

/ Consolidated
Nine-month Report
of Baader Bank AG
as of 30 September 2012

Overview of key figures

EARNINGS		1 Jan. - 30 Sept. 2012	1 Jan. - 30 Sept. 2011	Change %
Net interest income	€hou.	4.06	4.66	-13.0
Net fee and commission income	€hou.	28.28	25.50	10.9
Net trading income	€hou.	28.43	35.31	-19.5
Administrative expenses	€hou.	-69.77	-70.20	-0.6
Post-tax profit	€hou.	7.98	-4.40	>100.0
EPS	€	0.18	-0.10	>100.0
CONSOLIDATED BALANCE SHEET		30 Sept. 2012	31 Dec. 2011	Change %
Equity	€hou.	111.04	105.03	5.7
Total assets	€hou.	561.00	535.82	4.7
KEY BUSINESS DATA		30 Sept. 2012	30 Sept. 2011	Change %
Employees		427	412	3.6
Order books	Number	710,047	580,767	22.3
BAADER BANK SHARE PRICE		1 Jan. - 30 Sept. 2012	1 Jan. - 30 Sept. 2011	Change %
Maximum price	€	2.29	3.45	-33.6
Minimum price	€	1.71	2.04	-16.0
Closing price (28 September)	€	1.94	2.08	-6.7
Market capitalisation (28 September)	€m	89.02	95.44	-6.7
Share turnover (daily average)	Number	5,731	19,911	-71.2

Performance of selected markets

Selected indices (in Euros)	30 Sept. 2012	31 Dec. 2011	Change %
DAX	7,216.15	5,898.35	22.34
MDAX	10,977.90	8,897.81	23.38
TecDAX	809.48	685.06	18.16
SDAX	5,004.14	4,421.44	13.18
REXP	438.18	423.06	3.57
EURO STOXX 50 P	2,454.26	2,316.55	5.94
DOW JONES INDUS. AVG	10,444.10	9,427.13	10.79
S&P 500	1,118.88	970.37	15.30
NASDAQ 100	2,173.96	1,757.58	23.69
NIKKEI 225	88.41	84.74	4.33
Brazil BOVESPA	22,677.50	23,508.40	-3.53
Mexico BOLSA	2,467.49	2,053.81	20.14
Russia RTS	1,146.09	1,066.26	7.49
Hang Seng	2,087.29	1,831.44	13.97
Shanghai SEB	170.86	166.10	2.86
India SENSEX	275.70	224.56	22.77

Review

The international financial markets presented a mixed picture overall in the first nine months of 2012. At the beginning of the year the European Central Bank (ECB) eased the liquidity crisis threatening the banks by providing two three-year loans worth over a trillion euros. This financial assistance initially led to a pronounced stabilisation of the weak euro countries' bond markets and hence a general calming of the eurozone debt crisis. At the same time, buoyant sentiment in the global economy allowed European equity markets and the euro to rally strongly.

At the beginning of the second quarter, however, discussions about the best way to overcome the problems facing the eurozone and endless debates over stability led to renewed uncertainty in the financial markets. As yields on Spanish government bonds reached their highest level in the eurozone's history, the political crisis reached a new peak. In view of dominant risk aversion, by June the DAX had lost over 1200 points since its high point in March, and in late July the euro fell to less than 1.21 against the US dollar.

The end of July saw a dramatic turnaround. The eurozone politicians put an end to their uncoordinated handling of the crisis by adopting a more constructive and more harmonious approach. However, it was mainly the forceful intervention of the ECB – specifically its commitment to stabilising the eurozone with unlimited bond purchases if need be – which finally allowed confidence to return to the financial markets. Since that time, government bond prices have made a good recovery and the euro has risen against nearly all rival currencies. In particular, the equity markets benefited from an expansionary monetary policy in the USA and emerging-market countries, which helped counteract cooling of the global economy and investor reticence. Clear winners from this political harmonisation and monetary-policy stabilisation include the DAX, which rose by over 21% from its interim low of 5,969 points at the beginning of June to 7,216 points at the end of September. Thus, from January to September 2012, Germany's leading index achieved a similarly positive performance to equity markets in the newly industrialised countries.

Persistent reticence among private and institutional investors negatively impacted stock market turnover. However, Baader Bank benefited from the generally more positive stock market performance in the third quarter, which limited the fall in trading income.

The high point of the third quarter was the Baader Investment Conference at BMW Welt in Munich from 25–27 September 2012. Held for the first time, this event attracted over 600 representatives of listed companies and institutional investors. As well as group presentations, the Bank also organised nearly 1,000 one-on-one meetings. The excellent response from companies and investors strengthens Baader Bank's determination to establish itself as the best local broker for German and Austrian equities. The generally positive trend in investment banking continued during the third quarter. In terms of the number of equity transactions performed for German issuers, the Bank comes second in the rankings.

Net assets

Consolidated balance sheet for the period ended 30 September 2012

ASSETS	30 Sept. 2012	31 Dec. 2011	Change
	€hou.	€hou.	%
1. Cash Reserves	115	5,031	-97.7
2. Loans and advances to other banks	60,697	85,028	-28.6
3. Loans and advance to customers	32,100	21,104	52.1
4. Bonds and other fixed-income securities	267,778	213,095	25.7
5. Equities and other non-fixed-income securities	0	500	-100.0
6. Trading portfolio	94,397	117,652	-19.8
7. Non-controlling interests	1,560	1,560	0.0
8. Interests in associates	4,276	4,479	-4.5
9. Intangible fixed assets	37,656	42,068	-10.5
10. Tangible fixed assets	43,536	28,975	50.3
11. Other assets	13,386	11,933	12.2
12. Prepaid expenses	1,206	1,504	-19.8
13. Excess of plan assets over pension liability	4,295	2,891	48.6
Total assets	561,002	535,820	4.7

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

EQUITY AND LIABILITIES	30 Sept. 2012	31 Dec. 2011	Change
	€hou.	€hou.	%
1. Liabilities to other banks	75,621	69,685	8.5
2. Liabilities to customers	320,607	316,602	1.3
3. Trading portfolio	7,401	1,909	>100.0
4. Other liabilities	7,074	3,642	94.2
5. Deferred income	10	0	>100.0
6. Provisions	9,149	8,851	3.4
7. Deferred tax liabilities	0	0	0.0
8. Fund for general banking risks	30,100	30,100	0.0
9. Shareholder Equity	111,040	105,031	5.7
Total equity and liabilities	561,002	535,820	4.7

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

Total assets as at 30 September 2012 show a rise of 4.7% compared with 31 December 2011 and now amount to €561.0 million. Tangible fixed assets were a major contributory factor. This item grew by 50.3%, essentially due to the costs of acquisition and production for the expansion of Baader Bank's administrative office in Unterschleißheim which is nearing completion. The new construction is financed by the take-up of loans and through the Bank's own liquidity reserves.

Moreover, customer deposits payable on demand rose slightly by 1.3%. On the assets side, this increase impacted on loans and advances to other banks. In the third quarter Baader Bank continued to reduce its holdings of bonds from the GIIPS countries.

The Group's equity totals €111.0 million as at 30 September 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 19.8%. The change in equity stems primarily from the balance resulting from the net profit of €8.0 million for the first nine months 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 September 2012

	1 Jan. - 30 Sept. 2012 €hou.	1 Jan. - 30 Sept. 2011 €hou.	Change %
1. Net interest income	4,059	4,666	-13.0
2. Current income from			
a) Equities	1,410	796	77.1
b) Non-controlling interests	14	15	-6.7
Total current income	1,424	811	75.6
3. Net fee and commission income	28,278	25,501	10.9
4. Net trading income	28,431	35,310	-19.5
5. Administrative expenses			
a) Personnel expenses	-38,020	-38,244	-0.6
b) Other administrative expenses	-25,774	-25,556	0.9
c) Amortisation and write-downs of intangible assets and depreciation and write-downs of tangible fixed assets	-5,975	-6,399	-6.6
Total administrative expenses	-69,769	-70,199	-0.6
Partial operating result	-7,577	-3,911	93.7
6. Other income (incl. loan loss provisions)	17,661	81	>100.0
7. Fund for general bank risks	0	0	0.0
Operating result	10,084	-3,830	>100.0
8. Extraordinary result	0	0	0.0
9. Taxes on income	-1,718	-375	>100.0
10. Net income from shares in associates	-384	-196	95.9
Net profit after taxes	7,982	-4,401	>100.0
11. Retained profits/accumulated losses brought forward	1,030	1,940	-46.9
Consolidated net profit	9,012	-2,461	>100

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

In the third quarter of 2012 the Group achieved a positive result on its ordinary activities with a profit of €3.3 million (previous year: -9.0). The profit before tax (operating result) for the first nine months of the current financial year was €10.1 million (previous year: -3.8).

These differences between the period under review and the previous year were due above all to improved sentiment in the capital markets (particularly bond markets) and the resulting portfolio valuations. In the previous year the result was depressed by substantial writedowns on the securities portfolio. This year, on the other hand, realised gains and the reversal of impairment losses had an opposite, and hence extremely positive, impact on the earnings situation.

Net interest income fell slightly by -13%, mainly due to lower interest margins.

Although stock markets generally performed well, both private and institutional investors remained cautious, resulting in a further drop in turnover on German stock exchanges. Turnover on the Frankfurt Stock Exchange fell by 28.5% compared with the same period last year. This impacted in particular on the Bank's net trading income. However, in the third quarter Baader Bank took advantage of the rising markets to limit the fall in trading income to 20%. Part of the drop in trading

income was offset by an 11% rise in the net fee and commission income, which now, for the first time, is on a par with trading income.

Personnel costs continued to fall, as in the first two quarters, largely thanks to the Bank's flexible remuneration model which is geared to its operating result. 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, reflected in the fact that other administrative expenses remain at the same level as last year.

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 September 2012 the Group employed a total of 427 people (30 September 2011: 412).

Earnings per share amount to €0.18 (previous year: €0.10).

Financial position

As at 30 September 2012, short-term receivables and marketable securities available for sale amounted to €436.1 million, while short-term liabilities totalled €149.0 million. Netting off these items results in a liquidity surplus on the balance sheet of €288.0 million. The Group's solvency was guaranteed at all times during the reporting period.

Outlook

Baader Bank's performance in both market making and investment banking depends very heavily on the capital markets. Moreover, the lack of a political and economic solution to the European sovereign debt crisis weighs heavily on stock markets. The persistent uncertainties are reflected in the low turnovers of private and institutional investors. In the absence of any significant change in the general conditions in the fourth quarter of this year, we forecast net income (after tax) of EUR 7-10 million.

Unterschleißheim, 23 October 2012

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