BAADER

Semi – Annual – Report as at 30 June 2009

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1. Business and framework conditions

Although the international economic crisis continued to determine the performance of financial markets in a significant fashion during the second quarter, a recovery – in some cases a substantial one – set in on the stock markets. Thus, on 30 June 2009 the DAX traded at 4,808.6 points, 17.8% up on the end of the first quarter. The DAX thus made up for its losses of the first three months, in which it slumped to 3,666.4 points, and ended the second quarter of 2009 at almost exactly the level at which it closed the previous year (down 0.03%).

The small caps indices MDAX and SDAX also compensated for their declines in the first quarter, climbing 2.7% in the first half of the year to 5,754.0 and 3.7% to 2,904.8 points compared to the close of the previous year respectively.

The TecDAX, which had already ended the first quarter down by a mere 5.6%, was trading at 626.9 points as at 30 June 2009 and thus 23.3% above the previous year's close. The average current yield as calculated by Deutsche Bundesbank declined from 3.21% to 3.11% in the first half of the year.

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 and a recovery which started in March, the Dow Jones STOXX 50 climbed to 2,401.7 points again – almost the level of its 2008 close (down 1.9%) – as at the end of the reporting period.

Although the performance on North American markets was similar to that in Europe, the Dow Jones Industrial Average made a somewhat less significant recovery than its European counterparts. The leading US index closed the quarter 4.4% down, while the S&P 500 recorded a slight increase of 1.1%. By contrast, the NASDAQ 100, which had already recorded positive performance in the first quarter, continued its strong upward trend, ending the second quarter with an increase of 21.1% over the course of the year (each on a euro basis).

Parallel to the European and American indices, the Japanese NIKKEI 225 index also continued the recovery it started in mid-March, ending the first six months of the year up 5.9%.

The Hang Seng index in Hong Kong staged a more significant recovery, recording growth of 28.9% in the first six months.

The stock exchanges in Brazil (BOVESPA stock index, up 63.9%), Russia (Russian RTS index, up 55.1%) and China (Shanghai SEB index, up 70.4%), which had already made gains in the first quarter, recorded further growth against the 2008 close as at 30 June 2009.

2. Results of operations

Despite persisting uncertainties brought about by the economic crisis, the market environment relevant to Baader Bank AG staged a recovery in the second quarter of the current year. The Group thus quadrupled its pre-tax earnings compared to the first quarter of 2009. At the end of the first half of the year, profit from ordinary activities amounted to EUR 10,560 thousand (previous year: EUR 5,666 thousand), almost doubling. Post-tax profit increased by 43.2% to EUR 8,972 thousand (previous year: EUR 6,264 thousand).

The Bank's broad position, financial soundness and extensive trader expertise enabled it not only to limit the effects of the economic crisis to date but, above all, to win further market share in the off-exchange agency business. While net fee and commission income declined slightly against the previous year to EUR 17,330 thousand (previous year: EUR 18,885 thousand) chiefly due to modified market models and settlement terms, net trading income soared by 47% to EUR 37,714 thousand (previous year: EUR 25,650 thousand).

In the first half of 2009, administrative expenses climbed by EUR 5,066 thousand (12.3%) year-on-year to EUR 46,116 thousand. EUR 2,597 thousand of this amount is attributable to the inclusion of N.M. Fleischhacker AG. In particular, the variable remuneration components reported under staff costs also rose by EUR 3,511 thousand, while other administrative expenses and depreciation of property and equipment and amortisation of intangible assets (excluding N.M. Fleischhacker AG) even underwent a slight decline compared to the previous year.

At EUR 1,476 thousand, other net operating income contributed to the positive overall income situation. 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 2,372 thousand are primarily a result of the addition for impairment allowance purposes of shares in a convertible bond of Parsoli Corporation Ltd., Mumbai, India, and recognised as a receivable. In order to take account of uncertainties regarding the further development of the company, the bad loan charge ratio was raised to 75% and write-downs totalling EUR 2,081 thousand were charged in the half-year reporting period.

3. Net assets

As at 30 June 2009, total assets in the amount of EUR 365,457 thousand remained almost unchanged 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 declined, which also led to a drop in loans and advances to other banks. The decrease in available-for-sale financial instruments is primarily attributable to sales.

In the second quarter, *Schuldschein* note loans in the amount of EUR 30,000 thousand were issued in the course of establishing the new Treasury segment. The *Schuldschein* note loans taken up total EUR 82,000 thousand and are invested exclusively in liquid bonds from issuers with good credit ratings.

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. 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.

As at 30 June 2009, the Group recorded equity of EUR 170,032 thousand (31 December 2008: EUR 160,217 thousand), resulting in an equity ratio of 46.5%.

4. Financial position

As at 30 June 2009, current liabilities amounting to EUR 64,650 thousand were offset against current receivables and available-for-sale negotiable securities in the amount of EUR 239,498 thousand. This results in a net balance-sheet liquidity surplus of EUR 174,848 thousand. The Group's liquidity was guaranteed at all times during the period under review.

5. Supplemental report

On 3 July 2009, the Annual General Meeting of Baader Bank AG approved the direct control and profit transfer agreement concluded with the wholly-owned subsidiary N.M. Fleischhacker AG (NMF) on 21 April 2009. The contract thus came into effect.

The Annual General Meeting also resolved to distribute 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.

By way of the contract dated 8 July 2009 and with effect from 1 July 2009, Baader Bank AG and Baader & Heins Capital Management AG acquired a total of 91% of the limited partner shares in KA.DE.GE Kapital.Devisen.Geld Vermittlungsgesellschaft mbH & Co. KG Finanzberatung. Baader & Heins Capital Management AG also acquired a 100% interest in KA.DE.GE Kapital.Devisen.Geld Vermittlungsgesellschaft mbH, which acts as general partner in the limited partnership.

The objective of both companies is to act as brokers in money market, capital market and foreign exchange transactions in Germany and other countries and as consultants for financing matters of all kinds.

The acquisition of these two companies further expands the brokerage business for *Schuldschein* note loans previously operated for the Group by Baader & Heins Capital Management AG and extends it to include money trading.

6. Risk report

Principles of risk management

In spite of the financial market crisis, which has led to immense share price declines across stock exchanges throughout the world, Baader is showing that it is able to generate income despite rapidly falling markets thanks to its current business orientation and its highly efficient risk and crisis management. Even though the financial markets stabilised again in the second quarter of 2009, it cannot be said that the crisis is at an end. Particularly in these times, 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 a material 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 results 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, Baader Bank AG 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 30 June 2009:

	1	2	3	4	5	6	7
	Total credit exposure EUR million	Drawdowns EUR million	Overdrafts incl. SLLP EUR million	Total utilisation in EUR million (2+3)	Utilised loan commitment s EUR million (1-2)	Evaluated collateral EUR million	Allowanc e for losses EUR million
Private customers	20.72	6.85	3.32	10.17	13.87	19.40	2.54
of which employees	*1.25*	*0.84*	*0*	*0.84*	*0.41*	*0.00*	*0.00*
Corporate customers	1.68	0.38	1.98	2.36	1.30	4.10	0.55
TOTAL	22.40	7.23	5.30	12.53	15.17	23.50	3.09

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 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 S*chuldschein* 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 at the same time, 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 in the Treasury portfolio 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 30 June 2009, the following risk positions with the following fair values were held in EUR million in the trading book:

CASH MARKET		**FORWARD MARKET**	
Equities	13.12	Options	-0.70
Bonds	109.31	Futures	-4.93
Funds, index and funds-linked certificates	9.09	Swaps	0.56
Securitised derivatives	2.16		

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	**Q2 2009**	**2008**	**2007**	**2006**	**2005**	**2004**
VaR at the end of the reporting period	1.51	2.59	1.32	0.78	0.83	0.74
Minimum VaR	1.47	1.05	1.11	0.68	0.51	0.70
Maximum VaR	3.88	2.79	2.73	2.84	1.46	1.73
Average VaR	2.44	1.56	1.36	1.19	0.84	1.04

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 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 second quarter of 2009, five losses totalling EUR 47 thousand were reported.

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.

N. M. Fleischhacker AG:
N. M. Fleischhacker AG was integrated into Baader Bank AG's Group risk control as of 30 June 2009.

7. Outlook

In the second quarter of 2009, Baader Bank AG maintained its position as a leading specialist in securities trading in Germany. After the Stock Exchange Council of Frankfurt Stock Exchange called for a reform of equity trading, it is to be expected in the medium term that future specialists (formerly: providers of specialist activities) will be confronted with high demands in terms of equity base and IT equipment. In terms of these two factors, Baader Bank AG considers itself well equipped to fulfil the requirements of the stock exchange. According to the *Frankfurter Allgemeine Zeitung* of 1 July 2009, larger trading houses are more likely to be able to "meet the demands that Deutsche Börse may make as regards equity backing, IT standards and risk control". In the view of *Handelsblatt* on 2 July 2009, Baader has "assumed a leading role" in this context over the last few years.

In the course of the strategy that the Bank has been pursuing for many years, i.e. offering services supplementing or relating to securities trading and thus generating new income fields, the envisaged integration of Baader Service Bank GmbH into Baader Bank AG has been completed within the Group. 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 business areas previously covered by Baader Service Bank. The merger means that the services previously offered by two institutions have been bundled into a financially sound and efficient banking unit. At the same time, the equity base for the business operated by Baader Service Bank was 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 economic crisis is continuing to have a substantial impact on the capital markets. Furthermore, it is also a matter of course that both the Board of Directors as well as the Bank's Risk Control department vigorously monitor 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 still 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 economic 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 in 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. The aforementioned plans of the Frankfurt Stock Exchange to reform equity trading will also play a role here. According to *Handelsblatt* (2 July 2009), the number of specialists will "probably more than halve" by the time the system is changed "in three years at the earliest". The Bank's broad positioning and its equity strength mean that it is well prepared to shape this trend in an active fashion. The Bank thus sees this as an opportunity to emerge strengthened from the economic crisis.

Baader Bank AG expects that the uncertainty on the markets will continue over the next few months despite the recovery in the second quarter. 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, exchange and off-exchange bond trading continues to benefit from the uncertain market situation, although the return difference between risk-free bonds and those threatened by default (credit spreads) has declined. However, thanks to reliable setting of bid and ask prices at the height of the economic crisis in October of last year new customers were gained who continue to be loyal to Baader Bank AG. The Bank also sees a good outlook for trading with securitised derivatives in the current phase on the markets.

The competitive and price pressure affecting the issue business is likely to continue. Baader Bank AG 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.

The results for the period under review enabled Baader Bank AG to participate in the sharp upturn on the world's stock exchanges to an appropriate extent. For this reason, results improved significantly compared to the previous year. However, despite the good second quarter overall, the Bank continues to expect that 2009 will be an uncertain year for markets, as, from the current perspective, a possible setback on the markets is to be expected owing to the significant increase in the indices in the second quarter. Given the substantial structural imbalances remaining in sections of the global economy and the large role that governments have played in the recovery of demand, Baader Bank AG considers further adjustment in major economies to be necessary in the short to medium term, which may dampen economic recovery and thus expectations and ultimately stock market performance.

The international financial markets and – to an even greater extent in the future – the real economy and the employment market will have to contend with the consequences of the economic crisis coming into 2010. Nevertheless, based on the increase in earnings in the second quarter, Baader Bank AG has taken a major step towards exceeding the previous year's results in 2009.

Unterschleissheim, 31 July 2009
Baader Bank AG
The Board of Directors

Uto Baader	Nico Baader	Dieter Brichmann
Stefan Hock	Dieter Silmen	

II. Interim Consolidated Financial Statements

1. Consolidated balance sheet (condensed) as at 30 June 2009

ASSETS	Notes	30 Jun. 2009 EUR	31 Dec. 2008 EUR thousand
1. Cash reserve	(4)	842,294.29	1,221
2. Loans and advances to other banks	(5)	78,025,829.23	166,016
3. Loans and advances to customers	(5)	17,725,622.51	23,661
4. Allowance for losses on loans and advances	(5)	-3,200,810.52	-3,095
5. Assets held for trading	(6)	143,102,749.37	42,292
6. Available-for-sale financial instruments	(7)	9,094,707.73	12,879
7. Equity-accounted investments	(8)	14,489,644.20	16,634
8. Property and equipment	(9)	19,415,413.81	19,980
9. Intangible assets	(10)	23,699,858.59	20,834
10. Goodwill	(10)	24,785,055.44	24,785
11. Income tax assets	(11)	11,929,334.31	11,806
12. Other assets	(12)	4,378,533.50	6,965
13. Deferred tax assets	(11)	21,168,962.48	21,021
Total assets		365,457,194.94	364,999

EQUITY AND LIABILITIES	Notes	30 Jun. 2009 EUR	31 Dec. 2008 EUR thousand
1. Deposits from other banks	(13)	16,231,369.32	31,834
2. Amounts due to customers	(13)	136,694,735.45	98,111
3. Liabilities held for trading	(14)	6,703,100.36	38,890
4. Provisions	(15)	11,351,721.82	11,436
5. Income tax liabilities	(16)	1,807,958.83	1,287
6. Other liabilities	(17)	16,952,668.42	18,997
7. Deferred tax liabilities	(16)	5,683,465.31	4,227
8. Shareholders' equity	(18)	170,032,175.44	160,217
Total liabilities and shareholders' equity		365,457,194.95	364,999

2. Consolidated income statement (cumulative) for the period from 1 January 2009 to 30 June 2009

INCOME STATEMENT	Notes	EUR	1 Jan. - 30 Jun. 2009 EUR	1 Jan. - 30 Jun. 2008 EUR thousand
1. Interest income	**(19)**	2,704,328.50		1,687
2. Interest expense	**(19)**	-1,824,280.51		-983
3. Net interest income	**(19)**		880,047.99	704
4. Allowance for losses on loans and advances	**(20)**		-236,546.83	-10
5. Net interest income after allowance for losses on loans and advances			643,501.16	694
6. Fee and commission income	**(21)**	26,904,893.79		26,930
7. Fee and commission expense	**(21)**	-9,575,351.50		-8,045
8. Net fee and commission income	**(21)**		17,329,542.29	18,885
9. Net trading income	**(22)**		37,713,686.05	25,650
10. Net expense/income from available-for-sale financial instruments	**(23)**		-456,364.08	203
11. Net expense/income from equity-accounted investments	**(24)**		-31,169.54	452
12. Administrative expenses	**(25)**		-46,115,588.34	-41,050
13. Profit from operations			9,083,607.54	4,834
14. Other operating income	**(26)**		3,847,974.64	1,073
15. Other operating expenses	**(26)**		-2,371,609.84	-241
16. Profit from ordinary activities			10,559,972.34	5,666
17. Income tax on profit from ordinary activities	**(27)**		-1,279,722.24	662
18. Net profit for the period before minority interests			9,280,250.10	6,328
19. Minority interest in net profit			-308,498.08	-64
20. Net profit for the period			8,971,752.02	6,264
21. Accumulated income/loss brought forward			8,601,347.03	381
22. Consolidated net profit			17,573,099.05	6,645

	1 Jan. - 30 Jun. 2009 EUR	1 Jan. - 30 Jun. 2008 EUR
Basic earnings per share	0.20	0.14

Diluted earnings per share also amount to EUR 0.19. Diluted earnings per share are affected by 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 diluted earnings per share.

3. Consolidated income statement (per quarter)
for the period from 1 January 2009 to 30 June 2009

INCOME STATEMENT	II/2009 EUR thousand	I/2009 EUR thousand	II/2008 EUR thousand	I/2008 EUR thousand
1. Net interest income	752	128	373	331
2. Allowance for losses on loans and advances	-93	-143	1	-11
3. Net interest income/expense after allowance for losses on loans and advances	659	-15	374	320
4. Net fee and commission income	8,746	8,583	8,753	10,132
5. Net trading income	23,299	14,415	9,599	16,051
6. Net expense/income from available-for-sale financial instruments	-419	-37	69	134
7. Net expense/income from equity-accounted investments	-7	-24	480	-28
8. Administrative expenses	-23,984	-22,132	-19,483	-21,567
9. Profit/loss from operations	8,294	790	-208	5,042
10. Other operating income	348	3,500	676	397
11. Other operating expenses	-706	-1,666	-152	-89
12. Profit from ordinary activities	7,936	2,624	316	5,350
13. Income tax on profit from ordinary activities	-975	-305	193	469
14. Net profit for the period before minority interests	6,961	2,319	509	5,819
15. Minority interest in net profit	-73	-235	-8	-56
16. Net profit for the period	6,888	2,084	501	5,763

4. Consolidated statement of comprehensive income (cumulative)
for the period from 1 January 2009 to 30 June 2009

STATEMENT OF COMPREHENSIVE INCOME	EUR	1 Jan. - 30 Jun. 2009 EUR	1 Jan. - 30 Jun. 2008 EUR thousand
1. Consolidated net profit for the period before minority interests		9,280,250.10	6,328
Other comprehensive income			
2. Change to the currency translation reserve	-21,448.13		2
3. Remeasurement of available-for-sale financial assets	391,946.21		-2,784
4. Income tax on other comprehensive income	13,089.45		-36
5. Other comprehensive income		383,587.53	-2,818
6. Comprehensive income before minority interests		9,663,837.63	3,510
7. Minority interest in comprehensive income		-312,144.81	-64
8. Comprehensive income		9,351,692.82	3,446

5. Consolidated statement of comprehensive income (per quarter) for the period from 1 January 2009 to 30 June 2009

STATEMENT OF COMPREHENSIVE INCOME	II/2009 EUR thousand	I/2009 EUR thousand	II/2008 EUR thousand	I/2008 EUR thousand
1. Consolidated net profit for the period before minority interests	6,961	2,319	509	5,819
Other comprehensive income				
2. Change to the currency translation reserve	-6	-15	-7	9
3. Remeasurement of available-for-sale financial assets	331	61	-945	-1,839
4. Income tax on other comprehensive income	-3	16	-21	-15
5. Other comprehensive income	322	62	-973	-1,845
6. Comprehensive income before minority interests	7,283	2,381	-464	3,974
7. Minority interest in comprehensive income	-76	-236	-8	-56
8. Comprehensive income	7,207	2,145	-472	3,918

6. Statement of changes in equity

in EUR thousand	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**
ted net profit for the period						6,264	6,264		6,264
Appropriation to retained earnings			21,000			-21,000	0		0
Gains/losses							0	64	64
Net change to remeasurement reserve				-2,820			-2,820		-2,820
Net change to foreign currency rate reserve					2		2		2
Comprehensive net profit/loss for the period to 30 June 2008	**0**	**0**	**21,000**	**-2,820**	**2**	**-14,736**	**3,446**	**64**	**3,510**
Adjustment of own shares	20	271					291		291
Dividend						-11,381	-11,381		-11,381
Changes in consolidated companies/other changes		-189					-189	-106	-295
IAS equity as at 30 June 2008	**45,523**	**60,986**	**43,496**	**-1,593**	**-8**	**6,257**	**154,661**	**1,366**	**156,027**
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						8,972	8,972		8,972
Appropriation to retained earnings			0			0	0		0
Gains/losses				0			0	308	308
Net change to remeasurement reserve				401			401	4	405
Net change to foreign currency rate reserve					-22		-22		-22
Comprehensive net profit/loss for the period to 30 June 2009	**0**	**0**	**0**	**401**	**-22**	**8,972**	**9,351**	**312**	**9,663**
Adjustment of own shares	-70	222					152		152
Dividend							0		0
Changes in consolidated companies/other changes							0		0
IAS equity as at 30 June 2009	**45,365**	**61,060**	**43,496**	**760**	**31**	**17,573**	**168,285**	**1,747**	**170,032**

7. Cash flow statement (condensed) for the period from 1 January 2009 to 30 June 2009

		1 Jan.- 30 Jun. 2009 EUR thousand	1 Jan.- 30 Jun. 2008 EUR thousand
1.	**Net profit for the period (including minority interest in net profit)**	**9,280**	**6,264**
2.	Non-cash items contained in net result for the period and reconciliation to net cash from operating activities	2,656	1,462
3.	**Subtotal**	**11,936**	**7,726**
4.	Changes to assets and liabilities from operating activities	-3,811	41,615
5.	**Net cash from operating activities**	**8,125**	**49,341**
6.	**Net cash used in investing activities**	**-8,521**	**-41,190**
7.	**Net cash used in financing activities**	**-125**	**-11,329**
8.	Net change in cash and cash equivalents	-521	-3,177
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**	**842**	**96**

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 purchase price paid in cash (EUR 7,818 thousand) is part of the cash flow used in investing 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.

8. Notes (condensed)

ACCOUNTING POLICIES

(1) Reporting principles

The interim financial statements of Baader Bank AG as at 30 June 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 30 June 2009 changed compared with the consolidated financial statements as at 31 December 2008. In addition to the parent company Baader Bank AG, six subsidiaries in which Baader Bank AG holds a direct or indirect interest of more than 50% or over which it exercises a controlling influence are included in the consolidated financial statements. Of these companies, five 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, which was fully paid in cash. 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 were 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 previously recognised 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 commodities 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	**Adjustments**	**Fair value**
	EUR thousand	**EUR thousand**	**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 half of the year, NMF generated a loss of EUR 235 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.

The Baader Service Bank GmbH subsidiary was merged with Baader Bank AG retroactively to 1 January 2009 through entry in the commercial register on 7 May 2009. The company is thus no longer included in the scope of consolidation.

With effect from 1 July 2009, Baader Bank AG and Baader & Heins Capital Management AG acquired a 91% interest in KA.DE.GE Kapital.Devisen.Geld Vermittlungsgesellschaft mbH & Co. KG Finanzberatung as limited partners. With effect from 1 July 2009, Baader & Heins Capital Management AG also holds a 100% interest in KA.DE.GE Kapital.Devisen.Geld Vermittlungsgesellschaft mbH, which acts as a general partner but does not have an equity interest in the limited partnership. The purchase prices of the shares in the limited partnership and the GmbH (German limited liability company) were EUR 846 thousand and EUR 70 thousand respectively. The purchase prices were settled in cash after the reporting date.

The purchase price for the GmbH shares corresponds to the equity of the company at the time of acquisition. The pro rata portion of limited partner's capital in the limited partnership attributable to the Baader companies at the time of acquisition amounts to EUR 390 thousand; EUR 456 thousand is thus attributable to the premium. No significant hidden reserves and/or hidden charges are identifiable in previously recognised or acquired assets. Therefore, the premium paid is fully attributable to goodwill. This goodwill represents the business relationships of the acquired company, which do not meet the requirements for an identifiable asset in accordance with IFRS 3.

Full interim financial statements to 30 June 2009 were not available for the two companies at the time of preparing the financial statements. In light of this, disclosing the IFRS carrying amounts and the amounts recognised for each class of the two companies' assets and liabilities as part of first-time consolidation is not practicably possible at present.

Two companies (previous year: 4) and interests in two special funds (previous year: 2) were included in the consolidated financial statements as at 30 June 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 items. 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	30 Jun. 2009 EUR thousand	31 Dec. 2008 EUR thousand	Change in %
Cash in hand	0	0	0.0
Deposits with Deutsche Bundesbank	842	1,221	-31.0
Total	**842**	**1,221**	**-31.0**

(5) LOANS AND ADVANCES	30 Jun. 2009 EUR thousand	31 Dec. 2008 EUR thousand	Change in %
Loans and advances to other banks	**78,026**	**166,016**	**-53.0**
- payable on demand	75,071	162,641	-53.8
- other loans and advances	2,955	3,375	-12.4
Loans and advances to customers	**17,726**	**23,661**	**-25.1**
Allowance for losses on loans and advances	**-3,201**	**-3,095**	**3.4**
Total	**92,551**	**186,582**	**-50.4**

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	30 Jun. 2009 EUR thousand	31 Dec. 2008 EUR thousand	Change in %
Bonds and other fixed-interest securities	110,899	12,565	>100.0
Equities and other non-fixed-interest securities	32,134	29,719	8.1
Positive fair values of derivatives	70	8	>100.0
Total	**143,103**	**42,292**	**>100.0**

(7) AVAILABLE-FOR-SALE FINANCIAL INSTRUMENTS	30 Jun. 2009 EUR thousand	31 Dec. 2008 EUR thousand	Change in %
Equity investments	2,431	1,140	>100.0
Equities and other non-fixed-interest securities	3,661	11,298	-67.6
Bonds and debt securities	3,003	441	>100.0
Total	**9,095**	**12,879**	**-29.4**

(8) EQUITY-ACCOUNTED INVESTMENTS	30 Jun. 2009 EUR thousand	31 Dec. 2008 EUR thousand	Change in %
Associates	4,969	6,400	-22.4
Fund units	9,521	10,234	-7.0
Total	**14,490**	**16,634**	**-12.9**

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). Owing to the current uncertainties regarding the future development of Parsoli Corporation Ltd. and the insufficient amount of information available, until further notice the investment will be measured using the most recently determined equity value.

(9) PROPERTY AND EQUIPMENT	30 Jun. 2009 EUR thousand	31 Dec. 2008 EUR thousand	Change in %
Operating and office equipment	1,372	1,511	-9.2
Land and buildings	18,043	18,469	-2.3
Total	**19,415**	**19,980**	**-2.8**

(10) INTANGIBLE ASSETS AND GOODWILL	30 Jun. 2009 EUR thousand	31 Dec. 2008 EUR thousand	Change in %
Software	4,495	4,656	-3.5
Order books	17,581	14,433	21.8
Trading strategies	1,624	1,745	-6.9
Goodwill	24,785	24,785	0.0
Total	**48,485**	**45,619**	**6.3**

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 4,275 thousand as at 30 June 2009.

(11) INCOME TAX ASSETS AND DEFERRED TAX ASSETS	30 Jun. 2009 EUR thousand	31 Dec. 2008 EUR thousand	Change in %
Tax assets from actual overpayment of taxes	11,929	11,806	1.0
Deferred tax assets	21,169	21,021	0.7
Total	**33,098**	**32,827**	**0.8**

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 30 June 2009 amounted to EUR 18,570 thousand. The utilisation of EUR 1,254 thousand was recognised as income tax expense in the income statement.

Baader Service Bank GmbH was merged with Baader Bank AG retroactively to 1 January 2009. The merger resulted in tax deductible goodwill in the amount of EUR 5,000 thousand to be backdated to 31 December 2008 in the tax accounts. This will be written down in the tax accounts over 15 years from 1 January 2009 and amounts to EUR 4,833 thousand at 30 June 2009. Deferred tax assets must be recognised for this temporary difference between the carrying amounts in the IFRS balance sheet (no recognition) and the tax accounts (goodwill). At a tax rate of 29.28%, these amounted to EUR 1,415 thousand as at 30 June 2009.

(12) OTHER ASSETS	**30 Jun. 2009 EUR thousand**	**31 Dec. 2008 EUR thousand**	Change in %
Other assets	3,269	6,301	-48.1
Prepaid expenses	1,110	664	67.2
Total	**4,379**	**6,965**	**-37.1**

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 1,240 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 3,719 thousand for the convertible bond recognised as a receivable. This reflects the current uncertainties regarding the position of the company and its future development.

(13) LIABILITIES	**30 Jun. 2009 EUR thousand**	**31 Dec. 2008 EUR thousand**	Change in %
Deposits from other banks	**16,231**	**31,834**	**-49.0**
- payable on demand	4,179	19,464	-78.5
- with agreed maturity	12,052	12,370	-2.6
Amounts due to customers	**136,695**	**98,111**	**39.3**
- payable on demand	53,431	76,991	-30.6
- with agreed maturity	83,264	21,120	>100.0
Total	**152,926**	**129,945**	**17.7**

The deposits from 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, the item 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	30 Jun. 2009 EUR thousand	31 Dec. 2008 EUR thousand	Change in %
Delivery commitments arising from short sales of securities	6,633	38,337	-82.7
Negative fair values of derivatives	70	553	-87.3
Total	**6,703**	**38,890**	**-82.8**

(15) PROVISIONS	30 Jun. 2009 EUR thousand	31 Dec. 2008 EUR thousand	Change in %
Provisions for pensions	9,585	9,290	3.2
Other provisions	1,767	2,146	-17.7
Total	**11,352**	**11,436**	**-0.7**

(16) INCOME TAX LIABILITIES AND DEFERRED TAX LIABILITIES	30 Jun. 2009 EUR thousand	31 Dec. 2008 EUR thousand	Change in %
Outstanding actual tax payments	1,808	1,287	40.5
Deferred tax liabilities	5,683	4,227	34.4
Total	**7,491**	**5,514**	**35.9**

(17) OTHER LIABILITIES	30 Jun. 2009 EUR thousand	31 Dec. 2008 EUR thousand	Change in %
Other liabilities	16,953	18,997	-10.8
Total	**16,953**	**18,997**	**-10.8**

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

(18) SHAREHOLDERS’ EQUITY	30 Jun. 2009 EUR thousand	31 Dec. 2008 EUR thousand	Change in %
a) Issued capital	45,365	45,435	-0.2
b) Share premium	61,059	60,838	0.4
c) Retained earnings	43,496	43,496	0.0
d) Remeasurement reserve	761	359	>100.0
e) Currency translation reserve	31	53	-41.5
f) Consolidated net profit	17,573	8,601	>100.0
Total before minority interests	**168,285**	**158,782**	**6.0**
Minority interest	1,747	1,435	21.7
Total	**170,032**	**160,217**	**6.1**

The issued capital (share capital) on 30 June 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 30 June 2009	**45,908,682**
Less: treasury shares held at the reporting date	543,695
Number of shares outstanding at 30 June 2009	**45,364,987**

At the Annual General Meeting on 3 July 2009, the Supervisory Board and the Board of Directors proposed 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. The Annual General Meeting approved the proposal with a majority.

NOTES TO THE CONSOLIDATED INCOME STATEMENT

(19) NET INTEREST INCOME	1 Jan.-30 Jun. 2009 EUR thousand	1 Jan.-30 Jun. 2008 EUR thousand	Change in %
Interest income from	**2,704**	**1,687**	**60.3**
- lending and money market transactions	882	1,413	-37.6
- fixed-interest securities	1,822	274	>100.0
Interest expense	**-1,824**	**-983**	**85.6**
Total	**880**	**704**	**25.0**

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

(20) ALLOWANCE FOR LOSSES ON LOANS AND ADVANCES	1 Jan.-30 Jun. 2009 EUR thousand	1 Jan.-30 Jun. 2008 EUR thousand	Change in %
Additions to allowance	-236	0	>100.0
Reversals	13	0	>100.0
Write-downs	-14	-10	40.0
Total	**-237**	**-10**	**>100.0**

(21) NET FEE AND COMMISSION INCOME	1 Jan.-30 Jun. 2009 EUR thousand	1 Jan.-30 Jun. 2008 EUR thousand	Change in %
Fee and commission income	**26,905**	**26,930**	**-0.1**
- Brokerage fee income	14,207	19,507	-27.2
- Order routing	2,105	2,716	-22.5
- Capital market services	269	276	-2.5
- Brokerage of *Schuldschein* note loans	3,898	1,465	>100.0
- Brokerage commissions	196	259	-24.3
- Management and performance fees	6,108	2,649	>100.0
- Other fee and commission income	122	58	>100.0
Fee and commission expense	**-9,575**	**-8,045**	**19.0**
- Brokerage fee expenses	-1,622	-1,097	47.9
- Order routing	-307	-818	-62.5
- Brokerage commissions	-2,621	-279	>100.0
- Management and performance fees	-1,670	-451	>100.0
- Settlement fees	-2,972	-4,509	-34.1
- Other fee and commission expense	-383	-891	-57.0
Total	**17,330**	**18,885**	**-8.2**

(22) NET TRADING INCOME	1 Jan.-30 Jun. 2009	1 Jan.-30 Jun. 2008	Change
	EUR thousand	EUR thousand	in %
Securities trading	**37,734**	**25,900**	**45.7**
- Dividends	252	291	-13.4
- Securities	28,354	13,322	>100.0
- Options and futures	596	2,219	-73.1
- Price differences	8,532	10,068	-15.3
Foreign currencies	**-20**	**-250**	-92.0
Total	**37,714**	**25,650**	**47.0**

(23) NET EXPENSE/INCOME FROM AVAILABLE-FOR-SALE FINANCIAL INSTRUMENTS	1 Jan.-30 Jun. 2009	1 Jan.-30 Jun. 2008	Change
	EUR thousand	EUR thousand	in %
Dividend income	**85**	**233**	**-63.5**
- Fixed-interest securities	0	0	0.0
- Equities/other non-fixed-interest securities	85	233	-63.5
- Equity investments	0	0	0.0
Gain/loss on the disposal of available-for-sale financial instruments	**-91**	**-30**	>100.0
- Fixed-interest securities	0	3	-100.0
- Equities/other non-fixed-interest securities	0	-33	>100.0
- Equity investments	-91	0	>100.0
Write-downs	**-450**	**0**	**>100.0**
- Write-downs	-450	0	>100.0
Total	**-456**	**203**	**-**

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.-30 Jun. 2009	1 Jan.-30 Jun. 2008	Change
	EUR thousand	EUR thousand	in %
Dividend/share of net income	-31	452	-
Goodwill amortisation	0	0	0.0
Total	**-31**	**452**	**-**

The dividend/share of net income item is composed of the proportionate expense of equity-accounted shares in companies amounting to EUR -105 thousand as well as the proportionate profit from funds (EUR 74 thousand).

(25) ADMINISTRATIVE EXPENSES	1 Jan.-30 Jun. 2009	1 Jan.-30 Jun. 2008	Change
	EUR thousand	EUR thousand	in %
Staff costs	-27,046	-22,996	17.6
Other administrative expenses	-15,935	-14,703	8.4
Amortisation and write-downs of intangible assets and depreciation and write-downs of property and equipment	-3,135	-3,351	-6.4
Total	**-46,116**	**-41,050**	**12.3**

(26) OTHER OPERATING INCOME AND EXPENSES	1 Jan.-30 Jun. 2009	1 Jan.-30 Jun. 2008	Change
	EUR thousand	EUR thousand	in %
Other operating income	3,848	1,073	>100.0
Other operating expenses	-2,372	-241	>100.0
Total	**1,476**	**832**	**77.4**

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 operating expenses in the income statement following another examination in accordance with IFRS 3. Other operating expenses are primarily a result of the addition for impairment of the Parsoli Corporation Ltd. convertible bond in the amount of EUR 2,081 thousand, recognised as a receivable under the other assets item.

(27) INCOME TAXES	1 Jan.-30 Jun. 2009	1 Jan.-30 Jun. 2008	Change
	EUR thousand	EUR thousand	in %
Actual tax expense	-1,322	-267	>100.0
Deferred taxes	42	929	-95.5
Total	**-1,280**	**662**	**-**

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 3,092 thousand. The difference in the reported tax expense is chiefly attributable to tax-free expense and income and the recognition of deferred tax assets relating to the tax-relevant goodwill from the Baader Service Bank GmbH merger.

(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	390	481	0	9	0	880
Risk allowance	0	237	0	0	0	237
Net interest income after allowance for losses on loans and advances	**390**	**244**	**0**	**9**	**0**	**643**
Net fee and commission income	**9,474**	**4,712**	**268**	**2,904**	**-28**	**17,330**
Net trading income	22,975	14,610	0	156	-27	37,714
Net expense/income from available-for-sale financial instruments	85	0	-472	-49	-20	-456
Net expense from equity-accounted investments	0	0	0	0	-31	-31
Net income from financial assets	0	0	0	0	0	0
Net income/expense from financial operations	**23,060**	**14,610**	**-472**	**107**	**-78**	**37,227**
Directly attributable administrative expenses	**16,918**	**9,907**	**519**	**2,706**	**223**	**30,273**
Other operating income	**970**	**92**	**11**	**263**	**140**	**1,476**
Profit/loss after directly attributable income/expenses	**16,976**	**9,751**	**-712**	**577**	**-189**	**26,403**
Indirectly attributable administrative expenses	**9,370**	**5,269**	**754**	**450**	**0**	**15,843**
Profit/loss from ordinary activities	**7,606**	**4,482**	**-1,466**	**127**	**-189**	**10,560**
Segment assets in EUR thousand	214,886	82,744	26,288	8,441	0	332,359
Segment liabilities in EUR thousand	31,208	150,290	2,149	4,287	0	187,934
Risk-weighted assets in EUR thousand	264,566	33,084	6,268	6,896	0	310,814
Allocated capital in EUR thousand	97,953	55,563	8,507	8,009	0	170,032
Profitability of the allocated capital in regard to profit from ordinary activities	7.8%	8.1%	-17.2%	1.6%	0.0%	6.2%
Average number of employees during the period	130	64	9	18	130	351

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	30 Jun. 2009 EUR thousand	31 Dec. 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	**15,173**	**24,583**	**-38.3**
- Current account credits granted to customers	15,173	24,583	-38.3

(30) Employees

As of the reporting date 30 June 2009, 350 staff (318 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.

	2008	2007	2006	2005	2004	2003	2002	2001	Total
Options granted (shares)	781,492	418,224	374,600	299,480	299,600	323,000	468,600	517,800	3,482,796
Exercise price (EUR)	2.08	3.75	5.32	6.02	2.34	2.96	1.12	2.14	-
Options forfeited	52,494	71,305	58,454	36,360	25,300	20,400	70,000	211,200	545,513
Options exercised	0	0	0	0	97,480	193,100	363,600	306,600	960,780
Options outstanding	**728,998**	**346,919**	**316,146**	**263,120**	**176,820**	**109,500**	**35,000**	**0**	**1,976,503**
Exercisable options	**0**	**0**	**316,146**	**263,120**	**176,820**	**109,500**	**35,000**	**0**	**900,586**
Residual term (in months)	**82**	70	58	47	35	23	10	0	-

Of the existing stock option plans, the stock options from 2000 and 2001 have lapsed to date, resulting in a total of 98,018 expired stock options from the 2000 stock option plan and 46,800 from the 2001 plan.

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

	30 Jun. 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)	781,492	2.08	418,224	3.75
Options forfeited	84,449	2.90	77,978	4.09
Options exercised	0	0.00	22,120	2.60
Lapsed options	46,800	2.14	98,018	5.30
As at 30 June 2009/ 31 December 2008	**1,976,503**	3.47	**1,326,260**	4.21
Exercisable options as at 30 June 2009/31 December 2008	**900,586**	**4.49**	**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:

1. Period: 25 February-24 March 2009 Share price: 1.715 Stock option plan: 2004
2. Period: 25 May-16 June 2009 Share price: 2.39 Stock option plan: 2000

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.

	2008	2007	2006	Total
Options assumed	728,998	381,620	374,600	1,485,218
Option price	1.2916	1.1642	1.4001	-
Total staff costs	941,573.82	444,282.00	524,477.46	1,910,333.28
Staff costs in the reporting period	78,464.49	111,070.50	87,412.91	276,947.90

The staff costs are distributed over the two-year period during which they are incurred. Costs were recorded for two months for the stock options from 2008, six months for the stock options from 2007 and four months for the stock options from 2006.

(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, new stock options were issued for financial year 2008. The following table shows changes to the stock options of members of the Board of Directors for financial years 2001 to 2008.

	2008	2007	2006	2005	2004	2003	2002	2001	Total
Options granted (shares)	128,000	64,250	63,750	75,000	75,000	103,000	170,000	172,000	851,000
Exercise price (EUR)	2.08	3.75	5.32	6.02	2.34	2.96	1.12	2.14	-
Options forfeited	0	12,850	3,750	0	0	0	19,000	58,000	93,600
Options exercised	0	0	0	0	37,500	103,000	151,000	114,000	405,500
Options outstanding	**128,000**	**51,400**	**60,000**	**75,000**	**37,500**	**0**	**0**	**0**	**351,900**
Exercisable options	**0**	**0**	**60,000**	**75,000**	**37,500**	**0**	**0**	**0**	**172,500**
Residual term (in months)	82	70	58	47	35	23	10	0	-

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 the 2009 financial year, new stock options for the 2008 financial year were issued. The following table shows changes in the stock options of employee representatives in the Supervisory Board for financial years 2001 to 2008.

	2008	2007	2006	2005	2004	2003	2002	2001	Total
Options granted (shares)	4,320	2,550	2,760	2,400	2,640	5,000	9,600	4,800	34,070
Exercise price (EUR)	2.08	3.75	5.32	6.02	2.34	2.96	1.12	2.14	-
Options forfeited	0	0	0	0	0	0	0	0	0
Options exercised	0	0	0	0	1,320	5,000	9,600	4,800	20,720
Options outstanding	**4,320**	**2,550**	**2,760**	**2,400**	**1,320**	**0**	**0**	**0**	**13,350**
Exercisable options	**0**	**0**	**2,760**	**2,400**	**1,320**	**0**	**0**	**0**	**6,480**
Residual term (in months)	82	70	58	47	35	23	10	0	-

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, Unterschleissheim. No transactions were conducted between the two companies in the period under review.

Unterschleissheim, 31 July 2009
Baader Bank AG
The Board of Directors

Uto Baader	Nico Baader	Dieter Brichmann
Stefan Hock	Dieter Silmen	

III. 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, 31 July 2009
Baader Bank AG
The Board of Directors

Uto Baader	Nico Baader	Dieter Brichmann
Stefan Hock	Dieter Silmen	

IV. Review Report

To Baader Bank AG, Unterschleissheim (Germany)

We reviewed the condensed interim consolidated financial statements – comprising the condensed balance sheet, condensed income statement, statement of comprehensive income, condensed cash flow statement, condensed 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 30 June 2009, which are part of the half-year financial report pursuant to Section 37x (3) of the *Wertpapierhandelsgesetz* (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 (IDW – Institute of Public Auditors in Germany). 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, 31 July 2009

Clostermann & Jasper Partnerschaft
Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft

Jasper	Clostermann
(Auditor)	(Auditor)

Baader Bank AG
Weihenstephaner Str. 4
85716 Unterschleissheim
Phone 0049 89 5150 0
Fax 0049 89 5150 1111
www.baaderbank.de
www.baadermarkets.de