

Consolidated
Half-year Report
of Baader Bank AG
as at 30 June 2015

OVERVIEW OF KEY FIGURES

RESULTS OF OPERATIONS		01.01.-30.06.2015	01.01.-30.06.2014	Change in %
Net interest income	EUR thousand	-100	1,017	>-100
Current investment income	EUR thousand	1,157	906	27.7
Net fee and commission income	EUR thousand	27,257	22,743	19.8
Net trading income	EUR thousand	31,705	26,163	21.2
Administrative expenses	EUR thousand	-51,806	-50,677	2.2
Net profit/loss after taxes	EUR thousand	2,709	2,740	-1.0
Earnings per share	EUR	0.06	0.06	-
CONSOLIDATED BALANCE SHEET		30.06.2015	31.12.2014	Change in %
Equity	EUR thousand	111,316	108,748	2.4
Own resources	EUR thousand	134,566	131,998	1.9
Total assets	EUR thousand	644,997	663,293	-2.8
KEY BUSINESS DATA		30.06.2015	30.06.2014	Change in %
Employees		469	487	-3.8
Order books	Number	829,033	730,618	13.5
BAADER BANK SHARE PRICE		01.01.-30.06.2015	01.01.-30.06.2014	Change in %
Maximum price	EUR	3.02	3.03	-0.3
Minimum price	EUR	2.32	2.31	0.4
Closing price (30.06.)	EUR	2.55	2.83	-9.9
Market capitalisation (30.06.)	EUR thousand	117.14	129.97	-9.9
Share turnover (daily average)	Number	10,350	15,442	-33.0

FIRST SIX MONTHS OF 2015

The influential factors on capital market in first half 2015

The first six months of 2015 were marked by economic weakness in the U.S. and China. This had little impact on the eurozone thanks to buoyant exports on the back of a weaker euro, record-low lending rates and cheap energy prices. German economic performance dipped slightly, largely because of the continuing Greek crisis. The Ifo Business Climate Index for German trade and industry fell slightly in June for the third time in a row.

In the second quarter of 2015, generally good economic data in the eurozone, easing deflationary pressures and rock-bottom interest rates led to speculation that the ECB might call an early end to its bond purchase programme - which only began in March - thus bringing the equity and bond market rally to an end. However, the ECB responded to the significant rise in government bond yields by making a clear commitment to continuing its bond purchases as planned, at least up to September 2016.

International monetary policy remained the stabilising factor for financial markets. The Chinese central bank lowered interest rates in June for the third time in the current year. The Federal Reserve held off from the interest rate hike which it has announced will come sooner or later. Across the world, 23 central banks cut their key interest rates in the first six months of 2015, more than once in some cases.

The Japanese equity market was the top performer thanks to the Bank of Japan's aggressive monetary policy and increased share purchases by Japanese pension funds. Among the western industrialised nations, Germany's DAX index topped the performance tables. Stocks from the eurozone essentially benefited from the prospect of a resolution of the Greek debt dispute, the continued weakness of the euro and the ECB's consistent adherence to an expansionary monetary policy. Due to the euro's slight appreciation in recent months, U.S. shares and precious metals remained stable for euro investors.

The consumer sector enjoyed an increase in consumer purchasing power, while sectors that are sensitive to exports benefited from the brighter economic outlook. Utilities continued to suffer the consequences of Germany's energy transition policy.

The development of the operating business of Baader Bank in the first half of 2015

Turnover increased significantly compared with the prior-year period in both stock-exchange and OTC trading. Accordingly, net trading income was up 21.2% compared with the first half of 2014.

The revenue level of the first quarter in equities could not be maintained in the second quarter. Investor uncertainty, above all due to the Greek crisis, led to lower turnover in equities trading on the principal German stock markets during May and June. Nevertheless, in half-year comparison, a significant increase in revenue was recorded. Two new specialist mandates for trading shares on the Frankfurt Stock Exchange were acquired from windeln.de and Tele Columbus.

Funds and ETFs business of Baader Bank could again benefit from a significant increase in turnover in the second quarter and further increase revenue growth compared with the last year period.

Bond trading on the other hand was impacted not least by the ECB's quantitative easing programme. The Securitised Derivatives business continued to benefit from increased volatility in the second quarter and gained a new issuer in Natixis, the French investment bank for savings and cooperative banks.

The performance of the Investment Banking business over the reporting period was extremely positive. The Swiss-based Helvea Group continued its profitable growth. In the second quarter of 2015, Baader Bank supported the IPO of SIXT Leasing AG as joint bookrunner and the first listing of publicly AG as listing agent and listing partner for Deutsche Börse. Baader Bank acted as sole lead manager for WILEX AG's rights issue, joint global coordinator and joint bookrunner for UBM Development AG's capital increase, and sole global coordinator and sole bookrunner for Medigene AG's capital increase.

Baader-Helvea achieved high rankings in the 2015 Extel Survey in the core markets of Germany, Switzerland and Austria. In the survey, carried out with institutional investors, the bank achieved first place in the categories 'Germany: Equity Sales', 'Germany: Trading/Execution' and 'Germany: Small & Mid Caps Trading/Execution'. Baader Bank achieved a position among the top three a total of ten times among the individual categories.

Net fee and commission income increased significantly, by nearly 20% compared with the first half of 2014, above all due to the Corporates & Markets business and the subsidiary Helvea. Also the Baader & Heins Capital Management AG could make a positive contribution to consolidated earnings. Only in the Conservative Concept Portfolio Management Group recorded a slight loss.

In the second quarter of 2015, assets under management within the Asset Management business remained at the previous quarter's level of just under EUR2.4 billion, despite the difficult capital market environment. Assets under management increased by 8% compared with the first half of 2015. The number of mandates grew from 3 to 52 since the beginning of the year.

At the end of half-year 2015 the founder and CEO of Baader Bank, Mr Uto Baader, left the Executive Board. He is followed by Mr. Nico Baader as Chairman of the Board. Mr. Dieter Brichmann accompanied since 01 July 2015, the position of Deputy Chairman. At the same time Mr. Christian Bacherl and Mr. Oliver Riedel was appointed to the Board.

NET ASSETS

Balance Sheet as at 30.06.2015

ASSETS	30.06.2015	31.12.2014	Change
	EUR thousand	EUR thousand	%
1. Cash reserves	2,386	7,683	-68.9
2. Loans and advances to banks	106,712	199,321	-46.5
3. Loans and advances to customers	32,129	37,148	-13.5
4. Debt securities and other fixed-income securities	279,737	205,483	36.1
5. Equities and other variable-yield securities	41,498	29,507	40.6
6. Trading portfolio	64,909	75,989	-14.6
7. Equity investments	1,440	1,440	0.0
8. Investments in associates	8,699	8,608	1.1
9. Intangible fixed assets	28,137	30,891	-8.9
10. Property, plant and equipment	45,304	46,608	-2.8
11. Other assets	23,592	11,047	>100.0
12. Prepaid expenses and accrued income	3,196	3,118	2.5
13. Excess of plan assets over pension liability	7,258	6,450	12.5
Total assets	644,997	663,293	-2.8

EQUITY AND LIABILITIES	30.6.2015	31.12.2014	Change
	EUR thousand	EUR thousand	%
1. Liabilities to banks	49,893	87,568	-43.0
2. Liabilities to customers	417,574	416,754	0.2
3. Trading portfolio	8,116	8,684	-6.5
4. Other liabilities	22,938	7,009	>100.0
5. Accrued expenses and deferred income	14	8	75.0
6. Provisions	11,896	11,272	5.5
7. Deferred tax liabilities	0	0	0.0
8. Fund for general banking risks	23,250	23,250	0.0
9. Equity	111,316	108,748	2.4
Total equity and liabilities	644,997	663,293	-2.8

Total assets as at 30 June 2015 decreased by 2.8% compared with 31 December 2014 and now amount to EUR645.0 million. Following the good performance of stock markets in the first few months of the 2015 financial year, the mood has deteriorated significantly, above all due to the escalation of the Greek crisis. This impacted both the volume of business and the Baader Bank Group's result in the second quarter of 2015.

The performance of the securities portfolios is closely linked to the current market situation, therefore the figures reflect the position as at the reporting date. As at 30 June 2015, the securities portfolio had grown by 24.2%. The decrease in loans and advances and liabilities to banks also reflects the situation as at the reporting date and should be seen in this context.

As at 30.06.2015, the Group's equity stood at EUR111.3 million (31.12.2014: EUR108.7 million). The fund for general banking risks pursuant to Section 340g HGB stood at EUR23.3 million, and as a result the Bank's own resources were higher than equity by this amount. The equity ratio was 17.3%. The bulk of the change in equity is linked to the net profit before minority interests of EUR2.7 million for the first six months of 2015, dividend payments of EUR1.0 million to shareholders and subsidiaries, and currency translation effects of EUR1.1 million.

Overall, the Group's net asset position remains satisfactory.

RESULTS OF OPERATIONS

Income statement for the period 1 January to 30 June 2015

INCOME STATEMENT	01.01. - 30.06.2015	01.01. - 30.06.2014	Change
	EUR thousand	EUR thousand	%
1. Net interest income	-100	1,017	>-100
2. Current income from			
a) Equities	1,157	906	27.7
b) Equity investments	0	0	0.0
	1,157	906	27.7
3. Net fee and commission income	27,257	22,743	19.8
4. Net trading income	31,705	26,163	21.2
5. Other operating income	1,608	1,702	-5.5
6. Administrative expenses			
a) Personnel expenses	-31,925	-30,183	5.8
b) Other administrative expenses	-19,881	-20,494	-3.0
	-51,806	-50,677	2.2
7. Depreciation, amortisation and write-downs on intangible assets and property, plant and equipment	-5,053	-4,740	6.6
8. Other operating expenses	-603	-194	>100.0
9. Write-downs and impairments of loans and advances and certain securities and allocations to loan loss provisions	-342	0	>100.0
10. Income from the revaluation of loans and advances and certain securities as well as reversals of loan loss provisions	0	6,480	-100.0
11. Income from the revaluation of equity investments, interests in associates, interests in affiliated companies and securities treated as investments	1	497	-99.8
12. Loss/profit from investments in associates	-359	-182	97.3
13. Profit from ordinary activities	3,466	3,715	-6.7
14. Taxes on income	-681	-774	-12.0
15. Other taxes not recognised within item 8	-76	-77	-1.3
16. Profit/loss for the period before minority interests	2,709	2,864	-5.4
17. Minority interests	4	-124	-
18. Profit/loss for the period	2,713	2,740	-1.0
19. Retained earnings brought forward	739	1,116	-33.8
20. Consolidated net profit/loss	3,452	3,856	-10.5

In the second quarter of 2015, the Baader Bank Group was unable to maintain the good level of profit achieved in the first quarter from ordinary activities. Faced with a difficult and uncertain market environment, the Bank sustained a quarterly loss of EUR2.0 million, mainly reflected in write-downs on investment portfolios.

A slight decline was also recorded compared with the first six months of the prior year, with profit from ordinary activities falling by 6.7% to EUR3.5 million. However, it should be noted that in the period under review, unlike the prior year, the overall result is determined by the operating result.

As expected, net interest income remains low and falling, mainly as a result of portfolio restructuring towards non-interest-bearing assets during the 2014 financial year.

Net fee and commission income improved by 19.8% compared with the previous year. This is mainly attributable to the Corporates and Markets business of Baader Bank AG, in particular the number and quality of capital market transactions, and the Helvea companies. Net trading income increased by an even greater margin of 21.2%, attributable entirely to Baader Bank's own divisions.

Administrative expenses increased slightly by 2.2%. Breaking down the administrative expenses, personnel expenses rose by 5.8% due to higher remuneration components following implementation of the German Remuneration Ordinance for Institutions (*Institutsvergütungsverordnung*, *InstitutsVergV*) and higher pension expenses, while other administrative expenses fell by 3,0%. This is the result of various cost-saving measures implemented at the start of the year.

Among the subsidiaries, the Helvea Group and Baader & Heins Group made positive contributions to results, while the CCPM Group made a small loss.

Of the loss from investments in associates of EUR-0.4 million, approximately half relates to the Bank's share of the results for the period, while the other half is due to amortisation of goodwill.

The tax expense represents the Group's actual tax liability.

As at 30 June 2015, the Group employed 460 staff (30.06.2014: 487).

Earnings per share were EUR0.06 (previous year: EUR0.06).

FINANCIAL POSITION

As at 30.06.2015, short-term receivables and marketable securities available for sale totalling EUR477.3 million were offset by short-term liabilities amounting to EUR195.7 million. This results in a net liquidity surplus on the balance sheet of EUR281.6 million. The Group's solvency was guaranteed at all times during the reporting period.

OUTLOOK

The financial markets are in good shape overall. The geopolitical conflict in eastern Ukraine is a latent source of uncertainty which continues to smoulder in the background, but a degree of stability appears to have been restored for the time being. A specific cause of uncertainty for eurozone financial markets is Greece. The country now appears somewhat less likely to leave the eurozone, though this still cannot be entirely ruled out. The negotiations which have taken place with the Greek government over many months demonstrate the great political will to keep Greece within the single currency. All in all, the financial markets signal merely temporary uncertainty, given that government bond yields in Portugal, Ireland, Spain and Italy have risen only moderately compared with the height of the euro crisis in 2012. Nevertheless, there is a latent risk that eurosceptic parties may be voted into government in general elections to be held in Spain and Portugal this autumn, further undermining stability within the eurozone.

Through its monetary policy, the ECB seeks to minimise the impact of potential crisis factors. The ECB believes it has a responsibility to contain any new, potential sovereign debt crisis within the eurozone through generous liquidity provision. The Bank of Japan is also continuing its liquidity offensive, and the Federal Reserve will raise its key interest rate cautiously in order to prevent the financial system from being damaged by a bond bubble collapse. Therefore, there is nothing to prevent liquidity from continuing to flood into equity markets.

The brighter fundamental scenario also benefits equity markets: a weaker euro and hence cheaper exports, low bond yields allowing low-cost, debt-financed stimulus programmes and low energy prices will lead to improved economic and corporate data. Last but not least, high returns on equity as opposed to low interest rates and bond yields suggest a higher weighting of value stocks even among large institutional investors.

In view of rising turnover, Baader Bank expects a significant increase in net trading income. We also anticipate improved net fee and commission income through growth in existing business. Disregarding variable remuneration components, administrative expenses should remain at around the prior-year level, following the integration of Helvea and despite the increasing burden of regulatory requirements. All in all, Baader Bank expects to improve on the 2014 result assuming unchanged market conditions.

Unterschleissheim, 29 July 2015
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The Executive Board

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