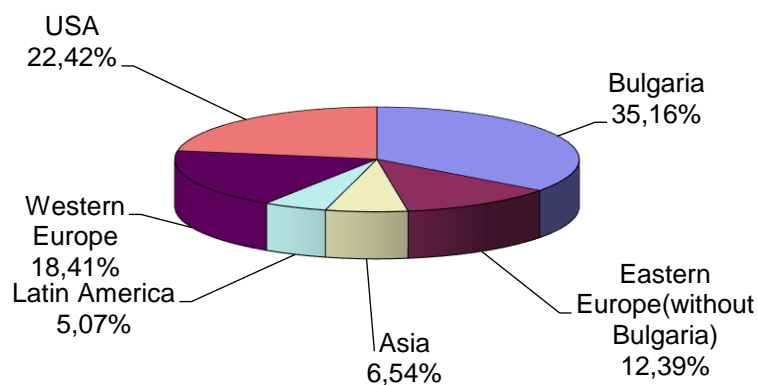
Notes:

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

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

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

Assets of PPF by regions 31.12.2022

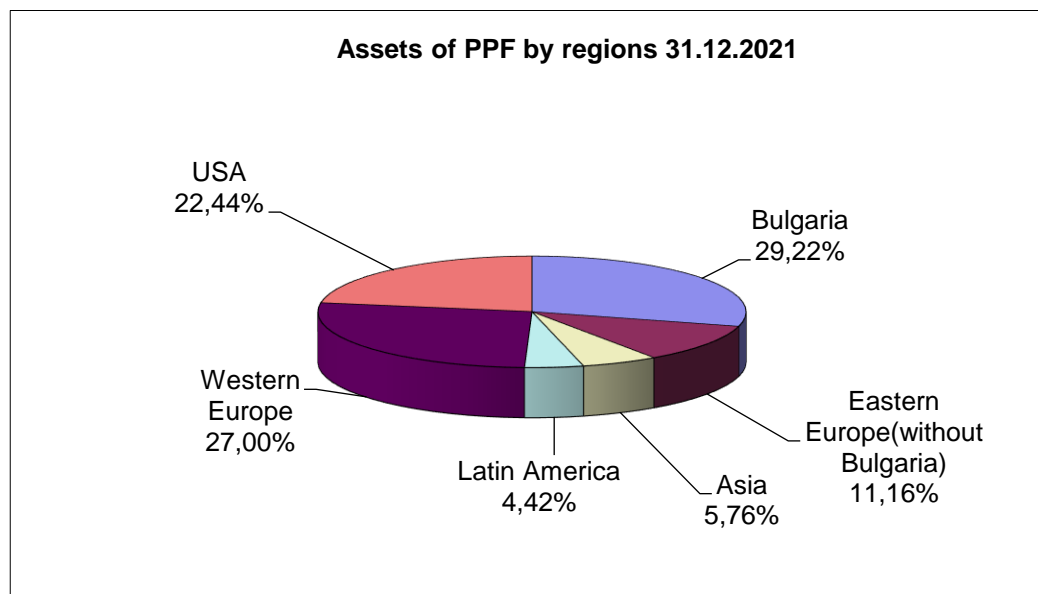


NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

17. Financial risk management, continued

Credit risk, continued

The following graph shows the concentration of the assets as of 31.12.2021 by geographic regions.



Market risk

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

Indicators for risk measurement of the portfolio as a whole:

	2022	2021	2021 - 2022
Indicators			
Annual yield	-12.23%	5.06%	-3.95%
Standard deviation	7.10%	3.44%	5.61%
Risk-free rate of return	0.00%	-0.48%	-0.24%
Sharpe Ratio	-1.72	1.61	-0.66
Modified Sharpe Ratio	-0,01	1.61	-0,00

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

NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

17. Financial risk management, continued

Market risk, continued

	2022	2021	2021 - 2022
Value at risk			
	1 day	1 day	1 day
Confidence interval			
95%	(0.87%)	(0.35%)	(0.57%)
99%	(1.28%)	(0.58%)	(1.06%)

Interest risk

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

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

The interest rate risk originates mainly from the bond portfolio with a fixed coupon. This risk is managed by diversification of securities with a fixed and floating coupon rate. The Fund analyses the risk of change in interest rates periodically.

Sensitivity analysis is applied, and as a result of the analysis management believes that a realistically possible scenario would be a change (increase) in the interest rate by 75 basis points, and the effect to the financial result, all other conditions being equal, would be as follows:

NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

17. Financial risk management, continued

Interest risk, continued

№	Indicator	2022	2021
1	Change in the value of the investment portfolio in BGN'000	(4,635)	(6,575)
2	Change in the value of the investment portfolio in %	(1.45%)	(1.98%)

Interest rate by instruments as of 31.12.2022

ASSETS	Financial instruments with floating interest rate	Financial instruments with fixed interest rate	Non-interest bearing	Total
<i>TBGN</i>				
Cash and cash equivalents	-	33,491	-	33,491
Bank deposits	-	-	-	-
Securities issued or guaranteed by the government	-	55,463	-	55,463
Shares and stocks of local issuers (bonds, shares, mutual funds)	850	4,724	11,951	17,525
Foreign securities	-	111,444	95,686	207,130
Derivative assets held for risk management	-	-	77	77
Investment receivables	-	-	253	253
Investment property	-	-	5,608	5,608
Total Assets	850	205,122	113,575	319,547
LIABILITIES	Financial instruments with floating interest rate	Financial instruments with fixed interest rate	Non-interest bearing	Total
<i>TBGN</i>				
Liabilities to PAC	-	-	203	203
Investment payables	-	-	-	-
Payables to NSSI	-	-	1,468	1,468
Total Liabilities	-	-	1,671	1,671

NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

17. Financial risk management, continued

Interest risk, continued

Interest rate by instruments as of 31.12.2021

ASSETS	Financial instruments with floating interest rate	Financial instruments with fixed interest rate	Non-interest bearing	Total
<i>TBGN</i>				
Cash and cash equivalents	-	40,386	-	40,386
Bank deposits	-	-	-	-
Securities issued or guaranteed by the government	-	31,505	-	31,505
Shares and stocks of local issuers (bonds, shares, mutual funds)	812	4,821	12,855	18,488
Foreign securities	-	130,130	104,708	234,838
Derivative assets held for risk management	-	-	140	140
Investment receivables	-	-	229	229
Investment property	-	-	6,274	6,274
Total Assets	812	206,842	124,206	331,860
LIABILITIES	Financial instruments with floating interest rate	Financial instruments with fixed interest rate	Non-interest bearing	Total
<i>TBGN</i>				
Liabilities to PAC	-	-	209	209
Investment payables	-	-	1	1
Payables to NSSI	-	-	1,432	1,432
Total Liabilities	-	-	1,642	1,642

Currency risk

The Fund is a local entity of Bulgaria. Although the functional currency is the Bulgarian Lev (BGN), the Fund is at risk from changes in exchange rates arising mainly from financial instruments denominated in currencies other than BGN and EUR.

The investments of the Fund that are denominated in BGN or EUR, but their value is dependent on changes in the exchange rate between a third currency, and BGN or EUR are subject to currency risk. During the reporting period, such financial instruments have been part of the investment portfolio of the Fund.

NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

17. Financial risk management, continued

Currency risk, continued

To manage currency risk, forward contracts are used that are concluded for a period from two weeks to one month and renewed at maturity with a few high-rated and reputable banks on the local market.

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

Sensitivity analysis at 10% depreciation of the EUR against USD as of the date of the report, with other things being equal, would lead to an increase in the financial result by TBGN 36 and the opposite – a 10% depreciation of USD against the EUR, will result in a decrease of the result by the same amounts.

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

/BGN'000/	BGN	EUR	USD	Total
Cash and cash equivalents	14,748	13,215	5,528	33,491
Financial assets at fair value through profit or loss	53,475	155,685	70,958	280,118
Derivative assets held for risk management	-	-	77	77
Investment receivables	184	-	69	253
Investment property	5,608	-	-	5,608
Total assets	74,015	168,900	76,632	319,547
Liabilities to PAC	203	-	-	203
Current liabilities	-	-	-	-
Other liabilities	1,468	-	-	1,468
Total liabilities	1,671	-	-	1,671

NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

17. Financial risk management, continued

Currency risk, continued

The currency position of the Fund as of 31 December 2021 by types of assets and liabilities, categorized by original currency is as follows:

/BGN'000/	BGN	EUR	USD	Total
Cash and cash equivalents	20,876	13,584	5,926	40,386
Financial assets at fair value through profit or loss	30,677	179,900	74,254	284,831
Derivative assets held for risk management	-	-	140	140
Investment receivables	183	1	45	229
Investment property	6,274	-	-	6,274
Total assets	58,010	193,485	80,365	331,860
Liabilities to PAC	209	-	-	209
Current liabilities	-	1	-	1
Other liabilities	1,432	-	-	1,432
Total liabilities	1,641	1	-	1,642

The following table summarizes the Fund's exposure to currency risk as of 31 December 2022 and 31 December 2021. It includes assets and liabilities at book value categorized by original currency.

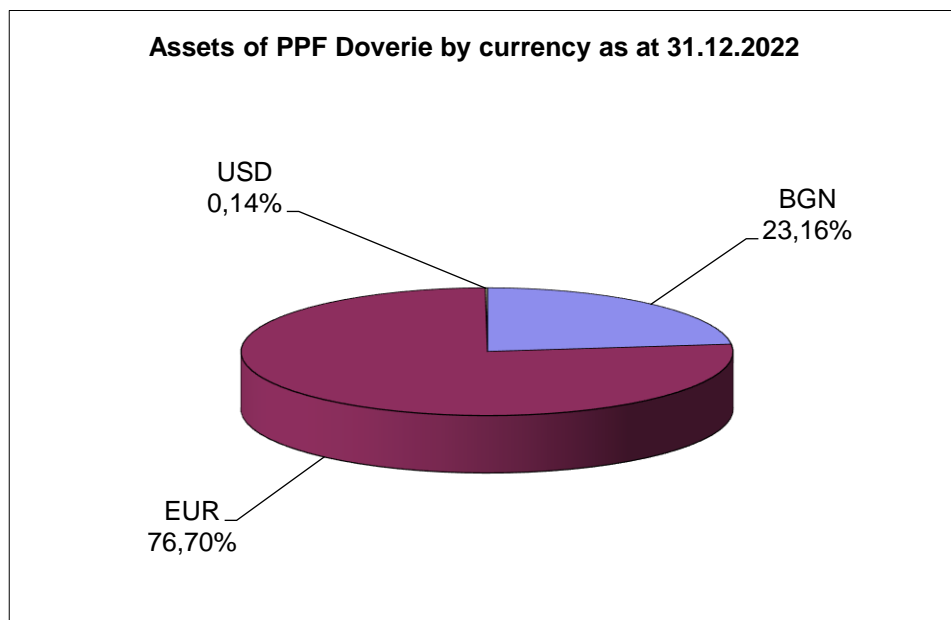
Currency exposure (assets/liabilities)	Functional Currency	
	BGN	
	2022	2021
	BGN'000	BGN'000
EUR	168,900	193,485
USD	76,632	80,365
Total	245,532	273,850

NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

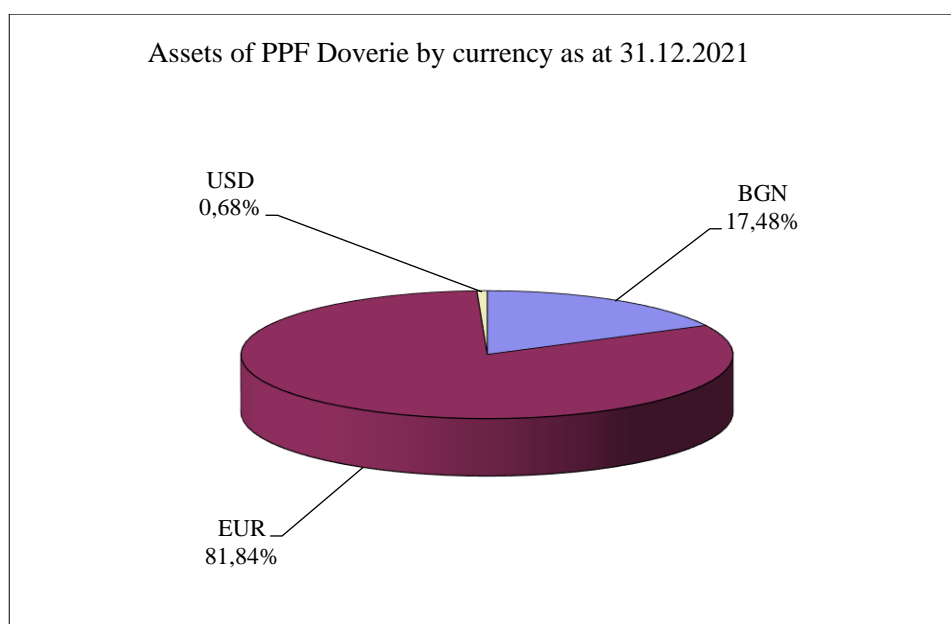
17. Financial risk management, continued

Currency risk, continued

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



The following graph shows the concentration by currency of the assets as of 31.12.2021.



Note:

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

NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

17. Financial risk management, continued

Currency risk, continued

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

Counterparty	Nominal amount original currency USD '000	Currency pair	Maturity
City Bank Europe AD	41,555	EUR/USD	23/01/2023
Fair value 31.12.2022			
		Assets	Liability
		BGN '000	BGN '000
Currency forwards		77	-
Total		77	-

The tables below show the open deals for a decrease in the currency risk as of 31.12.2021.

Counterparty	Nominal amount original currency USD '000	Currency pair	Maturity
City Bank Europe AD	45,223	EUR/USD	24/01/2022
Fair value 31.12.2021			
		Assets	Liability
		BGN '000	BGN '000
Currency forwards		140	-
Total		140	-

Risks related to economic and macro conditions

During 2022, significant inflation pressure appeared in many markets around the world, as well as in Bulgaria, and this trend remained in early 2023. Although there were no significant impacts on the Fund results for 2022 - the recent increase in the inflation of a number of goods and services, the Company management closely monitors the inflation forecasts, as well as any changes in interest rates, fluctuations in foreign currency, etc., in order to respond appropriately to the potential impacts on the Fund's investment income. Furthermore as a result of the current geopolitical tensions and conflict between Russia and Ukraine and the recent recognition by Russia of the independence of the self-proclaimed Republics of Donetsk and Lugansk, in the Donbas region of Ukraine, the United States, the European Union, Japan and other jurisdictions have recently announced the imposition sanctions of certain industrial sectors and parties in Russia, Belarus and the regions of Donetsk and Lugansk, as well as increased control over exports of certain products and industries. Despite the fact that the Fund has no investment interests in Russia, Ukraine and conflict zones, these and any additional sanctions and export controls, as well as any counter-responses from the governments of Russia or other jurisdictions, may adversely affect, directly or indirectly, the investment strategy, with negative consequences on the global financial markets and the financial services industry.

NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

17. Financial risk management, continued

Other market risks

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

As of 31 December 2022, investments at a fair value of these instruments are TBGN 107,637 and a realistic scenario of change in the main stock market indices by 30% will result in change in the financial result by TBGN 32,291.

Information on collaterals and credit rating

Total debt securities represent 53.98% of the assets, 0.52% of them are secured and 53.46% unsecured. Total having external credit rating is 52.77%, and the remaining 1.21% are rated using internal methodology.

Liquidity risk

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

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

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

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

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

	31.12.2022	31.12.2021
	BGN `000	BGN `000
Liabilities to PAC	203	209
Investment liabilities	-	1
Liability to NSSI	1 468	1 432
	1,671	1,642

NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

17. Financial risk management, continued

Liquidity risk, continued

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

As of 31 December 2021	Up to 3 months	From	From	From	Over 5 years
		3 to 12 months	1 to 2 years	2 to 5 years	
	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000
Financial liabilities					
Related to PAC	209	-	-	-	-
Related to investments	-	1	-	-	-
Other	1432	-	-	-	-
Total	1,641	1	-	-	-

Regulatory risk

The Fund is subject to the regulations set out in the Social Security Code and Regulations issued by the FSC. Regulatory risk arises from the possibility that certain regulations and requirements to the investments might be changed, and the deadlines for the compliance of operations in accordance with the new requirements might be short. In this particular case, it could be that the Fund would be forced to dispose of assets and their realization may be affected adversely in an unfavourable situation and respectively the sale to be below the fair value. The Fund assesses this risk as being minimal, given the current allocation of financial assets and the probability of such change.

Political risk

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

18. Related party transactions

Related party identification

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

PAC Doverie AD, in its capacity of a company providing the management of the Fund, hence the companies under the common control of the ultimate parent of PAC Doverie (Vienna Insurance Group AG Wiener Versicherung Gruppe (“VIG”)) are considered related parties.

NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

18. Related party transactions, continued

Transactions with related parties

	2022	2021
PAC Doverie:		
Investment fee	2,369	2,343
Payables to PAC in relation to fees and charges	203	209

19. Contingent assets and liabilities

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

20. Events after the reporting period, continued

The management of PAC Doverie continues to monitor the non-adjusted macroeconomic movements after the reporting date (such as interest rates, market values of financial assets and influence on inflation of fuel prices and/or unstable chain supplies). In general, these movements have positively influenced the valuation of the fund assets between the reporting date and the date of approval for issuance of the annual financial statement.

With the bankruptcy of Silicon Valley Bank and Signature Bank, the forced merge of UBS and Credit Suisse operations and the constant issues surrounding the viability of small regional banks in the United States, central banks around the world are again faced with the need to ensure the stability of the financial system.

As central banks continue to increase interest rates to cope with continuing inflation threats, market instability is increasing and the risk of more economic contraction increases. The Fund has no exposure to bankrupt banks, but remains cautious about further market development and focuses on steady risk management.

There are no other significant post balance sheet events with effect on the financial statements as of 31 December 2022.

These financial statements are approved by the Management Board of PAC Doverie AD on 23 March 2023.

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

Prepared by:	Executive Director:	Chairman of the
		Management Board:
Ivanka Stoyanova Lazarova	Miroslav Krumov Marinov	Daniela Panova Petkova

23 March 2023