

**Information  
on the terms and conditions for valuation of client assets  
from DSK Bank as an investment intermediary**

**I. General provisions**

1.1. "DSK Bank" AD in its capacity as an investment intermediary values the financial instruments, which keeps, administers or manages on clients' account in relation to the services provided under Art. 6, para. 2 and 3 of MiFIA, including interests, dividends and other relevant payments in compliance with the requirements of Markets in Financial Instruments Act /MiFIA/, Public Offering of Securities Act /POSA/, Bank Deposit Guarantee Act /BDGA/ and Ordinance № 23/08.02.2006 of FSC on the terms and conditions for valuation of client assets.

1.2. Source of information about the closing price of the financial instruments are the regulated markets, multilateral trading systems and systematic participants, operating on the territory of the Republic of Bulgaria, which report daily after the end of the trading session in an appropriate way information about the closing price of the traded through their systems financial instruments, admitted to trading on regulated market, as well as the volumes traded.

1.3. The clients' assets in foreign currency are recalculated in their BGN equivalent at the rate of the Bulgarian National Bank as of the last working day of the month for which the valuation is prepared, respectively as of the date of the decision under Art. 77b, para. 1 of POSA.

**II. Valuation methods of clients' assets admitted to trading on regulated market**

**2.1. Shares**

2.1.1. The market value of shares admitted to trading on a regulated market is determined at the closing price on the regulated market, as of the last day of the month for which the valuation is prepared, respectively as of the day on which the decision under Art. 77b, para. 1 of POSA has been ruled. In case there are no transactions concluded on that day, the market value is determined by the closing price on the regulated market for the nearest day of the two-month period preceding the day under the first sentence.

2.1.2. When the shares under pt. 1 are also admitted to trading on another regulated market or they are also traded on another trading venue, the market value of the shares is determined by the closing price or another similar indicator made public by the trading venue, on which the largest volume of shares was traded for the respective day.

2.2. **Bonds** - the market value of bonds and other financial instruments, admitted to trading on a regulated market is determined according to pt. 1 and 2, if information on the concluded transactions with the relevant financial instrument is published under terms and conditions similar to those for shares.

2.3. **Shares or units of Collective Investment Schemes and Alternative Investment Funds** - the market value of shares or units of Collective Investment Schemes and Alternative Investment Funds is the last published redemption price. When the units of the mutual funds have not reached the minimum required net asset value of BGN 500 000, the market value is considered to be the net asset value of one unit.

2.4. **Bulgarian government securities** - the market value of government securities issued by the Republic of Bulgaria is the price, determined as an arithmetic average of the "buy" prices, announced by two primary dealers as of the last day of the month for which the valuation is prepared, respectively as of the day on which the decision under Art. 77b, para. 1 of the POSA.

**III. Valuation methods of clients' assets in the absence of market value**

**3.1. Shares**

3.1.1. Shares that have been subject to public offering in the Republic of Bulgaria and are not admitted to trading on a regulated market are valued at the acquisition price for the period from the acquisition to the publication of the relevant financial statement of the issuer.

3.1.2. For shares of a public company that were subject to public offering in the Republic of Bulgaria or shares of a company, admitted to trading on a regulated market, from the day of publication of the relevant financial statement of the company - by the method of the net book value of the assets; the value of one share

under this method is determined by dividing the assets on the company's balance sheet minus the value of current and non-current liabilities on the balance sheet by the number of shares, excluding those bought back by the company, if the net balance sheet value is positive.

**3.2. Bonds** – according to the method of discounted future net cash flows, as discount factor is determined by January 31 for the respective year and reflects at least the main interest rate of BNB by the end of the previous year and the inflation index for the previous year, announced by the National Statistical Institute.

**3.3. Derivatives** – using the net present value method. Under this method, the expected cash flows from each transaction with a customer are multiplied by a discount factor applicable to the relevant term and payment currency. The discount factors are obtained from the yield curves available in the Bloomberg market data system (Bloomberg). The current values in currencies are summed up and converted into BGN equivalent by the official currency fixing rate of BNB for the relevant day, published after 5:00 p.m. The resulting net present value in BGN is the market value for the purposes of these rules.

**3.4. Shares or units of Collective Investment Schemes and Alternative Investment Funds** – by the method of the net book value in cases of temporary suspension of redemption.

**3.5.** Where it is not possible to establish reliable information on the market value formation of the financial instruments due to, including when the financial instruments are not admitted to trading on regulated market and no financial statement is published, they are valued at nominal value or at acquisition price.