BAADER

Semi – Annual – Report as at 30 September 2009

Financial Reporting for the 3rd Quarter 2009

Table of contents

I. Interim Group Management Report

1. Business and framework conditions

The negative effects of the international economic and financial crisis on the capital markets were considerably less felt in the third quarter than at the start of the year so that the recovery on the markets was able to continue. Compared with the end of the previous quarter, the German share index (DAX) climbed by 18.0% to 5,675.2 points by 30 September 2009, which is also equivalent to an increase of 18.0% on the end of last year.

The positive development of small caps likewise continued, with the MDAX rising sharply by 27.9% to 7,358.5 points in the third quarter, which is equivalent to an increase of 31.4% since the end of last year. The SDAX increased by 20.3% in the period under review and 24.8% since the end of 2008 to 3,495.5 points.

The TecDAX, which already made good the loss sustained since the start of the year back in the second quarter, also rose further and gained 20.9% to 757.8 points in the third quarter, thereby placing it 49.1% above the level recorded at the end of 2008. The German bond index REXP gained 3.3% to 369.7 over the course of the year.

Alongside the German equity markets, the DJ STOXX 50 continued its upward trend and at the end of the third quarter was 17.4% above the close of the previous year.

The performance on the North American markets was also similar to the second quarter. The Dow Jones Industrial Average rose somewhat less sharply than the European indices and ended the quarter with an increase of 5.4% compared with the end of 2008. At the same time, the S&P 500 increased its annual growth to 11.5% at the end of the quarter. The NASDAQ 100 likewise continued its positive development and at the end of the third quarter was trading 35.2% up on the end of last year (on a euro basis).

Just like the European and American indices, the Japanese NIKKEI 225 Index also continued its positive performance and posted an increase of 11.0% as at 30 September 2009.

The recovery on the capital markets of the emerging economies was significantly better than in the traditional industrialised nations, with the Hang Seng Index in Hong Kong gaining 38.8% since the end of 2008. Although the SEB Index in Shanghai has lost some value over the third quarter, it is still a significant 66.2% up on the end of last year.

The upward trend also continued on the stock exchanges in Russia and Brazil, with the Russian RTX Index gaining 89.2% over the year and the BOVESPA Stock Index increasing by 108.7%.

2. Earnings

As in the second quarter of 2009, Baader Bank once more significantly exceeded the earnings of the preceding quarters in the third quarter. While in the first and second quarters pre-tax earnings of EUR 2,624 thousand and EUR 7,936 thousand respectively were achieved, the Group generated profit from ordinary activities of EUR 9,589 thousand over the third quarter. Profit from ordinary activities over the nine months therefore came to EUR 20,149 thousand (previous year EUR 3,429 thousand). At EUR 15,692 thousand (previous year: EUR 3,007 thousand), net profit for the period also developed positively and posted an increase of 421.9%.

While net fee and commission income was slightly down on the previous year at EUR 27,031 thousand (previous year: EUR 28,444 thousand) primarily due to modified market models and settlement terms, the doubling of net trading income to EUR 61,079 thousand (previous year: EUR 32,981 thousand) is proof of Baader Bank’s success in utilising the strong upturn on the world’s stock exchanges to its own benefit. This was made possible by broad diversification across all types of securities, the bank’s financial strength and its extensive trader expertise.

Administrative expenses in the first nine months of 2009 increased by EUR 7,256 thousand or 11.6% year-on-year to EUR 69,564 thousand, with EUR 3,931 thousand of this amount attributable to the inclusion of N.M. Fleischhacker AG and KA.DE.GE Group. In particular, the variable remuneration components reported under staff costs also rose by EUR 8,062 thousand, while other administrative expenses and depreciation of property and equipment and amortisation of intangible assets (excluding N.M. Fleischhacker AG and KA.DE.GE) even underwent a slight decline compared to the previous year.

At EUR 989 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 1,891 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. Furthermore, the liability of EUR 607 thousand contained in the 2008 annual financial statements in order to account for the risk arising from the legal dispute with a software manufacturer concerning rescission of the contract for the implementation of a core bank software program was successfully offset by means of a settlement. Other operating expenses amounting to EUR 4,054 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, this liability was fully written off.

3. Net assets

Net assets increased by 15.8 % to EUR 422,743 thousand as of 30 September 2009, compared with EUR 364,999 thousand as of 31 December 2008. 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. Customer deposits payable on demand at the former subsidiary Baader Service Bank GmbH which was merged with Baader Bank AG during the financial year rose on the same scale as advances to customers. The reason for this lies in the requisite clearing margins for customer trading transactions. The decrease in available-for-sale financial instruments is primarily attributable to sales.

Within the scope of the Group's liquidity management a further EUR 2,000 thousand of *Schuldschein* note loans was issued in the third quarter. The *Schuldschein* note loans taken up total EUR 84,000 thousand and are invested exclusively in rediscountable liquid bonds.

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.

The Group’s shareholders’ equity amounted to EUR 175,257 thousand as of 30 September 2009 (31 December 2008: EUR 160,217 thousand), resulting in an equity ratio of 41.5 %. The change in equity essentially results from the dividend distribution of EUR 2,722 thousand and comprehensive income for the first nine months of 2009 amounting to EUR 16,934 thousand.

4. Financial position

On 30 September 2009, short-term loans and advances to other banks and available-for-sale negotiable securities of EUR 298,145 thousand were offset by current liabilities to other banks of EUR 111,091 thousand. This results in a net balance sheet liquidity surplus of EUR 187,054 thousand. The Group’s liquidity was guaranteed at all times during the period under review.

5. Supplemental report

There were no events with material effects on the company’s net assets, financial position and results of operations after the reporting date.

6. Report on key transactions with related parties

There were no key transactions with related parties in the period under review.

7. 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 Bank 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 and third quarters of 2009, it cannot yet be said for certain that the crisis is at an end. 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 effective measures be taken to prevent risks becoming a reality. The Baader Group manages its risks by means of a framework of principles, organisational 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 Bank 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 losses derived from stress tests. 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. Since it is 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 stipulated 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 deputizing cases. Furthermore, Baader Bank 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 accordance with the requirements of the MaRisk. These processes ensure that material risks are identified in good time, fully 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 in trading for the risk types credit risk, counterparty risk and issuer risk. The daily utilisation of these limits is monitored and reported to Group management as part of the Group Risk Control department's daily report.

Lending business as defined by section 1 (1) no. 2 of the *Kreditwesengesetz* (KWG – German Banking Act) has only been performed within the Group by Baader Bank AG since the merger of Baader Service Bank GmbH with Baader Bank AG. This guarantees 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 September 2009:

	1	2	3	4	5	6	7
	Total credit exposure in EUR million	Drawdowns in EUR million	Overdrafts incl. SLLP in EUR million	Total utilisation in EUR million (2+3)	Utilised loan commitments in EUR million (1-2)	Evaluated collateral in EUR millions	Allowance for losses in EUR millions
Retail customers	18.26	15.63	3.41	19.04	2.63	15.81	2.88
of which employees	*0.79*	*0.79*	*0.00*	*0.79*	*0.00*	*0.00*	*0.00*
Corporate customers	3.91	1.24	0.99	2.23	2.67	2.06	0.57
TOTAL	22.17	16.87	4.40	21.27	5.30	17.87	3.45

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 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 Bank pays particular attention to special OTC derivative transactions. Baader Bank trades derivatives only on derivative exchanges which are subject to daily margin requirements. However, because Baader Bank is not a clearing member of these exchanges, the transactions between Baader Bank 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 therefore 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 Bank 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 simultaneously, 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 deterioration in creditworthiness or 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 items separately would be inappropriate. An exception to this is posed by fixed-interest securities in the Treasury portfolio due to the fact that significantly longer holding periods are intended here. For this reason, each of these transactions is weighted against the respective limit of the borrower unit.

Baader Bank considers the country risk and the investment risk to be 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 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 September 2009, the following risk positions with the following fair values were held in EUR million in the trading book:

CASH MARKET		**FORWARD MARKET**	
Shares	17.66	Options	-0.003
Bonds	137.25	Futures	-4.28
Funds, index and fund-linked certificates	11.40	Swaps	0.56
Securitised derivatives	1.46		

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. The following VaR values were calculated in previous years (in EUR million):

Value-at-risk of trading segments	**QIII / 2009**	**2008**	**2007**	**2006**	**2005**	**2004**
VaR as at the end of the reporting period	1.69	2.59	1.32	0.78	0.83	0.74
Minimum VaR	1.45	1.05	1.11	0.68	0.51	0.70
Maximum VaR	2.76	2.79	2.73	2.84	1.46	1.73
Average VaR	1.80	1.56	1.36	1.19	0.84	1.04

<u>Operational risks</u>
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 reputational 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 annual 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 incurred due to operational risks. Significant losses are immediately analysed with regard to their causes. In the third quarter of 2009, eight losses totalling EUR 53 thousand were reported.

<u>Measurement risks</u>
Measurement risk is considered to be the risk that the fair value of individual items on the balance sheet could fall, 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 backed by risk capital.

Changes to the *Mindestanforderungen an das Risikomanagement* (MaRisk – Minimum Requirements for Risk Management)
Comprehensive changes were made to the MaRisk in August 2009. Implementation is currently being prepared.

8. Forecast

In the third quarter of 2009, Baader Bank strengthened its position as a leading specialist in securities trading in Germany. The bank expects to remain able to maintain and strengthen this position after the upcoming reform of floor trading on the Frankfurt Stock Exchange. The Stock Exchange Council of the Frankfurt Stock Exchange intends to pass a ruling at its meeting in March 2010 on a reform of equity trading that will result in a transfer of trading from Xontro to Xetra. It is therefore to be expected that future Xetra specialists (formerly providers of specialist activities) will be confronted with high demands in terms of equity base and IT equipment. In terms of both these two factors, Baader Bank considers itself well equipped to fulfil the requirements of the stock exchange.

In line with its own declared intention of wishing to contribute to the reform of the stock exchange landscape, Baader Bank has joined forces with other large order book management companies to present its own draft reform to the Stock Exchange Council that envisages a performance-based remuneration model for future Xetra specialists in OTC trading. This also contains the proposal for the specialists to transfer their order books 1:1 to Xetra (2).

Following an interim period it would then no longer be possible to admit any more order books to Xontro. In the course of this procedure, a concentration process among the order book management companies is to be expected, which in turn will provide Baader Bank with new opportunities for at least partially absorbing the anticipated pressure on margins.

Following completion of the merger of Baader Service Bank GmbH with Baader Bank AG in the second quarter, the services previously offered by the two institutions were bundled into a financially sound and efficient banking unit. At the same time, the equity base for the business formerly operated by Baader Service Bank was expanded, thereby fulfilling the requirements for new income fields. Development and expansion of the customer business is being consistently pursued.

The bank will also evaluate all possibilities for 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 with the economic crisis 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 their own risk positions. In particular, Baader Bank will respond immediately to the changing market situation and implement the appropriate measures. The open trading positions are monitored very carefully and Baader Bank traders are still required to structure their position management very conservatively.

In order to avoid cluster risks as part of business activities, the receivables of Baader Bank are distributed among a large number of foreign and domestic counterparties. Permanently monitoring these counterparty risks is one of the chief tasks within the risk management process.

Despite several signs of improvement, Baader Bank anticipates that the financial industry will continue to contend 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 the present crisis will continue to increase due to falling margins, substantial investment expenses and requirements imposed by the supervisory authorities. Consequently, Baader Bank expects the process of concentration among stock exchanges, trading platforms, financial institutions and brokerage firms to continue at national and European level. The aforementioned plans of the Frankfurt Stock Exchange to reform equity trading will also play a role here. The bank’s broad positioning and equity strength mean that it is well prepared to participate actively in shaping this trend. The bank therefore sees this as an opportunity to emerge strengthened from the economic crisis.

Despite and precisely because of the rapidly recovering markets, Baader Bank expects uncertainty to prevail over the months to come. For this reason it remains difficult to operate successfully in equities trading. However, the Bank’s strict risk management will contain the risks here. On the other hand, exchange and off-exchange bond trading continues to benefit from the ongoing uncertainty concerning the market situation, although the return difference between risk-free bonds and those threatened by default (credit spreads) has declined.

The competitive and price pressure affecting the issue business is also likely to continue. Baader Bank is countering this trend by expanding its distribution channels and enhancing the quality of 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 show that Baader Bank has succeeded in participating appropriately in the sharp upturn on the world's stock exchanges. However, it is difficult to believe that the development will continue until the end of the year, since from the current perspective an increased setback potential on the stock exchanges is to be expected owing to the sharp rise in the indices in the second and third quarters. 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 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.

It is to be expected that the international financial markets and to a greater extent in the future the real economy and employment market as well will have to contend with the consequences of the economic crisis for both the remainder of the present year as well as during the next one despite signs of improvement, since although the forecasts are much more positive than at the start of the year it is not possible to sound the all-clear in particular for the employment market and government finances. The German economy must therefore be expected to take some years to return to the level of 2007.

Based on the increase in earnings in the third quarter, Baader Bank has taken a major step towards significantly exceeding the previous year's results. According to current findings it can therefore also be assumed that Baader Bank will distribute a higher dividend for the present year than for the preceding financial year.

Unterschleissheim, 29 October 2009
Baader Bank AG
Board of Directors

Uto Baader, Nico Baader, Dieter Brichmann
Stefan Hock, Dieter Silmen

II. Consolidated Interim Financial Statements

1. Consolidated balance sheet (condensed) as at 30.09.09

	ASSETS	Notes	30.09.2009 EUR	31.12.2008 EUR thousand
1.	Cash reserves	(4)	836.609,05	1.221
2.	Loans and advances to other banks	(5)	76.294.307,85	166.016
3.	Loans and advances to customers	(5)	37.975.730,51	23.661
4.	Allowance for losses on loans and advances	(5)	-3.632.727,65	-3.095
5.	Assets and liabilities held for trading	(6)	183.586.134,14	42.292
6.	Available-for-sale financial instruments	(7)	11.018.878,52	12.879
7.	Equity-accounted investments	(8)	14.543.077,00	16.634
8.	Property and equipment	(9)	19.285.891,67	19.980
9.	Intangible assets	(10)	23.103.209,62	20.834
10.	Goodwill	(10)	24.785.055,44	24.785
11.	Income tax assets	(11)	10.530.124,70	11.806
12.	Other assets	(12)	4.352.612,00	6.965
13.	Deferred tax assets	(11)	20.064.452,79	21.021
	Total assets		422.743.355,64	364.999

	LIABILITIES AND EQUITY	Notes	30.09.2009 EUR	31.12.2008 EUR thousand
1.	Deposits from other banks	(13)	29.175.285,38	31.834
2.	Amounts due to customers	(13)	170.535.538,73	98.111
3.	Liabilities held for trading	(14)	9.078.650,49	38.890
4.	Provisions	(15)	13.304.257,99	11.436
5.	Income tax liabilities	(16)	845.638,67	1.287
6.	Other liabilities	(17)	17.879.697,68	18.997
7.	Deferred tax liabilities	(16)	6.667.044,81	4.227
8.	Shareholders' equity	(18)	175.257.241,89	160.217
	Total liabilities and shareholders' equity		422.743.355,64	364.999

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

INCOME STATEMENT	Notes	EUR	01.01. - 30.09.2009 EUR	01.01. - 30.09.2008 EUR thousand
1. Interest income	(19)	4.986.152,06		2.990
2. Interest expenses	(19)	-3.163.377,32		-1.915
3. Net interest income	(19)		1.822.774,74	1.075
4. Allowance for losses on loans and advances	(20)		-669.939,47	-4.262
5. Net interest income after allowance for losses on loans and advances			1.152.835,27	-3.187
6. Fee and commission income	(21)	38.804.529,41		40.342
7. Fee and commission expenses	(21)	-11.773.449,99		-11.898
8. Net fee and commission income	(21)		27.031.079,42	28.444
9. Net trading income	(22)		61.079.001,24	32.981
10. Net income/expenses from available-for-sale financial	(23)		-454.851,46	-450
11. Net expenses from equity-accounted investments	(24)		-84.269,24	-883
12. Administrative expenses	(25)		-69.563.946,58	-62.308
13. Profit/loss from operations			19.159.848,65	-5.403
14. Other operating income	(26)		5.042.543,17	10.422
15. Other operating expenses	(26)		-4.053.722,56	-1.590
16. Profit/loss from ordinary activities			20.148.669,26	3.429
17. Income tax on profit from ordinary activities	(27)		-4.019.921,63	-272
18. Net profit for the period before minority interests			16.128.747,63	3.157
19. Minority interest in net profit			-436.857,82	-150
20. Net profit for the period			15.691.889,81	3.007
21. Accumulated income/loss brought forward			379.447,81	381
22. Consolidated net profit			16.071.337,62	3.388

	01.01. - 30.09.2009 EUR	01.01. - 30.09.2008 EUR
Basic earnings per share	0,35	0,07

Diluted earnings per share amount to EUR 0.34. 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 1 January to 30 September 2009

INCOME STATEMENT	III/2009 EUR thousand	II/2009 EUR thousand	I/2009 EUR thousand	III/2008 EUR thousand	II/2008 EUR thousand	I/2008 EUR thousand
1. Net interest income	942	752	128	371	373	331
2. Allowance for losses on loans and advances	-433	-93	-143	-4.252	1	-11
3. Net interest income after allowance for losses on loans ar	509	659	-15	-3.881	374	320
4. Net fee and commission income	9.702	8.746	8.583	9.559	8.753	10.132
5. Net trading income	23.365	23.299	14.415	7.331	9.599	16.051
6. Net expenses/income from available-for-sale financial in	1	-419	-37	-653	69	134
7. Net income from equity-accounted investments	-53	-7	-24	-1.335	480	-28
8. Administrative expenses	-23.448	-23.984	-22.132	-21.258	-19.483	-21.567
9. Profit/loss from operations	10.076	8.294	790	-10.237	-208	5.042
10. Other operating income	1.194	348	3.500	9.349	676	397
11. Other operating expenses	-1.682	-706	-1.666	-1.349	-152	-89
12. Profit from ordinary activities	9.588	7.936	2.624	-2.237	316	5.350
13. Income tax on profit from ordinary activities	-2.740	-975	-305	-934	193	469
14. Net profit for the period before minority interests	6.848	6.961	2.319	-3.171	509	5.819
15. Minority interest in net profit	-128	-73	-235	-86	-8	-56
16. Net profit for the period	6.720	6.888	2.084	-3.257	501	5.763

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

STATEMENT OF COMPREHENSIVE INCOME	€	01.01. - 30.09.2009 EUR	01.01. - 30.09.2008 EUR thousand
1. Consolidated net profit for the period before minority		16.128.747,63	3.157
Other comprehensive income			
2. Change to the currency translation reserve	-10.208,08		13
3. Remeasurement of available-for sale financial assets	1.254.074,60		-3.017
4. Income tax on other comprehensive income	2.739,13		-27
5. Other comprehensive income		1.246.605,65	-3.031
6. Comprehensive income before minority interests		17.375.353,28	126
7. Minority interest in comprehensive income		-441.559,62	-150
8. Comprehensive income		16.933.793,66	-24

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

STATEMENT OF COMPREHENSIVE INCOME	III/2009 EUR thousand	II/2009 EUR thousand	I/2009 EUR thousand	III/2008 EUR thousand	II/2008 EUR thousand	I/2008 EUR thousand
1. Consolidated net profit for the period before minority interests	6.849	6.961	2.319	-3.171	509	5.819
Other comprehensive income						
2. Change to the currency translation reserve	11	-6	-15	11	-7	9
3. Remeasurement of available-for-sale financial assets	862	331	61	-233	-945	-1.839
4. Income tax on other comprehensive income	-10	-3	16	9	-21	-15
5. Other comprehensive income	863	322	62	-213	-973	-1.845
6. Comprehensive income before minority interests	7.712	7.283	2.381	-3.384	-464	3.974
7. Minority interest in comprehensive income	-130	-76	-236	-86	-8	-56
8. Comprehensive income	7.582	7.207	2.145	-3.470	-472	3.918

6. Statement of changes in equity

in EUR thousand	Issued capital	Share premium	Retained earnings	Revaluation reserves	Currency translation reserve	Consolidated net profit	Total before minority interests	Minority interest	Equity
Shareholders' equity as of 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						3.007	3.007		3.007
Appropriation to retained earnings			21.000			-21.000	0		0
Gains/losses							0	149	149
Net change to remeasurement reserve				-3.044			-3.044		-3.044
Net change to foreign currency rate reserve					13		13		13
Comprehensive net profit by 30 September 2008	**0**	**0**	**21.000**	**-3.044**	**13**	**-17.993**	**-24**	**149**	**125**
Adjustment of own shares	12	19					31		31
Measurement of stock options		348					348		348
Dividends						-11.381	-11.381		-11.381
Changes in consolidated companies/ other changes		-189					-189	-106	-295
Shareholders' equity as of 30 September 2008	**45.515**	**61.082**	**43.496**	**-1.817**	**3**	**3.000**	**151.279**	**1.451**	**152.730**
Shareholders' equity as of 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						15.692	15.692		15.692
Appropriation to retained earnings			5.500			-5.500	0		0
Gains/losses				0			0	437	437
Net change to remeasurement reserve				1.252			1.252	4	1.256
Net change to foreign currency rate reserve					-10		-10		-10
Comprehensive net profit by 30 September 2009	**0**	**0**	**5.500**	**1.252**	**-10**	**10.192**	**16.934**	**441**	**17.375**
Adjustment of own shares	-81	-66					-147		-147
Measurement of stock options		450					450		450
Dividends						-2.722	-2.722		-2.722
Changes in consolidated companies/ other changes							0	84	84
Shareholders' equity as of 30 September 2009	**45.354**	**61.222**	**48.996**	**1.611**	**43**	**16.071**	**173.297**	**1.960**	**175.257**

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

		01.01.-30.09.2009 EUR thousand	01.01.-30.09.2008 EUR thousand
1.	**Net profit for the period (including minority interest in net profit)**	**16.129**	**3.007**
2.	Non-cash items contained in net profit for the period and reconciliation to net cash from operating activities	6.099	1.270
3.	**Subtotal**	**22.228**	**4.277**
4.	Changes to assets and liabilities from operating activities	-8.974	46.747
5.	**Net cash from operating activities**	**13.254**	**51.024**
6.	**Net cash from/used in investing activities**	**-10.913**	**-41.768**
7.	**Net cash used in financing activities**	**-2.869**	**-11.350**
8.	Net change in cash and cash equivalents	-528	-2.094
9.	Effects of changes in exchange rates and consolidation	144	0
10.	Cash and cash equivalents at beginning of period	1.221	3.273
11.	**Cash and cash equivalents at end of period**	**837**	**1.179**

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 have been generated and used within the Group 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. Loans and advances to other banks which are payable on demand are not included.

With effect from 1 January 2009, Baader Bank 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, as described above the cash is not part of the cash and cash equivalents. Through this acquisition, the bank assumed EUR 142 thousand in cash.

With effect from 1 July 2009, Baader Bank acquired a share of KA.DE.GE Kapital.Devisen.Geld Vermittlungsgesellschaft mbH & Co. KG Finanzberatung and its complementary company KA.DE.GE Kapital.Devisen.Geld Vermittlungsgesellschaft mbH (see note 2). The purchase price paid fully in cash (EUR 846 thousand and EUR 72 thousand respectively) is part of the cash flow used in investing activities. However, as described above the cash is not part of the cash and cash equivalents. Through the acquisition of KA.DE.GE GmbH & Co. KG the bank assumed EUR 2 thousand in cash.

8. Notes (condensed)

ACCOUNTING POLICIES

(1) Reporting principles

In accordance with Regulation (EG) 1606/2002 of the European Parliament and of the Council dated 19 July 2002 and Regulation (EG) 2086/2004 of the European Commission, the interim financial statements of Baader Bank AG as of 30 September 2009 were prepared on the basis of the International Accounting Standards (IASs) and International Financial Reporting Standards (IFRSs) 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, IAS 28 Investments in Associates and IAS 39 Financial Instruments: Recognition and Measurement have not yet been applied.

(2) Consolidated companies

The scope of consolidation in the interim report as at 30 September 2009 changed compared with the consolidated financial statements as at 31 December 2008. In addition to the parent company Baader Bank AG, the consolidated financial statements include eight subsidiaries in which Baader Wertpapierhandelsbank AG holds a direct or indirect interest of more than 50% or over which it exercises a controlling influence. Of these companies, seven are headquartered in Germany (previous year: five) and one is headquartered abroad. There are no immaterial subsidiaries or associates for the insight into the net assets, financial position and result of operations of the Group.

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 paid fully 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. The premium paid is therefore 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 ten 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 is not possible to rule out the possibility 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 the 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 nine months of the year, NMF sustained a loss of EUR 751 thousand in accordance with IFRS. 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. Furthermore, the loss is offset via an existing profit transfer and control agreement of Baader Bank AG, albeit that from a Group perspective this is insignificant.

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 objective of both companies is to act as brokers in money market, capital market and foreign exchange trades 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.

The purchase prices of the shares in the limited partnership and the GmbH (German limited liability company) were EUR 846 thousand and EUR 72 thousand respectively. The purchase prices were settled in cash.

The equity of the limited partnership at the time of acquisition amounted to EUR 430 thousand. Taking into account the acquisition of the remaining 9% of the limited partner shares by a third party, the overall purchase price for the limited partner shares came to EUR 930 thousand. This therefore results in positive goodwill of EUR 500 thousand. No hidden assets or charges in the company’s reported assets and liabilities were uncovered during purchase price allocation. The positive goodwill is therefore exclusively attributable to the acquired, identifiable assets. The company’s customer relationships were identified as intangible assets eligible for recognition. These were recognised at EUR 500 thousand during purchase price allocation and are scheduled to be written down over ten years.

On the date of first-time consolidation (1 July 2009), the assets and liabilities assumed in the acquisition of KA.DE.GE Kapital.Devisen.Geld Vermittlungsgesellschaft mbH & Co. KG Finanzberatung were as follows:

	Carrying amount EUR thousand	Adjustments EUR thousand	Fair value EUR thousand
Assets			
Cash reserve	2		2
Loans and advances to other banks and customers	847		847
Property and equipment	9		9
Intangible assets	0	500	500
Other assets	39		39
Liabilities			
Amounts due to customers	46		46
Other liabilities, income tax liabilities and provisions	421		421
	430	500	930
Purchase price			846
Minority interests			84
			930

For the GmbH shares the value of equity amounting to EUR 72 thousand was paid. The purchase price allocation has not resulted in any requirement for remeasurement of acquired assets and liabilities.

On the date of first-time consolidation (1 July 2009), the assets and liabilities assumed in the acquisition of KA.DE.GE Kapital.Devisen.Geld Vermittlungsgesellschaft mbH were as follows:

	Carrying amount EUR thousand	Adjustments EUR thousand	Fair value EUR thousand
Assets			
Loans and advances to other banks and customers	79		79
Other assets	3		3
Liabilities			
Other liabilities, income tax liabilities and provisions	10		10
	72	0	72
Purchase price			72

In its first three months as part of the Group, KA.DE.GE KG generated profit of EUR 90 thousand in accordance with IFRS.

In its first three months as part of the Group, KA.DE.GE GmbH sustained a loss of EUR 2 thousand in accordance with IFRS.

If the business combination with the KA.DE.GE companies had already taken place on 1 January 2009, then consolidated fee and commission income would have amounted to EUR 39,541 thousand and consolidated net profit before minority interests EUR 16,286 thousand in the period from 1 January to 30 September 2009.

Two companies (previous year: four) and interests in one special fund (previous year: two) were included in the consolidated financial statements as at 30 September 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. The financial statements accordingly provide reliable and more relevant information with regard to the profit or loss of the Group.

CONSOLIDATED BALANCE SHEET DISCLOSURES

(4) CASH RESERVE	30.09.2009 EUR thousand	31.12.2008 EUR thousand	Change in %
Cash in hand	4	0	>100.0
Deposits with Deutsche Bundesbank	833	1.221	-31,8
Total	**837**	**1.221**	**-31,4**

(5) LOANS AND ADVANCES	30.09.2009 EUR thousand	31.12.2008 EUR thousand	Change in %
Loans and advances to other banks	**76.294**	**166.016**	**-54,0**
- Payable on demand	73.611	162.641	-54,7
- Other loans and advances	2.683	3.375	-20,5
Loans and advances to customers	**37.976**	**23.661**	**60,5**
Allowance for losses on loans and advances	**-3.633**	**-3.095**	**17,4**
Total	**110.637**	**186.582**	**-40,7**

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 demand. 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	30.09.2009 EUR thousand	31.12.2008 EUR thousand	Change in %
Bonds and other fixed-interest securities	139.366	12.565	>100.0
Equities and other non-fixed-interest securities	44.188	29.719	48,7
Positive fair values of derivatives	32	8	>100.0
Total	**183.586**	**42.292**	**>100.0**

(7) AVAILABLE-FOR-SALE FINANCIAL INSTRUMENTS	30.09.2009 EUR thousand	31.12.2008 EUR thousand	Change in %
Equity investments	2.939	1.140	>100.0
Equities and other non-fixed-interest securities	4.994	11.298	-55,8
Bonds and debt securities	3.086	441	>100.0
Total	**11.019**	**12.879**	**-14,4**

(8) EQUITY-ACCOUNTED INVESTMENTS	30.09.2009 EUR thousand	31.12.2008 EUR thousand	Change in %
Associates	5.967	6.400	-6,8
Fund units	8.576	10.234	-16,2
Total	**14.543**	**16.634**	**-12,6**

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.

The share in Gulf Baader Capital Markets S.A.O.C., Muscat, Oman was increased from 24.1% to 30%. The purchase price for the additional share was EUR 896 thousand.

(9) PROPERTY AND EQUIPMENT	30.09.2009 EUR thousand	31.12.2008 EUR thousand	Change in %
Operating and office equipment	1.457	1.511	-3,6
Land and buildings	17.829	18.469	-3,5
Total	**19.286**	**19.980**	**-3,5**

(10) INTANGIBLE ASSETS AND GOODWILL	30.09.2009 EUR thousand	31.12.2008 EUR thousand	Change in %
Software	4.223	4.656	-9,3
Order books	16.816	14.433	16,5
Trading strategies	1.564	1.745	-10,4
Customer relationships	500	0	>100.0
Goodwill	24.785	24.785	0,0
Total	**47.888**	**45.619**	**5,0**

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 4,163 thousand as at 30 September 2009.

At the first-time consolidation of KA.DE.GE KG, the company's customer relationships were identified as intangible assets eligible for recognition. They were recognised at EUR 500 thousand during purchase price allocation.

(11) INCOME TAX ASSETS AND DEFERRED TAX ASSETS	30.09.2009 EUR thousand	31.12.2008 EUR thousand	Change in %
Tax assets from actual overpayment of taxes	10.530	11.806	-10,8
Deferred tax assets	20.064	21.021	-4,6
Total	**30.594**	**32.827**	**-6,8**

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 September 2009 amounted to EUR 17,494 thousand. The utilisation of EUR 2,330 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 4,750 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 1,391 thousand as at 30 September 2009.

(12) OTHER ASSETS	30.09.2009 EUR thousand	31.12.2008 EUR thousand	Change in %
Other assets	3.478	6.301	-44,8
Prepaid expenses	875	664	31,8
Total	**4.353**	**6.965**	**-37,5**

The receivable contained in other assets from the advance payment for a portion in a convertible bond issued by Parsoli Corporation Ltd., Mumbai, India has been written down in full. 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 has therefore been increased to EUR 4,959 thousand. This reflects the current uncertainties regarding the position of the company and its future development.

(13) LIABILITIES	30.09.2009 EUR thousand	31.12.2008 EUR thousand	Change in %
Deposits from other banks	**29.175**	**31.834**	**-8,4**
- Payable on demand	17.422	19.464	-10,5
- With agreed maturity	11.753	12.370	-5,0
Amounts due to customers	**170.536**	**98.111**	**73,8**
- Payable on demand	84.317	76.991	9,5
- With agreed maturity	86.219	21.120	>100.0
Total	**199.711**	**129.945**	**53,7**

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 ten years taken out by Baader Bank AG.

(14) LIABILITIES HELD FOR TRADING	30.09.2009 EUR thousand	31.12.2008 EUR thousand	Change in %
Delivery commitments arising from short sales of securities	9.036	38.337	-76,4
Negative fair values of derivatives	43	553	-92,2
Total	**9.079**	**38.890**	**-76,7**

(15) PROVISIONS	30.09.2009 EUR thousand	31.12.2008 EUR thousand	Change in %
Provisions for pensions	10.827	9.290	16,5
Other provisions	2.477	2.146	15,4
Total	**13.304**	**11.436**	**16,3**

The increase in provisions for pensions in the period under review is due to the payment of a reinsurance policy in the amount of EUR 1,094 thousand that previously qualified as plan assets in accordance with IAS 19.

(16) INCOME TAX LIABILITIES AND DEFERRED TAX LIABILITIES	30.09.2009 EUR thousand	31.12.2008 EUR thousand	Change in %
Outstanding actual tax payments	846	1.287	-34,3
Deferred tax liabilities	6.667	4.227	57,7
Total	**7.513**	**5.514**	**36,3**

(17) OTHER LIABILITIES	30.09.2009 EUR thousand	31.12.2008 EUR thousand	Change in %
Other liabilities	17.880	18.997	-5,9
Total	**17.880**	**18.997**	**-5,9**

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

(18) EQUITY	30.09.2009 EUR thousand	31.12.2008 EUR thousand	Change in %
a) Issued capital	45.355	45.435	-0,2
b) Share premium	61.222	60.838	0,6
c) Retained earnings	48.995	43.496	12,6
d) Revaluation reserve	1.611	359	>100.0
e) Currency translation reserve	43	53	-18,9
f) Consolidated net profit	16.071	8.601	86,9
Total before minority interests	**173.297**	**158.782**	**9,1**
Minority interest	1.960	1.435	36,6
Total	**175.257**	**160.217**	**9,4**

At 30 September 2009, the Group's issued capital (share capital) in the amount of EUR 45,908,682.00 comprised 45,908,682 no-par value bearer shares. 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 September 2009	**45.908.682**
Less: treasury shares held at the reporting date	554.174
Number of shares outstanding at 30 September 2009	**45.354.508**

The Annual General Meeting resolved on 3 July 2009 to distribute a dividend of EUR 0.06 per no-par value share from the unappropriated surplus of Baader Bank AG, to transfer EUR 5,500 thousand to other retained earnings and to carry the remaining amount forward to new account.

CONSOLIDATED INCOME STATEMENT DISCLOSURES

(19) NET INTEREST INCOME	01.01.- 30.09.2009 EUR	01.01.- 30.09.2008 EUR	Change in %
Net interest income from	**4.986**	**2.990**	**66,8**
- lending and money market transactions	1.363	2.752	-50,5
- fixed-interest securities	3.623	238	>100.0
Interest expenses	**-3.163**	**-1.915**	**65,2**
Total	**1.823**	**1.075**	**69,6**

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	01.01.- 30.09.2009 EUR thousand	01.01.- 30.09.2008 EUR thousand	Change in %
Additions to allowance	-668	-4.251	-84,3
Reversals	13	0	>100.0
Write-downs	-15	-11	36,4
Total	**-670**	**-4.262**	**-84,3**

(21) NET FEE AND COMMISSION INCOME	01.01.- 30.09.2009 EUR thousand	01.01.- 30.09.2008 EUR thousand	Change in %
Fee and commission income	**38.804**	**40.342**	**-3,8**
- Brokerage fee income	22.124	28.710	-22,9
- Order routing	2.947	4.048	-27,2
- Capital market services	394	361	9,1
- Brokerage of Schuldenschein note loans	6.200	2.650	>100.0
- Brokerage commissions	715	453	57,8
- Management and performance fees	5.948	4.050	46,9
- Other fee and commission income	476	70	>100.0
Fee and commission expense	**-11.773**	**-11.898**	**-1,1**
- Brokerage fee expenses	-2.587	-1.768	46,3
- Order routing	-481	-1.126	-57,3
- Brokerage of Schuldenschein note loans	-62	-200	-69,0
- Brokerage commissions	-1.150	-801	43,6
- Management and performance fees	-2.172	-578	>100.0
-Settlement fees	-4.791	-6.365	-24,7
- Other fee and commission expense	-530	-1.060	-50,0
Total	**27.031**	**28.444**	**-5,0**

(22) NET TRADING INCOME	01.01.- 30.09.2009 EUR thousand	01.01.- 30.09.2008 EUR thousand	Change in %
Securities trading	**61.120**	**32.984**	**85,3**
- Dividends	360	477	-24,5
- Securities	47.311	12.370	>100.0
- Options and futures	-48	17	>-100.0
- Price differences	13.497	20.120	-32,9
Foreign currencies	**-41**	**-3**	>-100.0
Total	**61.079**	**32.981**	**85,2**

(23) NET EXPENSE/INCOME FROM AVAILABLE-FOR-SALE FI	01.01.- 30.09.2009 EUR thousand	01.01.- 30.09.2008 EUR thousand	Change in %
Dividend income	**85**	**318**	**-73,3**
- Equities/other non-fixed-interest securities	85	317	-73,2
- Equity investments	0	1	-100.0
Gain/loss on the disposal of available-for-sale financial instruments	**-97**	**12**	-
- Fixed-interest securities	0	3	-100.0
- Equities/other non-fixed-interest securities	-6	9	-
- Equity investments	-91	0	>100.0
Write-downs	**-443**	**-780**	**-43,2**
- Amortisation	-443	-780	-43,2
Total	**-455**	**-450**	**1,1**

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

(24) NET EXPENSE FROM EQUITY-ACCOUNTED INVESTMENTS	01.01.- 30.09.2009 EUR thousand	01.01.- 30.09.2008 EUR thousand	Change in %
Write-up of at-equity carrying amount	0	32	-100.0
Dividend/share of net income	-84	-186	-54,8
Goodwill amortisation	0	-729	-100.0
Total	**-84**	**-883**	**-90,5**

The dividend/share of net income item is composed of the proportionate expense of equity-accounted shares in companies amounting to EUR 16 thousand as well as the proportionate loss from funds (EUR -100 thousand).

(25) ADMINISTRATIVE EXPENSES	01.01.- 30.09.2009 EUR thousand	01.01.- 30.09.2008 EUR thousand	Change in %
Staff costs	-41.740	-33.394	25,0
Other administrative expenses	-22.968	-23.879	-3,8
Amortisation and write-downs of intangible assets and depreciation and write-downs of property and equipment	-4.856	-5.035	-3,6
Total	**-69.564**	**-62.308**	**11,6**

(26) OTHER OPERATING INCOME AND EXPENSES	01.01.- 30.09.2009 EUR thousand	01.01.- 30.09.2008 EUR thousand	Change in %
Other operating income	5.043	10.422	-51,6
Other operating expenses	-4.054	-1.590	>100.0
Total	**989**	**8.832**	>88.8

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 thousand 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 248 thousand generated to date for this purpose at the subsidiaries Baader & Heins AG, CCPM AG and KA.DE.GE KG. These were accordingly 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. Furthermore, the liability of EUR 607 thousand contained in the 2008 annual financial statements in order to account for the risk arising from the legal dispute with a software manufacturer concerning rescission of the contract for the implementation of a core bank software program was successfully offset by means of a settlement.

Other operating expenses are primarily a result of the addition for impairment of the Parsoli Corporation Ltd. convertible bond in the amount of EUR 3,321 thousand, recognised as a receivable under the other assets item.

(27) INCOME TAXES	**01.01.- 30.09.2009 EUR thousand**	**01.01.- 30.09.2008 EUR thousand**	Change in %
Actual tax expense	-1.983	-483	>100.0
Deferred taxes	-2.037	211	-
Total	**-4.020**	**-272**	**>100.0**

The Group tax rate was calculated as 29.28%.

Profit from ordinary activities and the Group tax rate yield an expected income tax expense of EUR 5,899 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	Consolidated
Net interest income	1.048	762	1	12	0	1.823
Allowance for losses on loans and advances	322	347	0	1	0	670
Net interest income/expense after allowance for losses on loans and advances	**726**	**415**	**1**	**11**	**0**	**1.153**
Net fee and commission income	**14.642**	**7.978**	**394**	**4.014**	**3**	**27.031**
Net trading income	40.716	20.206	24	156	-23	61.079
Net income/expense from available-for-sale financial instruments	-250	2	-455	-42	290	-455
Net income from equity-accounted investments	0	0	0	0	-84	-84
Net income/expense from financial assets	0	0	0	0	0	0
Net income from financial operations	**40.466**	**20.208**	**-431**	**114**	**183**	**60.540**
Directly attributable administrative expenses	**25.542**	**15.173**	**777**	**3.674**	**178**	**45.344**
Other operating income/expense	**704**	**99**	**16**	**278**	**-108**	**989**
Profit/loss after directly attributable income/expenses	**30.996**	**13.527**	**-797**	**743**	**-100**	**44.369**
Indirectly attributable adminstrative expenses	**14.329**	**8.083**	**1.141**	**667**	**0**	**24.220**
Profit/loss from ordinary activities	**16.667**	**5.444**	**-1.938**	**76**	**-100**	**20.149**
Segment assets in EUR thousand	236.110	117.000	29.962	9.077	0	392.149
Segment liabilities in EUR thousand	34.402	199.373	2.381	3.817	0	239.973
Risk-weighted assets in EUR thousand	277.494	45.439	7.882	10.116	0	340.931
Allocated capital in EUR thousand	99.105	58.939	8.755	8.458	0	175.257
Profitability of the allocated capital in regard to profit from ordinary activities	16,8%	9,2%	-22,1%	0,9%		11.5%
Average number of employees during the period	128	64	9	17	132	350

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	30.09.2009 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	**5.301**	**24.583**	**-78,4**
- Current account credits granted to customers	5.301	24.583	-78,4

(30) Employees

As of the reporting date 30 September 2009, 349 staff (328 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	55.554	76.830	61.834	37.580	26.620	21.000	70.000	211.200	560.618
Optione exercised	0	0	0	0	97.480	193.100	363.600	306.600	960.780
Options outstanding	**725.938**	**341.394**	**312.766**	**261.900**	**175.500**	**108.900**	**35.000**	**0**	**1.961.398**
Exercisable options	**0**	**0**	**312.766**	**261.900**	**175.500**	**108.900**	**35.000**	**0**	**894.066**
Residual term(in months)	79	67	55	44	32	20	7	0	-

To date, the stock options from 2000 and 2001 have expired from the existing stock option plans. This means that a total of 98.018 stock options from the Stock Option Plan 2000 and 46,800 stock options from the Stock Option Plan 2001 have expired.

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

	30.09.2009 Number of stock options	Average exercise price	31.12.2008 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	99.554	3,04	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 September 2009/ 31 December 2008	**1.961.398**	3,47	**1.326.260**	4,21
Exercisable options as at 30 September 2009/ 31 December 2008	**894.066**	**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: 25.02.2009 - 24.03.2009 Share price: 1.715 Stock option plan: 2004
2. Period: 25.05.2009 - 16.06.2009 Share price: 2.39 Stock option plan: 2000
3. Period: 18.08.2009 – 11.09.2009 Share price: 2.74 Stock option plan: 2000

The stock options granted from the Stock Option Plan 2004 (and all subsequent 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	196.161,21	166.605,75	87.412,91	450.179,87

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

(32) Related party disclosures

<u>Board of Directors</u>

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 in members of the Board of Directors’ stock options 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)	79	67	55	44	32	20	7	0	-

In the period under review, members of the Board of Directors did not sell Baader shares in excess of the annual exemption limit of EUR 5,000.00 subject to notification and publication requirements under section 15a of the *Wertpapierhandelsgesetz* (WpHG – German Securities Trading Act).

<u>Supervisory Board</u>

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)	79	67	55	44	32	20	7	0	-

In the period under review, members of the Supervisory Board did not sell Baader shares in excess of the annual exemption limit of EUR 5,000.00 subject to notification and publication requirements under section 15a of the *Wertpapierhandelsgesetz* (WpHG – German Securities Trading Act).

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, 29 October 2009
Baader Bank AG
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, 29 October 2009
Baader Bank AG
Board of Directors

Uto Baader, Nico Baader, Dieter Brichmann,
Stefan Hock, Dieter Silmen

IV. Auditors’ report

To Baader Bank AG, Unterschleissheim (Germany)

We have reviewed the consolidated interim financial statements (short form) – comprising the balance sheet (short form), income statement (short form), statement of comprehensive income, cash flow statement (short form), statement of changes in equity (short form) and selected explanatory notes to the financial statements – and the interim group management report of Baader Bank AG, Unterschleissheim, for the period from 1 January to 30 September 2009 which are part of quarterly financial report in accordance with Article 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 WpHG 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 our review in order to obtain reasonable assurance by way of a critical evaluation that the consolidated interim financial statements (short form) are materially consistent with the IFRSs applicable to interim financial reporting as adopted by the EU, and that the interim Group management report is materially consistent 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, nothing has come to our attention that causes us to believe that the consolidated interim financial statements (short form) are materially inconsistent with the IFRSs applicable to interim financial reporting as adopted by the EU or that the interim Group management report is materially inconsistent with the provisions of the German Securities Trading Act applicable to interim Group management reports.

Bremen, 30 October 2009

Clostermann & Jasper Partnerschaft
Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft

Jasper	Clostermann
(Wirtschaftsprüfer)	(Wirtschaftsprüfer)

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