

Dear Shareholders:

During the nine months ending September 30, 2006, the Bulgarian-American Credit Bank (BACB) continued to achieve record results, earning approximately Euro 12.4 million while growing assets to Euro 234 million, with loans and advances to customers comprising nearly Euro 180 million.

In EUR '000 Consolidated	Q3 06	31-Dec-05	Q3 05
Net interest income	16,891	18,470	13,643
Other income, net	2,069	3,180	2,238
Operating income	18,960	21,650	15,881
Operating expenses	(3,803)	(4,828)	(3,513)
Operating profit	15,157	16,822	12,368
Income before taxation	13,880	13,725	8,375
Net income	12,396	12,341	7,538
Total assets	234,138	194,904	167,615
Loans and advances to customers	179,473	146,697	135,345
Shareholders' equity	52,081	39,780	34,937
Return on Average Equity *	36%	37%	32%

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

Growth and profitability were fueled by strong loan demand, reflecting a continuation of favorable business conditions in Bulgaria and BACB's focus on the vibrant SME sector where in Bulgaria much of the growth takes place.

- Loan growth continued to be limited by measures established by the Bulgarian National Bank to slow lending by the banking system. During the first nine months of 2006, BACB slightly exceeded the proscribed limits and, as a result, incurred minor costs in the form of additional reserves having to be placed at the central bank. Beginning in August, the BNB eased these administrative measures so that the cost of exceeding the proscribed limits is less onerous. BACB expects to continue to exceed these limits.

- Profit after tax, return on equity, return on assets, the ratio of cost to income, and net interest margin all equaled or exceeded expectations.

- Total capital adequacy ratio on a consolidated basis was 20.34% at September 30, 2006 well in excess of the Bulgarian National Bank requirement of 12%, which provides further encouragement that, as previously announced, the bank will be able to pay a dividend for 2006.

Concerning Y2006, with most of the year already behind us, the bank expects a very successful year.

Looking forward, Bulgaria will join the European Union on January 1, 2007, giving additional reason to be positive about the longer-term prospects for BACB and for 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

October 9, 2006