

Dear Shareholders:

In the 6-month period ending June 30, 2008, the Bulgarian-American Credit Bank (BACB) earned approximately Euro 15.8 million while growing assets to Euro 398.9 million and net loans and advances to customers to Euro 333.5 million.

In EUR '000	First six months of 2008	2007	First six months of 2007
Net interest income	20,667	35,220	15,735
Other income, net	1,740	3,882	2,104
Operating income	22,407	39,102	17,839
Operating expenses	(3,101)	(6,111)	(2,774)
Operating profit	19,306	32,991	15,065
Income before taxation	17,729	30,186	14,035
Net income	15,832	27,157	12,626
Total assets	398,863	357,756	310,134
Loans and advances to customers	333,505	301,733	243,765
Shareholders' equity	85,711	79,576	65,034
Return on Average Equity *	38.3%	39.7%	41.3%
Cost-to-Income	13.8%	15.5%	15.5%

* Annualized return on average equity is calculated by dividing net income by the simple average of shareholders' equity for the period.

Net income grew by 25.4% year-over-year despite a slightly lower net interest margin owing to higher funding cost. Similarly, operating profit grew 28.2% year-over-year. The Bank continues to operate efficiently and the cost-to-income ratio decreased to an industry best 13.8%. At the same time, though loan quality remains high, provisions for impairment were increased to provide additional cushion.

Total capital adequacy ratio at June 30, 2008 on a consolidated basis was 17.6% according to Basel II -- well in excess of the Bulgarian National Bank requirement of 12%.

Growth and profitability continued to be fueled by strong loan demand in the vibrant SME sector, which is the focus of BACB's strategy. During the first six months of the year the loan portfolio grew by 10.5% to EUR 333.5 million. Year-over-year loan portfolio growth was 36.8%. At the same time, growth prospects remain high – the bank has EUR 61.0 million in loans committed but not yet disbursed.

BACB continues to be extremely profitable. Return on equity was 38.3%, while profit after tax, return on assets, the ratio of cost to income, and net interest margin were about as planned.

Global economic developments have not yet had a significant impact upon the Bank's clients or upon BACB's ability to finance its activity, other than a small increase in funding cost. Still, BACB relies upon wholesale funding and, depending upon market developments, the availability of wholesale funds and their cost could become an issue. Therefore, in light of the uncertainty of how global economic conditions will affect the Bulgarian economy, management is moderating its growth objectives and reviewing loan applications even more conservatively.

The regular Annual General Meeting of the Shareholders (AGM) was held on April 22, 2008. Following the recommendation of management, the AGM approved a dividend of BGN 1.50 (EUR 0.767) per share, which was paid in June, 2008. This amounted to approximately EUR 9.7 million or a payout ratio of 35.7% of consolidated profit for 2007, possible because of BACB's high profitability and strong capital position.

In summary, though we are in an uncertain economic environment, BACB is headed toward a record year, and we remain optimistic about our prospects, as well as for those of Bulgaria and its economy.

Sincerely,

A handwritten signature in blue ink, appearing to be 'Frank L. Bauer', with a long horizontal line extending to the right.

Frank L. Bauer,
Chairman of the Management Board and Chief Executive Officer

July 8, 2008