

Dear Shareholders:

In the 9-month period ending September 30, 2008, the Bulgarian-American Credit Bank (BACB) earned approximately Euro 22.5 million while growing assets to Euro 427.7 million and net loans and advances to customers to Euro 339.7 million.

In EUR '000	First nine months of 2008	2007	First nine months of 2007
Net interest income	30,513	35,220	24,818
Other income, net	2,074	3,882	3,211
Operating income	32,587	39,102	28,029
Operating expenses	(4,499)	(6,111)	(4,361)
Operating profit	28,088	32,991	23,669
Income before taxation	25,082	30,186	21,812
Net income	22,457	27,157	19,598
Total assets	427,668	357,756	343,741
Loans and advances to customers	339,731	301,733	274,411
Shareholders' equity	92,309	79,576	72,017
Return on Average Equity *	34.8%	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 14.6% year-over-year, which among other things reflects a slightly lower net interest margin owing to higher funding cost. Operating profit grew 18.7% 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 September 30, 2008 on a consolidated basis was 16.95% according to Basel II -- well in excess of the Bulgarian National Bank requirement of 12%.

Growth and profitability continued to be fueled by loan demand in the vibrant SME sector, which is the focus of BACB's strategy. During the first nine months of the year the loan portfolio grew by 12.6% to EUR 339.7 million. Year-over-year loan portfolio growth was 23.8%. At the same time, growth prospects remain good – the bank has EUR 51.0 million in loans committed but not yet disbursed.

BACB continues to be very profitable. Return on equity was 34.8%, 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 or its clients. However, BACB relies upon wholesale funding and, depending upon market developments, the availability of wholesale funds and their cost could become an issue. To date, we have seen some tightening in availability and, as a result, have experienced an increase in funding cost. Therefore, in light of the uncertainty of how global economic conditions will affect the Bulgarian economy, management has moderated its growth objectives and strengthened risk management.

During the third quarter of 2008 the Bank issued its sixth mortgage bond and its sixth corporate bond, raising approximately EUR 55 million of additional funding.

On August 29, 2008 the Bulgarian-American Enterprise Fund (BAEF) sold 49.99% of the shares from the registered capital of BACB at a price of BGN 67.00 per share to Allied Irish Banks, p.l.c., Ireland. On 4 September 2008, Standard & Poor's Ratings Services announced that pursuant to the acquisition by Allied Irish Banks, P.L.C. it has increased the long-term counterparty credit rating of BACB from BB to BB+ with stable outlook. Standard & Poor's Ratings Services expects that BACB is set to benefit from the transaction in terms of financial flexibility, risk management, and business development.

In summary, while we are operating in an uncertain economic environment, BACB is headed toward a good 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

October 10, 2008