



**Quarterly report  
for the 1<sup>st</sup> Quarter 2010**

## Overview of key figures

			<b>01.01.- 31.03.2010</b>	<b>01.01.- 31.03.2009</b>	Change in %
Net fee and commission income	in EUR million		9.87	8.58	15.0
Net trading income	in EUR million		16.96	14.41	17.7
Administrative expenses	in EUR million		-22.60	-22.13	2.1
Net profit for the period	in EUR million		3.83	2.08	84.1
EPS	in EUR		0.08	0.05	60.0
<b>CONSOLIDATED BALANCE SHEET</b>			<b>31.03.2010</b>	<b>31.12.2009</b>	Change in %
Shareholders' equity	in EUR million		182.56	177.56	2.8
Total assets	in EUR million		469.58	439.83	6.8
<b>KEY BUSINESS FIGURES</b>			<b>31.03.2010</b>	<b>31.03.2009</b>	Change in %
Employees			353	352	0.3
Order books	Number		327,734	332,143	-1.3
<b>SHARE PRICE OF BAADER BANK</b>			<b>01.01.- 31.03.2010</b>	<b>01.01.- 31.03.2009</b>	Change in %
Opening price (2 January)	in EUR		3.30	2.22	48.6
Highest price	in EUR		3.83	2.22	72.5
Lowest price	in EUR		3.03	1.63	85.9
Closing price (31 March)	in EUR		3.58	1.80	98.9
Market capitalisation (31 March)	in EUR million		164.35	82.64	98.9
Share turnover (daily average)	Number		12,947	1,679	671.1

## **1<sup>st</sup> Quarter 2010 – Key facts in brief**

In the first quarter of 2010, Baader Bank AG held its ground in the turbulent situations on the capital market. This meant defying both the effects of the debt crisis in Greece and other euro countries and also the continuing risks of the financial market crisis. At the same time, the Bank pushed forward with investigating new business segments and optimising existing ones. All in all, there was a good start to the 2010 financial year.

<b>Selected indices on a euro basis</b>	<b>27.12.2007</b>	<b>30.12.2008</b>	<b>30.12.2009</b>	<b>31.03.2010</b>	<b>Change in %</b>
DAX INDEX	8.067,32	4.810,20	5.957,43	6.153,55	3,3
TecDAX	974,19	508,31	817,58	815,97	-0,2
SDAX	5.191,56	2.800,73	3.549,02	3.895,95	9,8
MDAX	9.864,62	5.601,91	7.507,04	8.143,46	8,5
REXP	325,02	357,99	375,62	382,77	1,9
DJ STOXX 50 P INDEX	4.404,64	2.447,62	2.966,24	2.931,16	-1,2
DOW JONES INDUS. AVG	9.085,32	6.290,19	7.356,52	8.022,34	9,1
S&P 500 INDEX	1.004,99	647,38	785,56	864,13	10,0
NASDAQ 100 INDEX	1.432,25	868,41	1.310,17	1.447,08	10,4
NIKKEI 225 INDEX	92,25	69,49	79,62	87,70	10,1
BRAZIL BOVESPA	24.461,20	11.390,10	27.458,90	29.238,10	6,5
MEXICO BOLSA INDEX	1.851,47	1.153,98	1.732,32	1.993,42	15,1
RUSSIAN RTS INDEX	1.556,95	452,89	995,14	1.161,96	16,8
HANG SENG INDEX	2.384,17	1.330,53	1.933,28	2.021,29	4,6
SHANGHAI B INDEX	248,74	79,50	174,83	191,08	9,3
SENSEX (India)	348,31	142,05	258,70	288,14	11,4
MSM 30 (Oman)	15.782,60	9.972,44	11.512,90	12.854,60	11,7

As part of the expansion of its business activities, Baader Bank AG is increasingly acting as a market maker on off-exchange trading platforms. For instance, since the first quarter of 2010 Baader Bank AG has provided quotes for buying and selling prices in euro for customers of maxblue, Deutsche Bank AG's online broker. After the inclusion of 500 German shares, the shares in the Eurostoxx, Nasdaq and Dow Jones indices and all shares in the Nikkei and Hang Seng indices in its activities, among other shares, Baader Bank AG now provides quotes for approximately 2,500 shares on maxblue.

In addition, Baader Bank AG is now a new partner in DAB bank's off-exchange trading platform, "DAB Sekunden-Handel". As of April 2010, customers of DAB bank can directly buy and sell approximately 2,500 funds via Baader Bank AG.

Since 31 March 2010, the price of the Baader share is determined in the m:access market segment in OTC trading on the Munich Stock Exchange. The management of the Munich Stock Exchange had granted Baader Bank AG's request to revoke the admission of its shares for trading on the regulated market on the Munich Stock Exchange. Corresponding requests by Baader Bank AG had previously been approved by the Berlin, Frankfurt and Stuttgart Stock Exchanges. In addition to Munich, the share will continue to be traded over-the-counter on all German stock exchanges.

Due to its publicity and transparency requirements, the m:access market segment is a fully functioning, attractive market, whose protective mechanisms closely approximate those of the regulated market and which ensures the marketability of the shares. The concentration on m:access

leads to bundling of liquidity and an improvement in the perception of the Baader share at reduced, sensible costs.

Baader Bank continues to prepare its accounts in accordance with IFRS (International Financial Reporting Standards). However, this quarterly report is not an interim report under IAS 34.

At the end of 30 April 2010, Mr. Stefan Hock (53) left the Board of Directors of Baader Bank AG. By mutual agreement with the Supervisory Board, his contract, which ran until 31 December 2010, was not extended. Mr. Hock had been a member of the Board of Directors of Baader Bank since 1 May 2000 and was responsible for managing the Capital Market Services unit, which in future will come under the responsibility of Mr. Nico Baader in the Board of Directors.

## Net assets

### Balance sheet as at 31 March 2010

ASSETS	31.03.2010 EUR thou	31.12.2009 EUR thou	Change %
1. Cash reserve	1.277	911	40,1
2. Loans and advances to other banks	72.161	66.676	8,2
3. Loans and advances to customers	35.945	36.892	-2,6
4. Allowance for losses on loans and advances	-3.800	-3.768	0,9
5. Assets held for trading	135.291	178.237	-24,1
6. Available-for-sale financial instruments	122.723	47.002	>100,0
7. Equity-accounted investments	8.912	13.836	-35,6
8. Property and equipment	18.900	19.105	-1,1
9. Intangible assets	21.485	22.347	-3,9
10. Goodwill	24.785	24.785	0,0
11. Income tax assets	11.087	11.044	0,4
12. Other assets	3.937	3.751	5,0
13. Deferred tax assets	16.879	19.011	-11,2
<b>Total assets</b>	<b>469.582</b>	<b>439.829</b>	<b>6,8</b>

LIABILITIES AND EQUITY	31.03.2010 EUR thou	31.12.2009 EUR thou	Change %
1. Deposits from other banks	36.929	31.605	16,8
2. Amounts due to customers	206.959	194.617	6,3
3. Liabilities held for trading	9.667	824	>100,0
4. Provisions	11.630	11.757	-1,1
5. Income tax liabilities	1.909	880	>100,0
6. Other liabilities	15.315	16.289	-6,0
7. Deferred tax liabilities	4.612	6.295	-26,7
8. Equity	182.561	177.562	2,8
<b>Total liabilities and equity</b>	<b>469.582</b>	<b>439.829</b>	<b>6,8</b>

Total assets had increased once again as at 31 March 2010, rising by 6.8% from EUR 439,829 thousand in the previous year to EUR 469,582 thousand. This rise was a result of the increase in non-current amounts due to customers on the equity and liabilities side of the balance sheet. In the first quarter of 2010, Baader Bank AG issued a further EUR 2,500 thousand in *Schuldschein* note loans. On the assets side of the balance sheet, liquidity is now increasingly

invested in available-for-sale financial instruments. This also explains the increase in this balance sheet item. The decrease in the equity-accounted investments item is due in particular to partial sales of the fund units included there.

The Group's shareholders' equity amounted to EUR 82,561 thousand as of 31 March 2010 (31 December 2009: EUR 77,562 thousand), resulting in an equity ratio of 38.9%. The change in equity mainly corresponds to comprehensive income for the first three months of the 2010 fiscal year in the amount of EUR 4,631 thousand.

## Earnings

### Income statement for the period from 1 January to 31 March 2010

INCOME STATEMENT	01.01. - 31.03.2010 EUR thou	01.01. - 31.03.2009 EUR thou	Change %
1. Net interest income/expense	1.471	128	>100,0
2. Allowance for losses on loans and advances	-104	-143	-27,2
3. Net interest income/expense after allowance for losses on loans and advances	1.367	-15	-
4. Net fee and commission income	9.873	8.583	15,0
5. Net trading income	16.963	14.415	17,7
6. Net expense/income from available-for-sale financial instruments	196	-37	-
7. Net expense/income from equity-accounted investments	-200	-24	>100,0
8. Administrative expenses	-22.598	-22.132	2,1
9. Profit/loss from operations	5.601	790	>100,0
10. Other income/expense	195	1.834	-89,3
11. Profit/loss from ordinary activities	5.796	2.624	>100,0
12. Income tax on profit from ordinary activities	-1.795	-305	>100,0
13. Net profit for the period before minority interests	4.001	2.319	72,5
14. Minority interest in net profit	-172	-235	-27,0
15. Net profit for the period	3.829	2.084	83,8
16. Accumulated income/loss brought forward	18.485	8.601	>100,0
17. Consolidated net profit	22.314	10.685	>100,0

## Statement of comprehensive income for the period from 1 January to 31 March 2010

STATEMENT OF COMPREHENSIVE INCOME	01.01. - 31.03.2010		01.01. -
	EUR thou	EUR thou	31.03.2009
			EUR thou
<b>1. Consolidated net profit for the period before minority interests</b>		4.001	2.319
<b><u>Other comprehensive income</u></b>			
<b>2. Change to the reserve due to currency translation</b>	44		-15
<b>3. Remeasurement of available-for-sale financial assets</b>	1.090		61
<b>4. Income tax on other comprehensive income</b>	-332		17
<b>5. Other comprehensive income</b>		802	63
<b>6. Comprehensive income before minority interests</b>		4.803	2.382
<b>7. Minority interest in comprehensive income</b>		-172	-236
<b>8. Comprehensive income</b>		4.631	2.146

## Segment reporting for the period from 1 January to 31 March 2010

Allowance for losses	0	104	0	0	0	104
<b>Net interest income/expense after allowance for losses on loans and advances</b>	<b>1.004</b>	<b>360</b>	<b>0</b>	<b>3</b>	<b>0</b>	<b>1.367</b>
<b>Net fee and commission income</b>	<b>5.004</b>	<b>3.863</b>	<b>167</b>	<b>839</b>	<b>0</b>	<b>9.873</b>
Net trading income	12.410	4.532	21	0	0	16.963
Net income/expense from available-for-sale financial instruments	359	6	-288	0	119	196
Net income/expense from equity-accounted investments	0	0	0	0	-200	-200
Net income/expense from financial assets	0	0	0	0	0	0
<b>Net income/expense from financial operations</b>	<b>12.769</b>	<b>4.538</b>	<b>-267</b>	<b>0</b>	<b>-81</b>	<b>16.959</b>
<b>Directly attributable administrative expenses</b>	<b>7.778</b>	<b>4.458</b>	<b>254</b>	<b>1.003</b>	<b>-107</b>	<b>13.386</b>
<b>Other operating income/expense</b>	<b>237</b>	<b>35</b>	<b>0</b>	<b>32</b>	<b>-109</b>	<b>195</b>
<b>Profit/loss after directly attributable income/expenses</b>	<b>11.236</b>	<b>4.338</b>	<b>-354</b>	<b>-129</b>	<b>-83</b>	<b>15.008</b>
<b>Indirectly attributable administrative expenses</b>	<b>5.504</b>	<b>2.912</b>	<b>508</b>	<b>288</b>	<b>0</b>	<b>9.212</b>
<b>Profit/loss from ordinary activities</b>	<b>5.732</b>	<b>1.426</b>	<b>-862</b>	<b>-417</b>	<b>-83</b>	<b>5.796</b>
Average number of employees during the period	112	70	10	13	148	353

Baader Bank AG saw a strong start to the 2010 financial year. For instance, in the first three months of the current year the Group generated earnings after taxes of EUR 3,829 thousand as against EUR 2,084 thousand in the same period of the previous year. Profit from ordinary activities was

more than doubled to EUR 5,796 thousand in the first quarter of 2010 (Q1 2009: EUR 2,624 thousand).

This development is attributable primarily to the return to an increase in share turnover on the German stock exchanges. In the first quarter of 2010, share turnover on all German stock exchanges rose 17.5% to EUR 321.6 billion. In the previous year, share turnover here had almost halved in total (-47.1%). Baader Bank AG benefited accordingly from this turnaround. This development can be seen clearly in the increase of 15.0% in net fee and commission income and of 17.7% in net trading income.

Administrative expenses increased only slightly overall in the first three months of the 2010 financial year as compared to the previous year, rising by EUR 466 thousand or 2.1% to EUR 22,598 thousand. Of this amount, EUR 270 thousand is attributable to staff costs and EUR 468 thousand to other administrative expenses. Depreciation of property and equipment and amortisation of intangible assets decreased slightly by EUR 272 thousand as against the previous year.

The number of employees in the Group was almost constant at 353 as at 31 March 2010 (31 March 2009: 352).

Basic earnings per share amount to EUR 0.08 (previous year: EUR 0.05).

### **Financial position**

On 31 March 2010, short-term loans and advances to other banks and available-for-sale negotiable securities of EUR 357,005 thousand were offset by current liabilities of EUR 119,263 thousand. This results in a net balance sheet liquidity surplus of EUR 237,742 thousand. The Group's liquidity was guaranteed at all times during the period under review.

### **Outlook**

Baader Bank AG is of the firm opinion that the debt crisis in several countries in the euro zone will continue to influence the capital markets in the coming months. The decisive factor here will be the extent to which the situation can be successfully contained in terms of preventing the debt crisis from spreading from Greece to other countries at risk.

As part of a new strategic step, Baader Bank AG plans to significantly strengthen the areas of capital market services and institutional agency business with shares. At the same time, an internal Group research department is to support these areas on a sustained basis for the first time. The Bank thus documents its claim to a leading position in supporting capital measures by German companies and in institutional business with German shares.

For this reason, Baader Bank AG has been working for half a year on further strengthening its area for capital market transactions in order to present small and medium-sized companies with alternative financing possibilities to traditional credit financing.

For all three areas together, Baader Bank AG will take on a total of 25 new, experienced employees by the beginning of 2011 at the latest. The objective of these measures is to position Baader Bank AG in the group of leading banks in business with German shares.

In exchange trading, it is the reform of Frankfurt floor trading which will affect Baader Bank AG's business there. As the Stock Exchange Council resolved on 1 March this year, trading of shares is to

be transferred from the trading and order routing platform Xontro to the internationally linked system Xetra. It is planned to discontinue specialist-based trading on the Frankfurter Stock Exchange with effect from 28 March 2012 at the latest. From then on, trading is to take place exclusively via the electronic trading platform Xetra, where liquidity and order execution will then be optimised with the help of intermediaries (“specialists”).

Baader Bank expects that Deutsche Börse will then set higher requirements for the capital resources and IT equipment of future specialists. As a result of the resolved floor trading reform, the consolidation process among trading participants can be expected to accelerate in the near future. Within a few years, the number of trading participants is likely to decrease from just over 20 now to less than ten – a process from which Baader Bank could certainly benefit.

Unterschleissheim, 19 May 2010  
Baader Bank AG  
Board of Directors

Uto Baader, Nico Baader  
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