

/ Consolidated
Half-year Report
of Baader Bank AG
as of 30 June 2012

Overview of key figures

EARNINGS		1 Jan. -	1 Jan. -	Change
		30 June 2012	30 June 2011	
Net interest income	€hou.	2.901	2.971	-2,4
Net fee and commission income	€hou.	20.022	17.871	12,0
Net trading	€hou.	18.899	27.131	-30,3
Administrative expenses	€hou.	47.120	48.383	-2,6
Net profit after taxes	€hou.	5.286	4.868	8,6
EPS	€	0,12	0,11	9,1
CONSOLIDATED BALANCE SHEET		30 June 2012	31 Dec. 2011	Change
				%
Equity	€hou.	108.347	105.031	3,2
Total assets	€hou.	496.953	535.820	-7,3
KEY FIGURES		30 June 2012	30 June 2011	Change
				%
Employees		430	403	6,7
Order books	Number	687.265	515.819	33,2
BAADER BANK SHARE PRICE		1 Jan. -	1 Jan. -	Change
		30 June 2012	30 June 2011	
Maximum price	€	2,28	3,42	-33,3
Minimum price	€	1,78	2,8	-36,4
Closing price (30 June)	€	1,83	2,97	-38,4
Market capitalisation (30 June)	€m	84,01	136,35	-38,4
Share turnover (average per day)	Number	30.101	13.041	130,8

Performance of selected markets

Selected Indices (in Euros)	30 June 2012	30 June 2011	Change %
DAX	6,416.28	5,898.35	8.78
MDAX	10,343.70	8,897.81	16.25
TecDAX	743.74	685.06	8.57
SDAX	4,804.29	4,421.44	8.66
REXP	431.56	423.06	2.01
EURO STOXX 50 P	2,264.72	2,316.55	-2.24
DOW JONES INDUS. AVG	10,181.10	9,427.13	8.00
S&P 500	1,076.72	970.37	10.96
NASDAQ 100	2,067.60	1,757.58	17.64
NIKKEI 225	89.22	84.74	5.29
Brazil BOVESPA	21,374.40	23,508.40	-9.08
Mexico BOLSA	2,376.28	2,053.81	15.70
Russia RTS	1,067.51	1,066.26	0.12
HANG SENG	1,980.94	1,831.44	8.16
Shanghai SEB	186.26	166.10	12.14
India SENSEX	248.13	224.56	10.50

Review

For the international financial markets, the first half of 2012 was divided into two distinct phases. In the first quarter there was a prevailing expectation that the eurozone debt crisis could be contained. Hopes were raised by the European Central Bank (ECB), which drastically eased the liquidity crisis threatening the banks by providing two three-year loans worth over a trillion euros. An upbeat mood in the global economy also helped create a favourable capital market environment. As a result, Germany's Ifo Business Climate Index bounced back from its fall at the end of last year. The positive impetus was most clearly demonstrated by the powerful rally across the world's equity markets.

However, it was a different story in the second quarter. The capital markets could not sustain the favourable momentum of the first three months. The resurgence of the eurozone crisis also had a debilitating effect. The underlying conflict between a stability-oriented fiscal policy on the part of Germany and a demand policy stimulated by public spending on the part of the Mediterranean countries became glaringly obvious once more.

Eventually, the continuing lack of political answers led to greater pessimism in the industrial sphere and a corresponding reluctance to invest. This sober mood was reflected in the performance of euro-denominated asset classes. German government bonds, regarded as a safe haven, together with US equities, which were able to distance themselves somewhat from the economic troubles, were among the winners in the second quarter. German equities, on the other hand, could not escape the crisis. The DAX fell by over 10% from its year's high of 7157 points in March to 6416 by the end of June 2012. Far more stable was the MDAX, which dipped less than 5% over the same period.

Securities turnover had already contracted in the first quarter of 2012 despite rising equity prices, and this negative trend also continued over the next three months. The net trading profit of Baader Bank declined significantly as a result. The Bank took a positive approach by building new order books. Coinciding with the start of the European Football Championship, the Bank made Poland's leading WIG20 index tradable in Germany, giving investors easy and low-cost access to this attractive growth market.

The Bank's institutional business continued to perform well despite difficult conditions. New clients increased significantly and market share was expanded. The Bank received various awards from Thomson Reuters Extel in recognition of its activities. In the annual worldwide investor survey, Baader Bank came second in the category of Austrian equities. Also, in the heavily contested section of institutional business with German shares, top 10 placements were achieved in the equity sales Germany category and in trading and settlement.

During the first half of the year the Corporate Finance division performed nine equity transactions for German issuers, thereby coming second in the rankings. In the debt capital market, the Bank acted as co-arranger in Germany for a €100 million bond of the Austrian construction company Alpine.

Net assets

Consolidated balance sheet for the period ended 30 June 2012

ASSETS	30 June 2012	31 Dec. 2011	Change
	€hou.	€hou.	%
1. Cash Reserves	912	5,031	-81.9
2. Loans and advances to other banks	41,962	85,028	-50.6
3. Loans and advances to customers	15,661	21,104	-25.8
4. Bonds and other fixed-income securities	246,671	213,095	15.8
5. Equities and other non-fixed-income securities	500	500	0.0
6. Trading portfolio	89,709	117,652	-23.8
7. Non-controlling interests	1,560	1,560	0.0
8. Interests in associates	4,315	4,479	-3.7
9. Intangible fixed assets	39,190	42,068	-6.8
10. Tangible fixed assets	37,482	28,975	29.4
11. Other assets	14,435	11,933	21.0
12. Prepaid expenses	916	1,504	-39.1
13. Excess of plan assets over pension liability	3,640	2,891	25.9
Total assets	496,953	535,820	-7.3

in accordance with the German Commercial Code (HGB), figures rounded

EQUITY AND LIABILITIES	30 June 2012	31 Dec. 2011	Change
	€hou.	€hou.	%
1. Liabilities to other banks	40,955	69,685	-41.2
2. Liabilities to customers	294,979	316,602	-6.8
3. Trading portfolio	5,531	1,909	>100.0
4. Other liabilities	8,378	3,642	>100.0
5. Deferred income	8	0	-
6. Provisions	8,655	8,851	-2.2
7. Deferred tax liabilities	0	0	0.0
8. Fund for general banking risks	30,100	30,100	0.0
9. Shareholder Equity	108,347	105,031	3.2
Total equity and liabilities	496,953	535,820	-7.3

in accordance with the German Commercial Code (HGB), figures rounded

Total assets as at 30 June 2012 show a decline of 7.3% compared with 31 December 2011 and now total €497.0 million. This change was caused, on the one hand, by a reduction in customer deposits payable on demand and repayment of the Bank's own promissory note loans at maturity. On the other hand, short-term borrowings were reduced. On the assets side, the balance sheet contraction impacted mainly on loans and advances to other banks. Baader Bank used the bond market rally which occurred in the first half of 2012 to further optimise its portfolio and significantly reduce its holdings of bonds from the GIIPS countries. This was accompanied by a reduction in the trading portfolio and reinvestment of the resulting liquidity in the investment book portfolio.

The company BAM Berlin Asset Management GmbH ceased to be an associated company in the first quarter of 2012, due to the sale of the shares to the previous owners of the company.

Tangible fixed assets continue to grow due to the ongoing expansion of Baader Bank's administrative office in Unterschleißheim. The new construction is financed by the take-up of loans and through the Bank's own liquidity reserves.

The Group's equity totals €108.3 million as at 30 June 2012 (31 December 2011: €105.0 million). The fund for general bank risks in accordance with Section 340g of the German Commercial Code (HGB) in the amount of €30.1 million increases the Bank's equity by a corresponding amount. The equity ratio is 21.8%. The change in equity stems primarily from the balance resulting from the net profit of €5.3 million for the first half of the 2012 financial year and the dividend paid by Baader Bank AG and subsidiaries to outside shareholders.

Overall, the Group's financial situation remains satisfactory.

Results of operations

For the period 1 January to 30 June 2012

	1 Jan. - 30 June 2012	1 Jan. - 30 June 2011	Change %
	€hou.	€hou.	
1. Net interest income	2,901	2,971	-2.4
2. Current income from			
a) Equities	1,115	534	>100.0
b) Non-controlling interests	0	0	0.0
Total current income	1,115	534	>100.0
3. Net fee and commission income	20,022	17,871	12.0
4. Net trading income	18,899	27,131	-30.3
5. Administrative expenses			
a) Personnel expenses	-25,913	-26,265	-1.3
b) Other administrative expenses	-17,214	-18,040	-4.6
c) Amortisation and write-downs of intangible assets and depreciation and write-downs of tangible fixed assets	-3,993	-4,078	-2.1
Total administrative expenses	-47,120	-48,383	-2.6
Partial operating result	-4,183	124	-
6. Other income (incl. loan loss provisions)	10,988	5,037	>100.0
7. Fund for general bank risks	0	0	0.0
Operating result	6,805	5,161	31.9
8. Extraordinary result	0	0	0.0
9. Taxes on income	-1,234	-224	>100.0
10. Net income from shares in associates	-285	-69	>100.0
Net profit after taxes	5,286	4,868	8.6
11. Retained profits/accumulated losses brought forward	1,030	1,940	-46.9
Consolidated net profit	6,316	6,808	-7.2

in accordance with the German Commercial Code (HGB), figures rounded

In the first half of 2012 the Group's profit from ordinary activities (operating result) totalled €6.8 million (previous year: €5.2 million), representing an increase of nearly a third compared with the same period in the previous year. The net profit after taxes for the first six months was €5.3 million, compared with €4.9 million for the first half of 2011.

The main reason for this improvement was the price rebound in the bond market. Other than that, performance in the capital markets in the first half year was dominated by investor uncertainty, which led to a considerable decline in trading activities in all market segments. Order book turnover on the Frankfurt Stock Exchange thus declined significantly compared to the same period last year. This had an especially negative effect on the Bank's brokerage business and hence on its trading income, which fell 30% compared to the same period in 2011. This was partially offset by a 12% increase in net fee and commission income, thanks to fees and commissions from institutional business. Net interest income remained at the previous year's level.

Personnel costs continued to fall, as in the first quarter, due to the Bank's flexible remuneration model, even though the workforce was expanded for strategic reasons. Furthermore, in the face of more demanding requirements with regard to employee qualifications and equipment in the workplace, the Bank is endeavouring to exercise strict cost discipline, the impact of which has been more strongly felt in the second quarter in the form of a reduction in other administrative expenses.

With regard to the subsidiaries, Baader & Heins Capital Management AG and N.M. Fleischhacker AG continue to make stable and positive contributions to results. Since the second quarter of 2012 the Group is also benefiting again from the performance of CCPM AG products.

The tax expense represents the Group's actual tax liability after offsetting losses brought forward.

As at 30 June 2012 the Group employed a total of 430 people (30 June 2011: 403).

Earnings per share amount to €0.12 (previous year: €0.11).

Financial position

As at 30 June 2012, short-term receivables and marketable securities available for sale amounted to €378.57 million, while short-term liabilities totalled €107.34 million. Netting off these items results in a liquidity surplus on the balance sheet of €271.23 million. The Group's solvency was guaranteed at all times during the reporting period.

Outlook

Baader Bank is heavily dependent on the performance of the capital markets. For some years now the decisions made by politicians, usually based on short-term considerations, have provoked enormous uncertainty in the markets. This is reflected in a sharp decline in securities turnover among private investors. For institutional investors the situation is made even more difficult by a constant succession of new regulatory requirements whose effects are not easy to estimate.

If confidence is to be regained, the markets need clear, reliable and sustainable rules. The markets expect measures that will be accepted as a genuinely lasting solution to the crisis. Once this is achieved, investors will once again begin to invest. This being so, it is impossible at the present time to make any meaningful predictions for the markets or for our business.

Unterschleißheim, 24 July 2012
Baader Bank AG
The Executive Board

Uto Baader

Nico Baader

Dieter Brichmann

Dieter Silmen

Baader Bank Aktiengesellschaft
Investor Relations
Weihenstephaner Strasse 4
85716 Unterschleissheim
Germany

Phone: +49 89 5150 1882
Fax: +49 89 5150 29 1880
E-mail: communications@baaderbank.de
www.baaderbank.de