

Dear Shareholders:

In the first quarter of 2007, the Bulgarian-American Credit Bank (BACB) earned approximately Euro 5.8 million while growing assets to Euro 264.5 million, with net loans and advances to customers reaching Euro 211.2 million. Net interest income grew by 36.5% year-over-year and net interest margin and the ratio of cost to income also continued to improve.

In EUR '000	Q1 07	2006	Q1 06
Net interest income	7,405	24,379	5,423
Other income, net	1,032	2,559	834
Operating income	8,437	26,938	6,257
Operating expenses	(1,359)	(5,259)	(1,239)
Operating profit	7,078	21,679	5,018
Income before taxation	6,482	19,527	4,489
Net income	5,827	17,455	4,011
Total assets	264,457	248,520	211,721
Loans and advances to customers	211,222	193,263	155,155
Shareholders' equity	63,106	57,114	43,753
Return on Average Equity *	39%	36%	38%

\* 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 45.3% year-over-year due to growth in the loan portfolio and an attractive net interest margin that in part was sustained by reduced funding costs. Loan quality remains high.

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

- During the quarter the loan portfolio grew by 9.3% and year-over-year loan portfolio growth was 36.1%.

- 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 at December 31, 2006 on a consolidated basis was 18.44% -- well in excess of the Bulgarian National Bank requirement of 12%. This calculation does not include earnings for 2006, or earnings for first quarter of 2007. The earnings for 2006 will be considered as part of Tier 1 capital upon approval of the 2006 results in the BACB's annual meeting, which is scheduled for April 18, 2007.

On the funding side, in March, 2007 BACB signed a new revolving credit facility with Raiffeisen Zentralbank Österreich AG, Vienna in the amount of EUR 7 million to be used for general corporate

purposes. In addition, BACB signed a new 5-year agreement with DEG - DEUTSCHE INVESTITIONS-UND ENTWICKLUNGSGESELLSCHAFT MBH. The credit line is in the amount of EUR 20 million and the funds will be used for loans to SMEs. This is the third agreement of this type between BACB and DEG.

In summary, the bank is off to a strong start in 2007 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,

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

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

April 13, 2007