

Dear Shareholders:

In the 6-month period ending June 30, 2009, the Bulgarian-American Credit Bank (BACB) earned approximately Euro 12.1 million while assets decreased slightly to Euro 404.1 million, while net loans and advances to customers stood at Euro 349.7 million.

In EUR '000	First six months of 2009	2008	First six months of 2008
Net interest income	21,430	40,740	20,668
Other income, net	622	2,240	1,739
Operating income	22,052	42,980	22,407
Operating expenses	(3,274)	(6,005)	(3,101)
Operating profit	18,778	36,975	19,306
Income before taxation	13,457	29,385	17,729
Net income	12,128	26,462	15,832
Total assets	404,129	418,580	398,863
Loans and advances to customers, net	349,660	345,763	333,505
Shareholders' equity	108,037	96,097	85,711
Return on Average Equity *	23.8%	30.1%	38.3%
Cost-to-Income	14.9%	14.0%	13.8%

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

For the six month period the net loan portfolio grew by 1.1% to EUR 349.7 million. Net income decreased by 23.4% year-over-year, which primarily reflects a higher provision for impairment expense and a lower fee and commission income. Net interest margin decreased slightly to 10.6%. Operating profit decreased 2.7% year-over-year. The Bank continues to operate very efficiently, although the cost-to-income ratio increased to 14.9%. To reflect certain deterioration in the loan quality, in the second quarter of 2009 the Bank increased its provisions for impairment by EUR 2.7 million for a total increase since the end of 2008 of EUR 5.3 million. During the first half of 2009 loans in arrears of over 90 days increased from 5.8% of gross loan portfolio at 31 December 2008 to 9.4% at 30 June 2009.

Total capital adequacy ratio (Basel II) at June 30, 2009 on a consolidated basis was 22.2% -- well in excess of the Bulgarian National Bank requirement of 12%. The strong capital position was further enhanced by the full retention of the 2008 profits as decided by the AGM, held in April 2009.

BACB continues to be very profitable with return on equity of 23.8% at 30 June 2009. Profit after tax, return on assets, the ratio of cost to income, and net interest margin were about as planned.

Negative global economic developments continued to affect the Bulgarian economy during the second quarter of 2009, resulting in a visible impact upon the Bank's clients. On 17 July 2009 Standard & Poor's Ratings Services announced that it is lowering BACB's long-term credit rating to BB- from BB+. The short-term rating is affirmed at "B" and the outlook remains negative. According to Standard & Poor's

Ratings Services the rating action and the negative outlook reflect the increased economic risks in the Republic of Bulgaria and the negative impact of the deteriorated domestic environment on the bank's financial profile.

If adversity persists, loan quality may continue to deteriorate, resulting in further increases in provisions for impairment expense. In addition, 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 continue to observe tightening in availability and, as a result, have experienced an increase in funding cost. In order to further diversify its sources of funding in the second quarter of 2009 the Bank launched its first deposit product promotion campaign aiming at increasing its deposit base. Initial results are encouraging and BACB intends to continue to build upon this initial success. In addition, in light of the uncertainty of how global economic conditions will further affect the Bulgarian economy, management continues to operate with moderated growth objectives and strengthened risk management.

The Bank continuously performs internal assessments and stress tests to measure the possible impact of a further deterioration of the business environment on its portfolio. Management believes that given BACB's conservative provisioning policies and strong capital base, the Bank is adequately positioned to face the economic hardships of the Bulgarian SMEs.

The Annual General Meeting of the Shareholders (AGM) of the Bank, held on April 29, 2009 approved all proposals made by the Bank's Supervisory Board. The materials for the AGM and the minutes are available on BACB's web site (<http://www.bacb.bg/en/annual-meeting.php>). Among others the agenda included proposals for profit retention; for creation of an Audit Committee pursuant to the requirements of the Independent Financial Audit Act, for determination of the remuneration and the guarantees of the members of the Supervisory Board and the Management Board; for amendments to the Bank's by-laws and for approval to get financing by Allied Irish Banks, p.l.c., a shareholder of 49.99% of BACB shares and an interested party within the meaning of art.114, (5) of POSA, under an interbank credit line with maximum size of EUR 50 million. The AGM decided the 2008 profit of BACB after taxation to be allocated to the BACB Reserve Fund.

The AGM accepted the resignation of Mr. Steven Fillo as member of the Supervisory Board. Information about the members of the Management Board and the Supervisory Board of the Bank is available on the Bank's web site (<http://www.bacb.bg/en/profile.php>). The Bank declared adherence to the National Code for Corporate Governance (<http://www.bacb.bg/en/corporate-governance.php>) .

BACB's performance was recognized by Finance Central Europe (FCE) Magazine and by Pari Daily. Due to its results in 2008, the Bank received two FCE achievement awards - Best Bank in Bulgaria by ROE and Best Bank in Bulgaria by ROA, while Pari Daily pronounced BACB as the Most Efficient Bank in Bulgaria for the fifth time in its history.

In summary, while operating in a more difficult economic environment, in 2009 BACB is well positioned to meet these challenges and continues its managed growth policy with a focus on risk management and broadening sources of funding.

July 22, 2009