

This document is a translation in English of the Interim Management Report on the Activities of the Bulgarian-American Credit Bank AD on consolidated basis as of September 30, 2016. This translation is not official and is prepared for investors' convenience only. In case of discrepancies between this translation in English and the original text of the report in Bulgarian, the Bulgarian version shall prevail.

INTERIM REPORT ON THE ACTIVITIES OF BULGARIAN AMERICAN CREDIT BANK AD ON A CONSOLIDATED BASIS FOR THE SIX MONTHS OF 2017

SOFIA, JULY 27, 2017

GENERAL INFORMATION

In 2017 Bulgarian American Credit Bank AD (BACB, the Bank) continued its striving to offer innovative and flexible solutions for the business and the individuals, manage risks and be a green and socially-responsible bank. BACB will continue in following this policy and will aim to become a principal partner for the development of a resource-efficient, competitive and green Bulgarian economy while at the same time achieving synergy between the customers' needs, the responsible attitude towards the environment and the business goals set forth.

For the period BACB pursues its main strategic goals related to its development as a universal bank offering a full range of banking services, including financing of small and medium-sized enterprises, and expanding services in retail banking by offering a variety of products in the consumer lending and transaction banking. The Bank is committed to meet its clients' needs by providing a full range of banking services using contemporary banking technologies and as a result extending its customer base.

With regard to the lending activities the Bank reports net growth of the loan portfolio in the segment "Loans to individuals and households" - almost double increase of the balance value compared to the same period of the previous years. A growth in the segments Loans to SME and Loans to Corporate Clients by nearly BGN 2.5 million is also reported, having in mind the decrease of the "Legacy portfolio" (loans disbursed before 2011) on which the Bank actively works.

In the period the Bank finalized the development and began the presenting of new for the Bulgarian market credit product - "BACB express". The product targets consumers - physical persons. The process from applying for the loan and the loan disbursement is optimized within minutes and the clients have 24/7 access to the approved limit with no necessity of a bank card, on any ATM which provides the CashM service.

A new joint for BACB and Uniqa and Uniqa Life Insurance Companies credit product was also implemented - consumer loan for individuals with insurance "Protected Installment" included, which covers the risk of unemployment or hospitalization, death or permanent disability of the borrower.

BACB actively works on the continuation of the diversification of the loan portfolio by increasing the share of the retail and SME lending and increasing of the cross sales between the clients segments as well as between non-credit products and services to BACB borrowers.

BACB considers providing financing to projects with approved financial grants under the EU Operational Programs a priority. A special department in the Bank is responsible for the cooperation with the EU operational programs and financial institutions. The main purpose of the department is to offer the Bank's customers a variety of services throughout all stages of the implementation of the projects under the EU operational programs.

The Bank continues to follow its plan in the card payments sector and card business strategy, which are oriented to innovative positions in the targeted market segments, increase of the clients' satisfaction and the profitability of the products and services, as well as guarantee of security and convenience of the card holders.

BACB presents a broad specter of contemporary card products. The Bank implemented the newest contactless cards with the new chips, in compliance with the latest security requirements.

A leading advantage for every cardholder of BACB is that the debit cards issued by the bank are free of charge for issuance and maintenance, free of charge for payment of goods and services at points of sale within the country and abroad and have no fee for withdrawals from all BACB ATMs in Bulgaria.

The BACB credit cards for individuals and companies receive "cash back" bonus for each POS payment for goods or services at points of sale or online after the accrual of certain amount within three months.

During the first quarter of 2017, the Bank again organized various joint campaigns with VISA and MasterCard aiming to stimulate the card payments and granting bonuses to the active card holders.

Till the end of 2017 BACB will present a new functionality for its clients - generating of one-time 3D password for online payments which will be sent as a SMS to the client's mobile phone. The Bank plans to develop the possibility for online activation/ blocking of the cards. This change will be accessible multiple times for every card holder by the Virtual Bank and by the mobile application.

With these services BACB will provide the highest level of online security payments in a convenient way.

As of June 30, 2017 the Bank reports an increase of the bank transfers and documentary operations compared to the same period of the previous year. The transfers increase by 13%, while the letters of credit and foreign guarantees - by 105%.

The fees and commissions under payment operations equal BGN 2.1 million which corresponds with the amount for H1 2016. The difference in the dynamics of the volume and the income is mainly because of the increase of the share of online transactions compared to the transactions on the counter, the application of an individual approach to the clients with large turnovers and the presentation of package programs.

The Bank continues to apply innovative approaches in attracting new clients and funds as well as in diversification of the deposit base. New deposit products are developed and schemes for attracting funds from abroad are applied. New package program for SME clients with mostly non-cash transactions was implemented. Special products directed to specific categories of clients (public enforcers, insurance brokers etc.) are developed. In the period the Bank successfully continued to present deposit products for individuals and households on the German market. In the beginning of 2017 BACB started attracting deposits from the Spanish market.

In the second qhalf of 2017 BACB will continue to apply a flexible approach for increase and diversification of the attracted funds and will focus on the development of the remote banking channels, increase of the service quality, applying personal approach in customers' service, simplifying the documentation in registration of new clients, improvement and automatization of the customers' service processes.

BACB's Management keeps its anticipations for 2017 to be a year of challenges, but also one of new opportunities. Management believes that given the Bank's conservative provisioning policy and high capital adequacy ratio BACB remains adequately positioned to face the economic difficulties of the Bulgarian business and to present flexible solutions corresponding to the needs of its corporate and retail potential and existing customers. The stable deposit base combined with prudent risk management and the Bank's fast and versatile business model remain the Bank's main strengths that will allow it to take advantage of the opportunities offered by the changing market environment.

OVERVIEW OF THE ACTIVITIES FOR THE FIRST SIX MONTHS OF 2017.

Selected indicators and ratios

<i>In thousand EUR and%</i>	30.06.2016 (Restated)	30.06.2017	Change
Size of assets	523 354	616 621	17.82%
Loans (net value)	305 832	354 932	16.05%
Borrowed funds	434 779	525 250	20.81%
Equity	85 423	89 342	4.59%
Net interest income	6 693	7 105	6.16%
Net income from fees and commissions	1 352	1 318	-2.50%
Loans/Borrowed funds	70.34%	67.57%	
Liquid assets ratio	28.05%	31.12%	
Capital adequacy	21.09%	19.79%	

Active operations

As at 30.06.2017 the Group's assets amounted to EUR 616 621 thousand, as the increase in parallel with the reported at the end of 2016 amounts to EUR 68.08 million, or a growth of 12.41%. The data as at 31.12.2016 and the other comparative periods used were restated due to a change in the accounting policy regarding the subsequent reporting of acquired assets classified as 'investment property' effective from 01.01.2017. The change in accounting policy regulates the measurement at fair value without accruing depreciation instead of carried cost and subsequent depreciation and impairment as was the policy applied to date. All ratios and changes in relation to the end of 2016, in this report are calculated in relation to the restated data at 31.12.2016.

For the six months of 2017, the Group reported an increase in the loan portfolio at book value of EUR 8.98 million or 2.18% to EUR 420.66 million compared to its volume at the end of 2016. Provisions for impairment amounted to EUR 65.7 million and provided coverage of 15.7% of the loan portfolio at book value compared to EUR 65.1 million and 15.8% reported at the end of 2016 and average levels for the banking system (benchmark) about 10%.

For the same period the net increase in the allocated provisions for impairment amounted to EUR 0.63 million or 1%. At 30.06.2017, the net loan portfolio amounted to EUR 354.93 million and accounted for 57.56% of the total assets. The loan portfolio includes receivables under finance leases of EUR 3,145 thousand at book value compared to EUR 3,293 thousand at the end of the previous year.

At the end of the first half of 2017 the Group granted new loans amounting to EUR 150.32 million and the amount of repaid loans for the same period was EUR 137.42 million.

During the reporting period, by a decision of the competent authority, receivables on loans amounting to EUR 309 thousand, for which there is a minimum probability of being collected, were derecognized from the balance sheet against provisions.

At 30.06.2017, loans past due over 90 days represented 18.77% of total loans at book value compared to 19.82% reported at 31.12.2016.

The share of non-performing loans is above the benchmark with a steady downward trend from the end of 2011 to date. The reason for this is the Bank's sectoral orientation - financing projects in the construction and real estate sector before the global financial crisis. The credit policy applied in recent years and at present focuses on less cyclical and more promising economic sectors, aims to achieve effective diversification, both in terms of sectoral positioning and size and timing, so as to provide a sustainable basis for development and limit the impact of individual exposures in a particular industry. Expectations for 2017 are that the negative effects will gradually be minimized due to signs of revival in the construction and real estate sector. To improve the loan portfolio quality, constant control over the problematic loans is exercised and adequate procedures for their management are applied. The internal analyzes developed on a regular basis and complex stress tests facilitate timely evaluation of the effects of possible deterioration of the business environment on the Group's portfolio.

The financial assets held and classified in the portfolio 'available-for-sale' are formed from 76.52% first-class government securities of the Republic of Bulgaria, 21.43% corporate bonds and 2.05% equity instruments and at the end of the first half of 2017 amounted to EUR 34.78 million, 5.64% of total assets (6.7% in 2016) or 5.2% less than the volume at the end of the previous year. The decrease was mainly due to the sale of securities denominated in US dollars and euros. Equity investments in the amount of EUR 0.71 million include a holding in a special investment vehicle of EUR 386 thousand at book value (without change from the previous year), holding in the form of Class C privileged shares in the capital of Visa Inc. amounting to EUR 323 thousand at fair value compared to EUR 290 thousand at 31.12.2016 and participation in BSE for EUR 2 thousand.

The portfolio of financial assets classified as 'held-to-maturity' recorded a slight increase of 0.71% over the six months to EUR 10.70 million or 1.73% of the total assets (1.94% in the previous year). It consists of bonds of the Bulgarian government with fixed payments and maturity.

Receivables from banks amounted to EUR 23.3 million at the end of the first half of 2017 and accounted for a share of 3.77% of the total assets compared to EUR 30.1 million and 5.49% at the end of 2016. The reported decrease of 22.75% within the six months is due to the decrease in fixed-term deposits as the liquidity position of the Group as a whole is improving compared to the end of last year.

At 30.06.2017, cash and balances held with the Central Bank recorded a substantial increase of 131.56% to EUR 117.9 million compared to EUR 50.9 million at the end of 2016, resulting in an increase in their share of the total assets from 9.3% to 19.12%. The main reasons for the reported increase are the provision of obligatory minimum reserves for the increased in the first half of the year by EUR 67.9 million borrowed funds from companies and individuals and a growth of the funds in payment accounts with BNB.

Tangible and intangible assets held by the Group decreased during the six months from EUR 5.1 million to EUR 4.8 million at book value, mainly due to accrued depreciation and their share of the total assets declined slightly from 0.9% to 0.8%.

As of 30.06.2017, the assets acquired classified as 'assets held for resale' and 'investment properties' totaled EUR 66.5 million or 10.78% of the total assets compared to 64.3 million and 11.72% at restated value at 31.12. 2016. As mentioned above, in the second quarter the Management Board of BACB AD approved a change in the accounting policy for reporting 'investment properties' carried at a revalued amount, which became effective from the beginning of 2017 and required a restatement for prior periods. Therefore, the Bank's balance sheet at 31.12.2016 reflected a positive effect of applying the new policy in the amount of EUR 965.8 thousand.

During the reporting period, 'investment properties' were sold to the amount of EUR 894 thousand at gross book value and accumulated revaluation of EUR 160 thousand. The sold 'assets for resale' have a carrying amount of EUR 3 639 thousand and acquired EUR 6 584 thousand, including. EUR 6,029 thousand against direct decrease in the loan portfolio.

A specialized unit was formed and operates in the Bank for the realization of the acquired assets, as well as for the organization and administration of the accompanying activities.

Liabilities

At 30 June 2017, the Group did not report borrowing from banks, i.e. the resource from credit institutions decreased by 100% compared to the end of 2016. The main reason for this is the substantial increase in funds from businesses and individuals, which ensured the growth of the active operations.

At the end of the first half of 2017, borrowed funds from individuals and legal entities amounted to EUR 505.1 million and accounted for 95.8% of the total liabilities compared to EUR 430.3 million and 93.24% at the end of 2016. The main contribution to the reported growth of EUR 74.83 million make the funds of businesses, which account for 50.41% of the growth; deposits from foreign citizens (from Germany and Spain) account for 24%; funds of local individuals make up 19.23% and the resources accumulated by financial institutions - 9.36%. Funds from budget organizations reported a decrease of 3%.

During the reporting period, the Group fulfilled the terms and conditions of the issued Eighth Mortgage Bonds Issue (code BSE-Sofia: 5BNF), making a regular principal payment of EUR 230 thousand and interest. As of 30.06.2017 the issued debt securities amounted to EUR 3,278 thousand and accounted for 0.62% of the total liabilities compared to EUR 3,732 thousand and 0.81% at the end of 2016.

In the item 'other borrowed funds' are reported obligations under a credit line of the Bulgarian Development Bank (BDB) under the Target Financing Program for Micro, Small and Medium Business, with contractual amount of BGN 35 million. At the end of the reporting period, the long-term borrowed funds from BDB amounted to EUR 16.87 million or 3.2% of the liabilities compared to EUR 17.92 million and 3.9% at the end of 2016. The reported decrease is the result of the principal payment made in May in compliance with the terms of the contract.

Equity

There are no changes in equity in the first half of 2017.

Compared to the end of 2016, the item 'reserves and retained earnings' increased by EUR 965.8 thousand, incl. EUR 68.5 thousand realized profit for the previous year as a result of the changed accounting policy and reserves of EUR 897.3 thousand.

Unrealized gains and losses on revaluation of financial assets classified as portfolio available-for-sale form a revaluation surplus of EUR 3,151 thousand compared to EUR 3,249 thousand at the end of 2016.

OVERVIEW OF THE FINANCIAL CONDITIONS AT JUNE 30, 2017

The Group ended the first half of the year with a positive financial performance of EUR 2 347 thousand after tax compared to reported profit for the first half of 2016 in the amount of EUR 2 029 thousand after adjustments due to a change in accounting policy, or a growth of 15,7%. This achievement is indicative of improvement in performance, given that during the first half of 2016, the Group reported significant extra revenue as a result of the sale of its share in VISA Europe.

Comparison of earnings from core business (interest income) for both periods shows a decrease for the reporting period from EUR 38 thousand to EUR 9,770 thousand, which is directly related to the outlined trend toward decrease in interest rates on loans and borrowed funds. Interest income from credit activities held the main share in the interest income and accounted for 96.1%. The yield on interbank deposits are still low, with reported earnings of EUR 70 thousand compared to EUR 69 thousand for the same period in 2016. The interest income from the securities portfolios in first half of 2017 reported a decline of EUR 6 thousand and reached EUR 313 thousand.

The historically low cost of financing helps both to accelerate lending and to optimize interest costs. Comparison with the corresponding period of 2016 shows a decrease in interest costs by EUR 450 thousand.

At the end of the reporting period, the net interest income amounted to EUR 7,105 thousand, or by EUR 412 thousand more than the amount reported for the same period last year.

The net fees and commissions income as an absolute amount is retained at similar levels as in the previous year (EUR 1,318 million) and account for about 14% of the Group's operating income, compared to a share of 13% in the first half of 2016, a direct consequence of the increased market competition and the trend towards expansion of digital services.

In the first half of 2017, the Group continued to increase its customer base. In the past six months of this year, the number of customers increased by about 60% compared to the same period of last year, which is the basis for expansion of operations in next periods.

Since the beginning of 2017 in connection with finished investments 'available for sale', the reported net income is EUR 374 thousand.

Operating expenditure decreased by EUR 1 238 thousand compared to the same period in 2016, mainly due to a decrease in provisioning costs from EUR 2,640 thousand to EUR 948 thousand. Administrative expenditure increased by EUR 467 thousand, in line with the strategy for reasonably expanding the points of presence and the development of new technologies and products.

Expenditure to the Bulgarian Deposit Insurance Fund (BDIF) and the Bank Restructuring Fund (BRF) amounted to EUR 823 thousand compared to EUR 783 thousand at 30.06.2016.

Depreciation costs reported a slight decrease of EUR 13 thousand compared to the previous year. As of June 30, 2016, a recalculation was made and the effect of the change in accounting policy was a decrease in depreciation costs to EUR 228 thousand for 'investment property'.

Liquidity and funding

The Bank continues to follow its principles for diversification of the funding sources and optimization of the interest expenses within the completion of the liquidity strategy.

In the first half of 2017 the Bank maintains a stable deposit base and reports an increase of the deposits from clients by 17.39% compared to Y/e 2016. The active deposit activity contributes to the decrease of the wholesale funding dependence. BACB successfully attracts deposits from individuals and households on the German market. As of March 2017 BACB started attracting deposits from Spain.

The gross loans to deposits ratio is 83.28% as at June 30, 2017.

The liquidity position of the Bank remained stable with liquid assets (*Cash and balances with the Central Bank, short-term loans and advances to banks and marketable securities at balance sheet value*) of EUR 163.9 million. The liquid assets to total deposits (customers and banks) ratio is 32.46% as at 30.06.2017.

During the period from the end of 2016 until 30.06.2017 the Bulgarian government debt securities portfolio of the Bank classified as "available for sale" records an decrease by 5.39% to EUR 34.0 million (2016: EUR 36.7 million) while the cash and balances with the BNB and the banks increased by 131.56%. The sales made by BACB during the reported period, aim to improve the profitability and the structure of the liquid assets and to decrease the risk of possible adverse change in the securities costs.

Since the end of 2016, no new investments in Bulgarian government securities (in total in "held for sale" and "held to maturity" portfolios) were made. In the period new corporate bonds with face value of EUR 2.56 million

As at 30.06.2017, the government securities portfolio of the Bank is of balance sheet value of EUR 37.3 million (2016: EUR 44.51 million), allocated in an "available for sale" portfolio of balance sheet value of EUR 26.6 million, and "held up to maturity" portfolio with balance sheet value of EUR 10.69 million

Since the beginning of the period in relation to expired investments, a net income of EUR 0.375 million has been reported. The non-realized profits and losses on the revaluation of the financial assets held for sale are deferred to equity account, net of taxes. In the period when the asset was realized or was identified as impaired, the revaluation result has been included in the income statement. The Bank added to its portfolio of financial instruments available for sale an investment in corporate bonds the balance sheet value of which as at 30.06.2017 was estimated at EUR 7.45 million

Capital Resources

At the end of the first half of 2017, the Group reported equity that is adequate to the risk profile and asset quality and is sufficient to meet the strategic objectives and implement the plan for the current year. As of 30.06.2017, the Group reported a total capital adequacy ratio of 19.79% and a Tier 1 capital adequacy ratio on a consolidated basis of 19.79%, well above the minimum required 8% and 6%.

Information on the major risks that the Group faces is contained in the Annual Report on the activities for 2016, which was submitted to the FSC and the general public and is available on the website of the Bank.

Corporate events and information under Art. 7 of Regulation (EU) 596/ 2014 of the European Parliament and the Council on market abuse

1. On January 27, 2017 BACB published its preliminary, not audited consolidated and individual financial reports as at December 31, 2016, together with the respective interim activity reports and letter to the shareholders;

2. On January 27, 2017 BACB published the Report under art. 100b, (3) of the Public Offering of Securities Act for the fulfillment of the obligations of Bulgarian American Credit Bank AD under the terms and conditions of the Eight Mortgage Bond Issue of BACB, ISIN BG2100006142 as at December 31, 2016.

3. In accordance with the terms and conditions under the Eight mortgage bond issue of BACB, ISIN BG2100006142, Exchange code 5BNF, on March 25, 2017 the fifth payment to the bondholders of the mortgage bond was made in total amount of **BGN 1 023 593.57** (EUR 523 355.08 under fixed exchange rate of BNB of BGN 1.95583 for EUR 1,00), from which BGN 880 123.50 (EUR 450 000.00 under fixed exchange rate of BNB of BGN 1.95583 for EUR 1,00) represent payment on principal and BGN 143 470.07 (EUR 73 355.08 under fixed exchange rate of BNB of BGN 1.95583 for EUR 1,00) represent interest payment.

The payments were made through the Central Depository AD, pro rata among the bondholders registered in the Register of Bondholders as of three business days prior to the payment due date.

4. On March 31, 2017 BACB published its audited consolidated and individual financial statements for 2016 together with information on financial result of the Bank for 2016 on consolidated and individual basis. Comprehensive information on these financial statements was made available at the web site of BACB AD.

5. On 31.03.2017 in the Commercial Register, kept by the Registry Agency, the appointment of Mr. Alexander Dimitrov Dimitrov was registered, PIN 7205063969, as member of the Management Board and executive director of BACB AD.

The aforementioned circumstances were registered in the Commercial Register based on resolution of the Management Board of BACB dated 14.03.2017 and resolution of the Supervisory Board of BACB dated 14.03.2017.

After the registration on 31.03.2017 of the aforementioned circumstances in the Commercial Register, the Management Board of BACB consists of the following members:

- **Mr. Vasil Stefanov Simov;**
- **Mr. Ilian Petrov Georgiev;**
- **Mrs. Loreta Ivanova Grigorova;**
- **Mr. Alexander Dimitrov Dimitrov;**
- **Mrs. Silvia Kirilova Kirilova.**

Effective as of the same date BACB is represented by the executive directors:

- **Mr. Vasil Stefanov Simov;**
- **Mr. Ilian Petrov Georgiev;**
- **Mrs. Loreta Ivanova Grigorova;**
- **Mr. Alexander Dimitrov Dimitrov;**

Always jointly of every two of the executive directors.

6. On April 28, 2017 BACB published its preliminary unaudited consolidated and individual financial reports as of March 31, 2016, together with the respective interim activity reports and letter to the shareholders

7. On April 28, 2017 BACB published the Report under art. 100b, (3) of the Public Offering of Securities Act for the fulfillment of the obligations of Bulgarian American Credit Bank AD under the terms and conditions of the Eight Mortgage Bond Issue of BACB, ISIN BG2100006142 as at March 31, 2016.

8. On May 02, 2017 BACB published in the Commercial Register the Call Notice for the Annual General Meeting of the Shareholders (AGM) to be held on June 10, 2017 from 11:00 at the central office of the Bank on 2 Slavianska Street.

The agenda and the materials for the AGM are available at the Bank's internet site.

9. On June 05, 2017 the Annual General Meeting of the Shareholders of the "Bulgarian-American Credit Bank" took place.

The General Meeting of the Shareholders:

1. Approved the (1) the Audited BACB Annual Consolidated Financial Statements for 2016 and the Annual Consolidated Management Report of BACB for 2016 and (2) the Audited BACB Annual Financial Statements for 2016 and the Annual Management Report of BACB for 2016
2. Approved the Statute of the Audit Committee of BACB pursuant to the new requirements of the Independent Financial Audit Act;
3. Adopted a decision for approval of amendments and supplements to the BACB By-laws, as well as decisions under the rest of the prior announced agenda;

10. On June 26, 2017 the amended and supplemented BACB By-laws was announced in the Commercial Register.

The amendments and supplements to the BACB By-laws were adopted by the General Meeting of the Shareholders held on June 05, 2017.

Additional information for the three months of 2017 (Art. 33 para. 1, item 7 of Ordinance №2 on the prospectuses for the public offering and admission to trading on a regulated market of securities and disclosure of information by public companies and other issuers of securities)

1. There were no material changes in the Group's accounting policies in 2017, except for the changes made to the subsequent recognition of investment property, as detailed in the Explanatory Notes to this Interim Consolidated Financial Statement.
2. No changes in the economic group controlled by the Bank occurred;
3. There were no organizational changes;
4. The Bank does not publish estimates for its performance;
5. Information on the persons having direct or indirect interest of at least 5% of the votes in the general meeting of the shareholders as at 30.06.2017 and changes in their shareholding since 31.03.2017 is, as

follows:

According to: (1) the shareholders' book kept by the Central Depository AD; (2) data from the shareholders' notifications as per art. 145 and 146 of POSA; and (3) the power of attorneys and the accompanying constitutive documents of shareholders, presented at the General Meeting of the Shareholders, the persons having direct or indirect shareholding (as per art. 146 of POSA) of 5% or more than 5% of the voting shares of the Bank as at 30.06.2017 are, as follows:

Shareholder	Number of shares owned (directly and indirectly) as at 30.06.2017	Per cent of the voting shares as at 30.06.2017	Number of shares owned (directly and indirectly) as at 31.03.2017	Per cent of the voting shares as at 31.03.2017
CSIF AD	15 167 642	61,429%	15 167 642	61,429%
Tzvetelina Borislavova Karagyozeva – person holding control of the direct shareholder CSIF AD (holder of 99.99% of the capital of CSIF AD)	15 167 642	61,429%	15 167 642	61,429%
LTBI Holdings LLC	8 714 766	35,29%	8 701 146	35,24%

6. Information on the shares held by members of the Management Board and the Supervisory Board of the Bank as at 30.06.2017 and on changes occurred after 31.03.2017;

The following table contains information on the members of the Management Board and the Supervisory Board of the Bank who own shares thereof.

Name	Member of management or controlling body	Number of shares owned (directly and indirectly) as at 30.06.2017	Per cent of the voting shares as at 30.06.2017	Number of shares owned (directly and indirectly) as at 31.03.2017	Per cent of the voting shares as at 31.03.2017
Silvia Kirilova	Management Board	1 600	0.006%	1 600	0.006%

7. The Group is not a party to any pending court, administrative or arbitration proceedings concerning liabilities or claims amounting to 10% or more of the equity;

Within its ordinary course of business, in particular the intense management of classified loans, the Bank is party to foreclosure and insolvency proceedings against borrowers for collection of delinquent loan amounts;

8. Information on loans, guarantees or any engagements extended by the Bank to a single person or their subsidiary, including related parties.

BACB is a bank and its main business is extending loans and accepting deposits. The interim reports of the Group, the annual reports and prospectus of BACB, contain detailed information on the loan portfolio, large exposures and asset quality of the Group.

TRANSACTIONS WITH RELATED PARTIES

Pursuant to the applicable accounting standards 'related parties' are parties where one of the parties can control or exercise significant influence on the other when making financial decisions and decisions on the activity of the company.

1. Transactions between related parties concluded during the reporting period that had significant effect on the financial condition or the results of operation during the period.

The Bank executes transactions with related parties only in the regular course of its business. These

transactions are executed at terms and conditions which would have been usual for transactions between unrelated parties, and include extension of loans, accepting of deposits and transactions with securities.

2. Changes in the transactions executed with related parties disclosed in the annual report that have had significant effect on the financial condition or the results of operation of the Bank for Q2 of 2017.

9. For details on these transactions, if any, please see the “Related Parties Transactions” section of the Accounting Policy and the Notes thereto, as at 30.06.2017