

Dear Shareholders:

In the 9-month period ending September 30, 2007, the Bulgarian-American Credit Bank (BACB) earned approximately Euro 19.6 million while growing assets to Euro 343.7 million and net loans and advances to customers to Euro 274.4 million.

<b>In EUR '000</b>	<b>First nine months of 2007</b>	<b>2006</b>	<b>First nine months of 2006</b>
Net interest income	24,818	24,379	16,891
Other income, net	3,211	2,559	2,069
Operating income	28,029	26,938	18,960
Operating expenses	(4,361)	(5,259)	(3,803)
Operating profit	23,669	21,679	15,157
Income before taxation	21,812	19,527	13,880
Net income	19,598	17,455	12,396
Total assets	343,741	248,520	234,138
Loans and advances to customers	274,411	193,263	179,473
Shareholders' equity	72,017	57,114	52,081
Return on Average Equity *	40.5%	36.0%	36.0%
Cost-to-Income	15.5%	19.3%	19.9%

\* 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 58.1% year-over-year due to growth in the loan portfolio, sustained net interest margin and low expense growth. Operating profit also grew by 56.2% year-over-year. Loan quality remains high and an additional loan reserve expense of EUR 1.9 million was recorded.

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 nine months of the year the loan portfolio grew by 42.0% to EUR 274.4 million as a result of over EUR 177 million in new loan disbursements. Year-over-year loan portfolio growth was 52.9%. At the same time, growth prospects remain high as loans committed but not yet disbursed grew 51.4% year-over-year to EUR 58.6 million.

- Return on equity was 40.5%, while profit after tax, return on assets, the ratio of cost to income, and net interest margin all equaled or exceeded expectations.

- In August, 2007 the Bulgarian National Bank (BNB) increased its minimum reserve requirements from 8% to 12% of attracted funds. It is hoped that this measure will slow down the growth in bank loans to 30-

40% p.a. Management believes that at this will not have a significant impact on the Bank's competitiveness and profitability.

- The international liquidity crisis experienced in August did not have a significant impact on emerging markets or on BACB's ability to finance its activity. Depending on further developments there is a chance of increasing cost of funds, however management believes that such an increase in funding costs would not threaten the Bank's competitiveness.

Total capital adequacy ratio at September 30, 2007 on a consolidated basis was 16.58% -- well in excess of the Bulgarian National Bank requirement of 12%.

For a fifth year in a row BACB received Finance Central Europe's achievement awards for Best Bank in Bulgaria. This year performance was recognized in two categories - by ROE and ROA.

On August 10, 2007 the Bank was informed that the Board of Directors of the Bulgarian-American Enterprise Fund (BAEF) has appointed UniCredit Markets & Investment Banking to evaluate its alternatives with respect to its 53.88% shareholding in BACB.

In summary, BACB is headed toward a record year in 2007 as the bank continues to broaden and strengthen its participation in the SME sector, which is benefiting from EU accession, continuing foreign direct investment and accelerated structural spending. All of this leads to Bulgaria having one of the best growth stories in the region and, in turn, augurs well for BACB's long-term prospects.

Sincerely,



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

October 5, 2007