



**Third Quarter  
Report 2007**

## At a Glance

mwb Group	1 <sup>st</sup> –3 <sup>rd</sup> Quarter 2007	1 <sup>st</sup> –3 <sup>rd</sup> Quarter 2006	+/- in %
Comission result	TEUR 3,189	TEUR 2,540	+26
Trading result	TEUR 5,550	TEUR 5,735	-3
Personnel expenses	TEUR 2,309	TEUR 2,218	+4
Administrative expenses	TEUR 4,980	TEUR 4,279	+16
Profit from ordinary activities	TEUR 2,485	TEUR 2,126	+17
Net profit	TEUR 2,289	TEUR 2,035	+12
Balance sheet total	TEUR 28,782	TEUR 21,208	+36
Equity	TEUR 19,156	TEUR 17,953	+7
Earnings per share	€ 0.46	€ 0.40	+15
Number of employees	35	35	0

## Financial Calendar

Date	Topic	Place
10/23/2007	Publication of third quarter figures	
11/10/2007	Stock Exchange Day	Munich

## The Company

### mwb Wertpapierhandelsbank AG

Rottenbucher Straße 28 · 82166 Gräfelfing

Postfach 16 44 · D-82158 Gräfelfing

Phone +49 89 85852-0

Fax +49 89 85852-505

Internet [www.mwb.de](http://www.mwb.de)

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)

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# Interim Consolidated Management Report

## 1. The Economic and Stock Market Environment

The first three quarters of 2007 seem to indicate a rather erratic stock-market year on the whole. The third quarter in particular proved atypical, offering good trading opportunities under considerable price fluctuations. Rather than providing the mwb AG with a breathing space, the classic “holiday quarter” supplied it with exceptionally high turnover. One reason for the rise in trading volume was the real estate crisis in the USA, which led to increased activity on the stock markets. Although the initial impact of the so-called subprime crisis was negative, i.e. causing the DAX to plunge from its all-time high in July, investors seemed to have regained their confidence as early as September. Within the short time span of four weeks, the index had recovered nearly all of its losses. This is proof of just how stable the economic climate is at the moment and of how little institutional investors in particular are being influenced by isolated risk factors.

### Potential Risks

Even though no general panic resulted in response to the situation on the US mortgage market, the late effects of the subprime crisis still remain to be seen. No one knows for certain the extent to which financial instruments will have to be written off nor what effect this will have on the economy. This wait-and-see attitude is mirrored on the one hand in the weakness of the US dollar, and on the other hand in a higher interest level and the first signs of inflation fears. This is being magnified by the rising oil price. At the beginning of the year, the barrel was still being quoted at US\$ 50; by mid-October it had already reached US\$ 85. If this pattern continues, the entire global economy could be negatively impacted.

### mwb's Share Price Performance

Uncertainty on the part of private investors led in the third quarter of 2007 to strong fluctuations in mwb's share price. It ranged between € 6.10 and € 4.20, resting at € 4.80 at the end of the quarter. This unsatisfactory performance is, however, not an isolated occurrence. It is being experienced by nearly all financial service companies, the subprime crisis having caused a loss of confidence in them in general. Private investors obviously do not distinguish here between the various types of banks but rather hold the entire banking sector at fault.

## 2. The Business Year

### Securities Trading

Turnover in foreign stocks in 2007 rose again thanks to a strong third quarter. Compared to the same period last year, the difference amounted to € 28.6 billion, which represents an increase of over 60%. The higher trading volume resulted in a further increase of the contribution made by order-book management to mwb's total earnings during the course of the year. For the first time, its share of commission income in this period of time exceeded 50%. The 95% contribution to trading profits remained stable. In addition to the market climate, the increased number of securities under management had an especially positive effect. Through the new distribution of equities on the official market and the regulated market in Frankfurt, and the doubling of the market share on the Munich Stock Exchange, mwb now manages over 6,000 securities. This includes 4,120 equities, 1,093 fixed-income securities, and 1,308 open-ended funds (based on the absolute number of individual securities some of which are managed at several locations).

### Institutional Clients

Compared to the dominating position taken by securities trading, the contribution made by the division “Institutional Clients” dropped slightly. This amounted to 15% in the period from January to September 2007. This corresponds to 37% of commission income, which clearly emphasizes the significance of capital market business. After receiving personnel reinforcements, this division continued its progress into the third quarter of 2007 as well. As co-lead manager, mwb participated in a capital increase in September for the SOLON AG in the amount of € 66.8 million. And in the capacity of lead manager, it prepared a capital increase for the Flora EcoPower AG, which was placed in full in October.

### Private Clients

The mwb subsidiary, MWB Baden GmbH, contributed 4% to the consolidated profit in the first nine months of 2007. In relation to commission income, this represents a stable 12%. There were no substantial changes in the volume of managed assets in the third quarter of 2007. As compared to December 31, 2006, assets under management have increased as of the end of September 2007 by around 18%.

### 3. Earnings

#### Commission Income and Trading Profits

The positive market climate in the third quarter of 2007 was put to good use by mwb to improve earnings as compared to the same period last year. In relation to the first nine months, commission income and trading profits rose by 6% in total. While EUR 8,275 thousand were recorded in the preceding year's period, EUR 8,739 thousand were already attained by September 30, 2007. Commission income increased from EUR 2,540 thousand to EUR 3,189 thousand, while trading profits dropped slightly from EUR 5,735 thousand to EUR 5,550 thousand. This shift towards commission income is very desirable since commission-related transactions are generally the less risky ones.

#### General Administrative Expenses

The success experienced in the third quarter of 2007 was accompanied by a marginal increase in general administrative expenses. However, at 12% or EUR 792 thousand, it remained moderate and is primarily attributable to higher transaction costs. These fall under „other administration expenses“, which amounted to EUR 4,980 thousand as of September 30, 2007 (previous year: EUR 4,279 thousand). By contrast, personnel expenses remained virtually unchanged at EUR 2,309 thousand (previous year: EUR 2,218 thousand). The number of employees remained constant in the reporting period. Provisions for performance-related remuneration in the amount of EUR 520 thousand have already been included in personnel expenses.

#### Profits from Ordinary Activities

By the end of the third quarter 2007, mwb had already exceeded the total earnings for 2006. Profits from ordinary activities rose from January to September 2007 to EUR 2,485 thousand, an increase of EUR 359 thousand compared to the same period in the previous year. The trend in October also seems to indicate that there is still room to increase this lead before the year is out.

#### Net Profit

With a net profit of EUR 2,289 thousand on September 30, 2007, the mwb Wertpapierhandelsbank is 12% above last year's level (EUR 2,035 thousand). Net profit therefore increased parallel to profits from ordinary activities.

### 4. Financial Position

#### Total Assets

Total assets rose as compared to the close of 2006 from EUR 23,498 thousand to EUR 28,782 thousand. The increase is attributable to both the increase in the unappropriated profit and to increased receivables and liabilities from securities transactions. The record-breaking total assets of June 30, 2007 (EUR 30,309 thousand) were not exceeded solely because of the disbursement of dividends made by mwb in July 2007.

#### Liquidity

With EUR 9,951 thousand in cash and cash equivalents, the company maintains a comfortable liquidity situation. Although a decrease of EUR 1,855 thousand as compared to December 31, 2006 is being reported, this is approximately the amount that was disbursed to the shareholders as dividends in July 2007.

#### Equity

mwb's equity increased from the start of the year from EUR 18,753 thousand to EUR 19,156 thousand. As with liquidity and total assets, the dividend disbursement in the third quarter of 2007 also had an effect on the equity situation. Compared to the 2007 half-year balance sheet, volume decreased by 7%.

### 5. Other Information

With regard to the legal and organizational structure of the mwb Wertpapierhandelsbank AG, the essential elements of the remuneration systems for the Managing and Supervisory Boards, and the statements made pursuant to Section 315 (4) HGB (German Commercial Code), we refer to the 2006 consolidated financial statements.

### 6. Outlook

The assessments in the following section are all based on the information available to us at the current time. This also applies to the risks portrayed in the risk report.

The positive trend exhibited on the stock markets in the third quarter of 2007 is continuing on into the fourth quarter as well. Despite record-breaking crude oil prices and the first indications of a slackening of economic growth, investors

# Interim Consolidated Management Report

still have faith in the current stability. Nevertheless, the Managing Board of mwb anticipates neither a year-end rally - especially because of the mortgage crisis, which has not yet played itself out - nor any kind of dramatic slumps. At a trading volume similar to that in the third quarter of 2007, mwb is likely to exceed last year's results before tax.

The increasing competition amongst the German stock exchanges will provide a variety of opportunities in the coming months. Many stock exchanges – particularly because of the newly enacted MiFID directive – are being forced to redesign their fee systems to make them more consumer-friendly. The aim here is to bind customers more strongly to a stock exchange. Precursor in this respect was the Deutsche Börse AG in Frankfurt, which launched its new fee system even before the coming into force of the MiFID on November 1. mwb is keeping a close eye on this development, because the redistribution of the flow of orders to those financial centres where we are operating as order-book managers could significantly increase business potential. In order to respond appropriately to this, we are planning to hire additional personnel in the Securities Trading division. The same applies to capital market business, which we wish to expand further in 2008. For the third division, Private Clients, 2008 will also be a decisive year. The introduction in Germany of the "Abgeltungssteuer" (ca. withholding tax on earnings from capital investments) creates the need for new advisory services and product solutions for investors. – These are, all in all, important challenges that mwb embraces with confidence.

## 7. Risk Report

### Corporate Strategy

All of our company's resources and activities are geared to sustainably securing our success. Therefore all of the decisions concerning mwb's business policy are taken under strict observance of the income to risk ratio.

Our risk management focuses on top-level corporate targets of securing the assets entrusted to us and increasing our enterprise value based on conscious management of entrepreneurial risks. Our strong equity ratio, the integrated risk management system, a real proximity to the market, and our strong knowledge of risk means that we can operate flexibly across our divisions and can deal innovatively with the challenges of the future. In the strategic management of our company, monetary aspects play a major role as do

nonfinancial indicators such as process efficiency, increasing transparency, the best possible support for our customers, employee satisfaction, and bolstering the position of securities companies in general.

mwb Wertpapierhandelsbank AG's group management is engaged in a constructive, ongoing exchange with the managing directors of MWB Baden GmbH on the company's economic development. Strategic decisions to secure the company's continued existence are taken jointly.

### Risk Strategy

The aim of our risk strategy is to safeguard our company's targets by taking suitable measures against disturbing events. As part of its value-oriented group management, the company has put in place an end-to-end risk management system to identify risks and optimize risk positions. The company's risk control is structured in a way that emphasizes the prevention of unavoidable risks. We constantly review whether our risk policy provisions are sufficient to perceptibly reduce the potential danger. If necessary, further measures are then taken to reduce the risk.

In implementing the requirements resulting from the so-called MaRisk (Minimum Risk Management Requirements), mwb has put into place an end-to-end concept for its ability to bear risks as part of its business strategy. This entails – in addition to defining the risk-coverage assets, the maximum loss threshold for the entire bank, and the determination of the risk potential – a comparison of the aggregate risk potential with the maximum loss threshold. As a result of the risks entered into in the divisions operated by the company, mwb takes a conservative approach in structuring its ability to bear risks. The company has therefore ascertained that the maximum risk at the close of each business day must not exceed 20 % of the available risk-coverage assets. The remainder is available as a risk buffer. In addition to market price risks from equities, fixed-income securities, and option transactions, the company has included operating risks as material risks for mwb in its concept for its ability to bear risks. mwb identifies the risk potential that exists for these risks on a daily basis, whereby the company uses the basic indicator approach pursuant to Sections 270 and 271 of the SolvV (Solvability Directive) in identifying operating risk. In ascertaining whether it is able to bear risks, mwb compares the aggregated risk potential to the maximum loss threshold set by the Managing Board; this is carried out each day. If this ratio is less than 100 %, the ability to bear risks is ensured.

Risk management is operated centrally for all branches of mwb Wertpapierhandelsbank AG from the company's headquarters in Gräfelting and is subject to an annual review by our auditors to determine if this complies with the requirements of the KonTraG (Act on Control and Transparency in Business).

MWB Baden GmbH is included in risk control, whereby risks resulting directly from customer business are being monitored directly by MWB Baden GmbH.

### Internal Audit

In order to establish efficient internal auditing given the company's relatively small size, mwb Wertpapierhandelsbank AG's Managing Board has decided to outsource its internal auditing to a firm of auditors. The audits primarily focus on the fields of investment and contracts, proprietary trading, liquidity control, accounting, data processing, human resources, reporting, compliance, money laundering, minimum requirements for the operating of trading activities, risk management, and earnings control. Operating processes that are subject to particular risk are audited annually, other operating processes are audited every three years.

Internal auditing at MWB Baden GmbH is conducted directly by the managing directors of MWB Baden GmbH in Offenburg.

### Risk Control

Effective risk control demands an independent identification of the risks entered into, which must be reviewed separate from trading activities.

To this end, the company has appointed a risk manager who is not connected with trading activities. The risk manager's tasks include identifying, analyzing, evaluating risks, and especially sensitizing employees for risk recognition and avoidance. The risk manager also monitors adherence to large loan limits and the company's internal guidelines for risk avoidance, thereby continually developing methods and systems to manage risk. The basis for dealing permanently and systematically with risks is found in the guidelines and decisions on risk tolerance prepared by the Managing Board, which are derived from the risk strategy and risk policy and geared to the company's capitalization and liquidity.

Given the company's large number of transactions, an efficient risk control must be able to rely on a highly developed computer system. For this purpose, the company uses innovative applications created by XCOM AG. This is a software

company specializing in solutions for financial service providers and banks, which mwb holds a participating interest in.

Via XCOM AG, the company calculates, on a daily basis, risk assets, net equities positions and counterparty default items, liable equity, and allocable equity, which results in the Principle I equity ratio and the Principle I overall ratio. Any amounts in excess of the large loan limits are also monitored several times daily, as are the total and individual items from own-account transactions and the unrealized profits and losses associated with this. In addition, monthly in-depth evaluations of market risk items and foreign currency risk are prepared in line with Principle I. Finally, the liquidity status is prepared daily by adding the available funds and the monthly calculation of the liquidity ratio from Principle II.

As part of the management-related monitoring, the Managing Board also reviews the income and expenses from the company's core business on a daily basis. After subjecting the monthly figures to a feasibility check, the CFO then issues a written, monthly opinion on general growth, select P&L items, and the liquidity situation. The report is circulated amongst the members of the Managing Board and is presented to the members of the Supervisory Board for their attention.

In the area of operational risks – which can stem from workflows, persons, technology, or external events – existing risks are consistently being reduced by a multi-faceted, cause-related risk management system.

It is also extremely important to the company to keep abreast of any changes to the stock-market environment, to investor behaviour, and to any statutory modifications, and to do this as early as possible. The company participates in Germany's key investor fairs several times a year. This not only allows the company to generate important contacts, but it also enables it to acquire vital information on the mood swings of the investors and to inform itself on any changes in investor behaviour.

With regard to the descriptions of the individual risks, we refer to the information in the Annual Report to December 31, 2006.

Gräfelting, October 2007  
The Managing Board



# Consolidated Balance Sheet according to International Financial Reporting Standards

as of September 30, 2007

## Assets

	09/30/2007	12/31/2006
	EUR	EUR
Cash reserve	1,691.89	2,345.55
Receivables from banks	17,662,097.83	14,507,643.99
Assets held for dealing purposes	3,007,667.52	1,460,762.91
Financial assets	4,058,050.78	3,945,416.41
Intangible assets	136,735.54	155,213.54
Property, plant and equipment	383,077.86	389,164.66
Income tax assets	2,452,038.31	2,407,256.59
Other assets	1,080,654.43	630,317.04
<b>Total assets</b>	<b>28,782,014.16</b>	<b>23,498,120.69</b>

## Liabilities

	09/30/2007	12/31/2006
	EUR	EUR
Liabilities to banks	7,713,194.82	2,704,320.84
Liabilities from dealing activities	55,854.90	20,820.93
Provisions	0.00	0.00
Income tax liabilities	126,939.39	104,459.87
Other liabilities	1,730,302.43	1,915,760.51
<b>Equity</b>	<b>19,155,722.62</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	8,735,474.87	8,587,058.85
Revaluation surplus	-6,477.32	-10,214.78
Depreciation of own shares	-2,228,508.07	-2,127,981.09
Unappropriated profit	3,527,536.80	3,201,665.98
Minority interest	199,895.32	174,428.56
<b>Total liabilities and equity</b>	<b>28,782,014.16</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 September 30, 2007

	01/01/–09/30/2007	01/01/–09/30/2006
	EUR	EUR
Interest income	499,550.87	347,334.37
Interest expenses	-6,939.45	-11,853.08
<b>Net interest income</b>	<b>492,611.42</b>	<b>335,481.29</b>
Commission income	4,749,101.73	4,175,394.57
Commission expenses	-1,560,523.35	-1,635,606.49
<b>Net commission income</b>	<b>3,188,578.38</b>	<b>2,539,788.08</b>
Trading income	12,519,383.63	12,696,513.87
Trading expenses	-6,969,688.69	-6,961,829.80
<b>Trading profit</b>	<b>5,549,694.94</b>	<b>5,734,684.07</b>
<b>Net income from financial assets</b>	<b>478,602.00</b>	<b>18,293.72</b>
<b>Administrative expenses</b>	<b>-7,288,677.60</b>	<b>-6,497,035.12</b>
<b>Balance of other income / expenses</b>	<b>63,673.28</b>	<b>-5,510.48</b>
<b>Profit from ordinary activities</b>	<b>2,484,482.42</b>	<b>2,125,701.56</b>
<b>Income taxes on profit from ordinary activities</b>	<b>-195,276.82</b>	<b>-90,644.25</b>
<b>Net profit</b>	<b>2,289,205.60</b>	<b>2,035,057.31</b>
<b>Minority interest of net profit</b>	<b>-25,466.76</b>	<b>-28,864.96</b>
<b>Net profit without minority interest</b>	<b>2,263,738.84</b>	<b>2,006,192.35</b>
<b>Profit carried forward from previous year</b>	<b>1,412,213.98</b>	<b>423,642.43</b>
<b>Withdrawal from capital reserves</b>	<b>0.00</b>	<b>0.00</b>
<b>Transfer to retained earnings</b>	<b>-148,416.02</b>	<b>-85,302.74</b>
<b>Unappropriated profit</b>	<b>3,527,536.80</b>	<b>2,344,532.04</b>
<b>Earnings per share</b>		
Diluted earnings per share	0.46	0.40
Basic earnings per share	0.46	0.40

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

Quarter-by-quarter comparison

	3rd Quarter 2007 EUR	3rd Quarter 2006 EUR
Interest income	186,100.40	121,092.13
Interest expenses	-195.28	-1,119.39
<b>Net interest income</b>	<b>185,905.12</b>	<b>119,972.74</b>
Commission income	1,256,692.22	553,462.68
Commission expenses	-274,848.99	-119,735.53
<b>Net commission income</b>	<b>981,843.23</b>	<b>433,727.15</b>
Trading income	4,477,510.90	1,950,294.06
Trading expenses	-2,678,234.56	-1,042,144.77
<b>Trading profit</b>	<b>1,799,276.34</b>	<b>908,149.29</b>
<b>Net income from financial assets</b>	<b>0.00</b>	<b>15,322.08</b>
<b>Administrative expenses</b>	<b>-2,595,717.96</b>	<b>-1,650,497.99</b>
<b>Balance of other income / expenses</b>	<b>7,499.36</b>	<b>42,089.91</b>
<b>Profit from ordinary activities</b>	<b>378,806.09</b>	<b>-131,236.82</b>
<b>Income taxes on profit from ordinary activities</b>	<b>-35,868.69</b>	<b>155,218.85</b>
<b>Net profit</b>	<b>342,937.40</b>	<b>23,982.03</b>
<b>Minority interest of net profit</b>	<b>-3,634.22</b>	<b>-3,745.71</b>
<b>Net profit without minority interest</b>	<b>339,303.18</b>	<b>20,236.32</b>
<b>Profit carried forward from previous year</b>	<b>-1,789,452.00</b>	<b>-895,986.00</b>
<b>Withdrawal from capital reserves</b>	<b>11,396.41</b>	<b>-51,525.38</b>
<b>Unappropriated profit</b>	<b>-1,438,752.41</b>	<b>-927,275.06</b>

# Statement of Changes in Equity

for the Period from January 1 to September 30, 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 September 30	4,983	4,983
<b>Capital reserves</b>		
As of January 1	3,945	3,945
As of September 30	3,945	3,945
<b>Retained earnings</b>		
As of January 1	8,587	8,506
Change	148	86
As of September 30	8,735	8,592
<b>Revaluation surplus</b>		
As of January 1	-10	0
Change	4	-21
As of September 30	-6	-21
<b>Own shares</b>		
As of January 1	-2,128	-2,042
Change	-100	-21
As of September 30	-2,228	-2,063
<b>Consolidated profit</b>		
As of January 1	3,202	1,320
Change in unappropriated profit	326	1,025
As of September 30	3,528	2,345
<b>Minority interest</b>		
As of January 1	175	144
Change	25	29
As of September 30	200	173
<b>Equity as of September 30</b>	<b>19,156</b>	<b>17,953</b>

# Consolidated Cash Flow

for the Period from January 1 to September 30, 2007

	01/01/-09/30/2007 TEUR	01/01/-09/30/2006 TEUR
<b>Consolidated net profit</b>	<b>2,264</b>	<b>2,006</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	179	199
Change in long-term provisions	0	28
Loss from disposal of financial assets	0	0
Change in minority interest	25	29
Other adjustments (balance)	-540	-150
	1,928	2,112
<b>Change in assets and liabilities from operating activities</b>		
Change in receivables from customers	-168	73
Change in trading position	-1,512	-15
Change in other assets from operating activities	-326	-792
Change in other liabilities from operating activities	-163	326
Interest received	564	244
Interest paid	-134	-12
Received income tax	-404	-89
<b>Cash flow from operating activities</b>	<b>-215</b>	<b>1,847</b>
Proceeds from disposal of financial assets	0	102
Investments in property, plant and equipment	-16	-8
Investment in tangible fixed assets	-112	-215
Investment in financial assets	-107	-1,331
Change in cash flow from other investing activities	479	0
<b>Cash flow from investing activities</b>	<b>244</b>	<b>-1,452</b>
Net-change in purchases and sales of own shares	-95	-22
Dividends paid	-1,789	-896
<b>Cash flow from financing activities</b>	<b>-1,884</b>	<b>-918</b>
<b>Change in cash and cash equivalents</b>	<b>-1,855</b>	<b>-523</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>-215</b>	<b>1,847</b>
<b>Cash flow from investing activities</b>	<b>244</b>	<b>-1,452</b>
<b>Cash flow from financing activities</b>	<b>-1,884</b>	<b>-918</b>
<b>Cash and cash equivalents at end of period</b>	<b>6,201</b>	<b>8,578</b>

# Notes

## Notes to the Consolidated Quarterly Financial Statements

The mwb Group has prepared its consolidated financial statements for the first nine months 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 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.

## 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 are applied. The consolidated financial statements as of September 30, 2007 include mwb Wertpapierhandelsbank AG as the parent company, the wholly-owned subsidiary MWB Wertpapierhandelsbank GmbH and MWB Baden GmbH in which a 60 % interest is held. We consistently apply accounting, valuation, and disclosure methods in line with the IFRS framework concept. The same accounting and valuation principles that were applied to our IFRS financial statements as of December 31, 2006 were applied to these quarterly financial statements. In particular, all of our assets held for dealing purposes are carried at their fair value on the balance sheet, and treasury shares within the meaning of IAS 32.33 are deducted from equity.

## Own Shares

On the balance sheet date, the company held 40,713 own shares. A total of 75,897 shares were purchased and 53,984 shares were sold between January and September 2007. The average acquisition price was € 5.29, the average selling price was € 5.67.

This corresponds to a nominal value of € 40,713 and a 0.82 % interest in the share capital.

# Segment Reporting

as of September 30, 2007

	09/30/2007 TEUR	09/30/2006 TEUR
<b>Securities Trading</b>		
Net interest income		
Net commission income	1,622	1,094
Trading profit	5,089	5,490
Net income from financial assets	0	0
Personnel expenses	1,720	1,743
Scheduled depreciation of property, plant and equipment and intangible assets	117	133
Other administrative expenses	4,011	3,333
Balance of other operating income / expenses	0	0
Net income for the year	1,839	2,032
Assets	23,120	17,028
<b>Institutional Clients</b>		
Net interest income		
Net commission income	1,189	1,103
Trading profit	108	173
Net income from financial assets	0	0
Personnel expenses	366	377
Scheduled depreciation of property, plant and equipment and intangible assets	27	30
Other administrative expenses	706	693
Balance of other operating income / expenses	0	0
Net income for the year	386	-153
Assets	5,204	3,822
<b>Private Clients</b>		
Net interest income	32	17
Net commission income	378	343
Trading profit	0	0
Net income from financial assets	0	0
Personnel expenses	178	167
Scheduled depreciation of property, plant and equipment and intangible assets	4	7
Other administrative expenses	115	86
Balance of other operating income / expenses	1	1
Net income for the year	93	78
Assets	1,353	1,223
<b>Consolidation / Other</b>		
Net interest income	460	319
Net commission income	0	0
Trading profit	353	72
Net income from financial assets	479	18
Personnel expenses	45	-69
Scheduled depreciation of property, plant and equipment and intangible assets	4	3
Other administrative expenses	148	167
Balance of other operating income / expenses	63	-7
Net income for the year	-29	78
Assets	-895	-865
<b>Group</b>		
Net interest income	492	336
Net commission income	3,189	2,540
Trading profit	5,550	5,735
Net income from financial assets	479	18
Personnel expenses	2,309	2,218
Scheduled depreciation of property, plant and equipment and intangible assets	152	173
Other administrative expenses	4,980	4,279
Balance of other operating income / expenses	64	-6
Net income for the year	2,289	2,035
Assets	28,782	21,208

The segment reported in the Quarterly Report of September 30, 2006, "Bond Trading", is added up in the "Securities" division in 2007 – subsequent to the successful merger of C.J. Diederich Wertpapierhandelsgesellschaft mbH with the mwb Wertpapierhandelsbank AG. In the Quarterly Report, all income and expenses from capital market business are reported in the "Institutional Client" division under commission income. The figures from the previous year were reclassified.

# Notes

## Dividend Disbursement

After the resolution by the general shareholders' meeting on July 26, 2007, mwb Wertpapierhandelsbank AG disbursed from its 2006 net profits of EUR 3,202 thousand a dividend of EUR 0.36 per no-par value share with a dividend entitlement. After deducting treasury shares without any dividend entitlement, a disbursement amount of EUR 1,789 thousand resulted. The remaining amount of EUR 1,413 thousand was carried forward.

## Contingent and Other Liabilities

The mwb AG has come to the conclusion that, with regard to potential recourse against mwb AG by the Entschädigungseinrichtung für Wertpapierhandelsunternehmen (EDW) in the Phoenix compensation case, the requirements for the formation of a provision according to IAS 37.14 are not met. We refer here to the statements made on this in the Consolidated Financial Statements to December 31, 2006.

No other financial obligations existed on the balance sheet (closing) date.

## Notification of Lack of Review by the Auditors

The intermediate financial statements and the intermediate management report were neither audited pursuant to Section 317 HGB (German Commercial Code) nor subject to a review by the auditors.

## Statement by the Legal Representatives

"To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the interim consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the group, and the interim management report of the group includes a fair review of the development and performance of the business and the position of the group, together with a description of the principal opportunities and risks associated with the expected development of the group for the remaining months of the financial year."

Gräfelfing, October 2007  
The Managing Board

Thomas Posovatz

Herbert Schuster





mwb Wertpapierhandelsbank AG  
Rottenbucher Straße 28 · 82166 Gräfelfing  
Postfach 16 44 · 82158 Gräfelfing  
Phone +49 89 85852-0 · Fax +49 89 85852-505

[www.mwb.de](http://www.mwb.de)