



**First Quarter  
Report 2007**

## At a glance

<b>mwb Group</b>	<b>1.<sup>st</sup> Quarter 2007</b>	<b>1.<sup>st</sup> Quarter 2006</b>	<b>+/- in %</b>
Comission result	TEUR 996	TEUR 1,240	-20
Trading result	TEUR 2,253	TEUR 2,841	-21
Personnel expenses	TEUR 818	TEUR 953	-14
Administrative expenses	TEUR 1,474	TEUR 1,597	-8
Profit from ordinary activities	TEUR 1,109	TEUR 1,633	-32
Net profit	TEUR 1,044	TEUR 1,480	-29
Balance sheet total	TEUR 25,098	TEUR 23,906	+5
Equity	TEUR 19,755	TEUR 18,341	+8
Earnings per share	€ 0.21	€ 0.30	-30
Number of employees	33	34	-3

## Financial Calendar

<b>Date</b>	<b>Topic</b>	<b>Place</b>
<b>05/15/2007</b>	Balance sheet press conference	Munich
<b>07/24/2007</b>	Publication of the balance sheet (Half-Year) 2007	
<b>07/26/2007</b>	Annual Shareholder's meeting	Munich
<b>08/27/-08/29/2007</b>	Analysts conference; Participation at Small Cap Conference of DVFA	Frankfurt
<b>September 2007</b>	Small Cap Day	Zurich
<b>10/23/2007</b>	Publication of third quarter figures 2007	

## The Company

### **mwb Wertpapierhandelsbank AG**

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Registered with the local Court of Munich,

HRB 123 141, founded in 1993

mwb stock code: 665610

### **Admitted for trading on the following exchanges**

- Munich Stock Exchange
- Berlin-Bremen Stock Exchange
- Frankfurt Stock Exchange
- Hanseatic Stock Exchange, Hamburg
- Rhineland-Westphalia Stock Exchange in Duesseldorf
- Baden-Wuerttemberg Stock Exchange

Member of the Bundesverband der Wertpapierfirmen an den deutschen Börsen e.V. (Federal Association of Securities Firms at German Stock Exchanges)

# Business in the first quarter 2007

Seldom has there been reason for so much optimism: news agencies outdid each other with new forecasts for exploding tax revenues, and economic forecasts held a steady course upwards almost on a monthly basis. The DAX outperformed the key indices in New York, London, and Tokyo. Even the largest VAT increase in Germany's history could not prevent the stabilizing of the consumption climate. On the surface, it seems as though nothing and no one can put a damper on the upswing. But if we remove our rose-colored glasses and take a critical look at Q1 2007, tiny cracks do begin to appear in this otherwise immaculate surface. On the one hand, there was an increase in volatility, and hence the fluctuations in share prices on the whole. On the other hand, turnover in foreign stocks – one of the primary indicators for securities trading banks – fell slightly compared to the first quarter of 2006. The plummeting prices at the end of February, which originated on the Chinese stock market, have since been repressed in people's minds. The global risk factors represented by increasing payment defaults for US mortgages and the continuing weak dollar are being underestimated, as is the risk represented by oil price increases witnessed since mid-March.

## Positive Quarterly Result for mwb AG

Although this led on the whole to a good – albeit not excellent – market environment, it was admittedly not possible to attain the results recorded in Q1 2006. From January to March, mwb Wertpapierhandelsbank AG recorded net income of EUR 1,044 thousand, around 29 percentage points below the first quarter of 2006. These are satisfying results considering the underlying conditions, which provides for a positive mood for 2007 as a whole. Our share price also provided reason for optimism – it was up 12 %, closing at EUR 5.37 on March 30, 2007. This growth perfectly mirrors the DAX performance, and illustrates again that the valuation of our shares is closely linked to that of the market as a whole. Initial trends for the second quarter foster our belief that mwb's shares will stabilize significantly above the five-euro mark.

## Securities Trading Division

Our work continues to focus on our Securities Trading division, comprising order-book management for equities,

bonds, and investment funds. At the end of March, mwb Wertpapierhandelsbank supported 3,510 equities (of which 33 were listed in official trading and on the regulated market in Frankfurt), 1,035 fixed-income securities, and 912 investment funds. This represents a new record of 5,457 securities. This division again underscored its importance in Q1 2007 by contributing 42 % of commission income and 93 % of trading profits. All in all, it contributed more than two thirds of total earnings, with bond trading accounting for a stable 2 % and order-book management for equities and funds accounting for 75 %. The strong performance was recorded despite a minor downturn in turnover for foreign stocks. The slight decrease of EUR 2.3 billion to a current EUR 82.6 billion is considered a normal fluctuation but nevertheless lagged behind the high expectations of the market participants. We did however adjust the turnover figures for "Other Foreign Stocks – Featured Securities", which are included in the Deutsche Börse's statistics. This concerns funds and certificates based on foreign stocks that mwb does not trade. As these securities do not appear in our portfolio, a comparison of stock market turnover including foreign securities and our earnings growth would be deceptive. The adjustment serves to improve comparability. We also made a corresponding adjustment of the previous year's figures.

## Institutional Clients Division

After a somewhat mediocre summer and fall 2006, this division returned to its former strength in Q1 2007. It contributed 17 % to total earnings, around the same level as in Q1 2006, and it made a significant 40% contribution to commission income. This figure was recorded with capital market transactions alone, as no IPOs were initiated by us in the first quarter of 2007. We conducted two capital increases for Flora EcoPower Holding AG, a biofuel producer, with a total volume of EUR 4 million, and we took over the listing on the Frankfurt Stock Exchange's open market. We are hoping to experience a revitalization of this market segment in the near future thanks to the engagement of a new divisional manager as of May 1, 2007. The key factor for further growth, however, is an increased IPO-friendly climate. Only once IPOs are being welcomed instead of being viewed with scepticism, and once institutional investors become more prepared to take risks, will mwb be able to distinguish itself as an issuing bank.

## Private Clients Division

The re-awakened interest in professional asset management is now mobilizing even the elephantine commercial banks. Substantial investments were made by them over the past few months in this lucrative market segment. Despite heightened competition, our subsidiary, MWB Baden GmbH, was able to record a double-digit increase in its assets under management in the first quarter of 2007. These increased by EUR 3.8 million to EUR 36.8 million, and now comprise 480 client accounts. This perceptible growth is an indicator of the extraordinary quality of the advice provided by our team, which was able to hold its own against much larger competitors. The "Offenburger" contributed a stable 18 % to commission income.

## Earnings

### Notes to the consolidated quarterly financial statements

The MWB Group has prepared its consolidated financial statements for the first quarter of 2007 in line with the International Financial Reporting Standards (IFRS) of the International Accounting Standards Board (IASB), in order to provide its shareholders and all interested parties with an internationally comparable basis to evaluate the MWB

Group and its results of operations, and at the same time to meet the requirements of the Deutsche Börse AG for the Prime Standard market segment. The interim report is in line with the requirements of IAS 34.8 and IAS 34.11 for quarterly financial statements. The basic earnings per share are the same as the diluted earnings per share and total EUR 0.21 (previous year: EUR 0.30).

## Accounting and valuation policies

The single-entity financial statements of the companies included in consolidation are included in the consolidated financial statements of mwb Wertpapierhandelsbank AG; uniform accounting and valuation principles have been applied. The consolidated financial statements as of March 31, 2007 include mwb Wertpapierhandelsbank AG as the parent company, the wholly-owned subsidiary MWB Wertpapierhandelsbank GmbH, and the 60 % interest in the MWB Baden GmbH. We consistently apply accounting, valuation, and disclosure methods in line with the IFRS framework concept. The same accounting and valuation principles were applied in these quarterly financial statements as in our IFRS financial statements as of December 31, 2006. In particular, all of our assets held for dealing purposes are carried at their fair value on the balance sheet, and own shares within the meaning of IAS 32.33 are deducted from equity.



„But no matter how things develop, there is no real fear of any dramatic events that could negatively impact our healthy business growth on the whole. “

Thomas Posovatz, Member of the Managing Board of mwb AG

# Business in the first quarter 2007

## Commission income and trading profits

As described above, the first quarter of 2007 did not offer the same opportunities for trading as did the first quarter of 2006. Trading profits thus fell by EUR 588 thousand to EUR 2,253 thousand, meaning a decrease of 21 %. Commission income also decreased to about the same extent. It amounted to EUR 996 thousand compared to EUR 1,240 thousand in Q1 2006. Both of these together total EUR 3,249 thousand – thus constituting a healthy starting point for the coming months.

## General administrative expenses

Our clever cost policy has once again paid off in the first quarter of 2007. In line with market developments, mwb's general administrative costs fell by 10 %, whereby transaction-related costs for settling securities transactions experienced a particular decline. As a result, other administrative expenses totaled a mere EUR 1,474 thousand, a saving of 8 %. There was also a quarter-on-quarter downturn in personnel expenses from EUR 952 thousand to EUR 818 thousand. One reason for this is our performance-related remuneration system, which results in an automatic decrease in personnel expenses during periods with lower turnover. Nevertheless, provisions were formed in Q1 2007 for performance-related remuneration in the amount EUR 320 thousand.

## Profits from ordinary activities and net income for the period

Profits from ordinary activities also fell in line with the downturns in trading profits and commission income. After EUR 1,633 thousand last year, this totaled EUR 1,109 in Q1 2007. This means a 32 % decline and reflects the rather difficult situation on the stock market at the start of the year. However, net income for the quarter still reached more than one million euros: although with EUR 1,044 thousand this is EUR 436 thousand less than Q1 2006, it is still nearly twice as high as Q1 2005 for instance.

## Equity and liquidity

With an equity ratio of 79 %, the mwb is playing in the top league of Germany's financial service providers. At the end of Q1 2007, equity totaled EUR 19,755 thousand compared to EUR 18,753 thousand on December 31, 2006. The increase of EUR 1,002 thousand roughly corresponds to the previous net income. Compared to March 31, 2006, this figure is up EUR 1,414 thousand, which means that mwb is possibly heading for a new equity record. By contrast, cash and cash equivalents fell slightly. These totaled EUR 10,769 thousand at the end of the quarter compared to EUR 11,806 thousand on March 31, 2006. The improvement in stock market business that is becoming apparent in the second quarter of 2007 will almost certainly compensate for this fluctuation.

## Own Shares

On the balance sheet date, the company held 23,500 own shares. A total of 25,000 shares were bought and 20,300 shares were sold in the first quarter 2007. The average acquisition price totaled EUR 6.00, the average selling price totaled EUR 5.27.

This corresponds to a nominal value of EUR 23,500 and a 0.47 % interest in the share capital.

# Business in the first quarter 2007

## Outlook

Despite the capital market risks discussed above, there is very good reason at the moment to believe that our prognosis (which is conservative anyway) for 2007 will prove correct. The DAX not only surged past the 7,400-point mark at the end of April, but it is also being flanked by satisfying reports from the job market and the export industry. There is already little doubt that Germany will again be the world's leading export nation – despite record euro levels that make German goods more expensive abroad. Market performance has been fostered by the renewed – as usual delayed – involvement of private investors in trading with foreign stocks. As this was governed by a considerable degree of reserve in Q1 2007, there is a need to catch up here. Now does this mean a rosy future? Or are we only experiencing the prelude to a new correction? At least a small portion of scepticism must be allowed here: if we believe in the German stock-market saying that “the bull is born out of fear, fed by doubt, and dies of hysteria”, we are now in the phase of doubt. We therefore think it unlikely that the DAX will climb consistently to 8,000 points as some analysts are forecasting, and that the climate will cool down slightly by the summer quarter at the latest.

But no matter how things develop, there is no real fear of any dramatic events that could negatively impact our healthy business growth on the whole. With our broadly structured base, mwb is well prepared for all eventualities. Retaining our traditional specialist business has proven to be a real stroke of luck, and our initial experience with the attained order books in official trading and on the regulated market has been positive. Our Institutional Clients division also forms the focus of our activities this year. By filling the management position, our standing has improved once again and acquisitions can be pursued more energetically on the market. We intend to generate a sustained deal flow especially in capital markets business, thus awakening the interest of possible IPO candidates.

The company's cost situation is something that puts us in a very positive mood. Our new cost model introduced at the start of 2006 results in an immediate decrease of expenses if markets worsen, and only a disproportionately small increase when they improve. This allows for greater flexibility and more latitude. Our numerous efforts in this direction are slowly resulting in a share price that realistically reflects our increasing enterprise value. This was in the range of EUR 5.50 at the end of April, and certainly has the potential to pass the six-euro mark by the end of the year and to maintain this over the long term. The steady faith our shareholders have in us will be rewarded again with an appropriate dividend. The Managing and Supervisory Boards will propose to the general shareholders' meeting on July 26, 2007 that a dividend of EUR 0.36 per participating share be paid from net profits for fiscal year 2006. The doubling of the dividend is not only a clear signal to our shareholders, but it also underscores our confidence in what the coming months have in store.

# Consolidated Balance Sheet according to International Financial Reporting Standards

as of March 31, 2007

## Assets

	03/31/2007	12/31/2006
	EUR	EUR
Cash reserve	1,751.73	2,345.55
Receivables from banks	14,158,873.62	14,507,643.99
Assets held for dealing purposes	3,106,362.19	1,460,762.91
Financial assets	3,957,687.64	3,945,416.41
Intangible assets	144,778.54	155,213.54
Property, plant and equipment	369,575.70	389,164.66
Income tax assets	2,434,644.83	2,407,256.59
Other assets	923,838.08	630,317.04
<b>Total assets</b>	<b>25,097,512.33</b>	<b>23,498,120.69</b>

## Liabilities

	03/31/2007	12/31/2006
	EUR	EUR
Liabilities to banks	3,391,285.69	2,704,320.84
Liabilities from dealing activities	64,476.99	20,820.93
Provisions	0.00	0.00
Income tax liabilities	164,599.15	104,459.87
Other liabilities	1,722,385.30	1,915,760.51
<b>Equity</b>	<b>19,754,765.20</b>	<b>18,752,758.54</b>
Subscribed capital	4,982,700.00	4,982,700.00
Capital reserves	3,945,101.02	3,945,101.02
Retained earnings	8,743,204.19	8,587,058.85
Revaluation surplus	-9,478.58	-10,214.78
Depreciation of own shares	-2,170,292.95	-2,127,981.09
Unappropriated profit	4,068,665.58	3,201,665.98
Minority interest	194,865.94	174,428.56
<b>Total liabilities and equity</b>	<b>25,097,512.33</b>	<b>23,498,120.69</b>



# Consolidated Profit and Loss Account according to International Financial Reporting Standards

for the Period from January 1 to March 31, 2007

	01/01/–03/31/2007	01/01/–03/31/2006
	EUR	EUR
Interest income	140,036.98	109,336.08
Interest expenses	-5,961.77	-8,918.99
<b>Net interest income</b>	<b>134,075.21</b>	<b>100,417.09</b>
Commission income	1,618,469.94	2,372,521.98
Commission expenses	-622,073.19	-1,132,444.73
<b>Net commission income</b>	<b>996,396.75</b>	<b>1,240,077.25</b>
Trading income	4,213,195.02	5,764,154.92
Trading expenses	-1,960,003.70	-2,923,566.43
<b>Trading profit</b>	<b>2,253,191.32</b>	<b>2,840,588.49</b>
<b>Net income from financial assets</b>	<b>0.00</b>	<b>0.00</b>
Administrative expenses	-2,292,466.04	-2,549,187.25
<b>Balance of other income / expenses</b>	<b>17,579.04</b>	<b>1,181.26</b>
<b>Profit from ordinary activities</b>	<b>1,108,776.28</b>	<b>1,633,076.84</b>
Income taxes on profit from ordinary activities	-65,193.96	-152,702.30
<b>Net profit</b>	<b>1,043,582.32</b>	<b>1,480,374.54</b>
Minority interest of net profit	-20,437.38	-9,222.15
<b>Net profit without minority interest</b>	<b>1,023,144.94</b>	<b>1,471,152.39</b>
Profit carried forward from previous year	3,201,665.98	1,319,628.43
Withdrawal from capital reserves	0.00	0.00
Transfer to retained earnings	-156,145.34	-92,589.29
<b>Unappropriated profit</b>	<b>4,068,665.58</b>	<b>2,698,191.53</b>



# Statement of Changes in Equity

for the Period from January 1 to March 31, 2007

	2007 TEUR	2006 TEUR
<b>Equity as of January 1</b>	<b>18,753</b>	<b>16,855</b>
<b>Subscribed capital</b>		
As of January 1	4,983	4,983
As of March 31	4,983	4,983
<b>Capital reserves</b>		
As of January 1	3,945	3,945
As of March 31	3,945	3,945
<b>Retained earnings</b>		
As of January 1	8,587	8,506
Change	156	93
As of March 31	8,743	8,599
<b>Revaluation surplus</b>		
As of January 1	-10	0
Change	1	0
As of March 31	-9	0
<b>Own shares</b>		
As of January 1	-2,128	-2,042
Change	-42	6
As of March 31	-2,170	-2,036
<b>Consolidated profit</b>		
As of January 1	3,202	1,320
Change in unappropriated profit	867	1,378
As of March 31	4,069	2,698
<b>Minority interest</b>		
As of January 1	175	144
Change	20	9
As of March 31	195	153
<b>Equity as of March 31</b>	<b>19,755</b>	<b>18,341</b>

# Consolidated Cash Flow

for the Period from January 1 to March 31, 2007

	01/01/-03/31/2007 TEUR	01/01/-03/31/2006 TEUR
<b>Consolidated net profit</b>	<b>1,023</b>	<b>1,471</b>
<b>Adjustment to the reconciliation of the consolidated net profit to the cash flow from operating activities</b>		
Depreciation, write-downs and write-ups on receivables, intangible assets, property, plant and equipment and financial assets	48	50
Change in long-term provisions	0	10
Loss from disposal of financial assets	0	0
Change in minority interest	20	9
Other adjustments (balance)	114	-41
	1,205	1,499
<b>Change in assets and liabilities from operating activities</b>		
Change in receivables from customers	-97	4
Change in trading position	-1,601	-413
Change in other assets from operating activities	-223	-767
Change in other liabilities from operating activities	-133	549
Interest received	152	72
Interest paid	-77	-9
Received income tax	-190	-24
<b>Cash flow from operating activities</b>	<b>-964</b>	<b>911</b>
Proceeds from disposal of financial assets	0	0
Investments in property, plant and equipment	-1	-31
Investment in tangible fixed assets	-17	-39
Investment in financial assets	-11	-1,229
Change in cash flow from other investing activities	0	0
<b>Cash flow from investing activities</b>	<b>-29</b>	<b>-1,299</b>
Net-change in purchases and sales of own shares	-43	6
Dividends paid	0	0
<b>Cash flow from financing activities</b>	<b>-43</b>	<b>6</b>
<b>Change in cash and cash equivalents</b>	<b>-1,036</b>	<b>-382</b>
<b>Cash and cash equivalents at beginning of the period</b>	<b>8,056</b>	<b>9,101</b>
<b>Cash flow from operating activities</b>	<b>-964</b>	<b>911</b>
<b>Cash flow from investing activities</b>	<b>-29</b>	<b>-1,299</b>
<b>Cash flow from financing activities</b>	<b>-43</b>	<b>6</b>
<b>Cash and cash equivalents at end of period</b>	<b>7,020</b>	<b>8,719</b>

# Segment Reporting

as of March 31, 2007

<b>Securities Trading</b>	<b>03/31/2007 TEUR</b>	<b>03/31/2006 TEUR</b>
Net interest income		
Net commission income	590	467
Trading profit	1,944	2,544
Personnel expenses	639	741
Scheduled depreciation of property, plant and equipment and intangible assets	37	38
Other administrative expenses	1,164	1,278
Balance of other operating income / expenses	0	0
Net income for the year	671	1,329
Assets	20,069	20,811
<b>Institutional Clients</b>	<b>03/31/2007 TEUR</b>	<b>03/31/2006 TEUR</b>
Net interest income		
Net commission income	230	646
Trading profit	140	112
Personnel expenses	111	152
Scheduled depreciation of property, plant and equipment and intangible assets	8	8
Other administrative expenses	232	235
Balance of other operating income / expenses	0	0
Net income for the year	236	40
Assets	4,547	4,243
<b>Private Clients</b>	<b>03/31/2007 TEUR</b>	<b>03/31/2006 TEUR</b>
Net interest income	8	4
Net commission income	176	127
Trading profit	0	0
Personnel expenses	68	60
Scheduled depreciation of property, plant and equipment and intangible assets	1	2
Other administrative expenses	31	33
Balance of other operating income / expenses	1	1
Net income for the year	54	25
Assets	1,367	1,190
<b>Consolidation / Other</b>	<b>03/31/2007 TEUR</b>	<b>03/31/2006 TEUR</b>
Net interest income	126	96
Net commission income		
Trading profit	169	185
Personnel expenses		
Scheduled depreciation of property, plant and equipment and intangible assets		
Other administrative expenses	47	51
Balance of other operating income / expenses	17	0
Net income for the year	83	86
Assets	-885	-2,338
<b>Group</b>	<b>03/31/2007 TEUR</b>	<b>03/31/2006 TEUR</b>
Net interest income	134	100
Net commission income	996	1240
Trading profit	2,253	2,841
Personnel expenses	818	953
Scheduled depreciation of property, plant and equipment and intangible assets	46	48
Other administrative expenses	1,474	1,597
Balance of other operating income / expenses	18	1
Net income for the year	1,044	1,480
Assets	25,098	23,906

The business segment "bond trading" shown in the figures as of 03/31/2006 is added up in the securities trading division in fiscal year 2007 after the merger of C.J. Diederich Wertpapierhandelsgesellschaft mbH with mwb Wertpapierhandelsbank AG. In the first quarter of 2007 all profits from capital markets business were shown as commission result within the institutional clients division. Previous year's values were reclassified.



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