

Dear Shareholders:

In the 3-month period ending March 31, 2008, the Bulgarian-American Credit Bank (BACB) earned approximately Euro 7.5 million while growing assets to Euro 374.3 million and net loans and advances to customers to Euro 317.3 million.

<b>In EUR '000</b>	<b>First three months of 2008</b>	<b>2007</b>	<b>First three months of 2007</b>
Net interest income	9,900	35,220	7,405
Other income, net	635	3,882	1,032
Operating income	10,536	39,102	8,437
Operating expenses	(1,538)	(6,111)	(1,359)
Operating profit	8,998	32,991	7,078
Income before taxation	8,507	30,186	6,482
Net income	7,536	27,157	5,827
Total assets	374,267	357,756	264,457
Loans and advances to customers	317,250	301,733	211,222
Shareholders' equity	87,117	79,576	63,106
Return on Average Equity *	36.2%	39.7%	38.8%
Cost-to-Income	14.5%	15.5%	16.0%

\* 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 29.3% year-over-year due to growth in the loan portfolio, sustained net interest margin and low expense growth. Operating profit grew by 27.1% year-over-year. Loan quality remains high.

Total capital adequacy ratio at March 31, 2008 on a consolidated basis was 14.03% -- well in excess of the Bulgarian National Bank requirement of 12%.

Growth and profitability continued to be fueled by strong loan demand, reflecting favorable business conditions in Bulgaria and BACB's focus on the vibrant SME sector.

- During the first three months of the year the loan portfolio grew by 5.1% to EUR 317.3 million. Year-over-year loan portfolio growth was 50.2%. At the same time, growth prospects remain high as there are EUR 52.9 million in loans committed but not yet disbursed.

- Return on equity was 36.2%, while profit after tax, return on assets, the ratio of cost to income, and net interest margin all equaled or exceeded expectations.

The international liquidity crisis has not had a significant impact upon the Bank's clients or upon BACB's ability to finance its activity. Still, BACB relies upon wholesale funding and, depending upon further market developments, there is a chance that BACB's funding costs will increase; however, in such event management does not expect this to materially affect the Bank's competitiveness.

On February 22, 2008 the Bulgarian-American Enterprise Fund (BAEF) entered into an agreement to sell a 49.99 per cent interest in the Bank to Allied Irish Banks, p.l.c. at a price per share of BGN 67.00 (AIB Transaction). AIB Group is Ireland's leading banking and financial services organisation. It operates principally in Ireland, the United Kingdom, the United States and Poland. The consideration payable by AIB to BAEF is approximately €16 million, which shall be satisfied by way of cash on completion of the transaction. Completion is conditional upon receipt of the requisite regulatory approvals and is expected to occur in the third quarter of 2008.

In January, 2008 Standard & Poor's affirmed the Bank's credit rating – BB/Stable/B. Following the announcement of the AIB transaction, S&P placed BACB's counterparty credit ratings on CreditWatch with positive implications. The CreditWatch placement on BACB reflects the potential for an improvement in the bank's creditworthiness, resulting from AIB becoming the single largest shareholder in BACB. In Standard & Poor's view, there is a good opportunity for BACB to benefit from future product, operational, managerial, and financial support from AIB. In turn, this could boost BACB's market franchise and financial strength in the highly competitive and fast-growing Bulgarian banking sector.

The regular Annual General Meeting of the Shareholders (AGM) will be held on April 22, 2008. The Supervisory Board has proposed the AGM to vote on a dividend of BGN 1.50 (EUR 0.767) per share. This corresponds to a dividend payment in the amount of approximately EUR 9.7 million or a payout ratio of 35.7% of consolidated profit for 2007.

In summary, the bank is off to a good start in 2008 but we would like to remind that one quarter does not the year make. Still, we remain very positive about the longer-term prospects for BACB and for Bulgaria and its economy.

Sincerely,



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

April 11, 2008