BAADER

Financial Reporting for the 1st Quarter 2009

Quarterly financial reporting for the first quarter of 2009

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Interim Consolidated Management Report

1. Business and framework conditions

The international economic and financial crisis continued to determine the performance of financial markets in a significant fashion during the first quarter.

Following a temporary respite at 4,810 points at the end of 2008, the German share index (DAX) dropped to a temporary low at 3,666 points in the first three months of 2009. Following the announcement of international economic assistance programmes, the market indicator rallied, ending the first quarter at 4,084 points, down 15.1% compared with 30 December 2008. In the same period, the MDAX and SDAX dropped by 21.0% and 15.2% respectively, while the TecDAX improved significantly in March and concluded the period under review down by only 5.6%.

The REX bond index climbed 1.4%, reflecting the continued appeal of German government bonds to investors.

The European Dow Jones STOXX 50 index performed similarly to the German share indices. Following considerable losses in the first two months of the year, it picked up again slightly and ended the quarter down 15.4%.

Although the performance on North American markets was similar to that in Europe, the North American markets made a more significant recovery. While the leading US index, the Dow Jones Industrial Average, recorded a drop of 8.6% and the S&P 500 recorded a drop of 6.8% at the end of the quarter, the NASDAQ 100 recorded a plus, rising by 7.7% (each on euro basis).

Parallel to the European and American indices, the Japanese NIKKEI 225 index also regained some of its losses from mid-March onwards, ending the quarter down 11.2%. The Hang Seng index in Hong Kong performed similarly and concluded the quarter down 0.5%.

In contrast, the stock exchanges in Brazil (BOVESPA stock index, up 17.6%), Russia (up 15.1%) and China (Shanghai SE B index, up 53.1%) already recovered from some extensive losses they had previously suffered. The SENSEX in India experienced a marginal upturn of 0.6%.

Effective on 1 January 2009, Baader Bank AG acquired a 100% share in N.M. Fleischhacker AG. The range of securities managed by Fleischhacker stretches from German and foreign shares on both the regulated market as well as over-the counter to bonds through to actively managed funds. For Baader Bank AG, this acquisition represents the further development of its leading role as a specialist in securities trading in Germany.

2. Results of operations

In spite of the ongoing economic and financial crisis, Baader Bank AG succeeded in maintaining its role as the leading specialist in securities trading and the largest provider of specialist activities in Germany and in generating profits in the first quarter of 2009. Profit from ordinary activities amounted to EUR 2,624 thousand (previous year: EUR 5,350 thousand) and profit after tax amounted to EUR 2,084 thousand (previous year: EUR 5.763 thousand), representing an overall decrease of 51.0% and 63.8% respectively.

Once again it is clear that the diversification strategy pursued for many years enables the Company to defend its position on the market despite the difficult conditions and to generate positive results. Baader Bank AG recorded an extremely pleasing performance in operations. Net fee and commission income amounted to EUR 8,583 thousand (previous year: EUR 10,132 thousand) and net trading income reached EUR 14,415 thousand (previous year: EUR 16,051), representing a decline of 15.3% and 10.2% respectively year-on-year.
Administrative expenses of EUR 22,132 thousand in the quarter under review remained at approximately the same level as the previous year (EUR 21,567 thousand). As slight increase of EUR 660 thousand in other administrative expenses is exclusively attributable to the incorporation of the new subsidiary N.M. Fleischhacker AG. Staff costs (EUR 30 thousand) and depreciation of property and equipment and amortisation of intangible assets (EUR 126 thousand) remain almost unchanged or even underwent a slight decline.

Other income/expenses contributed significantly to the positive overall income situation which climbed by EUR 1,526 thousand year-on-year. This is a result of the reversal of liabilities/provisions for the *Entschädigungseinrichtung der Wertpapierhandelsunternehmen* (EdW – German Compensation Organisation of Securities Trading Organisations) in the amount of EUR 1,857 thousand once it had revoked orders on special contributions for the Phönix Kapitaldienst GmbH compensation case and is also a result of the negative goodwill recognised in income resulting from the capital consolidation of EUR 1,235 thousand after acquiring N.M. Fleischhacker AG in January 2009. Other operating expenses amounting to EUR 1,666 thousand are primarily a result of the re-addition for impairment allowance purposes of shares in a EUR 1,465 thousand convertible bond of Parsoli Corporation Ltd., Mumbai, India, and recognised as a receivable.

3. Net assets

As at 31 March 2009, total assets in the amount of EUR 339,209 thousand dropped by 7.1% compared to 31 December 2008 (EUR 364,999 thousand). On the equity and liabilities side of the balance sheet, non-current amounts due to customers rose as a result of taking up *schuldschein* note loans. The liquidity was recognised as assets held for trading. Furthermore, deposits from other banks were regrouped in assets held for trading. In contrast, the payable on demand customer deposits at the subsidiary Baader Service Bank GmbH declined, which also led to a drop in loans and advances to other banks.

The shares in Parsoli Corporation Ltd., Mumbai, India, were reclassified under the available-for-sale financial instruments item (previously equity-accounted investments) at the at-equity carrying amount (EUR 1,152 thousand) determined on 31 December 2008 and are now measured at the fair value recognised directly in equity. A significant influence in the company can no longer be assumed. This was preceded by the Baader Bank AG representatives ceasing their mandate as members on the Administrative Board of Parsoli Corporation Ltd. as of 25 March 2009. Future write-downs on the overall investment, including the receivable from the advance payment for a portion in a convertible bond, cannot be ruled out.

As at 31 March 2009, the Group recorded equity of EUR 162,604 thousand (31 December 2008: EUR 160,217 thousand), resulting in an equity ratio of 47.9%.

4. Financial position

As at 31 March 2009, current liabilities amounting to EUR 74,239 thousand were offset against current receivables and available-for-sale negotiable securities in the amount of EUR 210,674 thousand. This results in a net balance-sheet liquidity surplus of EUR 136,435 thousand. The Group's liquidity was guaranteed at all times during the period under review.

5. Supplemental report

On 21 April 2009, a direct control and profit transfer agreement was concluded with the wholly-owned subsidiary N.M. Fleischhacker AG (NMF). This agreement was given unanimous consent at the NMF Annual General Meeting on 22 April 2009. The effectiveness of the agreement is now conditional upon the consent of the Baader Bank AG Annual General Meeting on 3 July 2009.

6. Risk report

Principles of risk management

The financial market crisis, which began in Autumn 2007 with increasing defaults on the mortgage market in the USA and resulting in many banks collapsing impacted international stock exchanges with stock prices falling sharply. Financial markets were pounded by bad news on an almost daily basis. Today, this is also occurring in other industries. In spite of this crisis, which has led to immense share price declines across stock exchanges throughout the world, Baader showed that it was able to generate income despite rapidly falling markets thanks to its current business orientation and its highly efficient risk and crisis management. Furthermore, and particularly in these times of crisis, it is essential to identify, assess, aggregate, manage and monitor risks even more intensively and to communicate these risks to the relevant decision makers without delay. Only by reacting in this way can the effective measures be taken to prevent risks becoming a reality. The Baader Group manages its risks by means of a framework of principles, organisation structures, measurement and monitoring processes, early warning systems as well as state-of-the-art technical equipment closely aligned to business segment activities. In addition, special care is taken at Baader to ensure that the various business activities and the related risks are suitably backed with equity in accordance with the *Mindestanforderungen an das Risikomanagement* (MaRisk – Minimum Requirements for Risk Management).

Risk bearing capacity

With this basic conviction as a starting point, the Group's management is regularly provided with an overview of the forms that all the risks take within the Group based on the MaRisk. This basis guarantees that the Group's risk-hedging potential covers all material risks at all times, thus ensuring the risk-bearing capacity required. For this reason, special attention is paid to the risk bearing capacity as part of establishing the business and risk strategy. At least once every three months, the Group Risk Control department calculates the risk bearing capacity of the Baader Group. In so doing, the available aggregate risk cover is compared with the unexpected and worst case losses. Overall, the risk potential should not exceed the available aggregate risk cover. The risk capital that is provided to cover for unexpected losses is then distributed across the individual types of risk and serves as a maximum limit of the losses that can be absorbed for each type of risk. The risk capital is also distributed across the individual banks within the Group. Among the types of risk identified, the following can be considered material within the Baader Group and are backed with risk capital: credit risks, counterparty risks, investment risks, issuer risks, country risks, market price risks, operational risks and measurement risks. In addition to this, liquidity risks, business risks, reputation risks and model risks are considered material risks. Due to it being difficult to quantify the risk potential of these types of risks, no separate risk capital is provided for these risks. Losses from these types of risks are sufficiently covered by the available risk capital reserve. In contrast, property risk is not considered an immaterial risk. Once a year, the limits are determined by Group management. They may also be adjusted over the year if the business activity and/or the risk position or result of operations of the Group make this necessary. Furthermore, the limits are self-absorbing i.e. they are reduced by any losses and apply throughout the day and overnight. Any limits exceeded are reported to Group management as part of daily reporting. The Group Risk Control department is responsible for daily monitoring and communication of the limit drawdowns.

Business and risk strategy
The Group Risk Control department checks the existing risk strategy based on the available aggregate risk cover for the Baader Group. The business and risk strategy, the allocation of the risk capital across the individual risk types and business segments and the limits for the following financial year are then adopted as part of a Group resolution.

Internal control system
The internal control system required in accordance with the MaRisk is divided into structural and process organisation as well as risk management and risk control processes; an integral part of the structural and process organisation is the separation of functions. This ensures that activities which are incompatible with each other are carried out by different employees. For example, risk control activities are strictly separated from units that bear position responsibility. The separation of functions is guaranteed in the Group up to and including Group management level and also applies in deputising cases. Furthermore, Baader has set up suitable risk management and control processes which guarantee identification, assessment, management and monitoring and communication of material risks within the Group in line with the requirements of the MaRisk. These processes ensure that material risks are identified in good time, completely recorded and presented in an appropriate manner. In addition, these processes are regularly reviewed and adapted to changing conditions in a timely manner. Brief descriptions of the identified risk types are presented below:

Counterparty default risks
A distinction is made in counterparty default risks between credit risks, counterparty and issuer risks, country risks and investment risks. In doing so, an overall limit per borrower unit based on credit checks is determined for the risk types credit risk, counterparty risk and issuer risk. The daily utilisation of these limits is monitored and is reported to Group management as part of the Group Risk Control department’s daily report.

Within the Group, only Baader Service Bank GmbH currently performs lending business as defined by Section 1 (1) No. 2 of the *Kreditwesengesetz* (KWG – German Banking Act). This guarantees private and corporate customers (non-genuine) Lombard loans against collateral in listed securities, the lending value of which is set at an extremely conservative level and/or against bank guarantees.

The following table shows lending exposure as at 31 March 2009:

	Total credit exposure **EUR million**	**Drawdowns** **EUR million**	**Unutilised loan commitments** **EUR million**	**Evaluated collateral** **EUR million**
Private customers	**24.67**	**8.55**	**16.12**	**23.23**
of which employees	***1.25***	***0.79***	***0.46***	***0.00***
Corporate customers	**8.59**	**1.61**	**6.98**	**5.26**
TOTAL	33.26	10.16	23.10	28.49

Furthermore, only money market deposits at banks are made within the Group as part of the lending business. As described above, these money market deposits are limited and controlled as part of monitoring borrower units for the risk type named.

When trades are settled, a counterparty risk can arise if a trading partner fails to fulfil all of his or her obligations. A distinction must be made between the replacement risk in the event of default of a counterparty and the resulting inability to settle transactions that have been concluded on the one hand, and the advance payment risk that can arise from transactions not settled as delivery versus payment (DVP) transactions on the other.

As part of the replacement risk, Baader pays particular attention to special OTC derivative transactions. Baader trades derivatives only on derivative exchanges which are subject to daily margin requirements. Because Baader is not a clearing member of these exchanges, the transactions between Baader and the relevant clearing member must be settled. A counterparty risk then arises from the settlement claim vis-à-vis the clearing member. For this reason, the replacement risk in derivative trading is classified as a material risk and is thus monitored on a daily basis. Each transaction conducted is weighted against the respective limit of the borrower unit.

When settling *schuldschein* note loan transactions where Baader plays the role of counterparty as part of the purchase agreement, a counterparty risk exists in terms of an advance payment risk. Due to the fact that these transactions are carried out on a “payment free of delivery” basis i.e. payment and transferral of the instrument do not occur, these transactions are relevant to risk and must be monitored. Here too, each transaction conducted is weighted against the respective limit of the borrower unit until the instrument has been transferred.

An issuer risk is understood as the risk of the deterioration in creditworthiness or the default of an issuer. A loss as part of an issuer risk results in the impairment of this issuer’s shares, bonds and certificates. As part of the market price risk, losses due to issuer risks would reduce the corresponding market price limits and thus the risk capital made available for the market price risk. Therefore, no additional risk capital is made available for the risk type ‘issuer risk’. Furthermore, a one-day holding period is assumed for the items in the trading book which means that monitoring and limiting the positions separately would be inappropriate. An exception to this is trading with fixed-interest securities due to the fact that significantly longer holding-periods are intended. For this reason, each of these transactions is weighted against the respective limit of the borrower unit.

Baader regards the country risk and the investment risk as material and therefore provides risk capital for both types of risk. Limit drawdowns of the risk capital made available are calculated on a daily basis and this is reported to the entire Board of Directors as part of daily reporting.

Market price risks

Market price risk is the risk of a fluctuation in the value of a given item due to changes in market prices, e.g. share prices, exchange rates, interest rates and volatility.

As at 31 March 2009, the following risk positions with the following fair values were held in EUR million in the trading book:

CASH MARKET		FORWARD MARKET	
Equities	12.45	Options	-3.56
Bonds	70.47	Futures	-3.87
Funds, index- and funds-linked certificates	14.38	Swaps	1.97
Securitised Derivatives	1.99		

Market price risks are measured using a value-at-risk (VaR) model based on Monte Carlo simulations (generally a one-day holding period and a confidence level of 99%). The input risk parameters are determined using a variance-covariance matrix based on the Bank's own historical summaries, which are exponentially weighted. In past years, the following VaR values were calculated in EUR million:

Value-at-Risk * of trading segments	Q1 2009	2008	2007	2006	2005	2004
VaR at the end of the reporting period	1.89	2.59	1.32	0.78	0.83	0.74
Minimum VaR	0.97	1.05	1.11	0.68	0.51	0.70
Maximum VaR	2.67	2.79	2.73	2.84	1.46	1.73
Average VaR	1.60	1.56	1.36	1.19	0.84	1.04

* For reasons of internal risk management, non-recognised liabilities and equity in the amount of EUR 53.04 million are netted against assets held for trading.

Operational risks

Operational risk is the danger of losses that occur as a result of the inadequacy or failure of internal procedures, people and systems or of external events. This also includes legal risks. Strategic and reputation risks are excluded.

The risk potential is evaluated, i.e. operational risks are identified and assessed, by the Risk Control department for the Group parent using half-yearly questionnaires to be filled out by the operational risk managers. In addition to this, it is the operational risk manager's responsibility to report any losses that occur from operational risks. Significant losses are immediately analysed with regard to their causes. In the first quarter of 2009, ten losses totalling EUR 34 thousand were reported.

As reported in the Group management report as at 31 December 2008, legal proceedings were initiated against Baader Service Bank GmbH by customers with a dispute amount of EUR 315 thousand. The customers maintained that they suffered loss due to omissions. The action has since been dismissed.

Measurement risks
Measurement risk is considered the risk that the fair value of individual items on the balance sheet could sink, thus necessitating a write-down. Due to the fact that special assets such as order books are subject to the risk of impairment, this risk is considered material and is backed by risk capital.

In addition to this, liquidity risks, business risks, reputation risks and model risks are considered material risks. Due to it being difficult to quantify the risk potential of these types of risks, no separate risk capital is provided for these risks. Losses from these types of risks are sufficiently covered by the available risk capital reserve. In contrast, property risk is not considered an immaterial risk.

N. M. Fleischhacker AG:
Inclusion of N.M. Fleischhacker AG in the Group-wide risk management is due to be concluded at the end of the second quarter of 2009.

7. Outlook

In the first quarter of 2009, Baader Bank AG maintained its position as a leading specialist in securities trading in Germany. According to reports, the Deutsche Börse is planning a reform of equity trading that should place high demands on the equity base and the IT equipment of future specialists (providers of specialist activities). In terms of these two factors, Baader Bank considers itself well equipped to fulfil the requirements of Deutsche Börse.

In the course of the strategy that the Bank has been pursuing for many years, offering additional or related services to its core competence of securities trading, thus generating new income fields, preparations have been made within the Group regarding the envisaged integration of Baader Service Bank GmbH into Baader Bank AG in the second quarter. By streamlining the Group structure, the Baader Group is leveraging synergies in the areas of IT, processing and risk control as well as laying the foundation for additional growth in the core business areas, which are currently covered by Baader Service Bank. A merger will mean that the services that, to date, have been offered by two institutions, can now be bundled into a financially sound and efficient banking unit. At the same time, the equity base for the business operated by Baader Service Bank is being expanded.

Naturally, the Bank will continue to evaluate all possibilities of reducing trading and settlement costs as a measure to counteract the ongoing pressure on margins in stock market trading. The significance of these measures is particularly clear in the current situation in which the global financial crisis is keeping the capital markets in a state of expectancy. Furthermore, it is also a matter of course that both the Board of Directors as well as the Bank’s independent Risk Control department vigorously monitor their own risk positions. In particular, Baader Bank AG will respond immediately to the changing market situation and will implement the appropriate measures. The open trading positions are monitored very carefully and the Baader Bank AG traders are required to structure their position management very conservatively.

In addition, the Baader Bank AG receivables are distributed among numerous foreign and domestic counterparties with the aim of avoiding cluster risks as part of business activities. Permanently monitoring these counterparty risks is currently one of the chief tasks within the risk management process.

Baader Bank AG anticipates that the financial industry will continue contending with the consequences of the global financial crisis beyond 2009. This has reinforced the possibility that, for this reason, the competitive and consolidation pressure within the European financial services sector which existed even before this crisis, will continue to increase n the form of falling margins, substantial investment expenses and requirements by the supervisory authorities. Consequently, Baader Bank AG expects that the process of concentration amongst stock exchanges, trading platforms, financial institutions and brokerage firms will continue at a national and European level.

Despite a diversification strategy, Baader Bank AG cannot escape the situation. However, it is possible that the consequences can be cushioned. The Bank's broad positioning and its equity strength mean that it is well prepared to shape this trend in an active fashion. Furthermore, the Bank sees this as an opportunity to emerge strengthened from the financial crisis.

Baader Bank AG expects that the continued uncertainty on the markets will continue over the next few months. On the one hand, this makes it more difficult to operate in equities trading successfully. However, the Bank's strict risk management will keep the dangers within tight limits. On the other hand, bond trading benefits from the uncertain market situation since an ongoing high return difference can be expected between risk-free bonds and those threatened by default (credit spreads). Baader Bank AG sees a good outlook for trading with securitised derivatives and actively managed funds, even in the currently difficult phase on the markets.

The competitive and price pressure affecting the issue business is likely to continue. Baader Bank will counter this trend by expanding its distribution channels and increasing its qualitative lead in its existing network. The value added chain is to be expanded at the same time with new products and markets being added.

Overall, Baader Bank AG continues to expect that 2009 will be a difficult year for markets. It is likely that this uncertainty will still be felt on the markets in 2010. Both the international financial markets and – to an even greater extent – the real economy and the employment market will have to contend with the consequences of the financial crisis coming into 2010. In light of this, it will be no easy task for Baader Bank AG to achieve the same results in 2009 as it did in 2008.

Unterschleissheim, 23 April 2009
Baader Bank AG
The Board of Directors

Uto Baader, Dieter Brichmann
Stefan Hock, Dieter Silmen

Interim Consolidated Financial Statements

Consolidated financial statements (condensed) as at 31 March 2009

ASSETS		Notes	31 Mar. 2009 EUR	31 Dec. 2008 EUR 000's
1.	Cash reserve	(4)	519,199.34	1,221
2.	Loans and advances to other banks	(5)	79,546,306.09	166,016
3.	Loans and advances to customers	(5)	20,442,827.36	23,661
4.	Allowance for losses on loans and advances	(5)	-3,224,898.90	-3,095
5.	Assets held for trading	(6)	112,386,498.84	42,292
6.	Available-for-sale financial instruments	(7)	6,933,180.22	12,879
7.	Equity-accounted investments	(8)	15,262,541.97	16,634
8.	Property and equipment	(9)	19,706,774.30	19,980
9.	Intangible assets	(10)	24,463,989.12	20,834
10.	Goodwill	(10)	24,785,055.44	24,785
11.	Income tax assets	(11)	11,918,966.31	11,806
12.	Other assets	(12)	5,513,436.90	6,965
13.	Deferred tax assets	(11)	20,955,475.85	21,021
	Total Assets		339,209.352.84	364,999

EQUITY & LIABILITIES		Notes	31 Mar. 2009 EUR	31 Dec. 2008 EUR 000's
1.	Deposits from other banks	(13)	16,498,638.27	31,834
2.	Amounts due to customers	(13)	110,237,776.78	98,111
3.	Liabilities held for trading	(14)	11,722,153.96	38,890
4.	Provisions	(15)	10,931,692.20	11,436
5.	Income tax liabilities	(16)	1,388,830.66	1,287
6.	Other liabilities	(17)	20,589,804.40	18,997
7.	Deferred tax liabilities	(16)	5,236,837.51	4,227
8.	Shareholders' equity	(18)	162,603,619.06	160,217
	Total liabilities and shareholders' equity		339,209,352.84	364,999

Consolidated income statement (cumulative)
for the period from 1 January 2009 to 31 March 2009

	INCOME STATEMENT	Notes	EUR	1 Jan – 31 Mar. 2009 EUR	1 Jan. – 31 Mar. 2008 EUR 000's
1.	**Interest income**	**(19)**	919,907.50		720
2.	**Interest expense**	**(19)**	-791,251.50		-389
3.	**Net interest income**	**(19)**		128,656.00	331
4.	**Allowance for losses on loans and advances**	**(20)**		-143,319.64	-11
5.	**Net interest income/expense after allowance for losses on loan and advances**			-14,663.64	320
6.	**Fee and commission income**	**(21)**	12,479,502.78		15,396
7.	**Fee and commission expense**	**(21)**	-3,896,371.51		-5,264
8.	**Net fee and commission income**	**(21)**		8,583,131.27	10,132
9.	**Net trading income**	**(22)**		14,415,487.18	16,051
10.	**Net expense/income from available-for-sale financial instruments**	**(23)**		-36,970.85	134
11.	**Net expense/income from equity-accounted investments**	**(24)**		-24,444.04	-28
12.	**Administrative expenses**	**(25)**		-22,132,310.29	-21,567
13.	**Profit from operations**			790,229.63	5,042
14.	**Other operating income**	**(26)**		3,499,541.96	397
15.	**Other operating expenses**	**(26)**		-1,665,609.25	-89
16.	**Profit from ordinary activities**			2,624,162.34	5,350
17.	**Income tax on profit from ordinary activities**	**(27)**		-304,977.44	-469
18.	**Net profit for the period before minority interests**			2,319,184.90	5,819
19.	**Minority interest in net profit**			-235,234.04	-56
20.	**Net profit for the period**			2,083,950.86	5,763
21.	**Accumulated income /loss brought forward**			8,601,347.03	32,762
22.	**Consolidated net profit**			10,685,297.89	38,525

	1 Jan. - 31 Mar. 2009 EUR	1 Jan. - 31 Mar. 2008 EUR
Basic earnings Per Share	0.05	0.13

Diluted earnings per share also amounts to EUR 0.05. The exercisable stock options that are "in the money" (see note 31), which are included in the calculation of the weighted average number of outstanding shares for the diluted earnings per share, only insignificantly affect diluted earnings per share.

Consolidated statement of comprehensive income (cumulative) for the period from 1 January 2009 to 31 March 2009

STATEMENT OF COMPREHENSIVE INCOME		EUR	1 Jan. - 31 Mar. 2009 EUR	1 Jan. - 31 Mar. 2008 EUR 000's
1.	Consolidated net profit for the period before minority interests		2,319,184.90	5,819
Other comprehensive income				
2.	Change to the currency translation reserve	-15,015,53		9
3.	Remeasurement of available-for-sale financial assets	61,232,29		-1,839
4.	Income tax on other comprehensive income	16,432,56		-15
5.	Other comprehensive income		62,649.32	-1,845
6.	Comprehensive income before minority interests		2,381,834.22	3,974
7.	Minority interest in comprehensive income		-235,873.69	-56
8.	Comprehensive income		2,145,960.53	3,918

Statement of changes in equity as at 31 March 2009

in EUR 000's	Issued capital	Share premium	Retained earnings	Remeasurement reserves	Currency translation reserve	Consolidated net profit	Total before minority interests	Minority interest	Equity
IAS equity as at 31 December 2007	**45,503**	**60,904**	**22,496**	**1,227**	**-10**	**32,374**	**162,494**	**1,408**	**163,902**
Consolidated net profit for the period						8,608	8,608		8,608
Appropriation to retained earnings			21,000			-21,000	0		0
Gains/losses							0	152	152
Net change to remeasurement reserve				-868			-868		-868
Net change to foreign exchange rate reserve					63		63		63
Comprehensive net profit/loss for the period 2008	**0**	**0**	**21,000**	**-868**	**63**	**-12,392**	**7,803**	**152**	**7,955**
Adjustment of own shares	-68	**424**					356		356
Gains/losses from the previous year							0		0
Dividend						-11,381	-11,381		-11,381
Changes in consolidated companies/other changes		-490					-490	-125	-615
IAS equity as at 31 December 2008	**45,435**	**60,838**	**43,496**	**359**	**53**	**8,601**	**158,782**	**1,435**	**160,217**
Consolidated net profit for the period						2,084	2,084		2,084
Appropriation to retained earnings			0			0	0		0
Gains/losses				0			0	235	235
Net change to remeasurement reserve				77			77	1	78
Net change to foreign currency rate reserve					-15		-15		-15
Comprehensive net profit/loss for the period to 31 March 2009	**0**	**0**	**0**	**77**	**-15**	**2,084**	**2,146**	**236**	**2,382**
Capital increases							0		0
Adjustment of own shares	-65	-51					-116		-116
Dividend		121					121		121
Changes in consolidated companies/other changes							0		0
IAS equity as at 31 March 2009	**45,370**	**60,908**	**43,496**	**436**	**38**	**10,685**	**160,933**	**1,671**	**162,604**

Cash flow statement (condensed)
for the period from 1 January 2009 to 31 March 2009

		1 Jan. - 31 Mar. 2009 EUR 000's	1 Jan. -31 Mar. 2008 EUR 000's
1.	**Net profit for the period (including minority interest in net profit)**	**2,319**	**5,819**
2.	Non-cash items contained in net result for the period and reconciliation to net cash from operating activities	302	783
3.	**Subtotal**	**2,621**	**6,602**
4.	Changes to assets and liabilities from operating activities	-1,195	29,890
5.	**Net cash from operating activities**	**1,426**	**36,492**
6.	**Net cash used in investing activities**	**-2,154**	**-39,294**
7.	**Net cash from/used in financing activities**	**-116**	**10**
8.	Net change in cash and cash equivalents	-844	-2,792
9.	Effects of changes in exchange rates and consolidation	142	0
10.	Cash and cash equivalents at beginning of period	1,221	3,273
11.	**Cash and cash equivalents at end of period**	**519**	**481**

The cash flow statement presents the composition of, and changes in, cash and cash equivalents during the period under review. It is classified by cash flows from operating, investing and financing activities. The objective of this classification is to illustrate how cash and cash equivalents are generated in the Group and used in the period under review.

Cash and cash equivalents are composed exclusively of the cash reserve, which comprises cash in hand and deposits with the Deutsche Bundesbank. The item does not include loans and advances to other banks, which are payable on demand.

Effective on 1 January 2009, Baader Bank AG acquired a share in N.M. Fleischhacker AG (see note 2). The share of the purchase price paid in cash as of the reporting date (EUR 2,000 thousand) is part of the cash flow from financing activities. However, the cash is not part of the cash and cash equivalents as described above. Through this acquisition, the Bank assumed EUR 142 thousand in cash.

NOTES (condensed)

ACCOUNTING POLICIES

(1) Reporting principles

The interim financial statements of Baader Bank AG as at 31 March 2009 were prepared in compliance with Regulation (EC) No. 1606/2002 of the European Parliament and of the Council from 19 July 2002 and Commission Regulation (EC) No. 2086/2004 in accordance with the International Accounting Standards (IAS)/International Financial Reporting Standards (IFRS) as issued and published by the International Accounting Standards Board (IASB). These financial statements are based on the IASs/IFRSs that have been endorsed by the European Commission and are consistent with IAS 34 (Interim Financial Reporting). The same accounting policies were adopted for this interim report as for the consolidated financial statements for the year ended 31 December 2008 with the exception of the following standards and their effects:

- IAS 1 (amended version) Presentation of Financial Statements (to be adopted for financial years beginning on or after 1 January 2009)
  The revised standard contains several amendments to terms as well as the obligation to present comprehensive income either as a component of the income statement (alternative 1) or as a separate comprehensive income statement (alternative 2). Baader Bank AG chose alternative 2. Adopting the amended standard had no effect on the earnings situation or financial position of the Group.

- IFRS 8 Segment Reporting (to be adopted for financial years beginning on or after 1 January 2009)
  The first-time adoption of IFRS 8 (note 28), which supersedes the Standard IAS 14 on preparing segment reporting, had no effect on the earnings situation or financial position of the Group.

The amended versions of IFRS 3 Business Combinations, IAS 27 Consolidated and Separate Financial Statements and IAS 28 Investments in Associates have not yet been applied.

(2) Scope of consolidation

The scope of consolidation in the interim report as at 31 March 2009 changed compared with the consolidated financial statements as at 31 December 2008. In addition to the parent company Baader Bank AG, seven subsidiaries in which Baader Bank AG holds a direct or indirect interest of more than 50% are included in the consolidated financial statements. Of these companies, six are headquartered in Germany (previous year: five) and one is headquartered abroad. There are no subsidiaries or associates that are immaterial for transparency of the Group's net assets, financial position and result of operations.

Effective on 1 January 2009, Baader Bank AG held a 100% interest in N.M. Fleischhacker AG (NMF). For Baader Bank AG, this acquisition represents the further development of its leading role as a specialist in securities trading on the Frankfurt Stock Exchange. The range of securities managed by Fleischhacker stretches from German and foreign shares on both the regulated market as well as over-the counter and bonds through to actively managed funds.

The purchase price consists of equity of EUR 5,818 thousand, calculated and audited as at 31 December 2008 in accordance with the *Handelsgesetzbuch* (HGB – German Commercial Code) as part of the NMF annual financial statements and a premium of EUR 2,000 thousand. The total purchase price was EUR 7,818 thousand, of which EUR 2,000 was already paid in cash. The remaining EUR 5,818 thousand is recognised under other liabilities and was paid in cash once the auditor's opinion was issued on 17 April 2009. In addition to the purchase price, Baader Bank AG paid EUR 6,700 thousand for a loan receivable from NMF to the seller.

The fair values of the acquired, identifiable assets and liabilities are calculated for the purposes of distributing the total premium of EUR 2,000 thousand. Hidden reserves were calculated for the trading portfolio including deferred taxes of EUR 66 thousand. Hidden charges for assets and liabilities are not applicable. Therefore, the premium paid is primarily attributable to the acquired, identifiable assets. The order books relating to shares, bonds and commodity order books managed by the company were identified as intangible assets eligible for recognition. Based on the currently valid recognition practices for order books and the planning period for the long-term corporate planning of the Baader Group, a useful life of 10 years was recognised for the order books.

The values of the order books were calculated using an acknowledged measurement method – the discounted cash flow method – by discounting the cash flows expected after taxes directly attributable to the order books using a risk-adequate and maturity-matching capitalisation interest rate.
The total value of the order books recognised for the first time as part of the acquisition amounted to a fair value of EUR 4,500 thousand as at the date of acquisition on 1 January 2009. EUR 1,331 thousand of this amount is attributable to deferred tax liabilities. This results in negative goodwill of EUR 1,235 thousand which was recorded under other operating income and recognised in income in 2009. It cannot be ruled out that the integration of NMF into the Baader Group will result in a need for provisions for long-term contractual obligations and compensation which will exceed negative goodwill in terms of amount.

On the date of first-time consolidation (1 January 2009), the assets and liabilities assumed in the acquisition of N.M. Fleischhacker were as follows:

	Carrying amount EUR thousand	Adjustments EUR thousand	Fair value EUR thousand
Assets			
Cash reserve	142	0	142
Loans and advances to other banks and customers	34,789	0	34,789
Financial assets	5,027	97	5,124
Intangible assets	200	4,500	4,700
Income tax assets	44	0	44
Other assets	1,417	0	1,417
Liabilities			
Deposits from other banks	15,417	0	15,417
Liabilities held for trading	12,746	0	12,746
Other liabilities	7,638	0	7,638
Deferred tax liabilities	0	1,362	1,362
	5,818	3,235	9,053
Goodwill			-1,235
Purchase price			7,818

In the first quarter, NMF generated profit of EUR 3 thousand in accordance with IFRSs. However, this contains an income subsidy of EUR 1,000 thousand from Baader Bank AG which was eliminated as part of expense and income consolidation at Group level.

Two companies (previous year: 4) and interests in two special funds (previous year: 2) were included in the consolidated financial statements as at 31 March 2009 in accordance with the *Investmentgesetz* (InvG – German Investment Act). The interest in SPAG St. Petersburg Immobilien- und Beteiligungs AG was sold in full in March 2009. Due to the Baader Bank AG representatives withdrawing from the Administrative Board of Parsoli Corporation Ltd., significant influence in the company can no longer be assumed. For this reason, disclosures regarding equity-accounted investments have been reclassified under the available-for-sale financial instruments item.

(3) Changes in accounting

As of financial year 2009, the net interest income/expense applicable to assets held for trading and available-for-sale financial instruments are reported in the interest income/interest expense positions. The figures for the comparative period of 2008 were adjusted accordingly. This reclassification is a reporting correction in accordance with IAS 8 and does not have any effect on income or expense.

The reason for this change is the intention, within net interest income/expense, to offset interest income generated through investing free liquidity in assets held for trading and available-for-sale financial instruments against the interest expense in financing this free liquidity by means of *schuldschein* note loans. Thus, the financial statements provide reliable and more relevant information regarding the profit or loss of the Group.

NOTES TO THE CONSOLIDATED BALANCE SHEET

(4) CASH RESERVE	31 Mar. 2009 EUR thousand	31 Dec. 2008 EUR thousand	Change in %
Cash in hand	1	0	100.0
Deposits with Deutsche Bundesbank	518	1,221	-57.6
Total	**519**	**1,221**	**-57.5**

(5) LOANS AND ADVANCES	31 Mar. 2009 EUR thousand	31 Dec. 2008 EUR thousand	Change in %
Loans and advances to other banks	**79,546**	**166,016**	**-52.1**
- payable on demand	76,186	162,641	**-53.2**
- other loans and advances	3,360	3,375	**-0.4**
Loans and advances to customers	**20,443**	**23,661**	**-13.6**
Allowance for losses on loans and advances	**-3,225**	**-3,095**	**4.2**
Total	**96,764**	**186,581**	**-48.1**

The other loans and advances under loans and advances to other banks are due in less than one year.

Loans and advances to customers are payable on a daily basis. Loans and advances to other banks primarily relate to the credit balances deposited as collateral for the settlement of stock market transactions as well as the investment of customer deposits.

(6) ASSETS HELD FOR TRADING	31 Mar. 2009 EUR thousand	31 Dec. 2008 EUR thousand	Change in %
Bonds and other fixed-interest securities	71,878	12,565	>100.0
Equities and other non-fixed-interest securities	40,471	29,719	36.2
Positive fair values of derivatives	37	8	>100.0
Total	**112,386**	**42,292**	**>100.0**

(7) AVAILABLE-FOR-SALE FINANCIAL INSTRUMENTS	31 Mar. 2009 EUR thousand	31 Dec. 2008 EUR thousand	Change in %
Equity investments	2,519	1,140	>100.0
Equities and other non-fixed-interest securities	3,409	11,298	-69.8
Bonds and debt securities	1,005	441	>100.0
Total	**6,933**	**12,879**	**-46.2**

(8) EQUITY ACCOUNTED INVESTMENTS	31 Mar. 2009 EUR thousand	31 Dec. 2008 EUR thousand	Change in %
Associates	4,953	6,400	-22.6
Fund units	10,309	10,234	0.7
Total	**15,262**	**16,634**	**-8.2**

Due to Baader Bank AG representatives withdrawing from the Administrative Board of Parsoli Corporation Ltd., Mumbai, India, effective 25 March 2009, a significant influence in the company can no longer be assumed. The shares were reclassified under the available-for-sale financial instruments item using the latest carrying amount at equity of EUR 1,152 thousand (determined on 31 December 2008) and measured here at fair value through equity based on current market value.

(9) PROPERTY AND EQUIPMENT	31 Mar. 2009 EUR thousand	31 Dec. 2008 EUR thousand	Change in %
Operating and office equipment	1,450	1,511	-4.0
Land and buildings	18,257	18,469	-1.1
Total	**19,707**	**19,980**	**-1.4**

(10) INTANGIBLE ASSETS AND GOODWILL	31 Mar. 2009 EUR thousand	31 Dec. 2008 EUR thousand	Change in %
Software	3,243	4,656	-30.3
Order books	19,536	14,433	35.4
Trading strategies	1,685	1,745	-3.4
Goodwill	24,785	24,785	0.0
Total	**49,249**	**45,619**	**8.0**

As part of the first-time consolidation of N.M. Fleischhacker AG, order books amounting to EUR 4,500 thousand were recognised as assets and reported under intangible assets at EUR 4,387 thousand as at 31 March 2009.

(11) INCOME TAX ASSETS AND DEFERRED TAX ASSETS	31 Mar. 2009 EUR thousand	31 Dec. 2008 EUR thousand	Change in %
Tax assets from actual overpayment of taxes	11,919	11,806	1.0
Deferred tax assets	20,955	21,021	-0.3
Total	**32,874**	**32,827**	**0.1**

The consolidated financial statements of Baader Bank AG recognise deferred tax assets on unused tax loss carryforwards. In accordance with IAS 12, these must be recognised to the extent that it is probable that future taxable income will be available against which the as yet unused tax losses can be offset.

In the 2008 financial year, the tax loss carryforwards of the Group expected to be used amounted to EUR 73,719 thousand, resulting in deferred tax assets of EUR 19,824 thousand. The deferred tax assets from loss carryforwards contained in deferred tax assets as at 31 March 2009 amounted to EUR 19,767 thousand. The utilisation of EUR 57 thousand was recognised as income tax expense in the income statement.

(12) OTHER ASSETS	31 Mar. 2009 EUR thousand	31 Dec. 2008 EUR thousand	Change in %
Other assets	4,296	6,301	-31.8
Prepaid expenses	1,217	664	83.3
Total	**5,513**	**6,965**	**-20.8**

Other assets contain the receivable from the advance payment for a portion in a convertible bond issued by Parsoli Corporation Ltd, India, in the amount of EUR 1,856 thousand. The issue has still not been divided into individual securities and entered in the Bank's security account.
The impairment of EUR 1,638 thousand, carried out on 31 December 2008, was increased to EUR 3,103 thousand for the convertible bond recognised as a receivable. This reflects the current uncertainties regarding the position of the company and its value.

(13) LIABILITIES	31 Mar. 2009 EUR thousand	31 Dec. 2008 EUR thousand	Change in %
Deposits from other banks	**16,499**	**31,834**	**-48.2**
- payable on demand	4,583	19,464	-76.5
- with agreed maturity	11,916	12,370	-3.7
Amounts due to customers	**110,238**	**98,111**	**12.4**
- payable on demand	57,733	76,991	-25.0
- with agreed maturity	52,505	21,120	>100.0
Total	**126,737**	**129,945**	**-2.5**

The amounts due to other banks with an agreed maturity represent a loan for refinancing the business premises and have a residual term of more than five years.

In addition to customer deposits payable on demand at the subsidiary Baader Service Bank GmbH, the position amounts due to customers also includes the *schuldschein* note loans with remaining terms of up to 10 years, taken out by Baader Bank AG.

(14) LIABILITIES HELD FOR TRADING	31 Mar. 2009 EUR thousand	31 Dec. 2008 EUR thousand	Change in %
Delivery commitments arising from short sales of securities	11,666	38,337	-69.6
Negative fair values of derivatives	56	553	-89.9
Total	**11,722**	**38,890**	**-2.5**

(15) PROVISIONS	31 Mar. 2009 EUR thousand	31 Dec. 2008 EUR thousand	Change in %
Provisions for pensions	9.438	9.290	1,6
Other provisions	1.494	2.146	-30,4
Total	**10.932**	**11.436**	**-4,4**

(16) INCOME TAX LIABILITIES AND DEFERRED TAX LIABILITIES	31 Mar. 2009 EUR thousand	31 Dec. 2008 EUR thousand	Change in %
Outstanding actual tax payments	1,389	1,287	7.9
Deferred tax liabilities	5,237	4,227	23.9
Total	**6,626**	**5,514**	**20.1**

(17) OTHER LIABILITIES	31 Mar. 2009 EUR thousand	31 Dec. 2008 EUR thousand	Change in %
Other liabilities	20,590	18,997	8.4
Total	**20,590**	**18,997**	**8.4**

This item primarily contains trade payables and salary deductions to be paid.

In addition, the purchase price liability resulting from the acquisition of shares in N.M. Fleischhacker AG to the amount of EUR 5,817 thousand is included in this item.

(18) SHAREHOLDERS' EQUITY	31 Mar. 2009 EUR thousand	31 Dec. 2008 EUR thousand	Change in %
a) Issued capital	45,370	45,435	-0.1
b) Share premium	60,908	60,838	0.1
c) Retained earnings	43,496	43,496	0.0
d) Revaluation reserve	436	359	21.4
e) Currency translation reserve	38	53	-28.3
f) Consolidated net profit	10,685	8,601	24.2
Total before minority interests	**160,933**	**158,782**	**1.4**
Minority interest	1,671	1,435	16.4
Total	**162,604**	**160,217**	**1.5**

The issued capital (share capital) on 31 March 2009 comprised 45,908,682 no-par value bearer shares totalling EUR 45,908,682.00. The change in the number of shares outstanding is attributable to the purchase of treasury shares.

No treasury shares were sold to employees during the period under review.

	Shares
Number of shares outstanding at 1 January 2009	**45,435,187**
Plus: treasury shares held at 31 December of the previous year	473,495
Number of shares issued at 31 March 2009	**45,908,682**
Less: treasury shares held at the reporting date	538,695
Number of shares outstanding at 31 March 2009	**45,369,987**

The Supervisory Board and the Board of Directors will propose to the Annual General Meeting the distribution of a dividend of EUR 0.06 per no par-value share from the unappropriated surplus, to transfer EUR 5,500 thousand to other retained earnings and to carry the remaining amount forward to new account.

NOTES TO THE CONSOLIDATED INCOME STATEMENT

(19) NET INTEREST INCOME	1 Jan. - 31 Mar. 2009 EUR thousand	1 Jan. - 31 Mar. 2008 EUR thousand	Change in %
Interest income from	**920**	**720**	**27.8**
- lending and money market transactions	506	637	-20.6
- fixed-interest securities	414	83	>100.0
Interest expense	**-791**	**-389**	**>100.0**
Total	**129**	**331**	**-61.0**

In the period under review, interest attributable to assets held for trading and available-for-sale financial instruments were recognised under net interest income for the first time. Figures for the previous year were adjusted accordingly.

(20) ALLOWANCE FOR LOSSES ON LOANS AND ADVANCES	1 Jan. – 31 Mar. 2009 EUR thousand	1 Jan. -31 Mar. 2008 EUR thousand	Change in %
Additions to allowance	-130	0	>100.0
Reversals	0	0	0.0
Write-downs	-13	-11	18.2
Total	**-143**	**-11**	**>100.0**

(21) NET FEE AND COMMISSION INCOME	1 Jan. - 31 Mar. 2009 EUR thousand	1 Jan. - 31 Mar. 2008 EUR thousand	Change in %
Fee and commission income	**12,479**	**15,396**	**-18.9**
- Brokerage fee income	6,987	11,783	-40.7
- Order routing	1,326	1,344	-1.3
- Capital market services	128	205	-37.6
- Brokerage of *schuldschein* note loans	2,073	640	>100.0
- Brokerage commissions	35	177	-80.2
- Management and performance fees	1,876	1,229	52.6
- Other fee and commission income	54	18	>100.0
Fee and commission expense	**-3,896**	**-5,264**	**-26.0**
- Brokerage fee expenses	-938	-1,535	-38.9
- Order routing	-210	-344	-39.0
- Capital market services	0	0	0.0
- Brokerage commissions	-801	-115	>100.0
- Management and performance fees	-389	-274	42.0
- Settlement fees	-1,363	-2,521	-45.9
- Other fee and commission expense	-195	-475	-58.9
Total	**8,583**	**10,132**	**-15.3**

(22) NET TRADING INCOME	1 Jan. – 31 Mar. 2009 EUR thousand	1 Jan. – 31 Mar. 2008 EUR thousand	Change in %
Securities trading	**14,405**	**16,344**	**-11.9**
- Interest and dividends	105	29	>100.0
- Securities	8,878	7,803	13.8
- Options and futures	1,604	2,057	-22.0
- Price differences	3,818	6,455	-40.9
Foreign currencies	**10**	-293	-
Total	**14,415**	**16,051**	**-10.2**

(23) NET EXPENSE/INCOME FROM AVAILABLE-FOR-SALE FINANCIAL INSTRUMENTS	1 Jan. – 31 Mar. 2009 EUR thousand	1 Jan. – 31 Mar. 2008 EUR thousand	Change in %
Interest and dividend income	**85**	**131**	**-35.1**
- Fixed-interest securities	0	0	0.0
- Equities/other non-fixed-interest securities	85	131	-35.1
- Equity investments	0	0	0.0
Gain/loss on the disposal of available-for-sale financial instruments	**-93**	**3**	**-**
- Fixed-interest securities	0	3	-100.0
- Equities/other non-fixed-interest securities	-2	0	>100.0
- Equity investments	-91	0	>100.0
Write-downs	**-29**	**0**	**>100.0**
- Write-downs	-29	0	>100.0
Total	**-37**	**134**	**-**

Write-downs were carried out on available-for-sale financial instruments for which there is evidence of a sustained impairment.

(24) NET EXPENSE/INCOME FROM EQUITY-ACCOUNTED INVESTMENTS	1 Jan. – 31 Mar. 2009 EUR thousand	1 Jan. – 31 Mar. 2008 EUR thousand	Change in %
Write-up of at-equity carrying amount	0	0	0.0
Dividend/share of net income	-24	-28	-14.3
Goodwill Amortisation	0	0	0.0
Total	**-24**	**-28**	**-14.3**

The dividend/share of net income position is composed of the proportionate expense of equity-accounted shares in companies amounting to EUR -152 thousand as well as the proportionate profit from funds (EUR 128 thousand).

(25) ADMINISTRATIVE EXPENSES	**1 Jan. – 31 Mar. 2009 EUR thousand**	**1 Jan. – 31 Mar. 2008 EUR thousand**	Change in %
Staff costs	-12,537	-12,506	0.2
Other administrative expenses	-8,049	-7,389	8.9
Amortisation and write-downs of intangible assets and depreciation and write-downs of property and equipment	-1,546	-1,672	-7.5
Total	**-22,132**	**-21,567**	**2.6**

(26) OTHER OPERATING INCOME AND EXPENSES	**1 Jan. – 31 Mar. 2009 EUR thousand**	**1 Jan. – 31 Mar. 2008 EUR thousand**	Change in %
Other operating income	3,500	397	>100.0
Other operating expenses	-1,666	-89	>100.0
Total	**1,834**	308	>100.0

In its letter from 20 March 2009, the EdW revoked the orders on special contributions regarding the Phönix Kapitaldienst GmbH compensation case. As a result, Baader Bank AG reversed the liabilities of EUR 1,643, recognised in the income statement, on the liabilities and equity side of the Group balance sheet. Furthermore, the Company now sees no reason for retaining the provisions of EUR 214 thousand generated to date for this purpose at the subsidiaries Baader & Heins AG and CCPM AG. Accordingly these were reversed and are recognised in the income statement.

A negative difference of EUR 1,235 thousand arose in the capital consolidation of N.M. Fleischhacker AG and is recognised under other expense in the income statement following another examination in accordance with IFRS 3. Other expenses are primarily a result of the addition for impairment of the Parsoli Corporation Ltd. convertible bond in the amount of EUR 1,465 thousand, recognised as a receivable under the other assets item.

(27) INCOME TAX	**1 Jan. – 31 Mar. 2009 EUR thousand**	**1 Jan. – 31 Mar. 2008 EUR thousand**	Change in %
Actual tax expense	-576	-422	36.5
Deferred taxes	271	891	-69.6
Total	**-305**	**469**	**-**

The Group tax rate was calculated as 29.28%.

Profit from ordinary activities and the Group tax rate give a theoretical income tax expense of EUR 768 thousand. The difference in the reported tax expense is chiefly attributable to tax-free expense and income.

(28) SEGMENT REPORTING

in EUR thousand	Specialist activities and proprietary trading	Agency business	Capital market services	Financial portfolio management	Other/ Consolidation	Group
Net interest income	-238	361	0	5	0	128
Risk allowance	0	143	0	0	0	143
Net interest income/expense after allowance for losses on loans and advances	**-238**	**219**	**0**	**5**	**0**	**-15**
Net fee and commission income	**4,499**	**2,598**	**115**	**1,386**	**-15**	**8,583**
Net trading income	5,757	8,703	0	0	-45	14,415
Net expense/income from available-for-sale financial instruments	83	0	-91	-41	12	-37
Net expense/income from equity-accounted investments	0	0	0	0	-24	-24
Net income/expense from financial assets	0	0	0	0	0	0
Net income/expense from financial operations	**5,840**	**8,703**	**-91**	**-41**	**-57**	**14,354**
Directly attributable administrative expenses	**8,161**	**5,154**	**268**	**1,287**	**-133**	**14,737**
Other operating income/expense	**667**	**-23**	**5**	**241**	**945**	**1,835**
Profit/loss after directly attributable income/expenses	**2,607**	**6,342**	**-239**	**304**	**1,006**	**10,022**
Indirectly attributable administrative expenses	**4,501**	**2,129**	**346**	**420**	**0**	**7,396**
Profit from ordinary activities	**-1,894**	**4,213**	**-585**	**-116**	**1,006**	**2,624**
Segment assets in EUR thousand	187,928	79,186	20,661	18,559	0	306,334
Segment liabilities in EUR thousand	77,302	83,734	4,876	4,069	0	169,981
Risk-weighted assets in EUR thousand	265,524	50,808	7,066	26,866	0	350,264
Allocated capital in EUR thousand	96,118	46,092	7,260	13,134	0	162,604
Profitability of the allocated capital in regard to profit from ordinary activities	-2.0%	9.1%	-8.1%	-0.9%	0.0%	1.6%
Average number of employees during the period	133	61	9	21	128	352

IFRS 8 Operating Segments was adopted for the first time for segment reporting, superseding the governing standard IAS 14. IFRS 8 contains new regulations on the identification of operating segments. Due to the fact that the primary segment classification applied to date, in accordance with IAS 14 and based on business areas, is identical to the segment classification applied for purposes of internal management, the first-time adoption of IFRS 8 has not resulted in the necessity to adjust segment classification.

OTHER DISCLOSURES

(29) OFF-BALANCE SHEET TRANSACTIONS	31.03.2009 EUR thousand	31.12.2008 EUR thousand	Change in %
Contingent liabilities	**170**	**170**	**0,0**
- Liabilities from guarantees and warranty agreements	170	170	0,0
- Liabilities from the provision of collateral For third parties	0	0	0,0
Irrevocable loan commitments	**24.780**	**24.583**	**0,8**
- Current account credits granted to customers	24.780	24.583	0,8

(30) Employees

As of the reporting date 31 March 2009, 352 staff (315 staff in the previous year) were employed by the Baader Bank AG Group.

(31) Share-based payment system for members of the Board of Directors and employees

Baader Bank AG grants the members of the Board of Directors and the Group's employees performance-related remuneration in the form of stock options.

The table below provides an overview of all granted, lapsed and exercised options.

	2007	2006	2005	2004	2003	2002	2001	Total
Options granted (shares)	418,224	374,600	299,480	299,600	323,000	468,600	517,800	2,701,304
Exercise price (EUR)	3.75	5.32	6.02	2.34	2.96	1.12	2.14	-
Options forfeited	68,330	57,074	35,140	23,980	19,000	70,000	164,400	437,924
Options exercised	0	0	0	97,480	193,100	363,600	306,600	960,780
Options outstanding	**349,894**	**317,526**	**264,340**	**178,140**	**110,900**	**35,000**	**46,800**	**1,302,600**
Exercisable options	**0**	**0**	**264,340**	**178,140**	**110,900**	**35,000**	**46,800**	**635,180**
Residual term (in months)	**73**	61	50	38	26	13	1	-

Of the existing stock option plans, the stock options from 2000 have lapsed to date resulting in 98,018 expired stock options in total.

Compared with 31 December 2008, the number of stock options changed as follows to date:

	31 Mar. 2009 Number of stock options	Average exercise price	31 Dec. 2008 Number of stock options	Average exercise price
As at 1 January	**1,326,260**	**4.21**	**1,106,152**	**4.14**
Commitment (granted options)	0	0.00	418,224	3.75
Options forfeited	23,660	4.35	77,978	4.09
Options exercised	0	0.00	22,120	2.60
Lapsed options	0	0.00	98,018	5.30
As at 31 March 2009/ 31 December 2008	**1,302,600**	4.21	**1,326,260**	4.21
Exercisable options as at 31 March 2009/ 31 December 2008	**635,180**	**3.90**	**637,380**	**3.90**

Subscription right holders did not exercise their options in the period under review.

The potential average share prices in the exercise periods were as follows:

First period: 25 Feb. 2009 – 24 Mar. 2009 Share price: 1.715 Stock option plan: 2004

The stock options granted from the stock option plan 2004 (and all the following stock option plans) are accounted for under the provisions of IFRS 2 Share-Based Payment. The stock option plans are share-based payment of employees' additional benefits which are settled by equity instruments. The benefits received must be carried at fair value while raising equity. However, as this value cannot be estimated reliably, it and the corresponding increase in equity must be calculated indirectly by reference to the fair value of the equity instruments granted.

	2007	2006	Total
Options assumed	381,620	374,600	756,220
Option price	1.1642	1.4001	-
Total staff costs	444,282.00	524,477.46	968,759.46
Staff costs in the reporting period	55,535.25	65,559.68	121,094.93

The staff costs are distributed over the two-year period during which they are incurred. For the stock options from 2006 and 2007, proportionate costs for three months respectively were recorded.

(32) Related party disclosures

Board of Directors
The members of the Board of Directors also receive, along with their fixed compensation and the performance-related variable compensation, options deriving from the Baader Bank AG stock option plan. In financial year 2009, no new stock options have been issued to date for financial year 2008. The following table shows changes to the stock options of members of the Board of Directors for the 2001 to 2007 financial years.

	2007	2006	2005	2004	2003	2002	2001	Total
Options granted (shares)	64,250	63,750	75,000	75,000	103,000	170,000	172,000	723,000
Exercise price (EUR)	3.75	5.32	6.02	2.34	2.96	1.12	2.14	-
Options forfeited	12,850	3,750	0	0	0	19,000	58,000	93,600
Options exercised	0	0	0	37,500	103,000	151,000	114,000	405,500
Options outstanding	**51,400**	**60,000**	**75,000**	**37,500**	**0**	**0**	**0**	**223,900**
Exercisable options	**0**	**0**	**75,000**	**37,500**	**0**	**0**	**0**	**112,500**
Residual term (in months)	**73**	61	50	38	26	13	1	-

In the period under review, no transactions by the members of the Board of Directors exceeding the yearly exemption of EUR 5,000.00 requiring reporting and publication in accordance with Section 15a of the *Wertpapierhandelsgesetz* (WpHG – German Securities Trading Act) were executed.

Supervisory Board
The members of the Supervisory Board do not receive any stock options or other share-based compensation for their Supervisory Board activities. If employee representatives in the Supervisory Board receive stock options under the conditions of the stock option plans approved by the Annual General Meetings, these benefits are the result of their position as employees of Baader Bank AG and are independent of their work for the Supervisory Board.

In financial year 2009, no new stock options have been issued to date for financial year 2008. The following table shows changes in the stock options of employee representatives in the Supervisory Board for financial years 2001 to 2007.

	2007	2006	2005	2004	2003	2002	2001	Total
Options granted (shares)	2.550	2.760	2.400	2.640	5.000	9.600	4.800	29.750
Exercise price (EUR)	3,75	5,32	6,02	2,34	2,96	1,12	2,14	-
Options forfeited	0	0	0	0	0	0	0	0
Options exercised	0	0	0	1.320	5.000	9.600	4.800	20.720
Options outstanding	**2.550**	**2.760**	**2.400**	**1.320**	**0**	**0**	**0**	**9.030**
Exercisable options	**0**	**0**	**2.400**	**1.320**	**0**	**0**	**0**	**3.720**
Residual term (in months)	73	61	50	38	26	13	1	-

In the period under review, no transactions by the members of the Supervisory Board exceeding the yearly exemption of EUR 5,000.00 requiring reporting and publication in accordance with Section 15a of the WpHG were executed.

Majority ownership of Baader Bank AG lies with Baader Beteiligungs GmbH, Munich. No transactions were conducted between the two companies in the period under review.

Unterschleissheim, 23 April 2009
Baader Bank AG
The Board of Directors

Uto Baader; Dieter Brichmann
Stefan Hock, Dieter Silmen

Responsibility Statement

“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 Group management report 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 in the remaining months of the financial year.”

Unterschleissheim, 23 April 2009
Baader Bank AG
The Board of Directors

Uto Baader, Dieter Brichmann
Stefan Hock, Dieter Silmen

Review Report

To Baader Bank AG, Unterschleissheim (Germany)

We reviewed the condensed interim consolidated financial statements – comprising the condensed balance sheet, condensed income statement, condensed cash flow statement, statement of changes in equity, and selected explanatory notes – and the interim group management report of Baader Bank AG, Unterschleissheim, for the period from 1 January to 31 March, 2008, which are part of the quarterly financial report pursuant to Section 37w of the WpHG (German Securities Trading Act). The preparation of the condensed interim consolidated financial statements in accordance with the International Financial Reporting Standards (IFRSs) applicable to interim financial reporting as adopted by the EU and of the interim group management report in accordance with the provisions of the German Securities Trading Act applicable to interim group management reports is the responsibility of the Company's Board of Directors. Our responsibility is to issue a review report on the condensed interim consolidated financial statements and on the interim group management report based on our review.

We conducted our review of the condensed interim consolidated financial statements and the interim group management report in accordance with German generally accepted standards for the review of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW). Those standards require that we plan and perform the review so that we can preclude through critical evaluation, with moderate assurance, that the condensed interim consolidated financial statements have not been prepared, in all material respects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU and that the interim group management report has not been prepared, in all material respects, in accordance with the provisions of the German Securities Trading Act applicable to interim group management reports. A review is limited primarily to inquiries of company personnel and analytical procedures and therefore does not provide the assurance attainable in a financial statement audit. Since, in accordance with our engagement, we have not performed a financial statement audit, we cannot express an audit opinion.

Based on our review, no matters have come to our attention that cause us to presume that the condensed interim consolidated financial statements have not been prepared, in all material respects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU or that the interim group management report has not been prepared, in all material respects, in accordance with the provisions of the German Securities Trading Act applicable to interim group management reports.

Bremen, 23 April 2009

Clostermann & Jasper Partnerschaft
Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft

Jasper (Auditor)	Clostermann (Auditor)

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