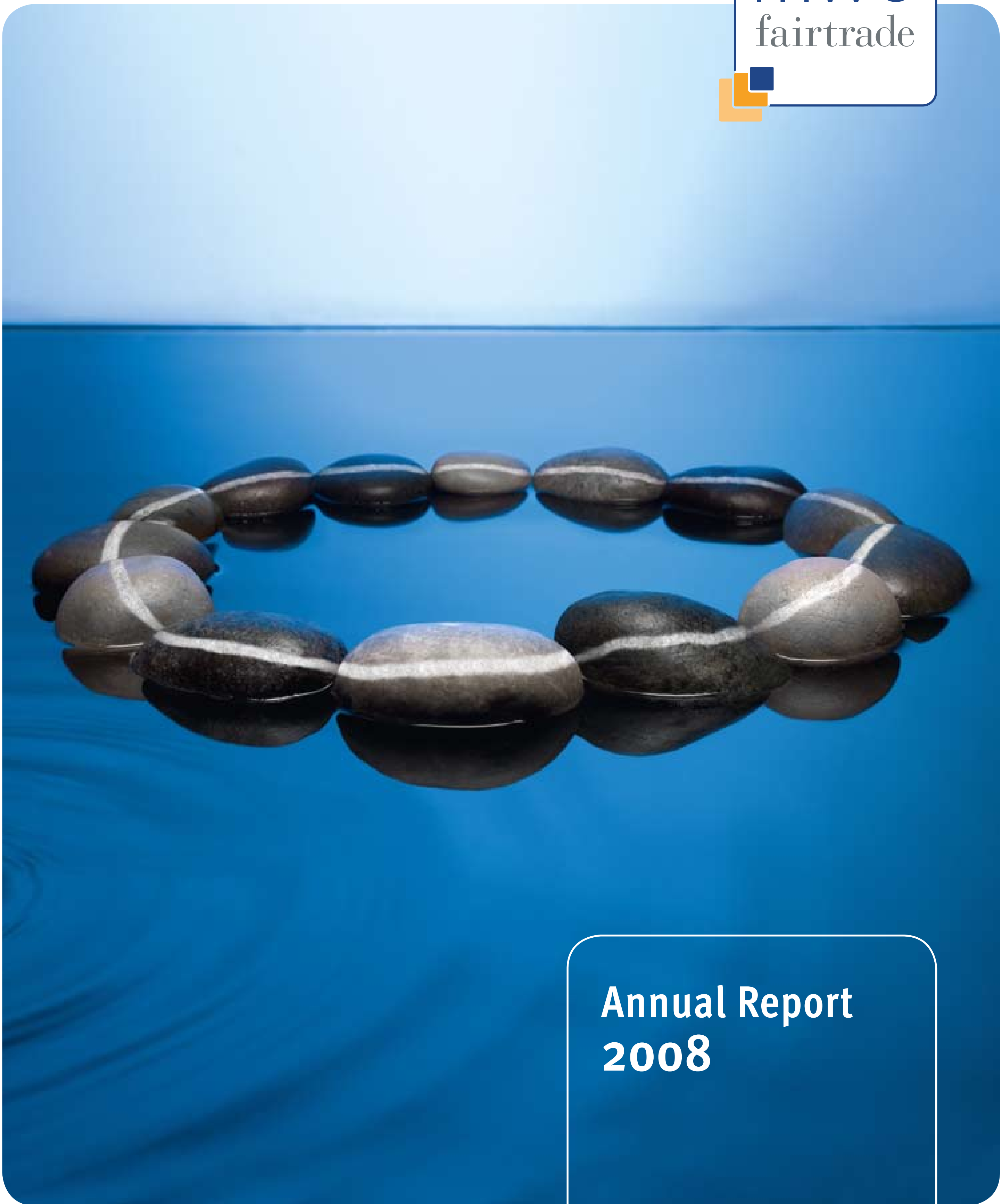
mwb fairtrade



Annual Report 2008

Sharing work, sharing growth

It is a well-known fact that the whole is greater than the sum of its parts. When two partners combine their strengths, new possibilities are created that would not have been there for each of them on their own. Complementing and reinforcing each other frees up potential, creates diversity of opportunity, and broadens the scope of operations. This operating principle is known as synergy. Synergistic effects are without doubt one of the most important forces in modern commercial life. The bundling of skills, manpower, and capital has an impact on virtually every part of an enterprise – from an economic, organizational, or strategic point of view. Of no less importance is also the role played by emotional factors: the enhanced status of the employer is, for the employees, a motivating force, a booster of self-assurance, and something that creates confidence in the future.

We took the decisive step in 2008 to make use of such synergies. The merger of two companies nearly equal in terms of size, represents a milestone on the road to a greater degree of recognition and stability – a mandatory requirement for long-term and sustainable success in times like these.

The Managing Board of mwb fairtrade AG is pleased to present you this year with our first joint annual report.

At a glance

mwb Group	2008	2007	+/- in %
Commission result	TEUR 6,447	TEUR 4,256	+51
Trading result	TEUR 10,480	TEUR 7,452	+41
Personnel expenses	TEUR 6,177	TEUR 3,095	+100
Administrative expenses	TEUR 11,660	TEUR 6,673	+75
Profit from ordinary activities	TEUR 201	TEUR 3,221	-94
Net profit	TEUR 312	TEUR 2,960	-89
Balance sheet total	TEUR 35,161	TEUR 22,548	+56
Equity	TEUR 29,250	TEUR 17,542	+67
Earnings per share	€ 0.05	€ 0.59	-92
Number of employees	70	37	+89

The Company

mwb fairtrade
Wertpapierhandelsbank AG

Rottenbucher Strasse 28
82166 Graefelfing
Phone +49 89 85852-0
Fax +49 89 85852-505

www.mwbfairtrade.com

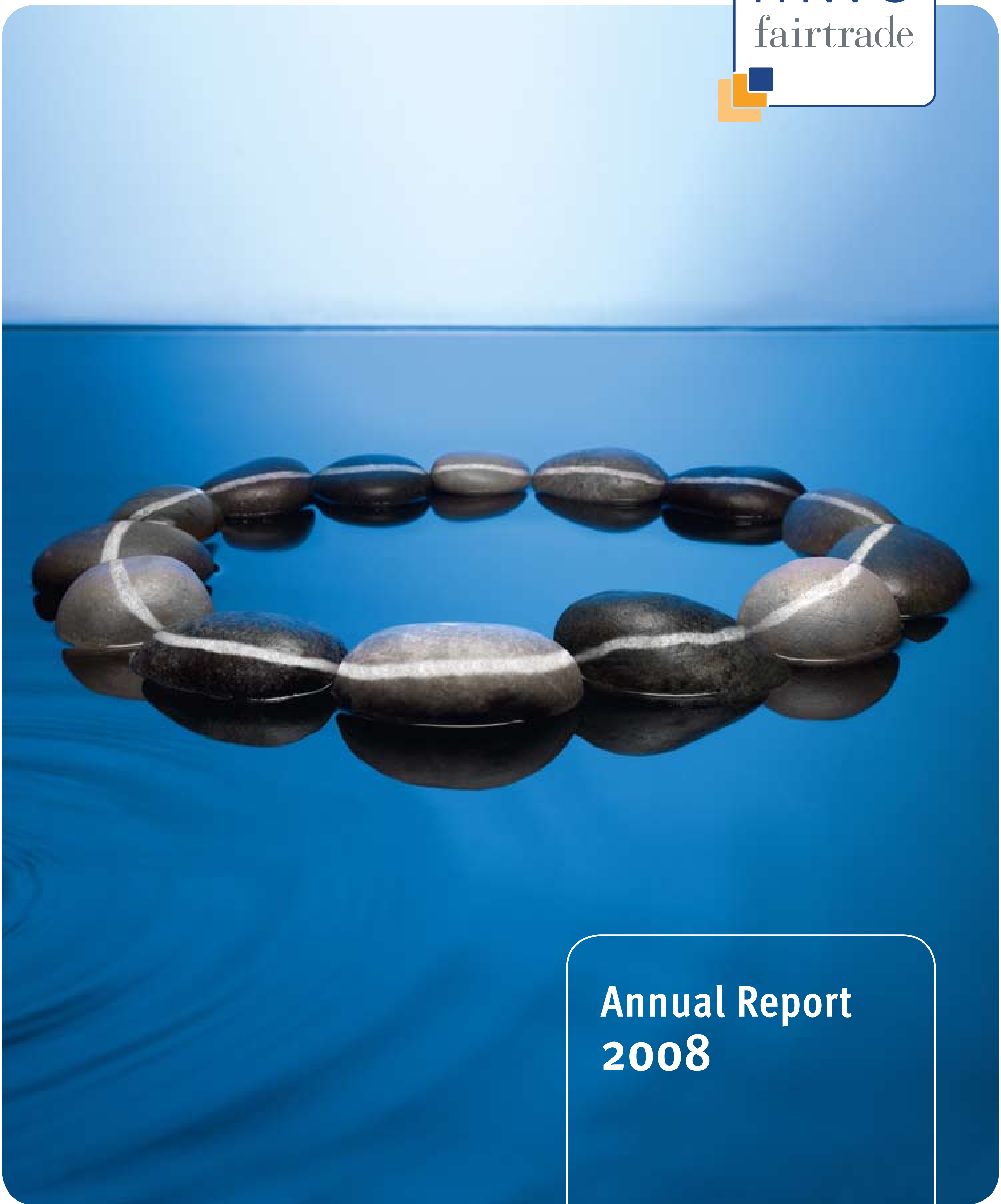
Registered with the local Court of Munich, HRB 123141
mwb fairtrade stock code: 665610

Admitted for trading on the following exchanges
- Munich Stock Exchange
- Berlin Stock Exchange
- Frankfurt Stock Exchange
- Hamburg Stock Exchange
- Hannover Stock Exchange
- Duesseldorf Stock Exchange
- Stuttgart Stock Exchange

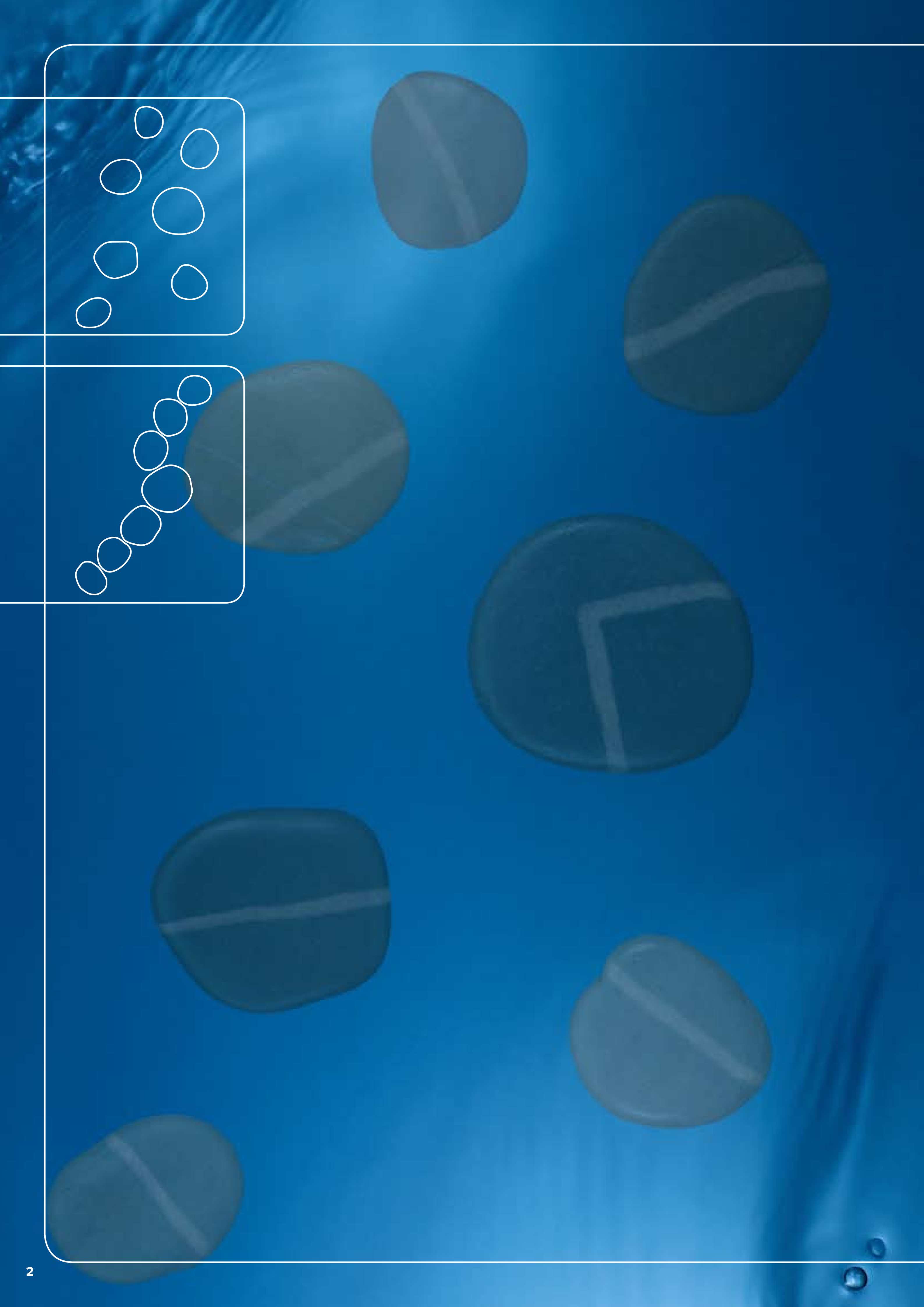
Member of the Bundesverband der Wertpapierfirmen an den deutschen Börsen e.V
(Federal Association of Securities Firms at German Stock Exchanges)

DEUTSCHE BÖRSE LISTING PARTNER

mwb fairtrade



Annual Report 2008



Contents

Contents — Page

Contents Financial Section — Seite

Letter to the shareholders

Dear Shareholders,

When a stone is thrown in water, ripples are created. Originating with a real estate bubble in the USA financed purely on credit, the largest economic crisis that the world has seen in 80 years was created. Some of the highest waves were caused by the financial jugglers in particular, who bundled credit risks, packaged them up into securities, and distributed them around the entire globe. The risks not only appeared to have disappeared, but it was also possible to earn money with them – clearly a case of losing touch with reality. The chain reaction that followed, beginning with the collapse of Lehman Brothers, is a lesson in how the greed of investors, advisors, and financial managers can completely destabilize an entire economic system. Instead of making use of meaningful synergies that have a positive impact on the various participants, logic was ignored and simple principles abandoned. In its wake, no stone in the financial sector was left standing – with dramatic consequences for German stock exchanges and securities traders as well.

Strong commitment to the future

In spite of this ongoing turbulence, mwb Wertpapierhandelsbank AG has declared a strong commitment to the future. The merger with Hamburg-based FAIRTRADE FINANCE AG can be seen as an antidote to the prevailing state of general uncertainty. The combined company, mwb fairtrade Wertpapierhandelsbank AG, now has a near optimal size both in terms of efficiency and in comparison to its competitors. The business divisions of the two merged companies also complement each other in an ideal way, which gives rise to synergy effects without the problems caused by overlapping or conflicting competencies. As of this year, securities trading – our core business - now encompasses all of the relevant classes of securities (shares, bonds, funds) on Germany's key stock exchanges. Unite those time-tested virtues that have always characterized both companies – cost control, risk awareness, and business ethics – then you have a stable point of departure for the next upswing. mwb fairtrade AG's expanded business model underscores that, although we seriously disapprove of some of the dubious excesses of the financial system, we do not doubt its fundamental significance as a whole.

Positive results despite financial crisis

Even though the reciprocal effects of a merger cannot unfold in full in the first fiscal year, one thing is already certain: mwb fairtrade Wertpapierhandelsbank AG recorded positive results in 2008 despite the extremely difficult climate prevailing on the stock markets. Pursuant to the International Financial Reporting Standards (IFRS), earnings from ordinary activities totalled EUR 202 thousand and net income EUR 314 thousand. This is due to an increase in net commission income to EUR 6,447 thousand following EUR 4,256 thousand in 2007. Trading profits also rose perceptibly to EUR 10,480 thousand, which is around EUR 3,028 thousand higher than the year preceding.
This proves that even when trading volume on the whole is in decline, the volatility on the stock markets still makes for good turnover. Both equity (up EUR 11,708 thousand) and liquidity (up EUR 7,661 thousand) experienced considerable growth also as a result of the merger. These balance-sheet figures already include FAIRTRADE FINANCE AG, the merger being retroactive to January 1, 2008. This therefore means that any comparison to 2007 is of limited value only.

Costs increase due to merger

The near doubling in size of our company led of course to a rise in general administrative expenses. However - and this is one of the first measurable effects of synergy - the increase was disproportionately low in relation to the number of employees. Considering that the merger of mwb and FAIRTRADE involved two companies of almost equal size, then an increase in expenses of 82 percent (including the costs of the merger) is completely acceptable.
Personnel expenses in 2008 totalled EUR 6,177 thousand

in comparison to EUR 3,095 thousand in the preceding year. Other administrative expenses amounted to EUR 11,660 following EUR 6,673 thousand in the same period of the previous year. This position contains the non-recurring expenditures for the merger, including legal and consulting fees, of around EUR 350 thousand. A further EUR 408 thousand was allocated to the amortization of intangible assets of FAIRTRADE FINANCE AG, which pursuant to IFRS 3 had to be made. In total, the costs of merging the two companies were in the lower range in relation to other, comparable transactions – which is further proof of our careful scrutiny of costs.

Financial shares dropping in value

The loss of confidence in the financial sector has affected all market players, without exception. Each and every financial services provider listed on the stock exchange has been forced to accept sensitive losses in value, whether or not they were dealing in high-risk securities. Even securities trading banks – which actually function as pure intermediaries only – were penalized along with them. As a result, mwb fairtrade AG's share forfeited around two-thirds of its value during the course of the year. It was traded at € 1.45 as of December 31, 2008, thereby falling below the company's equity. Although the competitors' shares suffered similar fates, this decline is especially painful for us since it has occurred just at the dawn of a new, future-oriented phase. The broadening of potential and the rise in company value of the merged mwb fairtrade AG are unfortunately not reflected in the current market capitalization. This will certainly change, however, as soon as the expected synergy effects of the merger unfold in full and the financial markets regain their old strength. Until then, the stabilizing of the company and the preservation of our substance have the highest priority. Unlike former years in which we awarded our shareholders a suitable share in our economic success, we will not be disbursing any dividends for 2008 for the reasons set out above. This decision, which we hope you will understand, was taken for reasons of long-term capital preservation and is being endorsed without exception by all of the new colleagues on the Managing and Supervisory Boards.

Thank you to our employees

2008 marked the beginning of a new era for our company. The upheavals in connection with the merger were managed by all of our employees - around 70 in the meantime - with astounding resolve. We would like to take this opportunity to express our deep appreciation for this, and we look forward to continuing the successful process of merging these two corporate cultures. Proof that the Hanseatic and Bavarian characters are indeed a good match is also found in the expansion of our Managing Board team, which was augmented in July 2008 with Franz Christan Kalischer and Detlef Lübbe. Special thanks are also due to our – now six-member – Supervisory Board with its new members Uwe Didwischus, Hagen-Christian Kümmel, and Dr. Thomas Ledermann. In these extremely turbulent times, their advice and their support was always at our disposal. We are firmly convinced that with this management team, a whole has been created that is far greater than the sum of its parts: a resilient mwb fairtrade AG.

Yours sincerely,
Thomas Posovatz, Chairman of the Managing Board

Management Board

Herbert Schuster (2nd. f. l.)
Management Board Member in charge of Securities Trading M/F/B, Capital Markets, Interests

Detlef Lübbe (l.)
Management Board Member in charge of Securities Trading HH/H, Institutional Sales

Thomas Posovatz (2nd. f. r.)
Management Board Member in charge of Investor Relations, Communication, Finance and Controlling

Franz Christian Kalischer (r.)
Management Board Member in charge of Securities Settlement, Personnel, Organization, IT

Supervisory Board's Report

Dear shareholders,

The Supervisory Board makes the following report on its activities in fiscal year 2008:

In fiscal year 2008, the Supervisory Board once again performed all of the duties required of it by law and by the company's articles of association. It carefully and regularly supervised the Managing Board. The Managing Board reported regularly - both in writing and orally - to the Supervisory Board on corporate forecasting, business developments, strategic developments, risk management, and on all important company matters. Decisions of fundamental importance were discussed with the Supervisory Board and submitted to it for approval.

Five Supervisory Board meetings were held during the fiscal year 2008: on February 26, April 28, July 28, September 30, and December 19, 2008. With the exception of the meeting on April 28, all of the members of the Supervisory and Managing Boards were present at the meetings.
One of the members of the Supervisory Board was unable to attend the meeting on April 28 for health reasons. However, the member concerned submitted a vote in writing. In addition, a resolution was adopted per telephone on March 31.

Main topic of the discussions at the Supervisory Board meetings, next to the regular reporting on business matters, was the merger of the company with FAIRTRADE FINANCE AG of Hamburg.

The discussions at the Supervisory Board meeting on February 26, 2008 concerned the contribution agreement concluded between the company and the shareholders of FAIRTRADE FINANCE AG, and the draft of the expert opinion prepared by Susat & Partner OHG Wirtschaftsprüfungsgesellschaft on the ascertainment of the companies' values and the exchange ratio. The business strategy of the company was also discussed in detail at this meeting.

Pursuant to the resolution adopted per telephone on March 31, 2008, the Supervisory Board approved a capital increase of € 2,491,000.00 to € 7,473,700.00. The non-cash capital contribution was for the merger of the two companies.

At the Supervisory Board meeting on April 28, 2008, the annual financial statements for 2007 were discussed in detail and approved by the Supervisory Board. The Supervisory Board also approved the merger of FAIRTRADE FINANCE AG with the company.

On July 28, 2008, the company's new Supervisory Board was constituted. Newly elected to the Supervisory Board were: Dr. Thomas Ledermann, CEO of BÖAG Börsen AG in Hamburg, Mr. Uwe Didwischus, Bank Director, Head of Corporate Services at the Norddeutsche Landesbank in Hanover, and Mr. Hagen-Christian Kümmel, Head of Securities Trading at the Hamburger Sparkasse in Jesteburg. Dr. Jung-Senssfelder was re-elected as Chairman of the Supervisory Board. Mr. Franz Christian Kalischer and Mr. Detlef Lübbe were also appointed as additional members of the Managing Board until June 30, 2013. Following this, an in-depth discussion took place on the measures to be taken regarding the company's strategic development.

In the meeting on September 30, 2008, Dr. Ledermann was elected, as agreed, as Vice Chairman of the Supervisory Board. The company's capital markets business was analyzed. The Supervisory Board approved the proposal of the Managing Board to restrict the capital markets business exclusively to ordinary capital markets services. Due to the enlargement of the Managing Board, a new business-distribution-plan was agreed.

The discussions at the meeting on December 19, 2008 revolved around the company's planning. Risk management and the Corporate Governance Code were discussed.
The Managing and Supervisory Boards are well aware that adhering to good corporate governance in the interests of the shareholders and the capital markets makes a vital

contribution to the company's success. In their meeting on December 19, 2008, the Supervisory Board reviewed the efficiency of its activities and adopted the declaration of conformity for 2008. In the course of preparing the declaration of conformity, the Supervisory Board resolved to establish an Audit Committee. Mr. Wilhelm and Dr. Ledermann were elected as the two members of the Audit Committee. Other committees were not established and therefore do not exist.

Whenever any approval-contingent company transactions arose, the Supervisory Board was notified of such by the Managing Board in a timely manner, and once it had made its own review of the basis for the decision, it granted its approval.

The 2008 fiscal year was a difficult year for the company. The second half of the year in particular was highly detrimental to the company's results. The group and the AG are reporting net retained profits of around € 2.9 million.

The following documents prepared by the Managing Board were submitted to the Supervisory Board: the company's annual financial statements, the consolidated financial statements, the group and company management reports, the Managing Board's proposal for the appropriation of net retained profits, and the corresponding opinions of the auditors. The Supervisory Board reviewed the documents submitted to it.

KPMG AG Wirtschaftsprüfungsgesellschaft, Berlin, was appointed as auditor and audited the annual financial statements, the consolidated financial statements, and the group and AG management reports as per December 31, 2008 according to the accounting principles and the relevant provisions required by law, and issued an unqualified auditor's opinion on these. The auditors provided the Supervisory Board with a declaration of independence and disclosed to it the auditing and consulting fees incurred in the respective fiscal year. The auditors reported personally to the Supervisory Board at the Supervisory Board meeting to discuss the financial statements on April 23, 2009. In this meeting, the Supervisory Board acknowledged the results of the audit and raised no objections to it.
In accordance with Sec. 171 of the [German] Stock Corporation Act (AktG), the Supervisory Board reviewed the annual financial statements, the consolidated financial statements, the group and the AG management reports, and the proposal for the appropriation of net retained profits, and approved the company's annual financial statements and the consolidated financial statements. The financial statements have thus been adopted within the meaning of Sec. 172 AktG. The Supervisory Board endorsed the Managing Board's proposal for the appropriation of net retained profits.

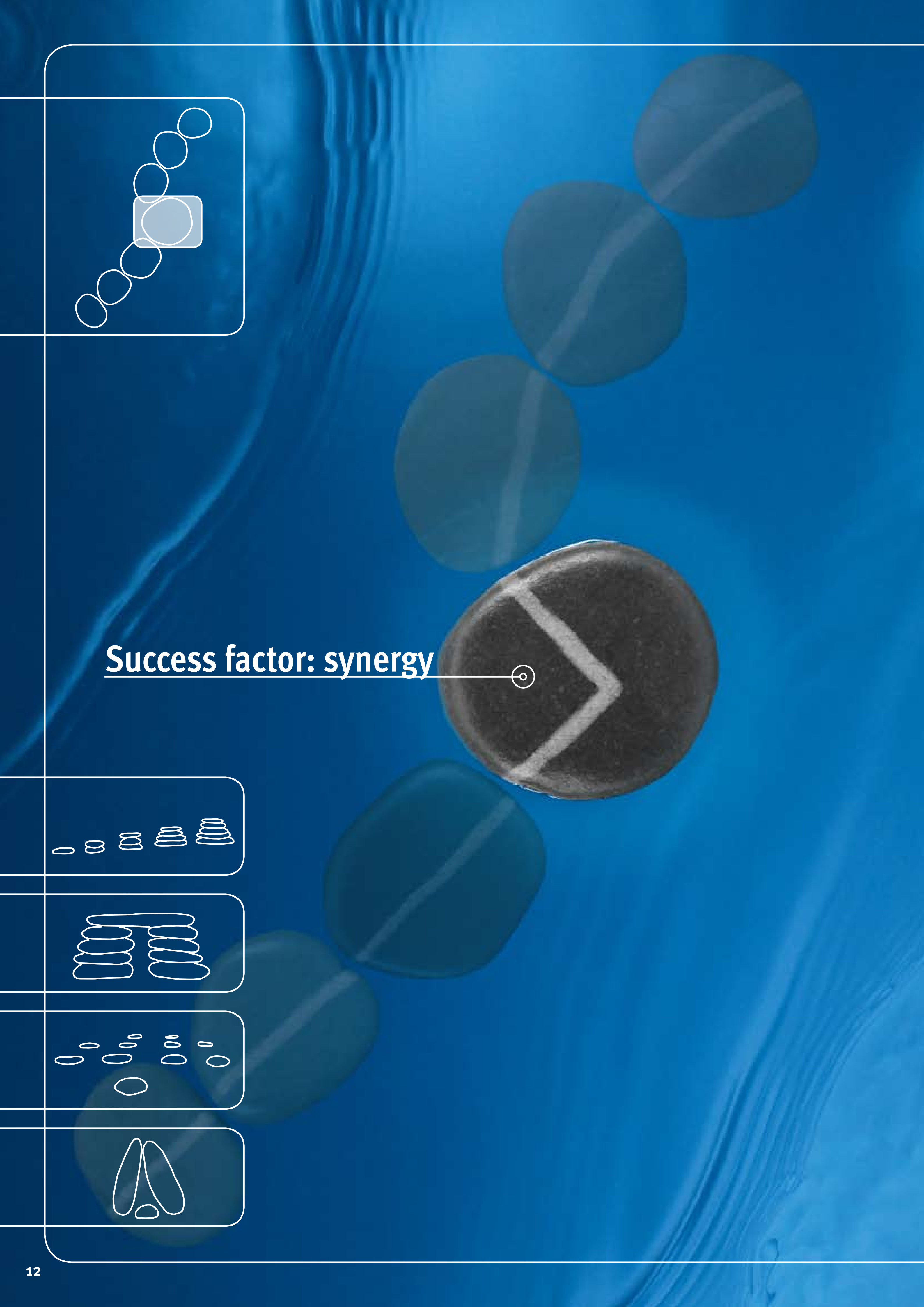
The Supervisory Board would like to express its sincere appreciation to the Managing Board and to the entire staff for the work well done in the past fiscal year.

Gräfelfing, April 23, 2009

On behalf of the Supervisory Board

Dr. Ottheinz Jung-Senssfelder
Chairman of the Supervisory Board

f.l.t.r. **Uwe Didwischus, Michael Wilhelm, Dr. Ottheinz Jung-Senssfelder** (Chairman), **Hagen-Christian Kümmel, Dr. Thomas Ledermann** (Vice Chairman), **Thomas Mayrhofer**



Success factor: synergy

Merger with FAIRTRADE FINANCE AG

The merger of mwb Wertpapierhandelsbank AG and FAIRTRADE FINANCE AG has created an enterprise of a completely new dimension. Even though all of the processes involved with the merger are far from being completed, it can already be said that the merger was extremely "capital friendly" and was executed virtually without a hitch. How synergy actually works was shown by the merger procedure itself: it took place retroactively to January 1, 2008 in the form of a share swap. The liquidity of both companies was hardly touched and is now at the disposal of the new company in an undiminished form. In the transaction, mwb granted the shareholders of FAIRTRADE FINANCE AG 2,989,269 shares - 2,491,000 of which from a capital increase and 498,269 own shares - which were acquired via a public buy-back offer and over the stock market. In exchange, the Hamburg company transferred its entire share capital to mwb AG. The speed at which the merger was executed clearly shows just how in line both sides were: the entire procedure had already been legally concluded by the 3rd quarter of 2008.

"Synergy at work"

One of the most important challenges faced by any merger is the fusing together of well-entrenched corporate cultures. The best way to accomplish this is to begin at the management level, thereby allowing management to carry out its role-model function. For this reason, the Managing Board of mwb, which had been composed up to then of Thomas Posovatz and Herbert Schuster, was enlarged to accommodate the two former members of FAIRTRADE's management board, Franz Christian Kalischer and Detlef Lübbe. The first few months have already shown that a constellation has been found in which competencies and personalities complement each other in an excellent way. The same holds true for the company's Supervisory Board. The original three-member board composed of Dr. Ottheinz Jung-Senssfelder, Thomas Mayrhofer, and Michael Wilhelm was enlarged by a way of a resolution of the general shareholders' meeting in July 2008 to a total of six members. Uwe Didwischus, Hagen-Christian Kümmel, and Dr. Thomas Ledermann stem from the FAIRTRADE side, as do the new members of the Managing Board. Thanks to their knowledge of the internal workings of the company, they were able to make a valuable contribution to the organic merger.

Management's most fundamental task after the legal and organizational merger of the company will be to cultivate synergy effects in as many areas as possible. We are, however, well aware that such complex processes take time. Although there is reason to be happy about the positive operating results in our first fiscal year together, it does not say all that much about mwb fairtrade AG's actual potential. Only gradually will the optimization of the company's size be transformed into higher value added and into a strategically improved competitive edge. We will therefore initially concentrate on operational synergies such as the standardization of the IT systems, the centralization of accounting and controlling in Gräfelfing, and the establishment of a joint personnel department. These will be responsible for the training, continuing education, and motivation of the now 70 mwb-fairtrade employees. We regard this as a fundamental task of the highest priority. It is the exchanging of knowledge, skills, and experience that ensures that an enterprise works as one unified entity.

Economic synergies

Synergistic effects play a key role in economics. When companies or organizations are merged, these effects are manifested chiefly through the distribution of the fixed costs, which are incurred in any case, onto even more shoulders. Per-capita expenditures for rent, infrastructures, or administration thereby sink markedly. The improved utilization of the capacities of the various systems also contributes to improved efficiency. A simple example: the acquisition and installation of a new IT system pays itself off even faster the larger the number of employees there are that are working with it and therefore contributing to value added.

In general, costs are saved through the amalgamation of departments and organizational units. According to the German saying “out of two make one”. An amalgamated company only needs one joint accounting department, one personnel department, and one controlling system. The costs saved here are not necessarily the result of lower personnel costs only, but may also stem from the standardization and increased efficiency especially in the processing of information. The same principle applies to costs incurred through the use of external partners and service providers: only one service provider is needed for legal and tax advice, for accounting, or for public relations work.

The benefits of economic synergies are not, however, restricted to purely cost-saving measures. The increase in value afforded to an expanded company is also one of the important effects of synergy. In the ideal case, the general rule still holds true: two merged stock corporations are worth more together than the sum of their individual values before the merger.

Operational synergies

Operational synergies are understood as everything that affects the workflows and processes within a business enterprise. Or put it less abstract: anything that serves to simplify and standardize processes. This would include, for example, the establishment of corporate-wide quality and procedural standards. These ensure the comprehensibility of work processes at all times, they facilitate error localization, and they provide a generally binding orientation system. Costly and time-consuming "friction losses" are thereby avoided from the very outset. The improved level of organization also enables to acquire new, more lucrative clients, which formerly could not be processed.

One of the most important operational factors, particularly in the case of computer-assisted security trading, is the harmonization of the trading software. In addition to the higher speed and the reliability with respect to order execution, it is mainly the transparency created that triggers synergy effects. Every employee can at any time comprehend the actions of his/her fellow employees – which avoids misunderstandings and improves efficiency. This close interlinking of employees leads in general to a more direct exchange of know-how and to the bundling of it. This generates – almost automatically - higher value added in the company as a whole. The same thing applies here as with economic synergies: two correctly matched employees whose professional strengths and weaknesses balance each other out achieve more when they work together as they would in isolation of each other.

Strategic synergies

Business minds that think in long terms are primarily interested in developing strategic synergies. The size factor plays a decisive role here. After all, the combining of two companies makes the unified structure less susceptible to short-term market fluctuations and other environmental influences. This leads into more stability on the one hand, and a much better starting point for sustainable corporate growth on the other. Therefore the roots of synergy and security are closely connected – just as the fusing of chemical substances, physical forces, or biological organisms ordinarily results in a compound that is more stable than the mere accumulation of individual elements.

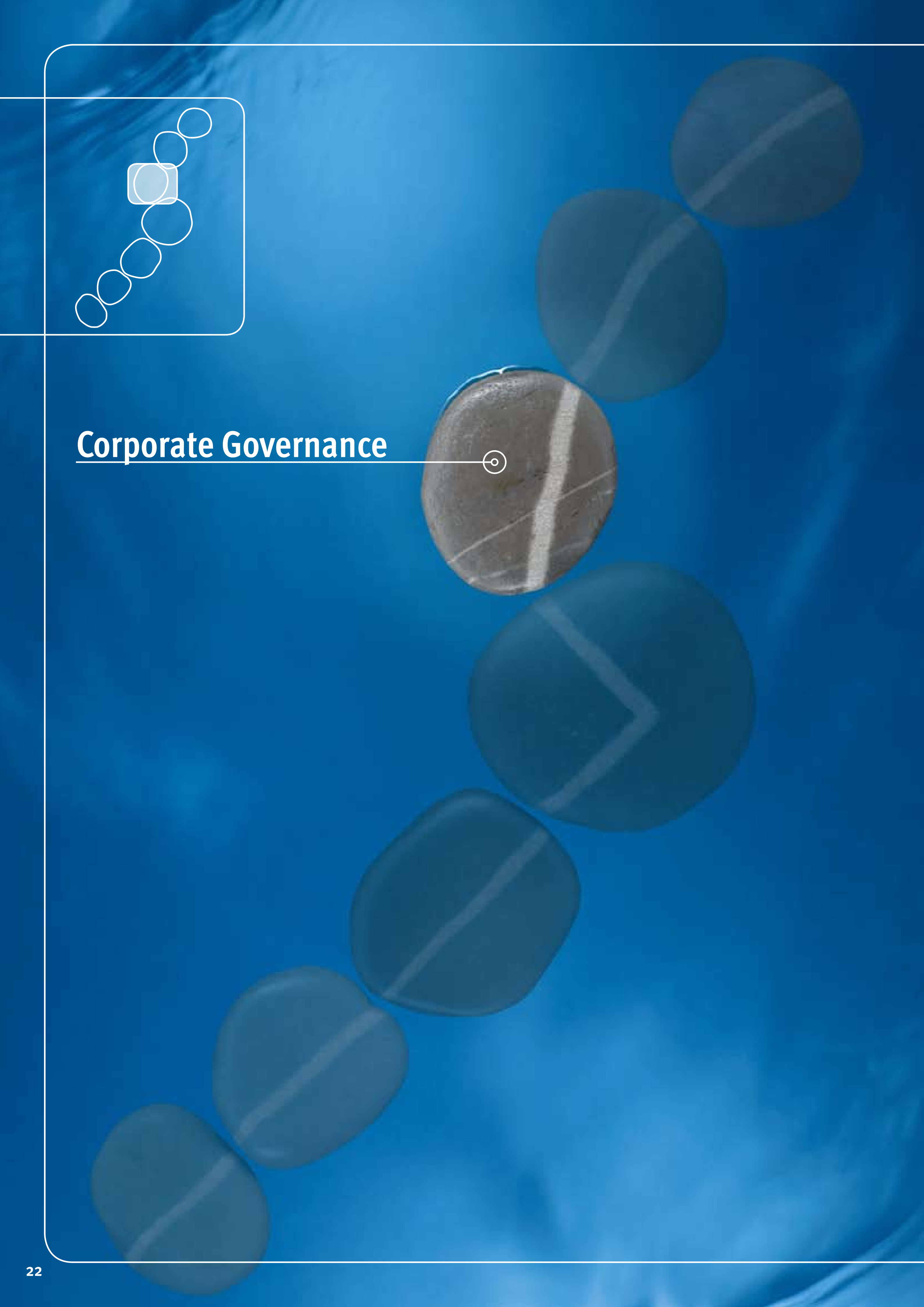
The strategic benefits include nearly all of the aspects relevant to a company: through enhanced skills and possibilities, risks are spread more widely within the company. The various corporate divisions balance out their profits and any possible losses amongst each other. Another key topic is credibility: a “major-league” player is always more interesting to potential clients than a smaller market player. This in turn has an impact on turnover, which increases through newly won clients. Last but not least, the shareholders of the company also profit – from increased recognition on the part of the analysts and from the increased confidence of institutional investors, whose involvement drives up share prices.

Emotional synergies

Abstract synergy and emotions – do these fit together at all? When looked at closely, yes it does. Because doesn't mutually complement each other mean working together towards a common goal and sharing a common destiny? The fusion process, i.e. the converging of two corporate cultures, quite often leads to a much more clearly defined self-image on the part of the employees. Motivation and self-assurance are bolstered by such an alliance, because the individual sees him/herself as a significant part of a larger unit and also receives more recognition from outside. This comes about first and foremost by the improved perception of the larger company. To belong to one of the significant players in a specific sector brings status, which quite often stimulates performance and allows the employees to identify with it.

It also makes the enterprise more attractive for those seeking employment – an important competitive factor in the search for qualified specialists and management personnel.

Image factors are also what influence the emotional external-perception held by business partners, suppliers, or clients. Especially in a branch in which many transactions are still being concluded orally, trust is vitally important. Having a good feeling about something or feeling secure, you are more likely to enter into a new business relationship. Which of course creates a whole new kind of synergy: the interplay between gut reactions and rational arguments.



Corporate Governance

How ethical values work

Synergies can only unfold fully when there is a basic consensus between the parties that have joined together. This relates not only to economic aspects, but also to ethical issues in general, to business ethics, and to attitudes towards transparency. A lack of a consensus with respect to such issues leads to losses caused by frictions, and even to complete failure in the worst case. The Managing and Supervisory Boards of mwb fairtrade AG thus made a very clear commitment to a joint set of values at the very outset of the merger. It contains, for example, a renouncement of stock options or other short-term incentive systems that stand in opposition to sustainable corporate developments. Equally important to us is complying with the German Corporate Governance Code. mwb fairtrade AG supports the Code and regards it as an important instrument towards reinstating the confidence that has been lost in the financial markets. Below you will find the joint report prepared by the Supervisory and Managing Boards of mwb fairtrade Wertpapierhandelsbank AG in compliance with Item 3.10 of the German Corporate Governance Code:

Corporate Governance Report of mwb fairtrade Wertpapierhandelsbank AG, Gräfelfing

Cooperation between the Managing and Supervisory Boards

The Managing Board and the Supervisory Board of mwb fairtrade Wertpapierhandelsbank AG work together in an open and constructive manner for the benefit of the company. The advice of the Supervisory Board, as a controlling authority, is sought in conjunction with all important steps and transactions. The direction and the strategic targets of mwb fairtrade Wertpapierhandelsbank AG are based on a close collaboration between the Managing and Supervisory Boards. Information is being exchanged on a regular basis on all issues that affect the company. All matters and legal transactions that require the Supervisory Board's approval are set out in the Managing Board's rules of internal procedure.

Supervisory Board Committees

Our Supervisory Board has established the following permanent committee:

Audit Committee: The Audit Committee is responsible for reviewing the documents upon which the annual and consolidated financial statements are based and for discussing in detail the auditor's reports with the auditor. The Audit Committee is also responsible for discussing the interim reports and, if applicable, the auditor's review of the interim reports prior to publication with the Managing Board and with the auditor if necessary. The Audit Committee must be notified of any special audits, serious complaints, and/or any exceptional measures taken by the supervisory authorities. It is responsible for receiving and dealing with accounting-related complaints, for internal accounting procedures, and for questions regarding the auditing of the financial statements.
The current members of the Audit Committee are Mr. Michael Wilhelm (Chairman) and Dr. Thomas Ledermann.

Efficiency review by the Supervisory Board

The Supervisory Board carries out an efficiency review once by using a check list. Any suggestions for improvement are implemented accordingly.

Declaration of conformity

The Managing and Supervisory Boards issued an updated declaration of conformity in December 2008 in compliance with Sec. 161 of the [German] Stock Corporation Act (AktG). According to Item 3.10 of the German Corporate Governance Code, any departures from the Code's recommendations must be elucidated.

In December 2008, the Managing and Supervisory Boards declared that the recommendations of the German Corporate Governance Code as amended on June 6, 2008 were fundamentally complied with. The following points were not complied with:

- The Code stipulates that, in contracts concluded with management board members, payments, including fringe benefits, to a management board member in the case of a premature termination of his/her office without good cause should not exceed the value of two years' remuneration (severance-pay cap) and should not be more than the remaining term of the employment contract (Item 4.2.3). The current contracts with the members of the Managing Board do not contain any such provisions. When new contracts are entered into with Managing Board members or when existing contracts are being renewed, the Supervisory Board will review whether or not it makes sense to agree to such a severance-pay cap.

- The Code recommends that, depending on the specific nature of the enterprise and the number of its members, the Supervisory Board should form professionally qualified committees (Item 5.3.1). The Supervisory Board should also form a nomination committee (Item 5.3.3). The company does not have such a committee. The Supervisory Board of mwb fairtrade Wertpapierhandelsbank AG is of the opinion that the entire Supervisory Board should perform this function.

- The Code recommends that the company's consolidated financial statements must be publicly accessible within 90 days of the end of the fiscal year and interim reports within 45 days of the end of the respective reporting period (Item 7.1.2). The Rules of the Frankfurt Stock Exchange prescribe for "Prime Standard" companies a period of four months for publicizing the consolidated financial statements and two months for publicizing the respective interim reports. The company intends to adhere to the latter deadlines and therefore deviate from those stipulated in Item 7.1.2.

In their declaration of conformity of December 2008, the Managing and Supervisory Boards of mwb fairtrade Wertpapierhandelsbank AG declared that they will continue in future to comply with the recommendations of the German Corporate Governance Code as amended on June 6, 2008 with the exceptions set out above.

The exact wording of the current declaration of conformity made by mwb fairtrade Wertpapierhandelsbank AG pursuant to Sec. 161 AktG is found below:

Declaration of conformity

The Managing Board and the Supervisory Board of mwb fairtrade Wertpapierhandelsbank AG, Gräfelfing, hereby make - pursuant to Sec. 161 of the [German] Stock Corporation Act (AktG) - the following declaration of conformity to the recommendations of the "Government Commission of the German Corporate Governance Code":

1. mwb fairtrade Wertpapierhandelsbank AG will comply with the recommendations of the German Corporate Governance Code (hereinafter referred to as the "Code") as amended on June 6, 2008 with the following exceptions:

a) The Code stipulates that, in contracts concluded with management board members, payments, including fringe benefits, to a management board member in the case of a premature termination of his/her office without good cause should not exceed the value of two years' remuneration (severance-pay cap) and should not be more than the remaining term of the employment contract (Item 4.2.3). The current contracts with the members of the Managing Board do not contain any such provisions. When new contracts are entered into with Managing Board members or when existing contracts are being renewed, the Supervisory Board will review whether or not it makes sense to agree to such a severance-pay cap.

b) The Code recommends that, depending on the specific nature of the enterprise and the number of its members, the Supervisory Board should form professionally qualified committees (Item 5.3.1). The Supervisory Board should also form a nomination committee (Item 5.3.3). The company does not have such a committee. The Supervisory Board of mwb fairtrade Wertpapierhandelsbank AG is of the opinion that the entire Supervisory Board should perform this function.

c) The Code recommends that the company's consolidated financial statements must be publicly accessible within 90 days of the end of the fiscal year and interim reports within 45 days of the end of the respective reporting period (Item 7.1.2). The Rules of the Frankfurt Stock Exchange prescribe for "Prime Standard" companies a period of four months for publicizing the consolidated financial statements and two months for publicizing the respective interim reports. The company intends to adhere to the latter deadlines and therefore deviate from those stipulated in Item 7.1.2.

2. Since its last declaration of conformity in December 2007, mwb fairtrade Wertpapierhandelsbank AG has complied with the recommendations of the Code as amended on June 14, 2007. The recommendations in Items 5.3.1, 5.3.2, 5.3.3, and 7.1.2 were not complied with.

mwb fairtrade Wertpapierhandelsbank AG
Gräfelfing in December 2008

Managing Board Supervisory Board

Remuneration report of mwb fairtrade Wertpapierhandelsbank AG

The remuneration report of mwb fairtrade Wertpapierhandelsbank AG is a compilation of the principles, the amounts, and the structure of the remuneration paid to the members of the company's Managing and Supervisory Boards. It is oriented along the lines of the recommendations of the Corporate Governance Code augmented by the [German] Act on the Disclosure of Management Board Remuneration (VorstOG).

Remuneration of the Managing Board

The Supervisory Board determines the amounts and the structure of the remuneration paid to the members of the Managing Board. This decision is based on the size of the company and its economic and financial situation. The Managing Board's remuneration in 2008 was comprised of four components:

a) A fixed, annual amount paid as a salary on a monthly basis.
b) A variable amount of 2.5 % of consolidated earnings before income taxes and management-board bonuses, however not to exceed € 150,000.00 in total.
c) The use of a company vehicle in the upper-middle class, which each Managing Board member may also use privately. The income tax (on salary) owing on the benefits in money's worth of the use of the vehicle must be paid by each Managing Board member himself. The Managing Board members Franz Christian Kalischer and Detlef Lübbe made use of a company vehicle in 2008.
d) Premiums paid to retirement pension plans for Franz Christian Kalischer, Detlef Lübbe, and Thomas Posovatz.

The company has no stock option programs or other similar incentive programs. The following table shows the amount of remuneration paid in 2008 to the Managing Board members:

	Fixed remuneration in TEUR	Variable remuneration in TEUR
Franz Christian Kalischer	180	5
Detlef Lübbe	186	5
Thomas Posovatz	159	5
Herbert Schuster	180	5
	705	**20**

The variable remuneration in the amount of EUR 20 thousand is carried in the 2008 annual financial statements as a provision and will be paid in 2009. The Managing Board member Thomas Posovatz also has claims from the pension plan totalling EUR 185 thousand. In addition to the aforementioned allowances to the Managing Board members, a former member of the Managing Board was paid EUR 52 thousand in 2008, EUR 31 thousand of which was covered by insurance reimbursements. Former Managing Board members also have claims from the pension plan in the amount of EUR 1,165 thousand.

The members of the Managing Board did not receive any loans from the company in 2008.

Remuneration of the Supervisory Board

The remuneration of the Supervisory Board was revised by way of an amendment to the articles of association at the general shareholders' meeting on June 25, 2003.
Each member of the Supervisory Board receives, in addition to reimbursement of their expenses, fixed remuneration in the amount of EUR 10 thousand for each full year of membership on the company's Supervisory Board, which is payable upon expiry of the fiscal year. Commencing on July 1, 2003, each member of the Supervisory Board also receives, for each full fiscal year of membership on the Supervisory Board, variable remuneration in the amount of 0.3% of the positive consolidated earnings from ordinary activities. The company grants to the members of the Supervisory Board appropriate insurance protection. In particular, the company undertakes to conclude (third-party) liability insurance policies, so-called directors and officers insurance, for the benefit of the members of the Supervisory Board that adequately cover the statutory (third-party) liability inherent in the duties performed by the Supervisory Board member.
The Chairman of the Supervisory Board receives twice the amount, the Vice Chairman one and a half times the amount of the fixed and of the variable remuneration. The combined total of fixed and variable remuneration is limited to EUR 15 thousand per year for ordinary members of the Supervisory Board, to EUR 22.5 thousand per year for the Vice Chairman and to EUR 30 thousand per year for the

Chairman of the Supervisory Board. The statutory German VAT must be added to all amounts. The Supervisory Board's remuneration for fiscal year 2008 is therefore comprised of two components:

a) A fixed component.

b) A variable component in the amount of 0.3% of the positive consolidated earnings from ordinary activities.

The following table shows the amount of remuneration paid in 2008 to each of the six individual members of the Supervisory Board, each amount inclusive of turnover tax (Umsatzsteuer) as per Sec. 8 (3) of the articles of association:

	Fixed remuneration in TEUR	Variable remuneration in TEUR
Dr. Ottheinz Jung-Senssfelder	24	4
Dr. Thomas Ledermann (since 08/2008)	5	1
Uwe Didwischus (since 08/2008)	5	1
Hagen Christian Kümmel (since 08/2008)	5	1
Thomas Mayrhofer	16	3
Michael Wilhelm	12	2
	67	**12**

The variable remuneration in the amount of EUR 12 thousand is carried in the 2008 annual financial statements as a provision and will be paid in 2009.
Fees totalling EUR 103 thousand were paid to the firm Mayrhofer & Partner in Munich for consulting services rendered; Mr. Mayrhofer is a partner in this firm. A fee totalling EUR 5 thousand was paid to WAPAG Allgemeine Revisions- und Treuhand-Gesellschaft AG of Munich for consulting services rendered; Mr. Wilhelm, a member of our Supervisory Board, is the CEO of this company.

Shareholdings of the members of the Managing and Supervisory Boards

The members of the Managing Board hold the following shares in the company:

Members of the Managing Board	Number of shares	% of share capital
Franz Christian Kalischer	555,509	7.43
Detlef Lübbe	555,509	7.43

Mr. Posovatz also holds a 11.31% interest in mwb fairtrade Wertpapierhandelsbank AG indirectly via the Posovatz Verwaltungs GbR. Mr. Schuster does not hold any shares in the company.
The members of the Supervisory Board hold no shares in mwb fairtrade Wertpapierhandelsbank AG.

Other Information

The company indemnifies the members of the Managing and Supervisory Boards of mwb fairtrade Wertpapierhandelsbank AG from third-party claims to the extent permitted by law. To this end, the company has entered into liability insurance policies for pecuniary loss (D & O liability insurance) for the members of its executive bodies. This insurance covers the risk of personal liability should the executive bodies of mwb fairtrade Wertpapierhandelsbank AG, in the exercising of their duties for the company, be held liable for pecuniary loss. The liability coverage per insurance claim is € 1 million. A retention of EUR 5 thousand per insurance claim has been agreed.

Director's dealings

According to Sec. 15a of the [German] Securities Trading Act (WpHG), the members of the Managing and Supervisory Boards are under an obligation to disclose any acquisition or sale of company shares with a value of more than € 5,000 in the calendar year. The following transactions in mwb shares subject to the disclosure requirement were reported to mwb fairtrade Wertpapierhandelsbank AG in fiscal year 2008:

Date	Party with disclosure obligation	Person with management duties triggering disclosure obligation	Type and place of transaction	Price in €	Number of shares	Volume in €
05/28/2008	Thomas Posovatz	Thomas Posovatz, Managing Board	Off-exchange sale	0.00	474,648	0.00
05/28/2008	Posovatz Verwaltungs GbR	Thomas Posovatz, Managing Board	Off-exchange purchase	0.00	474,648	0.00

All of the transactions were also publicized on the company's website.

Gräfelfing in April 2009

On behalf of the Supervisory Board:
Dr. Ottheinz Jung-Senssfelder

On behalf of the Managing Board:
Thomas Posovatz

"mwb fairtrade AG supports the Code and regards it as an important instrument towards reinstating the confidence that has been lost in the financial markets."

Investor Relations

mwb fairtrade's share in the wake of the financial crisis

After being up 11 % in the 2007 fiscal year and a year-end closing price of € 5,49, our share was caught in the downwards pull of the entire financial sector in 2008. By December 31, 2008, it had lost 79 % of its value and closed the year at € 1,45. Our only consolation here is the fact that the other securities trading banks were no better off. As a result of a panic reaction on the part of investors, which was completely understandable, financial securities were penalized across the board, although securities trading banks in particular – thanks to increased volatility – were able to profit from the turbulence on the stock exchanges. That mwb fairtrade's share is not being realistically valued is demonstrated alone by the fact that the market capitalization is currently lower than the company's equity. Other peripheral factors – such as liquidity, size of the dividends in the last years, sharpened competitive edge through the merger – also allow the conclusion to be drawn that, with respect to the valuing of our company, appearances and reality are much too far apart.

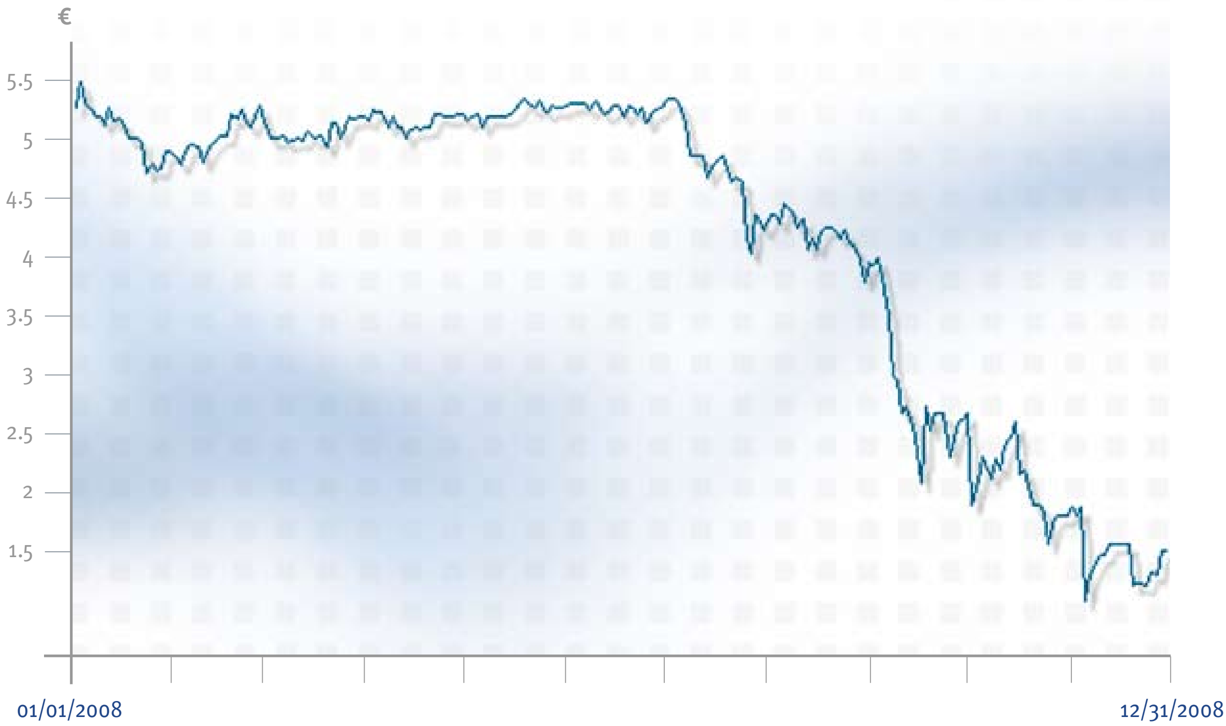
Dialogue with investors

The undervaluation of the mwb fairtrade share, which is very disappointing for us, provides further incentive to intensify communication with private and institutional investors. We will do this in the summer of 2009 by once again taking part in the DVFA Small Cap Conference, where we will present our enlarged company to the analysts who have specialized in smaller listed stock corporations. The merger has done nothing to change our policy of communicating openly with the shareholders with respect to the results, strategic direction, and perspectives of mwb fairtrade. The next opportunity to do this will be the general shareholders' meeting on July 9, 2009, to which we extend a warm invitation to you at this time.

"The merger has done nothing to change our policy of communicating openly with the shareholders with respect to the results, strategic direction, and perspectives of mwb fairtrade."

Performance of mwb fairtrade's share price (€), Xetra

12/31/2008 (Close)	06/05/2008 (High)	12/03/2008 (Low)
€ 1.45	€ 5.41	€ 1.30



Price of mwb fairtrade's shares from January 1, 2008 to December 31, 2008
Stock code: 665610

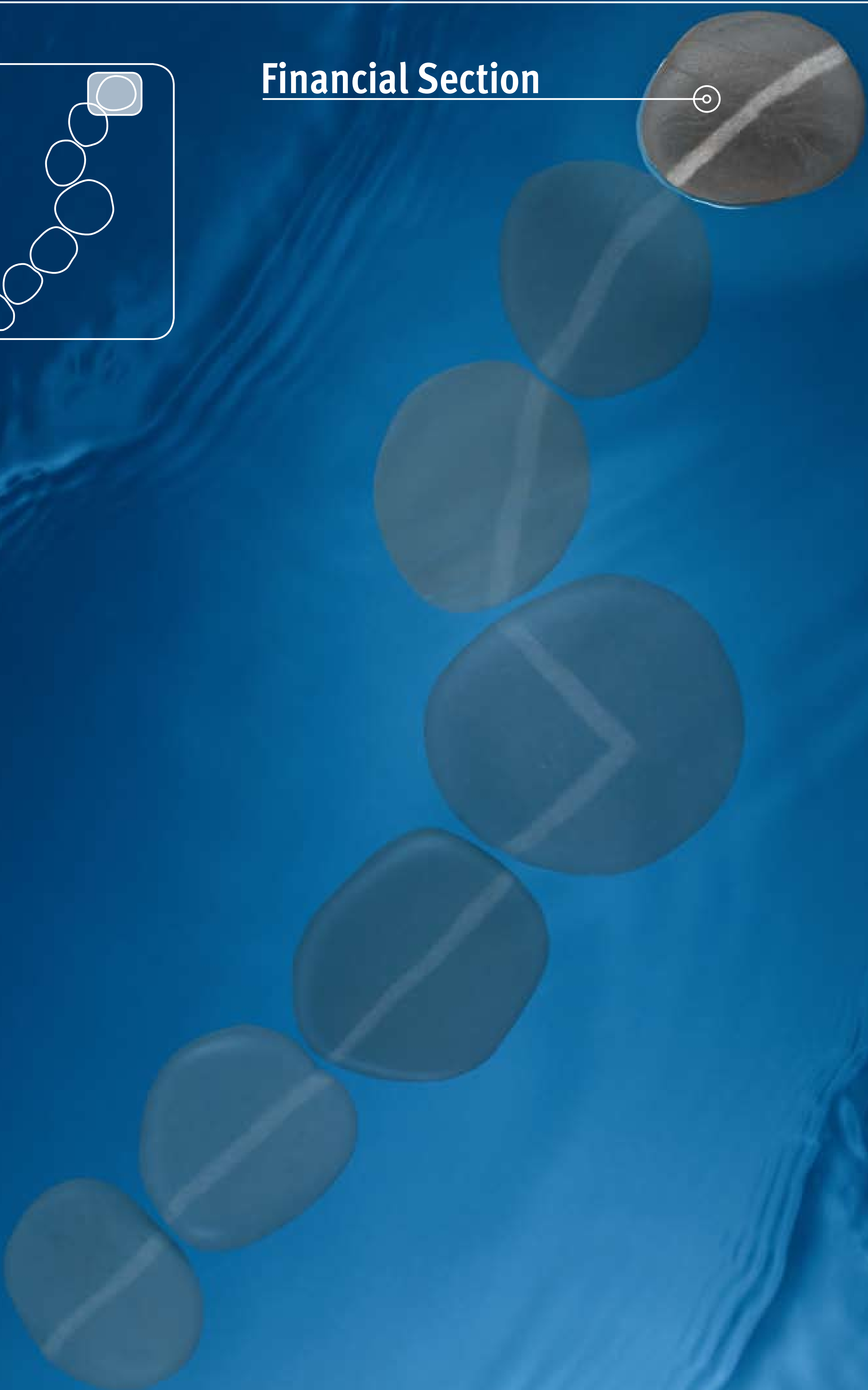
Schedule 2009

Date	Topic	Place
03/10/2009	Publication of the provisional balance sheet 2008 (presumably)	
04/22/2009	Publication of balance sheet (1st Quarter 2009)	
07/09/2009	Annual general meeting	Munich
07/22/2009	Publication of balance sheet (Half-Year 2009)	
08/31 - 09/02/2009	Analysts conference; Participation at Small Cap Conference of DVFA	Frankfurt
10/21/2009	Publication of balance sheet (3rd Quarter 2009)	

Contact:

mwb fairtrade Wertpapierhandelsbank AG
Bettina Schmidt
Rottenbucher Strasse 28 · 82166 Graefelfing
P.O. Box 16 44 · 82158 Graefelfing
Phone +49 89 85852-305 · Fax +49 89 85852-505
investor-relations@mwbfairtrade.com
www.mwbfairtrade.com

Financial Section



Contents Financial Section

Contents Financial Section — Page

Contents — Page

Group Management Report

The economic setting in fiscal year 2008

2008 will go down in history as the year of the world's most devastating economic crisis since 1929, the seeds of which had already been sewn in the summer of 2007. Triggered by a real estate crisis, the entire financial system began to totter, which was followed by the real economy as well. Billions worth of write-downs on a hereto unprecedented scale forced nearly all governments to shore up the financial sector with guarantees and cash infusions out of taxpayers money. Despite these aid packages, most market participants who dealt in securitized credit risks will probably only be able to survive - in the long term as well - with state support. In the face of these dramatic market conditions, those growth impulses that were originally hoped for by the end of the year – for example those occasioned by the introduction in Germany of the so-called "Abgeltungssteuer", a withholding tax on earnings from capital investments – virtually failed to materialize.

As an export-oriented industrial nation, the recession has hit Germany especially hard. The developments taking place on the stock exchanges is one clear reflection of this. The DAX (-41%), the MDAX (-43%), and the TecDAX (-48%) plummeted during the year even lower than the Dow Jones or Nikkei indexes. This trend is a barometer for the enormous loss of confidence felt by investors. They turned their backs in droves on the stock exchanges, and even institutional investors shifted their capital around. Accordingly, the stock markets were characterized last year by high-level volatility with simultaneous declines in turnover. Financial securities suffered of course the most from this down mood. Even securities trading banks such as mwb fairtrade Wertpapierhandelsbank AG were unable to escape this downwards trend, although at least in the first half of the year they were able to profit from the high volatility. mwb fairtrade Wertpapierhandelsbank AG's share forfeited around two-thirds of its value over the course of the year, and thereby suffered a fate similar to that of the shares of its competitors. On December 31, 2008, it was traded at EUR 1.45.

Legal and organizational structure of mwb fairtrade Wertpapierhandelsbank AG

mwb Wertpapierhandelsbank AG, which was founded in 1993, is a bank within the meaning of the [German] Banking Act (KWG). On July 28, 2008, mwb Wertpapierhandelsbank AG was renamed mwb fairtrade Wertpapierhandelsbank AG following the merger with the Hamburg-based FAIRTRADE FINANCE AG. Besides being licensed to carry out financial agency business and issuing business, the company is also licensed to broker investments and transactions and to carry out proprietary trading on behalf of others. mwb fairtrade Wertpapierhandelsbank AG is subject to the supervision of the [German] Federal Financial Supervisory Authority (BaFin) and the Deutsche Bundesbank.

Retroactive to January 1, 2008, mwb Wertpapierhandelsbank AG was merged with FAIRTRADE FINANCE AG of Hamburg. The acquisition of FAIRTRADE FINANCE AG was made via a capital increase (from authorized capital against non-cash capital contributions) to € 7,473,700 and partly via treasury stock. This led to the altering of the shareholder structure of mwb fairtrade Wertpapierhandelsbank AG: the Posovatz Verwaltungs GbR, in which the officiating Managing Board member Thomas Posovatz has a 50% interest, holds 6.35% of the shares. The other founding members each directly hold between 3% and 10% of the shares. Via the FMNP Beteiligungs-GmbH, they also share equally in an additional 19.84% interest in mwb fairtrade shares. The two Managing Board members, Franz Christian Kalischer and Detlef Lübbe, each hold a direct 7.43% interest in the company. The major single shareholder with a 20.18% interest is BÖAG Finanzdienst AG, a wholly owned subsidiary of BÖAG Börsen AG of Hamburg.

In the course of restructuring the company's business divisions, the company's activities were subsumed at the end of 2008 under "Securities Trading" and "Capital Markets". The company is also active in the area of private asset management via MWB Baden GmbH, its 60% owned subsidiary.

mwb fairtrade Wertpapierhandelsbank AG, with its registered office in Gräfelfing, Germany, has four dependent business establishments in Hamburg, Hanover, Frankfurt, and Berlin.

Group Management Report

Merger with FAIRTRADE FINANCE AG

Acquisition retroactive to January 1, 2008

As announced in November 2007, mwb Wertpapierhandelsbank AG merged – retroactive to January 1, 2008 – with FAIRTRADE FINANCE AG. The Hamburg brokerage firm – the market leader in Germany for investment funds traded over the stock exchange – supplements mwb Wertpapierhandelsbank AG's spectrum in many areas. The merger was effected in the form of a share swap in order to preserve the liquidity of mwb Wertpapierhandelsbank AG. The capital increase required for this was adopted by way of a resolution on March 31, 2008, and was registered in the Commercial Register in the Amtsgericht Munich on May 21, 2008. In the result, mwb Wertpapierhandelsbank AG granted the shareholders of FAIRTRADE FINANCE AG 2,989,269 shares, 2,491,000 of which from a capital increase and 498,269 from treasury stock, which were acquired via a public buy-back offer in November 2007 and over the stock exchange in the time following. In exchange, the Hamburg company transferred its entire share capital to mwb Wertpapierhandelsbank AG. The merger agreement was notarized on July 18, 2008.

Merger in August 2008

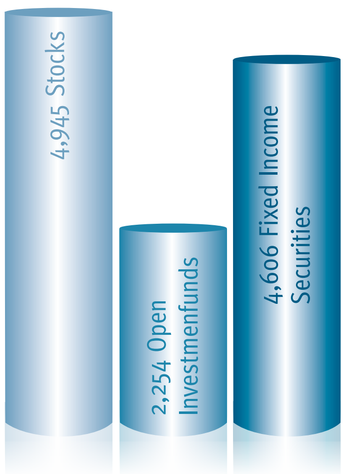
In the 3rd quarter of 2008, the merger of mwb Wertpapierhandelsbank AG and FAIRTRADE FINANCE AG was concluded in legal terms. The new company was registered on August 19, 2008 in the Commercial Register in Munich. Shortly before this on August 6, 2008 the change of the company's name to "mwb fairtrade Wertpapierhandelsbank AG" became official through its registration in the Commercial Register. The name change was carried out pursuant to a resolution of the general shareholders' meeting on July 28, 2008, as was the enlargement of the Supervisory Board. The former members of the Supervisory Board, Dr. Ottheinz Jung-Senssfelder, Thomas Mayrhofer, and Michael Wilhelm, were joined by three new members, Uwe Didwischus, Hagen-Christian Kümmel, and Dr. Thomas Ledermann as the Deputy Chairman.

Enlarged Managing Board

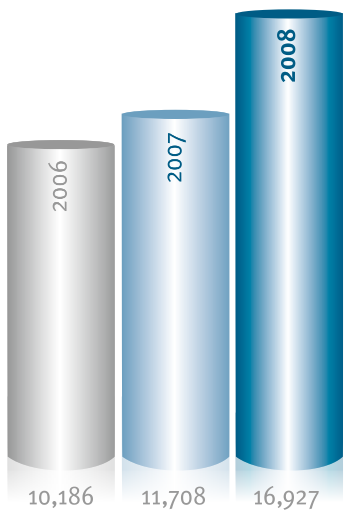
In its first official meeting on July 28, 2008, the Supervisory Board appointed two new Managing Board members to mwb fairtrade Wertpapierhandelsbank AG. Christian Kalischer and Detlef Lübbe, who had formerly served as members of the management board of FAIRTRADE FINANCE AG, now supplement the Managing Board, which had been comprised of Thomas Posovatz and Herbert Schuster up to this time. The enlargement of the Managing Board is the logical outcome of nearly doubling the company's size and has already proven its worth. The most important task of this "management quartet" will be to consolidate the two organizations in the coming months, both in an operative and corporate-cultural sense.

1. The Business Situation

Seldom was there higher volatility on the stock markets in one year as there was in 2008. This meant four, extremely divergent quarterly results for mwb fairtrade Wertpapierhandelsbank AG. Massive declines in turnover in equity tra-



Number of securities sponsored by mwb fairtrade (2008)



Trading and commission result in EUR thousand of mwb group

Group Management Report

ding resulted in slightly negative results in Q1, whereas a profit was recorded in Q2 because of the consolidation with FAIRTRADE. Trading turnover plummeted again in Q3 bringing with it losses for mwb fairtrade, which however were balanced out in Q4 as a result of high fluctuations in share prices. In sum, the company was unable to follow up on the excellent results of 2007. But in light of the worldwide financial crisis, the fact that positive annual results in the amount of EUR 312 thousand were achieved at all can be booked as a success.

FAIRTRADE FINANCE AG was included in the company's financial statements as at December 31, 2008.

Developments in the individual divisions of mwb fairtrade Wertpapierhandelsbank AG

The business sectors and the business divisions of mwb fairtrade Wertpapierhandelsbank AG were newly structured in the past year. The "Securities Trading" division will now include order-book management for equities, open-ended funds, and bonds, as well as sales & execution for institutional clients and order execution for banks. The second division, "Capital Markets", will cover advising and underwriting IPOs, as well as listings and designated sponsoring for small and mid-sized stock corporations. The third division, "Private Clients", is devoted to private asset management. By far the largest contribution to earnings in 2008 was made by the Securities Trading division, especially order-book management. The two other divisions, however, suffered on a large scale from the effects of the financial crisis and accordingly played a less significant role.

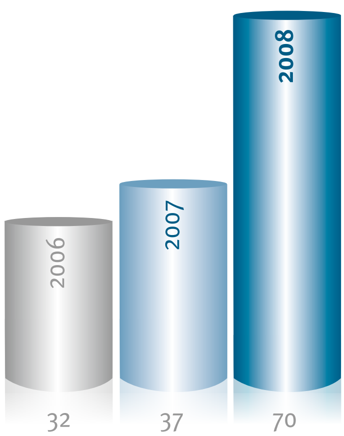
Securities Trading

Order-book management for equities

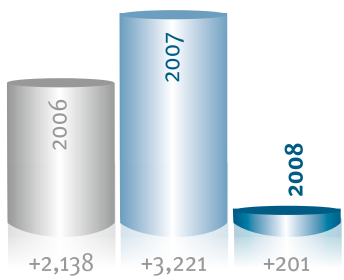
As of December 31, 2008, mwb fairtrade Wertpapierhandelsbank AG managed 4,945 equities on the Munich, Frankfurt, Hamburg, Hanover, and Berlin Stock Exchanges. The Hamburg and Hanover Stock Exchanges were added as a result of the merger with FAIRTRADE FINANCE AG – which is the sole order-book manager on these two exchanges. Through their strong position in fund trading, the weighting of the various activities within the order-book management business has changed completely. The three segments – equities, funds, and bonds – came closer together in terms of their importance. Nevertheless, order-book management for equities, with 56%, still made the highest contribution to total consolidated earnings. The contribution to commission income amounted to 46% and 63% to trading profits. Order-book management profited in the past year, chiefly from individual, heavily traded shares such as those of Hypo Real Estate and the K+S Group. But even though orders for these shares were disproportionately high, it could not compensate for the overall decline in trading activities.

Order-book management for open-ended funds and funds trading

The merger of mwb and FAIRTRADE has created one of the leading brokers for funds trading in Germany. As of December 31, 2008, the merged company managed 2,254 open-ended funds on the Hamburg and Munich Stock Exchanges. mwb fairtrade Wertpapierhandelsbank AG thereby has an excellent starting position in a rapidly growing market segment. Approximately only two percent of all open-ended funds are being freely traded outside the classical distribu-



Changes in the number of employees



Profit from ordinary activities in EUR thousand tion channels over the stock exchange. Because there are no loads being charged in such a case, it is likely in the coming years that more and more consumers will choose this more economical way via the stock exchange. Already in the first year of the FAIRTRADE consolidation, order-book management in open-ended funds contributed around 23% to consolidated earnings and 20% to commission income. The contribution to trading profits was 22%.

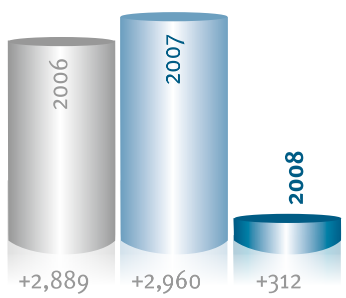
Order-book management for fixed-income securities
After the acquisition of C. J. Diederich GmbH in 2006, the merger of mwb and FAIRTRADE was the second step along the way to becoming one of Germany's leading traders in fixed-income securities. At the close of the fiscal year, mwb fairtrade Wertpapierhandelsbank AG managed 4,606 fixed-income securities (bonds) on the Berlin, Hamburg, and Hanover Stock Exchanges – it is actually the sole order-book manager on the latter two exchanges. In total, this business area generated 14% of commission income and 8% of consolidated earnings. The relatively low contribution to trading profits (4%) is due to the fact that the transactions are carried out primarily as brokerage transactions and are remunerated by commission. Therefore the income generated is allocated to commission income rather than to trading profits.

Sales
Securities trading on behalf of institutional clients also profited from the merger with FAIRTRADE FINANCE AG. The Hamburg company brought with it a successful and well-established sales department, which has been operating out of Frankfurt since the beginning of 2009. Because of the expansion of the sales team, it is expected that the contribution to total earnings – around 7% in 2008 – will increase significantly in the future. Although it is a brokerage business in the classical sense, the contribution to commission income (2%) was in this case lower than the contribution to trading profits (11%). This can be ascribed to the – now common and customer-desired - practice of integrating the commission in the transaction-calculation and not itemizing it separately.

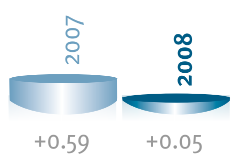
Order execution
As a business segment directly dependent on the investment activities of private investors, order execution experienced somewhat of a decline in 2008. This service, which mwb fairtrade Wertpapierhandelsbank AG performs primarily for banks that do not have their own securities departments, contributed 2% to total earnings and 7% to commission income.

Capital Markets

IPO advising and listings
IPO business virtually came to a halt in 2008 not only in Germany but around the entire world as well. Commencing with the second quarter of 2008, no initial public offerings of any significance took place and consequently no mandates for IPO underwriting either. And because many companies have also put their plans for listings or capital increases on hold, mwb fairtrade Wertpapierhandelsbank AG failed to attain the turnover figures it had anticipated. Since not even a medium-term improvement to the situation can be expected, mwb fairtrade Wertpapierhandelsbank AG is concentrating its efforts for the time being in low-margin capital-markets services such as advising companies in accessing the Entry Standard of the Deutsche Börse. As before, the main focus is on small and mid-sized stock corporations and/or mid-sized companies.



Net profit in EUR thousand



Earnings per share in € *

* Earnings per share in 2007 were based on 4,982,700 shares, whereas earnings per share 2008 are based on 7,473,700 shares.

Group Management Report

Designated sponsoring

Improving the market capitalization and marketability of small and mid-caps is one of the most important tasks of a securities trading bank in designated sponsoring. mwb fairtrade Wertpapierhandelsbank AG acquired four new mandates as designated sponsors in 2008 and therefore offset the same number of mandates that were lost. The newcomers are ARBOmedia AG, a marketing firm for electronic media, the finance-oriented publisher Going Public AG, the Norwegian software developer Vizrt AG, and the Chinese textile manufacturer Shigo Asia AG. The FloraEcoPower Holding AG, tse AG (formerly ENRO), LStelcom AG, and OPENLIMIT Holding AG mandates are no longer being managed.

Because of the difficult market conditions, this division only contributed a total of 4% to commission income and 1% to total earnings.

Private clients

mwb fairtrade AG is active in the area of private asset management through an associated company. It holds a 60% interest in MWB Baden GmbH in Offenburg, Germany. This subsidiary suffered like all other asset managers on account of the financial crisis and was unable to match the good results of the previous year. Assets under management fell from € 38 million to € 22.5 million, many investors having lost interest in financial-market products and long-term investments. After sales out of the "1A Global Balanced" fund, which is held and managed by MWB Baden GmbH itself, and of fixed-income securities, a loss of EUR 162 thousand resulted, which reduced earnings from ordinary activities to EUR -83 thousand. The contribution to the commission income of mwb fairtrade Wertpapierhandelsbank AG was 7% and 3% to total consolidated earnings.

2. Earnings in Fiscal Year 2008

In the most difficult situation imaginable, mwb fairtrade Wertpapierhandelsbank AG still recorded positive earnings. This is a very respectable achievement considering that it took place against the backdrop of one of the largest financial crises of all times. Even though there was a perceptible decline in comparison to the good results attained in 2007, mwb fairtrade did not experience setbacks as devastating as those faced by the vast majority in the financial sector, including some of its competitors. The reason for the difference between the earnings pursuant to the German Commercial Code (HGB) and pursuant to IFRS is because of the two different accounting methods. With IFRS earnings, although unrealized income from open transactions are recognized in the balance sheet, earnings are reduced through the amortization of intangible assets identified in the course of the FAIRTRADE takeover. In the case of a purchase of a company, this means the difference between the purchase price and goodwill at the time of the takeover. In addition to this, an enterprise's own securities holdings are valued lower pursuant to IFRS accounting rules, which has a negative effect on consolidated earnings in some cases. Binding for mwb fairtrade Wertpapierhandelsbank AG, which is listed on the Prime Standard of the Deutsche Börse, is the accounting pursuant to IFRS.

Because FAIRTRADE FINANCE AG has only been included in the consolidated financial statements since January 1, 2008, any comparisons made in the following to the reporting period of the preceding year are of limited value only. The 2007 balance sheet, on the other hand, contains the figures for mwb Wertpapierhandelsbank AG only. This explains both the sizeable increase in commission income and trading profits in 2008 and the significant rise in expenditures for personnel and material costs.

The cost-income-ratio, which is the key indicator for determining the efficiency of banks, was, as a result of the tough market conditions, 101% for the 2008 fiscal year as compared to 79% in 2007.

Net commission income and trading profits

The net commission income and trading profits of mwb fairtrade Wertpapierhandelsbank AG were markedly influenced in the past fiscal year by the severe drop in turnover on the one hand and high market volatility on the other. Thanks to a strong fourth quarter, the annual results – on the whole – turned out quite satisfactory. Commission income rose in 2008 to EUR 6,447 thousand following EUR 4,256 thousand in the preceding year, while trading profits increased from EUR 7,452 thousand in 2007 to EUR 10,480 thousand in 2008. It must be born in mind here that the figures from 2007 are for mwb Wertpapierhandelsbank AG alone, whereas the figures for 2008 already contain the new enlarged company, which includes FAIRTRADE FINANCE AG. Write-downs on securities holdings totalled EUR 211 thousand as at December 31, 2008 following a write-up of EUR 118 thousand in the year past.

General administrative expenses

Even though a doubling of general administrative expenses could have been expected in 2008 because of the merger with FAIRTRADE FINANCE AG, the increase was in fact disproportionately low. The main reason for this lies in the nature of the two types of costs, namely personnel costs and expenses for processing securities transactions, both of which are turnover- and revenue dependent.
Because of mwb fairtrade Wertpapierhandelsbank AG's performance-based remuneration model, the personnel expenses of the two merged companies decreased in response to the significant drop in earnings. In actual figures, however, they rose from EUR 3,095 thousand to EUR 6,177 thousand in 2008. Through the merger of the two companies into mwb fairtrade Wertpapierhandelsbank AG, the number of group employees increased during the course of 2008 from 37 to 70. As was the case with the former mwb Wertpapierhandelsbank AG, FAIRTRADE FINANCE AG was also known for its low fluctuation rate in the personnel area.

As with personnel costs, the same holds true for other administrative expenses, which contain settlement costs for example. These totalled EUR 11,660 thousand in 2008 following EUR 6,673 thousand in the year past.

Provisions for risks

mwb fairtrade Wertpapierhandelsbank AG holds a 12.4% interest in XCOM AG, a company based in Willich, Germany and not listed on the stock exchange.

The management at mwb fairtrade Wertpapierhandelsbank AG kept itself regularly informed last year on the developments at XCOM AG. In particular, the quarterly reports and the provisional, unaudited financial statements of XCOM AG as at December 31, 2008 were at its disposal. Based on the information above, the Managing Board at mwb fairtrade Wertpapierhandelsbank AG has decided to continue to report its interest in XCOM at cost.

Earnings from ordinary activities

The extremely problematical market conditions in 2008 led, despite a rise in commission income and trading profits on account of the concomitant rise in administrative expenses, to a drop in consolidated earnings from ordinary activities from EUR 3,221 thousand to EUR 201 thousand. In light of the extremely negative impact that the credit crisis has had on the financial markets, the management at mwb fairtrade Wertpapierhandelsbank AG is satisfied on the whole with the results.

Net Profit (Loss)

As with the earnings from ordinary activities, net profit also declined in 2008 from EUR 2,960 thousand to EUR 312 thousand. Based on the net profit for 2008, earnings per share are calculated at € 0.05 as compared to € 0.59 in the previous year. To be kept in mind here is, however, that earnings for 2007 were based on 4,982,700 shares, whereas earnings for 2008 are based on 7,473,700 shares.

Net retained profits

In the interests of its shareholders, the Managing Board of mwb fairtrade Wertpapierhandelsbank AG disbursed a dividend of € 0.42 per share in 2008 for the 2007 fiscal year. Taking into account this dividend payment and the net profit attained in 2008 in the amount of EUR 312 thousand, the result is net retained profits in the amount of EUR 2,881 thousand as compared to EUR 2,328 thousand in the preceding year. Because of the current tensions on the financial markets, the Managing Board of mwb fairtrade Wertpapierhandelsbank AG has decided not to disburse any dividends for the 2008 fiscal year.

Group Management Report

3. Financial Position

The financial position of mwb fairtrade Wertpapierhandelsbank AG is in good order.

Total assets

Total assets rose as at December 31, 2008 from EUR 22,548 thousand to EUR 35,161 thousand. This increase results primarily from the merger with FAIRTRADE FINANCE AG.

Liquidity

Due to the merger with FAIRTRADE FINANCE AG and the reduction in securities holdings, the net current assets rose markedly from EUR 7,097 thousand to EUR 14,758 thousand.
As in the past, the management of the now enlarged, merged company will, within the framework of the company's goals, continue to give the preservation of liquidity the high priority it deserves.
The liquidity ratio of mwb fairtrade Wertpapierhandelsbank AG pursuant to Sec. 11 KWG, this being the key indicator of a company's liquidity, was 10.57 on December 31, 2008 as compared to 12.34 on December 31, 2007.

Trading assets

As of December 31, 2008, the group held fixed-income securities in its portfolio worth EUR 242 thousand as compared to EUR 3,197 thousand at the close of 2007. This reduction was made on the basis of a corporate policy decision of the Managing Board.

The portfolio of shares and other variable-income securities totalled EUR 1,750 thousand as at December 31, 2008 following EUR 1,558 thousand in the previous year.

Available for sale - portfolio

As at December 31, the group had no holdings in the available-for-sale category. The final maturity date of the debt instruments with a reported value as at the previous year's balance sheet date of EUR 1,682 thousand was in April 2008. The shares and other fixed-income securities held on this date were sold in the fiscal year.

Equity

mwb fairtrade Wertpapierhandelsbank AG's equity rose in the 2008 fiscal year from EUR 17,542 thousand to EUR 29,251 thousand.
This increase resulted from the acquisition of FAIRTRADE FINANCE AG. Set against this, distributions in the amount of EUR 3,227 thousand were recorded.

The equity ratio of 83% on December 31, 2008 was distinctly higher than at the close of 2007 (78%).

Interest in XCOM AG

mwb fairtrade Wertpapierhandelsbank AG holds a 12.4% interest in the financial software company XCOM AG. This company, with its registered office in Willich, was founded in 1988 and is considered one of the leading suppliers for e-business, e-banking, and trading support in the securities sector. In 2003, XCOM AG took over the full-service banking activities of E-Trade Bank AG, Deutschland, renaming this wholly-owned subsidiary "XCOM Bank". XCOM AG sold XCOM Bank to Wirecard AG, effective as of January 1, 2006. The proceeds from the sale were allocated to fiscal year 2006.

In December 2005, XCOM AG obtained a license to operate an additional, newly formed bank, the biw Bank für Investments und Wertpapiere. biw Bank is a transactions and online bank with extensive experience in the securities business. In addition to its own activities, it has taken over the former business of the XCOM Bank. In the course of fiscal years 2006 and 2007, XCOM AG sold shares of this bank; it currently still holds a 38% interest in it.

As in previous years, the group management of mwb fairtrade Wertpapierhandelsbank AG carefully and consistently kept track of the developments at XCOM AG in 2008. The interaction with the management of XCOM AG took place in an open and trustworthy manner. Noteworthy here is that mwb fairtrade Wertpapierhandelsbank AG is not only a shareholder but also a client of XCOM AG.

On June 22, 2007, XCOM AG's general shareholders' meeting appointed Thomas Posovatz, a member of the Managing Board of mwb fairtrade Wertpapierhandelsbank AG, to the supervisory board of XCOM AG.

4. Other Information

Structure of the remuneration system for the Managing and Supervisory Boards

According to Sec. 87 of the [German] Stock Corporation Act (AktG), the Supervisory Board is responsible for determining the remuneration of the members of the Managing Board. Service (employment) contracts have been concluded with the members of the Managing Board, which stipulate the basic salary and the variable remuneration in the form of a performance-based annual bonus. The bonus payment amounts to 2.5% of the earnings from ordinary activities prior to the inclusion of management-board bonuses for the individual members of the Managing Board; the bonuses will be capped in future at EUR 150 thousand. In the event of a negative result from ordinary activities, no bonus is paid.

The remuneration of the Supervisory Board was revised by way of an amendment to the articles of association at the general shareholders' meeting on June 25, 2003. Each member of the Supervisory Board receives, in addition to reimbursement of their expenses, fixed remuneration in the amount of EUR 10 thousand for each full year of membership in the Supervisory Board; the remuneration is payable upon expiry of the fiscal year. Commencing January 1, 2003, each member of the Supervisory Board also receives, for each full fiscal year of membership in the Supervisory Board, variable remuneration in the amount of 0.3% of the positive consolidated earnings from ordinary activities. The company provides the members of the Supervisory Board with appropriate insurance protection. In particular, the company was obliged to conclude (third-party) liability insurance policies, so-called directors and officers insurance, for the benefit of the members of the Supervisory Board that adequately cover the statutory (third-party) liability inherent in the duties performed by supervisory board members.
The Chairman of the Supervisory Board receives twice the amount, the Deputy Chairman one and a half times the amount of the fixed and of the variable remuneration. The combined total of fixed and variable remuneration is limited to EUR 15.0 thousand per year for ordinary members of the Supervisory Board, to EUR 22.5 thousand per year for the Deputy Chairman, and to EUR 30.0 thousand per year for the Chairman of the Supervisory Board. The statutory German VAT must be added to all amounts.

Information pursuant to Section 315 (4) HGB

The subscribed capital of mwb fairtrade Wertpapierhandelsbank AG is comprised of 7,473,700 no-par value shares with a theoretical nominal value of € 1.00. The Managing Board is not aware of any restrictions that could affect voting rights or the transfer of shares.

According to a resolution of the general shareholders' meeting on July 28, 2008, the company has authorized capital totalling € 3,736,850.00. The company's articles of association were amended accordingly.

BÖAG Finanzdienst AG of Hamburg holds 1,507,912 shares as at the balance sheet date. This is equivalent to 20.18% of the company's share capital. FMNP Beteiligungs GmbH of Gräfelfing holds 1,482,890 shares as at the balance sheet date. This is equivalent to 19.84% of the company's share capital.

By way of a resolution of the general shareholders' meeting of July 28, 2008, the company was authorized – up to January 27, 2010 - pursuant to Sec. 71 (1) No. 7 AktG to acquire its own shares comprising up to five percent of the share capital and pursuant to Sec. 71 (1) No. 8 AktG up to ten percent of the share capital. The treasury stock acquired under the authorizations pursuant to Sec. 71 (1) No. 7 and No. 8 AktG must not, taken together with any other treasury stock that the company has already acquired and still holds, exceed ten percent of the company's share capital.

None of the shareholders have any extraordinary rights or controlling powers. The members of mwb fairtrade Wertpapierhandelsbank AG's Managing Board are appointed and dismissed by the company's Supervisory Board. The number of members of the Managing Board is determined by the Supervisory Board. Amendments to the company's articles of association require a three-quarter majority of the votes cast at the general shareholders' meeting.

Group Management Report

The Supervisory Board of mwb fairtrade Wertpapierhandelsbank AG is made up of six members, as was decided by way of a resolution of the general shareholders' meeting of July 28, 2008. The company's articles of association were amended accordingly.

The company is party to no agreements that stipulate a change of control in the event of a takeover bid. Neither is the company party to any compensation agreements with the members of the Managing Board or its employees in the event of a takeover bid.

5. Outlook

The assessments made in the following are all based on the information available to us at the current time. This also applies to the risks portrayed in the risk management report. No major events have occurred after December 31, 2008.

Following an extremely difficult year, the challenges to be faced in the coming months are no less onerous. mwb fairtrade Wertpapierhandelsbank AG has two very important tasks to master. One is to keep the negative consequences of the financial crisis, whose end is not expected before 2010, to an absolute minimum. The other is the merger of mwb Wertpapierhandelsbank AG and FAIRTRADE FINANCE AG, which continues to take up a great deal of energy. The goal here is to create the strived for synergy effects as quickly as possible and to convert them into value added.

The potential of the two combined companies will then unfold at the latest when the situation on the stock exchanges returns to normal. The company's Managing Board is still convinced that the decision to take over FAIRTRADE was a correct and necessary one. A certain corporate size is going to be an absolute must in the future in order to successfully keep abreast of those competitors that survive. mwb fairtrade Wertpapierhandelsbank AG is extremely well-prepared for this: through the expansion of our securities portfolio, the intensification of our presence on the stock exchanges, and the development of new areas of expertise.

The most urgent task in the first half of 2009 is to complete the organizational and corporate-cultural fusion of the two companies. From a strong position it will be much easier to take immediate action when the first signs of recuperation start to appear on the markets. Almost all financial-market experts are predicting that an upswing will become apparent in the second half of 2009 already. By this time, the three business divisions of mwb fairtrade Wertpapierhandelsbank AG should be working as efficiently as possible.
In the core area of Securities Trading, efforts are being focused on order-book management for equities on the Frankfurt Stock Exchange. The introduction of the new electronic trading platform, XETRA 10.0, makes it necessary to intensify the use of IT systems that support trading. mwb fairtrade's Wertpapierhandelsbank AG Frankfurt team is prepared for this, and should significantly improve its standing through it. mwb fairtrade Wertpapierhandelsbank AG will also make use of off-exchange trading in addition to trading in funds over the stock exchange. Therefore all of the classes of securities (equities, bonds, and funds) contain important impulses for the company's future success. Last but not least, the execution & sales team will also profit straight away from a market recovery. Experience shows that institutional clients are generally the first to return to trading.

In the "Capital Markets" division, mwb fairtrade Wertpapierhandelsbank AG intends to push ahead with its specialization in low-margin transactions. This includes such things as listings with/without a prospectus, or assisting stock corporations in the Entry Standard on the Frankfurt Stock Exchange. However, given the currently prevailing less-than-ideal conditions for capital market transactions, these activities are not expected to make any noteworthy contribution in 2009.

The same applies to the third business division "Private Clients". Bringing our subsidiary MWB Baden GmbH back into the profit zone is one of our highest priorities. While adopting a conservative strategy regarding its own investments, a great deal of convincing needs to be done on the investor side. But through honest and transparent advice, coupled with a solid investment policy, it should be possible in the next months to increase the assets under management once again. Despite all these optimization measures, however, 2009 will definitely not provide ideal conditions for a securities trading bank. A forecast of business developments in 2009 will therefore not be possible before the end of the second quarter.

6. Risk Management Report

Corporate strategy

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

At the heart of our risk management system lie the top-level corporate targets of securing the assets entrusted to us and increasing our enterprise value based on the conscious management of entrepreneurial risks. Our strong equity ratio, an integrated risk management system, a real proximity to the market, and a thorough knowledge of risk allows us to operate flexibly across our divisions and to deal innovatively with the challenges of the future. In the strategic management of our company, both financial as well as non-financial aspects - such as process efficiency, increasing transparency, the best possible customer support, employee satisfaction, and an ongoing bolstering of the position of securities companies - play important roles.

The group management of mwb fairtrade Wertpapierhandelsbank AG is engaged in a constructive, ongoing exchange with the managing directors of MWB Baden GmbH with regard to the company's economic progress. Strategic decisions in relation to preserving the company's continued existence are made jointly.

Risk strategy

The aim of our risk strategy is to safeguard our corporate targets by taking suitable measures against disruptive events. As part of its value-oriented group management scheme, the company has established an end-to-end risk management system to identify risks and to optimize risk positions. The company's risk control is set up in such a way that particular attention is being paid to the avoidance of risks. We continually review whether our risk policy provisions are adequate to noticeably reduce potential danger. If it is necessary, further measures are immediately taken to reduce the risk.

In implementing the requirements resulting from the so-called MaRisk (Minimum Risk Management Requirements), mwb fairtrade Wertpapierhandelsbank AG has, as part of its business strategy, created a concept for its ability to bear risks. This entails – next to defining the risk-coverage assets, the maximum loss threshold for the entire bank, and the determination of the risk potential - a comparison of the aggregate risk potential with the maximum loss threshold. As a result of the risks entered into in the business areas operated by the company, mwb fairtrade Wertpapierhandelsbank AG takes a conservative approach in structuring its ability to bear risks. The company has therefore stipulated that the maximum risk at the close of each business day must not exceed 20% of the available risk-coverage assets. The remainder is available as a risk buffer. In addition to market price risks from equities, fixed-income securities, and option transactions, the company has included operating risks as material risks for mwb fairtrade Wertpapierhandelsbank AG in its concept for its ability to bear risks. mwb fairtrade Wertpapierhandelsbank AG calculates, on a daily basis, the risk potential that exists for these risks, whereby the company uses the basic indicator approach contemplated by Secs. 270 and 271 of the [German] Solvency Directive (SolvV) for calculating operating risk. In ascertaining whether it is able to bear risks, mwb fairtrade Wertpapierhandelsbank AG compares, on a daily basis, the aggregate risk potential to the maximum loss threshold set by the Managing Board. If this ratio is less than 100%, then the ability to bear risks is ensured. The maximum loss threshold was not exceeded at any time in the 2008 fiscal year.

Until the summer of 2009 when the two merging partners' risk management systems will be completely consolidated into one central system, which will be operated out of Gräfelfing, the monitoring of the individual limits is still being carried out separately for each company by the risk manager in Hamburg for the former FAIRTRADE area and by the risk manager in Gräfelfing for the former mwb area. The total risk exposure for the newly created company is being calculated and monitored by the risk manager in Gräfelfing.

MWB Baden GmbH is included in this risk control, although risks arising directly from transactions with its clients are being monitored directly by MWB Baden GmbH.

Internal auditing

In order to ensure an efficient internal auditing given the company's relatively small size, the Managing Board of mwb fairtrade Wertpapierhandelsbank AG has outsourced its internal auditing to a firm of auditors. The audits focus primarily on the areas of investment and transaction brokering, proprietary trading, liquidity control, accounting, data processing, human resources, required reporting, compliance, money laundering, minimum requirements for the operating of trading activities, risk management, and earnings control. Operating processes that are particularly risky are audited annually, other operating processes every three years.

The internal revision in 2008 for the former FAIRTRADE area was carried out by mwb fairtrade Wertpapierhandelsbank AG's Managing Board members working out of Hamburg, who are simultaneously the former members of FAIRTRADE AG's management board. The company intends to have one common internal auditing for the 2009 fiscal year carried out by a firm of auditors.

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

Risk control

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

To this end, the company has appointed a risk manager who is not connected with trading activities, whose tasks include identifying, analyzing, and evaluating risks, and especially sensitizing employees to risk recognition and avoidance. The basis for dealing continually and systematically with risks is found in the guidelines and decisions on risk tolerance established by the Managing Board, which are derived from the risk strategy and risk policy and which are geared to the company's capitalization and liquidity.

Given the large number of transactions executed by the company, the efficient controlling of risk is dependent upon a properly functioning computer system. For this reason, the company makes use of the innovative applications created by XCOM AG, a software company specializing in solutions for financial service providers and banks in which MWB holds a participating interest.

The company continuously monitors large loan limits and the total and individual items from name-to-follow transactions and the unrealized profits and losses associated with this. An experienced team of employees records the available funds on a daily basis in a liquidity status report and monitors and coordinates the amounts owing.

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

In the area of operational risks - which can arise from work processes, people, technologies, or external events - existing risks are consistently being reduced through a multifaceted, cause-related risk management system.

Presentation of individual risks

Individual risks are constantly being monitored and reviewed at regular intervals. The risk management system is also being subjected to ongoing improvements. The company attaches particular importance to involving the individual employees, who are being asked to inform the risk manager of any recognizable risks.

Group Management Report

The following risks have been identified for the group:

- Strategic risks
- Counterparty default risks
- Market price risks
- Placement risks
- Liquidity risks
- Legal risks
- Personnel risks
- Operating risks

Strategic risks

Strategic risks result when our strategy is not in line with the requirements and expectations of the markets, our customers, or the underlying economic conditions, and this goes unnoticed by the company's management. To avoid this risk, we carefully and regularly assess strategic risks at short intervals. The Managing Board keeps in constant contact on this issue with the Supervisory Board, which is actively involved in defining strategic objectives and monitoring the risk content of the strategic planning processes together with the Managing Board.

It is a major risk for any company to cling to that which is tried and true, and thereby fail to recognize new business opportunities. In this connection, the company is very much aware of the danger of the ever increasing dominance of electronic equities trading at the expense of order-book management. We are, however, confident that order-book managers cannot be completely forced out of the system by electronic trading systems. In our opinion, the future lies in combining electronic processing with price-setting specialists. The MAX-ONE trading system, which has been successfully established at the Munich Stock Exchange, already works on this basis, mwb fairtrade Wertpapierhandelsbank AG having played a decisive role in the design and setting up of it. The company counters the dangers represented by the breaking away of a business division or by the migration of clients by spreading its business over several, mutually independent areas and by its unrelenting efforts to increase client numbers.

Counterparty default risks

We understand counterparty default risks to be losses of value that could possibly arise through the default by, or the diminishing creditworthiness of, clients or business partners, or when financial instruments cease to exist.

mwb fairtrade Wertpapierhandelsbank AG has both German and foreign trading partners and clients. In relation to stock exchange transactions with German trading partners that are admitted to the stock exchange, counterparty default risks play a subordinate role only. In the case of foreign trading partners, counterparty limits are fixed per trading day in relation to the trading partner's size, market evaluation, and the frequency of their transactions. Information on foreign counterparties' economic performance is being procured regularly.
We also carry on business relationships with clients in and outside of Germany in connection with designated sponsoring and in relation to new issues and placement business. The income generated by this business is of minor importance in relation to that generated by stock exchange transactions.

Group Management Report

The mwb group's maximum default risk is shown below:

	Receivables from banks		Loans and advances to non-bank clients		Financial assets/ available for sale		Held for trading	
In EUR thousand	12/31/08	12/31/07	12/31/08	12/31/07	12/31/08	12/31/07	12/31/08	12/31/08
Book value as equivalent to the maximum default risk	15,384	9,619	1,458	183	2,478	4,218	1,992	4,756

Netting arrangements exist with the HypoVereinsbank in respect of the bank accounts. For this reason, the receivables from and the liabilities to this bank were netted out. The loans and advances to non-bank clients include a receivable in the amount of EUR 1,146 thousand arising from a genuine repo transaction.

mwb fairtrade Wertpapierhandelsbank AG has not received any collateral security for its financial assets.
As at the balance sheet date, there were no financial assets for which any valuation allowance had been made. There are no overdue assets under receivables from banks, financial assets/available for sale, and held for trading.

The assets under loans and advances to non-bank clients are shown below:

	Loans and advances to non-bank clients		Over 30 and up to 60 days		Over 60 and up to 180 days		Over 180 days	
In EUR thousand	12/31/08	12/31/07	12/31/08	12/31/07	12/31/08	12/31/07	12/31/08	12/31/07
Neither overdue nor impaired	222	50						
Overdue but not impaired	1,236	133	1,157	30	20	0	59	103
Total	1,458	183						

The overdue receivables are monitored regularly. As at the balance sheet date, the value of the overdue but not impaired receivables are seen in the above table.

Under counterparty default risk, the only concentration of risk is that the bulk of the receivables from banks are due from the HypoVereinsbank.

Market price risks

Market price risk is the potential loss that could result from the modification of the prices for our positions on the financial markets.
mwb fairtrade Wertpapierhandelsbank AG's trading positions are supported by computer technology, are being subjected continually to an up-to-date, daily valuation at average prices, and are also continuously standardized in comparison to market prices. In calculating the total exposure to risk, market price risk is determined on the basis of a 2.5% fluctuation in securities prices. For long positions, this results in a risk figure of EUR 407 thousand, and for short positions EUR 751 thousand.
The volume of name-to-follow positions is limited by name-to-follow ceilings, which are fixed in accordance with the concept of the ability to bear risks. In addition, the name-to-follow ceilings are restricted by the provisions of the [German] Banking Act (KWG) and the working directives governing securities traders.
Furthermore, in both Munich and in Hamburg, the Managing Board member responsible for trading as well as the Managing Board member who is independent of trading activities are being informed at least twice daily on the largest name-to-follow portfolios, the largest unrealized profits and losses from these transactions, and on the existing option transactions. Market price risk is of minor importance for MWB Baden GmbH.

The company acts as order-book manager for bonds, funds, and equities of various countries and various parts of the globe. The portfolios held by mwb fairtrade Wertpapierhandelsbank AG in its safe custody and name-to-follow accounts reflect this diversification. There are accordingly no concentrations of risk in the area of market-price risks.

The results attained by the sensitivity analyses carried out by the company as of the balance sheet date are shown in the tables below:

Sensitivity analysis - available for sale 12/31/08	Change in interest rate +/-1%		Change in price +/-5%	
In EUR thousand	Change in revaluation reserve/equity upon a change in interest rate of +1%	Change in revaluation reserve/equity upon a change in interest rate of -1%	Change in revaluation reserve/equity upon a change in price of +5%	Change in revaluation reserve/equity upon a change in price of -5%
Debt instruments	0	0		
Equities and funds			0	0

Sensitivity analysis - held for trading 12/31/08	Change in interest rate +/-1%		Change in price +/-5%	
In EUR thousand	Effect on the income statement of a change in interest rate of +1%	Effect on the income statement of a change in interest rate of -1%	Effect on the income statement of a change in price of +5%	Effect on the income statement of a change in price of -5%
Debt instruments	-11	11		
Equities and funds			88	-88

The sensitivity analysis for the previous year was as follows:

Sensitivity analysis - available for sale 12/31/07	Change in interest rate +/-1%		Change in price +/-5%	
In EUR thousand	Change in revaluation reserve/equity upon a change in interest rate of +1%	Change in revaluation reserve/equity upon a change in interest rate of -1%	Change in revaluation reserve/equity upon a change in price of +5%	Change in revaluation reserve/equity upon a change in price of -5%
Debt instruments	-22	22		
Equities and funds			5	-5

Sensitivity analysis - held for trading 12/31/07	Change in interest rate +/-1%		Change in price +/-5%	
In EUR thousand	Effect on the income statement of a change in interest rate of +1%	Effect on the income statement of a change in interest rate of -1%	Effect on the income statement of a change in price of +5%	Effect on the income statement of a change in price of -5%
Debt instruments	-30	30		
Equities and funds			78	-78

Group Management Report

Placement risks

We understand placement risks as being risks that could result as part of our issuing business.
When selecting companies that wish to go public, addressing the issue of whether the issuer is mature enough for the stock exchange is of central importance for mwb fairtrade Wertpapierhandelsbank AG. For this reason, this decision is always made exclusively and jointly by the two members of the Managing Board of mwb fairtrade Wertpapierhandelsbank AG who are responsible for the issuing business. The basis for this decision in the case of a new issue is the issuing prospectus, for a listing the company exposé. The fact that both these documents are generally accompanied by a legal due diligence provides additional security here. mwb fairtrade Wertpapierhandelsbank AG also keeps an eye out at an early stage for potential investors to determine whether they are interested in the shares of the issuing company. The decision as to whether or not to place the shares is then based on the overall impression gained from these discussions together with the written documents.

Liquidity risks

The overriding goal of our liquidity management is to ensure that the company is capable of making payment at all times. Cash and cash equivalents are distributed amongst various banks, which minimizes counterparty default risk. The management of our daily liquidity levels has been assigned to an experienced team of employees, who report directly to the responsible member of the Managing Board. As at the balance sheet date, free liquidity amounted to EUR 14,758 thousand.

Thanks to the positive earnings in the past fiscal year, the company is equipped with excellent liquidity. This was fortified by the continuation of the cost-cutting program that began in 2004.

Breakdown by remaining term

	Up to 3 months		More than 12 months	
In EUR thousand	12/31/08	12/31/07	12/31/08	12/31/07
Loans and advances to non-bank clients	1,458	183		
Limited-term receivables from banks	15,384	9,619		
Income tax receivable	0	8	2,285	2,415
Other assets	751	242	527	482
Total receivables	**17,593**	**10,052**	**2,812**	**2,897**
Other liabilities	2.957	2.361		
Income tax liabilities			1.846	96
Limited-term liabilities to banks	629	2.525		
Total liabilities	**3.586**	**4.886**	**1.846**	**96**

There are no receivables or liabilities in the term “more than 3 months and up to 12 months”.

As at December 31, 2008, the company held - as assets for which there is a liquid market and which can be immediately sold – securities, funds, and bonds in the amount of EUR 1,992 thousand (previous year: EUR 6,538 thousand).

In addition, financial assets in the form of an interest in XCOM AG also exist as at the balance sheet date for which a dividend is expected to be paid although no liquid market exists for it.

Legal risks

Legal risks include those dangers that may arise from the large number of trading transactions carried out by us and from employee violations of statutory and internal corporate regulations.

- Trading transactions

Most of the company's trading transactions are concluded verbally, in line with standard stock-market practice. This is why all dealers' telephone calls are being recorded. To safeguard against general and sector-specific risks, the company has entered into - in addition to the existing directors and officers liability insurance - a fidelity insurance policy and a (third-party) liability insurance policy for pecuniary loss. MWB Baden GmbH is also covered by these insurance policies.

In the areas of asset management and investment consulting carried out by MWB Baden GmbH, client information is obtained in accordance with Sec. 31 of the [German] Securities Trading Act (WpHG), and the clients are also being provided with comprehensive information regarding their risks. Specific to asset management, investment guidelines and limits are defined and documented together with the client's risk profile.

- Statutory regulations

mwb fairtrade Wertpapierhandelsbank AG is subject to comprehensive reporting requirements and other statutory regulations, particularly those imposed by the [German] Commercial Code (HGB), Stock Exchange Act (BörsG), Securities Trading Act (WpHG), and the Banking Act (KWG). In addition to the regular yearly/quarterly reporting requirements, a wide array of other company-related occurrences must be reported and other legal requirements must be complied with. Non-compliance with these reporting requirements can result in the imposition of heavy fines.
These statutory regulations are monitored by the respective employees using a reporting schedule, which is continuously being updated.

Personnel risks

Personnel risks include all risks that result from engaging employees and hiring new ones.
The company exercises special care in the recruitment of new employees. It also pays particular attention to ensuring that other employees are readily available to assume the responsibilities of their colleagues during periods of vacation or illness, or when an employee leaves the company. The company has prepared an organizational manual that is accessible to all employees. It contains functional descriptions of the various jobs, detailed descriptions of key business processes, and the compliance concept.
Employees who deal with confidential information are informed in writing of the legal obligations ensuing from their access to insider information and of the legal consequences of any violations. The employees must confirm their knowledge of this explanatory document and are also being listed in the directory of insiders, which must be kept in compliance with Sec. 15b WpHG.
Any possible wrongdoing by employees in the trading area is covered by insurance policies. The company has drawn up rules for employee trading, and by already including such agreements in the employment contracts, it avoids conflicts of interest between employees, banks, and clients.

The risk of frequent staff fluctuation is being reduced through appropriate remuneration models.

Operating risks

Under operating risks, we also include those things that, although they affect our business operations, are nevertheless outside of our control.
To deal with other operating risks, the company has developed an emergency concept. It details the measures to be taken in the event of power failures, computer breakdowns, system bottlenecks and system disturbances, and telephone failures.

The company combats data-loss risks with a system of daily, weekly, and monthly data backups, some of which are stored outside the company's premises.

The company is equipped with a fire-proof safe and a fire-proof cabinet in which the daily computer-data backups and employee files are stored. Through the conclusion of a fire insurance policy, the risks that could result from a fire in the company's offices are being reduced.

The risk of damage to computer equipment from a power cut or lightening strike is covered by an electronics insurance policy.

For the maintenance of our computer system, we selected companies that can be on location at the shortest possible notice in the event of a disruption or breakdown – even at night and on weekends.

7. Opinion on an impending claim against the company by EdW / Phoenix compensation case

On March 15, 2005, BaFin (the German Federal Financial Supervisory Authority) ruled that a so-called "compensation case" existed in respect of the insolvent securities trading bank, Phoenix Kapitaldienst GmbH. This means that the EdW (a compensation organization for securities companies) must compensate the investors. The problem is, however, that the EdW (of which mwb fairtrade Wertpapierhandelsbank AG is a compulsory member) only has funds available to it in the single-digit million euro range to compensate claims that have been estimated between 180 and 200 million euros. According to the [German] Investment Security and Investor Compensation Act (EAEG), the EdW is entitled - in compensation cases - to collect "extraordinary contributions" from its members with no restrictions as to the maximum amount.
In the first compensation wave in December 2007, the EdW demanded EUR 30 million from the 750 member companies by way of a so-called "contribution notification" to them. Together with approximately 700 other EdW members, mwb fairtrade appealed this on the basis that there are serious doubts as to the constitutionality of this extraordinary contribution as well as serious doubts about its compliance with European law, and they applied for the stay of its execution. Once it became apparent in the preliminary stages already that the courts would have to decide on the legality of the contribution notification, the EdW as a first step rejected the stay of execution in respect of some institutions only in order to limit the number of similar proceedings. In the summary proceedings that were brought before the administration courts by the concerned institutions, the courts ordered that the appeal against the extraordinary notifications of 2007 operated to suspend them (until the final decision), primarily because of the serious doubts as to their constitutionality. For this reason, the EdW has dispensed with sending the extraordinary contribution notifications for 2008, so that mwb fairtrade Wertpapierhandelsbank AG – due to the absence of a sufficiently concrete obligation for the 2008 fiscal year – did not have to form a provision for the Phoenix compensation case.

Gräfelfing, Germany in March 2009
The Managing Board

Consolidated Balance Sheet in accordance with International Financial Reporting Standards

as of December 31, 2008

Assets

	Notes	2008 EUR thousand	2007 EUR thousand	Changes in EUR thousand	Changes in %
Receivables from banks	(6); (7); (27); (41)	15,384	9,619	5,765	59.9
Receivables from clients	(8); (28)	1,458	183	1,275	696.7
Trading assets	(9); (29); (41)	2,294	4,769	-2,475	-51.9
Financial assets	(10); (30); (41)	2,478	4,218	-1,740	-41.3
Property, plant and equipment	(12); (32)	687	405	282	69.6
Intangible assets	(11); (31)	9,295	205	9,090	4.434.2
Income tax receivables	(16); (33)	2,841	2,488	353	14.2
Deferred tax assets		1,217	1,258	-41	-3.3
Corporation tax credit		1,068	1,165	-97	-8.3
Other income tax receivables		556	65	491	755.4
Other assets	(13); (34)	724	661	63	9.5
Total assets		**35,161**	**22,548**	**12,613**	**55.9**

Liabilities and equity

	Notes	2008 EUR thousand	2007 EUR thousand	Changes in EUR thousand	Changes in %
Liabilities to banks	(6); (14); (35); (41)	629	2,525	-1,896	-75.1
Trading liabilities	(15); (36)	478	23	455	1.978.3
Provisions	(13)	0	0	0	0.0
Deferred tax liabilities	(16); (38)	1,846	96	1,750	1.822.9
Other liabilities	(17); (37)	2,958	2,362	596	25.2
Equity	(39); (40)	29,250	17,542	11,708	66.7
Subscribed capital		7,474	4,983	2,491	50.0
Capital reserves		12,639	3,945	8,694	220.4
Retained earnings		8,280	10,589	-2,309	-21.8
Revaluation surplus		0	-4	4	100.0
Depreciation of own shares		-2,136	-4,516	2,380	-52.7
Consolidated profit		2,881	2,328	553	23.8
Minority interests		112	217	-105	48.4
Total liabilities and equity		**35,161**	**22,548**	**12,613**	**55.9**

Consolidated Income Statement in accordance with International Financial Reporting Standards

for the period from January 1 to December 31, 2008

	Notes	2008 EUR thousand	2007 EUR thousand	Changes in EUR thousand	Changes in %
Interest income	(19)	569	740	-171	-23.1
Interest expenses	(19)	-17	-8	-9	-112.5
Net interest income	(19)	**552**	**732**	**-180**	**-24,6**
Commission income	(20)	8,000	6,173	1,827	29.6
Commission expense	(20)	-1,553	-1,917	364	19.0
Net commission income	(20)	**6,447**	**4,256**	**2,191**	**51.5**
Trading income	(21)	58,358	17,016	41,342	243.0
Trading expenses	(21)	-47,878	-9,564	-38,314	-400.6
Trading profit	(21)	**10,480**	**7,452**	**3,028**	**40.6**
Profit from financial assets		**371**	**479**	**-108**	**-22.6**
Administrative expenses	(22)	-17,836	-9,768	-8,068	-82.6
Balance of other income/expenses	(23)	187	70	117	167.1
Profit from ordinary activities		**201**	**3,221**	**-3,020**	**-93.8**
Income taxes on the profit from ordinary activities	(16); (24)	111	-261	372	142.5
Net profit	(25)	**312**	**2,960**	**-2,648**	**-89.5**
Minority interest of net profit		25	-42	67	159.5
Net profit without minority interests		**337**	**2,918**	**-2,581**	**-88.5**
Profit carried forward from previous year		235	1,412	-1,177	-83.4
Addition to/withdrawal from retained earnings		2,309	-2,002	4,311	215.3
Consolidated profit		**2,881**	**2,328**	**553**	**27.3**
Earnings per share					
Diluted earnings per share	(26)	0.05	0.59		-91.5
Basic earnings per share	(26)	0.05	0.59		-91.5

Statement of Changes in Equity

for the period from January 1 to December 31, 2008

	Notes	2008 EUR thousand	2007 EUR thousand
Equity as of January 1		**17.542**	**18.753**
Subscribed capital	(39)		
As of January 1		4.983	4.983
Capital increase		2.491	0
As of December 31		7.474	4.983
Capital reserves			
As of January 1		3.945	3.945
Addition to capital reserves		8.694	0
As of December 31		12.639	3.945
Retained earnings			
As of January 1		10.589	8.587
Withdrawals from retained earnings		-2.309	2.002
As of December 31		8.280	10.589
Revaluation surplus	(30)		
As of January 1		-4	-10
Change		4	6
As of December 31		0	-4
Own shares	(40)		
As of January 1		-4.516	-2.128
Change		2.380	-2.388
As of December 31		-2.136	-4.516
Consolidated profit			
As of January 1		2.328	3.202
Net profit		312	2.960
Withdrawal from/addition to retained earnings		2.309	-2.002
Minority interest of net profit		25	-43
Distribution of profits [1]		-2.093	-1.789
As of December 31		2.881	2.328
Minority interests			
As of January 1		217	174
Change		-105	43
As of December 31		112	217
Equity as of December 31		**29.250**	**17.542**

[1] Distribution of profits per share: EUR 0.42

Consolidated Cash Flow

for the period from January 1 to December 31, 2008

	Year EUR thousand	Previous year EUR thousand
Consolidated net profit	337	2.918
Adjustments for reconciliation of the consolidated net profit to cash outflows from operating activities		
Depreciation, write-downs, and write-ups of receivables		
Intangible assets, property, plant and equipment, and financial assets	930	254
Profit from sale of property, plant and equipment	-2	0
Loss from the sale of intangible assets	2	0
Loss from the sale of financial assets	162	0
Minority interests	-105	42
Increase in bank collateral	-3,910	-250
Other adjustments (balance)	2,311	-634
	-275	2,330
Change in assets and liabilities from ordinary activities		
Change in customer receivables	-1,275	-50
Change in trading position	2,930	-3,306
Change in other assets from operating activities	-415	-242
Change in other liabilities from operating activities	2,346	438
Received interest and dividends	665	731
Interest paid	-39	-170
Income taxes paid	-836	-446
Cash flow from operating activities	3,101	-715
Proceeds from disposals of financial assets	1,743	32
Proceeds from disposals of property, plant and equipment	65	0
Proceeds from disposals of intangible assets	2	0
Investments in intangible assets and property, plant and equipment	-10,328	-290
Of which from acquisition of FAIRTRADE FINANCE AG	10,192	0
Investments in financial assets	-154	-294
Changes due to other investing activities	533	479
Cash outflows from investing activities	-8,139	-73
Net change from purchases and sales of own shares	-302	-2,383
Dividend payments	-2,093	-1,789
Proceeds from capital increase	11,185	0
Cash flow from financing activities	8,790	-4,172
Change in cash and cash equivalents	3,752	-4,960
Cash and cash equivalents at start of period	3,096	8.056
Cash flow from operating activities	3,101	-715
Cash outflows from investing activities	-8,139	-73
Cash flow from financing activities	8,790	-4,172
Cash and cash equivalents at end of period	6,848	3,096

The funds deposited as collateral for default guarantees and for securities settlement in the amount of EUR 7,910 thousand (Note [47]) are not regarded as liquid funds when calculating the cash and cash equivalents (Notes [6], [42]). In addition, there is an unused line of credit in the amount EUR 5,000 thousand with the HypoVereinsbank AG, Munich.

Notes to the consolidated financial statements

The mwb group prepares its financial statements in line with the requirements of the International Accounting Standards Board (IASB) in order to provide its shareholders and all interested parties with an internationally comparable basis for evaluating the mwb group and the strength of its earnings.

We have prepared the consolidated financial statements in line with the International Financial Reporting Standards (IFRS) as per Regulation (EC) No 1606/2002 of the European Parliament and of the Council of 19 July 2002 pursuant to the EU endorsement in conjunction with Sec. 315a of the [German] Commercial Code (HGB). IFRS include the standards referred to as IFRS, the International Accounting Standards (IAS), and the Interpretations of the International Financial Reporting Interpretations Committee (IFRIC) or the former Standing Interpretations Committee (SIC). Sec. 315a HGB specifies the national provisions that continue to apply to capital market-oriented companies supplementary to the IFRS.

The company's Managing and Supervisory Boards have, in accordance with Sec. 161 of the [German] Stock Corporation Act (AktG), issued the declaration of conformity to the recommendations of the "Government Commission German Corporate Governance Code", which was publicized on the company's website in December 2008.

The group management report not only satisfies the requirements of Sec. 315 (1) and (2) HGB but also those imposed by IAS 1 on a financial review.

The IFRS were applied in the 2008 fiscal year; these form the so-called stable platform and are mandatory for fiscal years starting on or after January 1, 2006.

Any of the standards newly issued or revised by the IASB, the application of which only becomes obligatory subsequent to the end of fiscal year 2008, were not applied prior to this date.

In respect of the risks set out in IFRS 7, we refer to the disclosures made in the risk report contained in the management report.

The consolidated financial statements of the mwb group is comprised of the balance sheet, income statement, statement of changes in equity, cash flow statement, accounting policies, notes, and segment reporting. It was prepared pursuant to Sec. 292a HGB for the first time as at December 31, 2002.

Accounting an valuation policies

(1) Uniform group accounting

The single-entity financial statements of the companies included in consolidation are included- using uniform accounting principles - in the consolidated financial statements of mwb fairtrade Wertpapierhandelsbank AG.

(2) Group of consolidated companies

The consolidated financial statements as at December 31, 2008 include, in addition to mwb fairtrade Wertpapierhandelsbank AG as the parent company, the wholly-owned subsidiary MWB Wertpapierhandelsbank GmbH in Gräfelfing and the 60 % owned subsidiary MWB Baden GmbH in Offenburg.

(3) Consistency

The accounting, valuation, and disclosure methods have been consistently applied by us in line with the IFRS framework concept.

(4) Principles of consolidation

With regard to full consolidation, we offset the acquisition costs of the affiliated companies with the proportionate group equity on the date of the acquisition; the assets and liabilities of the acquired company were measured at their proportionate fair value. The resulting difference is carried as goodwill in the balance sheet under intangible assets. Business relationships within the group of consolidated companies are eliminated. Profits/losses from intra-group transactions are eliminated.

(5) Merger

mwb Wertpapierhandelsbank AG, Gräfelfing and FAIRTRADE FINANCE AG, Hamburg agreed at the end of 2007 to merge the two companies. An agreement was signed on March 31, 2008 to contribute all of the shares of FAIRTRADE FINANCE AG to mwb Wertpapierhandelsbank AG. Following the signing of the contribution agreement, the Managing and Supervisory Boards of mwb Wertpapierhandelsbank AG resolved to increase the share capital of mwb Wertpapierhandelsbank AG to EUR 7,473,700 by issuing 2,491,000 no-par value bearer shares with a stake in the share capital of € 1.00 allocable to each share. The shareholders of FAIRTRADE FINANCE AG exclusively were given subscription rights. The shareholders of FAIRTRADE FINANCE AG also received an additional 498,269 treasury shares of mwb Wertpapierhandelsbank AG. The capital increase was registered on May 21, 2008. FAIRTRADE FINANCE AG was merged in August with the newly named mwb fairtrade Wertpapierhandelsbank AG.
The contribution of the shares of FAIRTRADE FINANCE AG was effected retroactively to January 1, 2008. Accordingly, FAIRTRADE FINANCE AG was included for the first time in the consolidated financial statements of mwb fairtrade Wertpapierhandelsbank AG as of January 1, 2008. FAIRTRADE FINANCE AG's current income since the date of the initial consolidation amounts to EUR 8.64 million. Consolidated net income for the 2008 fiscal year contains profits of FAIRTRADE FINANCE AG in the amount of EUR 0.80 million. The fair values of the acquired assets and liabilities on the date of acquisition and their carrying amounts immediately prior to the merger are shown in detail below:

In EUR million	Book value	Adjustment	Fair values
Non-current assets	0.59	6.2	6.79
Order-book manager licenses	0,00	4.25	4.25
Software (Fondstool)	0.13	1.95	2.08
Property, plant and equipment and other intangible assets	0.46	0.00	0.46
Current assets	9.29	0.02	9.31
Other assets	9.29	0.02	9.31
Total acquired assets	9.88	6.22	16.10
Current liabilities	2.69	0,00	2.69
Other liabilities	2.69	0,00	2.69
Total net assets	**7.19**	**6.22**	**13.41**

The acquisition costs of the acquired company total EUR 14.65 million, which include incidental acquisition costs in the amount of EUR 0.06 million. The purchase price is attained by multiplying the shares of mwb Wertpapierhandelsbank AG contributed in conjunction with the merger by the share price on the day the capital increase was registered. From the acquisition, there is a resulting goodwill after deferred taxes in the amount of EUR 3.11 million.

In EUR million

Contributed shares of mwb Wertpapierhandelsbank AG	2,989,269
Market price of mwb Wertpapierhandelsbank AG's share on May 21, 2008	4.88
Purchase price	14.59
Incidental acquisition costs	0.06
Acquisition costs	14.65
Fair value of the acquired assets	13.41
Deferred taxes	1.87
Goodwill	3.11

Goodwill and deferred taxes were adjusted from FAIRTRADE FINANCE AG's tax rate of 32.30% to the tax rate of the mwb group of 30.09 %.
A resolution was adopted at the general shareholders' meeting of July 28, 2008 to change the company's name to mwb fairtrade Wertpapierhandelsbank AG.

(6) Finanzmittelfonds

Cash and cash equivalents are comprised of the cash reserve carried under other assets, receivables from banks with a remaining term of less than three months, and liabilities due to banks on demand minus the deposits that serve as collateral to cover default guarantees and to secure securities processing. Cash and cash equivalents are carried at face value.

(7) Receivables from banks

Receivables from banks comprise, in addition to overnight and fixed-term deposits, receivables from dividends, interest, commissions, brokerage, and from the sale of securities, and also refund claims.

Receivables from banks are reported at amortized cost (under loans and receivables) provided that there is no impairment. Interest income from these receivables is capitalized with the receivables.

(8) Receivables from clients

This involves receivables from clients in conjunction with a genuine repo transaction; it also involves receivables from capital-market support services. Unlike the previous year, this item is reported separately in the reporting year due to the sizeable amount of the receivables from clients. The figure from the previous year was adjusted accordingly.

(9) Trading assets

Trading assets include trading securities (under securities held for trading) and the changes in fair value of open name-to-follow positions (long positions). Trading assets are carried at their fair value commencing with the day of the trade.
For listed securities, the prices published by the Association of German Banks were used for valuation purposes.

(10) Financial assets

This item only includes available for sale (AfS) financial instruments. When reported for the first time, financial assets are shown at their acquisition costs. Investments are carried under financial assets.
Thereafter, available for sale financial assets (AfS) are valued at fair value if this can be reliably ascertained. Changes to the fair value of AfS financial assets are reported in the revaluation reserve under equity and affect the income statement only after a profit or loss has been realized.
Investments are carried at acquisition cost since no fair value can be reliably ascertained for them. They are written down in the event of permanent impairments.
The category available for sale is used when the holding period is longer than one year.
The fair value option is not used.
On March 27, 2008, an interest was acquired in SRH AlsterResearch AG of Hamburg. The company holds 45% of the voting rights. The following table sets out the essential positions from the annual financial statements of

SRH AlsterResearch AG as at December 31, 2008:

in EUR thousand

Net assets	36
Equity	28
Debts	8
Gross profit	118
Net loss for the year	6

SRH AlsterResearch AG's equity totals EUR 28 thousand and net loss for the fiscal year EUR 6 thousand. The company was carried at fair value using the equity method. The book value amounts to EUR 43 thousand.

(11) Intangible assets

Goodwill, software, and licenses are carried under intangible assets. Also included in this are the intangible assets acquired pursuant to the merger with FAIRTRADE FINANCE AG in the amount of EUR 3,990 thousand for order-book management and EUR 1,801 thousand for software (Fondstool).

Goodwill in the amount of EUR 3,110 thousand, also resulting from the acquisition of FAIRTRADE FINANCE AG, is not subject to scheduled amortization but is subjected to an annual impairment test in accordance with IFRS 3. The impairment test carried out is based on the company's plan for the years 2009 to 2012, which is based on past values. The cash flows of the Securities Trading segment are ascertained on the basis of the plan and are discounted using a discount rate of 13.93%. From the impairment test carried out on the requisite date, the impairment of the goodwill was ascertained.

We have allocated the goodwill from the initial consolidation of the 60% interest in MWB Baden GmbH to the Private Clients division as a cash-generating unit. At the Private Clients segment, we review goodwill for impairment at least once per year. In doing so, we compare the book value of the segment with the maximum amount that can be generated from the value in use and the fair value minus selling costs. When calculating the value in use, we have applied a cost of capital rate of 8.5 % for discounting purposes. No growth factor was assumed for perpetuities based on net income for 2008. The selling costs are based on empirical figures. According to IAS 36, goodwill was no longer subjected to scheduled amortization.

Software and licenses are carried at their acquisition costs minus scheduled amortization.

The Fondstool is amortized over eight years, the order books over ten years. EUR 408 thousand was amortized in the fiscal year.

The acquisition costs of intangible assets are calculated in line with IAS 38.

The subsequent valuation is made at amortized cost. Scheduled amortization is calculated on a pro rata basis using the straight-line method of amortization as this reflects the consumption of the economic benefit of the asset. The amortization period for software and licenses is equivalent to the anticipated useful life in the company, which may be shorter than its economic life. Amortization methods and useful lives are reviewed by us periodically and modifications are made if necessary. Software and licenses, with the exception of the Fondstool, are amortized over an expected useful life of 3 years since they have a limited useful life.

If impairments appear to be permanent, assets are revaluated on a non-scheduled basis as per IAS 36. If the grounds for the non-scheduled revaluation cease to exist, the asset is written back to a maximum of the amortized cost.

No non-scheduled amortization was necessary in fiscal year 2008.

Amortization is reported under general administrative expenses.

(12) Property, plant and equipment

Property, plant and equipment is carried at acquisition cost less scheduled depreciation.

The acquisition costs of property, plant and equipment are calculated in line with IAS 16. Subsequent acquisition costs for property, plant and equipment items are capitalized if they give rise to an additional economic benefit for the company.

The subsequent valuation is at amortized cost. Scheduled depreciation is calculated using the straight-line method of depreciation as this reflects the consumption of the economic benefit of the asset. The depreciation period for property, plant and equipment is based on its economic life. In determining the useful life of tangible assets, the physical lifespan, technical progress, and contractual and statutory restrictions are taken into account. The depreciation methods and the useful life of tangible assets are reviewed by us periodically and modifications are made if necessary. If impairments appear to be permanent, assets are revaluated on a non-scheduled basis as per IAS 36. If the grounds

for the non-scheduled revaluation cease to exist, the asset is written back to a maximum of the amortized cost.
No non-scheduled depreciation was necessary in fiscal year 2008.
Depreciation is reported under general administrative expenses.

Property, plant and equipment	Economic life
Office fittings	10, 12, 13 years
Fittings in rented buildings	4, 5, 10 years
IT equipment (in the widest sense)	3 to 15 years
Other operating and office equipment	3 to 11 years

13) Other assets

Other assets primarily include reinsurance claims in the amount of EUR 488 thousand. In order to secure the claims of those persons entitled to pensions and to benefits from the pension commitments issued, the company has pledged the survivor's or death benefits from the reinsurance policy with SLPM Schweizer Leben PensionsManagement GmbH (SLMP) to the entitled persons. The pledge covers all of the company's claims arising from the reinsurance policies with SLPM, including the claim to payment of the surrender value and the profit shares.
The existing reinsurance policies qualify as per IAS 19 as qualified insurance polices and are thus plan assets that must be offset against provisions. The value identified in this manner for the company pursuant to IAS 19.54 is negative and constitutes a defined benefit asset.
The actuarial valuation is based on the figures from the guideline tables for invalidity and mortality pursuant to the "Pension table 1998 and 2005" of Prof. Klaus Heubeck, an interest rate of 6.0% (previous year: 5.5%), and a pension dynamic [expected increase in retirement benefits] of 1.5% (previous year: 1.5%). The interest rate in the calculations is based on the long-term interest rate for top-quality fixed-income industrial bonds on the balance sheet date. As in the previous year, the presumed retirement age was 65 years.
According to IAS 19, the so-called projected unit credit method must be applied. The cash value of the acquired pension claims as of the assessment date that is calculated using this method takes into account unredeemed actuarial gains and losses that may result from, for instance, a non-scheduled occurrence of risk (variances between actual and anticipated invalidity and mortality) or from changes to the calculation parameters (in particular interest rate, pension-expectancy dynamic, and pension dynamic).
The actuarial gains and losses are dealt with using the corridor method pursuant to IAS 19: this means that they have to be recognized in the income statement in the subsequent years if the gains and losses that have accrued by the balance sheet date exceed 10% of the maximum of the cash value of the accrued pension claims or the fair value attributable to the plan assets.

14) Liabilities to banks

Liabilities to banks (categorized as other liabilities) comprise current accounts and liabilities from dividends, securities purchases, exchange-rate differences, brokerage, and processing fees. All liabilities are carried at amortized cost.

15) Trading liabilities

Trading liabilities (categorized as held for trading) are reported as per the trading date. Trading liabilities include changes in the fair value of open name-to-follow positions (short positions). All trading liabilities are carried as a liability at their fair value.

16) Deferred taxes

Through the formation of deferred taxes, the intention is to disclose the tax expense based on the IFRS earnings on an accrual basis.
Deferred taxes are calculated using the temporary concept, which compares the differences between the carrying amounts of assets and liabilities according to IFRS and the corresponding tax values (accounting-oriented approach). If the differences qualify as temporary variances, deferred taxes contained or not contained in profit or loss are reported and recognized as deferred tax assets or deferred tax liabilities.
Because the temporary concept is based on disclosing future accruing tax assets or liabilities, the calculation of them is based on the tax rates to be used in future on the date at which the difference is expected to be balanced out. For calculating deferred taxes, the tax rates in effect commencing with 2008 are used.
To the extent permitted by IAS 12, deferred tax assets are

recognized as a result of unused tax losses carried forward. In total, there are losses carried forward from trade tax in the amount of EUR 7,528 thousand and from corporation tax in the amount of EUR 7,886 thousand. Due to impairment, no deferred taxes were formed on temporary differences in the amount of EUR 300 thousand.
The deferred tax assets reported relate essentially to the income tax receivable formed on the loss carried forward in the amount of EUR 1,217 thousand. In conjunction with the purchase price allocation, deferred tax liabilities were formed in the amount of EUR 1,747 thousand. Other deferred tax liabilities relate to temporary differences in the valuation of pension provisions and trading assets.
Discounting the capitalized corporate income-tax credit results in tax income of EUR 45 thousand in the reporting year.

17) Other liabilities

Deferred liabilities in accordance with IAS 37 are also reported under other liabilities. These include liabilities for which only minor uncertainties remain regarding the amount and date of the liability. These generally involve liabilities from outstanding invoices. They also include current liabilities to employees from vacation entitlements. We have carried the deferred liabilities in the amount that is expected to be claimed.

18) Currency translation

Currency is translated in line with IAS 21. According to this, monetary assets and liabilities not denominated in the respective functional currency (generally the respective national currency) and cash transactions not processed on the balance sheet date are, as a rule, translated to euros using fair market rates on the balance sheet date. Non-monetary assets and liabilities that are measured at fair value are also translated to euros on the balance sheet date using fair market rates. Non-monetary assets and liabilities that are carried at acquisition cost are carried using the exchange rate used for their acquisition. Income and expenses that result from currency translation at the individual group companies are reflected in the corresponding items of the income statement.

Notes to the income statement

(19) Net interest income

	2008 EUR thousand	2007 EUR thousand
Interest income	**569**	**740**
from loans and money market transactions	546	685
from fixed-income securities in AfS holdings	23	55
Interest expense	**-17**	**-8**
from loans and money market transactions	-17	-8
Total	**552**	**732**

Net interest income is derived exclusively from assets categorized as loans and receivables and available for sale.

(20) Net commission income

	2008 EUR thousand	2007 EUR thousand
Commission income	**8,000**	**6,173**
Brokerage income from brokering investments and conclusions	6,633	3,088
Commission income from capital market business	147	1,821
Commission income from “asset management”	807	788
Commission income from “designated sponsoring”	191	302
Commission income from “institutional sales”	203	167
Other	19	7
Commission expense	**-1,553**	**-1,917**
Commission expense from capital market business	-5	-949
Brokerage expense from brokering investments and conclusions	-908	-589
Commission expense from “asset management”	-327	-195
Commission expense from “designated sponsoring”	-73	-111
Commission expense from “institutional sales”	-122	-11
Guarantee commission	-7	-7
Other	-111	-55
Total	**6,447**	**4,256**

These include commission expenses arising from proprietary trading, which are of minor significance only.

(21) Trading profit

	2008 EUR thousand	2007 EUR thousand
Income from finance transactions [1]	**58,358**	**17,016**
from securities (including accrued interest)	3,345	707
from price differences in name-to-follow transactions	55,013	16,309
Expenses from finance transactions	-47,878	-9,564
from securities (including accrued interest)	-3,882	-256
from price differences in name-to-follow transactions	-43,996	-9,308
Total	**10,480**	**7,452**

[1] Includes dividend income in the amount of EUR 899 thousand (previous year EUR 7 thousand).

According to IAS 32, profit realized from trading in own shares is not recognized in the income statement.
These amounts are reported as a separate equity item.
Trading profits also include the net interest and dividend income from positions held for trading.

(22) Administrative expenses

	2008 EUR thousand	2007 EUR thousand
Personnel expenses	**-6,177**	**-3,095**
Wages and salaries	-5,375	-2,727
Social security contributions	-653	-296
Expenses for pensions and other benefits	-149	-72
Other administrative expenses	**-11,659**	**-6,673**
thereof depreciation / amortization		
of intangible assets	-596	-48
of operating and office equipment	-290	-184
Total	**-17,836**	**-9,768**

Expenses for pensions and other benefits include EUR 19 thousand for direct insurance premiums (paid by the company on behalf of employees) and contributions to pension funds.

(23) Balance of other income/expenses from ordinary activities

Other income from ordinary activities primarily includes income from the reversal of provisions in the amount of EUR 81 thousand (previous year EUR 26 thousand), income from oncharging in the amount of EUR 69 thousand (previous year EUR 66 thousand), and remuneration-in-kind in the amount of EUR 31 thousand (previous year EUR 0). Other expenses from ordinary activities primarily include expenses in conjunction with the merger of FAIRTRADE FINANCE AG totalling EUR 60 thousand, the settlement paid in conjunction with the merger in 2006 with C. J. Diederich Wertpapierhandelsgesellschaft mbH in the amount of EUR 48 thousand (previous year: EUR -4 thousand), and losses on receivables in the amount of EUR 39 thousand (previous year EUR 29 thousand) from the loans and receivables category.

(24) Income taxes on the result from ordinary activities

	2008 EUR thousand	2007 EUR thousand
Actual taxes	40	-251
Deferred taxes	71	-10
Total	**111**	**-261**

The actual tax expense is calculated on the basis of the taxable earnings in the fiscal year. Taking corporation tax, the solidarity surcharge, and trade tax into account, the total tax burden for the 2008 fiscal year is 30.09 % (previous year: 38.65 %).
Due to the merger with FAIRTRADE FINANCE AG, there is a now a new mixed municipal-factor of 14.26 % for determining trade tax. Resulting from the revaluation of deferred taxes, there is a deferred tax expense in the amount of EUR 10 thousand. The following table shows the relationship between income tax derived from earnings before tax and income tax reported in the income statement for fiscal year 2008 (reconciliation statement). Income tax was derived from the total domestic tax burden from corporation tax, trade tax, and the solidarity surcharge of 30.09 % in total and from earnings before tax in the amount of EUR 201 thousand.

	2008 EUR thousand	2007 EUR thousand
Anticipated taxes	-60	-1,246
Change in tax rate	-10	38
Other off balance-sheet differences	-26	116
Divergent tax rates	-1	64
Tax from previous year as per the income statement	-6	24
Corporation tax credit - previous years	45	45
Value adjustment deferred taxes	174	698
Other	-5	0
Disclosed income taxes	**111**	**-261**

The formation of deferred taxes on unused tax losses carried forward results in deferred tax income in the amount of EUR 174 thousand.

(25) Net profit

Net profit totalling EUR 312 thousand is corrected to take into account the interests of other shareholders (minority interests) in net profit (EUR -25 thousand). Taking into account the profit carried forward from the previous year (EUR 235 thousand) and the withdrawal from retained earnings (EUR 2,309 thousand), consolidated profits totalled EUR 2,881 thousand.

(26) Key figures for earnings per share

To calculate the basic earnings per share, net income after tax is divided by the average number of ordinary shares in circulation during the period. Treasury shares were deducted in calculating the average number of shares in circulation to the exact number of days. The following table shows the key figures and the calculation components on which they are based:

	2008 EUR thousand	2007 EUR thousand
Net profit for the year in EUR thousand	337	2,918
Average number of shares in circulation	7,271,906	4,928,793
Diluted earnings per share (with amortization of goodwill) in EUR	0.05	0.59
Basic earnings per share (with amortization of goodwill) in EUR	0.05	0.59

Notes to the balance sheet

(27) Receivables from banks

	2008 EUR thousand	2007 EUR thousand
Demand receivables		
from German banks	14,545	8,820
Other receivables		
from German banks	839	799
from foreign banks	0	0
Receivables from banks	**15,384**	**9,619**

(28) Receivables from clients

This involves receivables from clients in conjunction with a genuine repo transaction, as well as receivables from capital-market support services.

Receivables from clients were reported in the previous year under other assets.

(29) Trading assets

	2008 EUR thousand	2007 EUR thousand
Debt instruments	**242**	**3,197**
Of which: public-sector issuers	50	1,093
Thereof: securities eligible as collateral with Deutsche Bundesbank	50	1,093
Of which: other issuers	192	2,104
Thereof: securities eligible as collateral with Deutsche Bundesbank	161	1,893
Equities and other variable-income securities	**2,052**	**1,572**
Equities and funds	2,052	1,572
Of which: securities negotiable on the stock exchange	2,052	1,572
Thereof: listed securities	2,052	1,572
Total	**2,294**	**4,769**

Equities and other variable-income securities include receivables from name-to-follow transactions in the amount of EUR 302 thousand (previous year EUR 14 thousand).

(30) Financial assets

	2008 EUR thousand	2007 EUR thousand
Fixed-income securities		
Debt instruments	0	1,683
Variable-income securities		
Equities	2,478	2,436
Funds	0	99
Of which: securities negotiable on the stock exchange	2,436	4,218
Thereof: listed securities	0	1,782
Total	**2,478**	**4,218**

Unchanged from the preceding year, the equities contain a 12.4 % interest in a non-listed company (XCOM AG, Willich). A dividend of EUR 533 thousand was received in the fiscal year. The interest in XCOM AG is valued at acquisition cost, the absence of a listing making it impossible to determine a fair value.
In addition, a 45 % interest in a non-listed company (SRH AlsterResearch AG, Hamburg) was acquired on August 27, 2008. Due to the size of the interest and other circumstances, SRH AlsterResearch AG is classified as an associated company. The fair value of the interest was ascertained pursuant to the purchase price allocation and was reported in the balance sheet at this value.
The sale of debt instruments in the amount of EUR 1,860 thousand generated a capital gain in the amount of EUR 162 thousand. The following table shows the changes in the financial assets:

		Financial assets EUR thousand
Acquisition/historical cost		
As of January 1, 2008		12,272
Additions		154
Disposals		1,900
As of December 31, 2008		10,526
Revaluation surplus	**After taxes**	**Before taxes**
As of January 1, 2008	-4	-5
Change	4	5
As of December 31, 2008	0	0
Depreciation and amortization		
As of January 1, 2008		-8,048
As of December 31, 2008		-8,048
Book value		
As of December 31, 2007		4,218
As of December 31, 2008		2,478

(31) Intangible assets

	Goodwill EUR thousand	Software and licenses EUR thousand
Acquisition/historical cost		
As of January 1, 2008	49	546
Additions	3,110	6,581
Disposals	0	-14
As of December 31, 2008	3,159	7,113
Amortization		
As of January 1, 2008	0	-390
Current amortization	0	-597
Disposals	0	10
As of December 31, 2008	0	-977
Book value		
As of December 31, 2007	49	156
As of December 31, 2008	3,159	6,136

Amortization of intangible assets is reported under other administrative expenses.

(32) Property, plant and equipment

	Operating and office equipment EUR thousand
Acquisition/historical cost	
As of January 1, 2008	1,480
Additions	1,027
Disposals	-178
As of December 31, 2008	2,329
Depreciation	
As of January 1, 2008	-1,075
Additions	-395
Current depreciation	-290
Disposals	118
As of December 31, 2008	1,642
Book value	
As of December 31, 2007	405
As of December 31, 2008	687

No non-scheduled depreciation was necessary in the 2008 fiscal year.
Depreciation of property, plant and equipment is reported under other administrative expenses.

(33) Income tax receivables

	2008 EUR thousand	2007 EUR thousand
Deferred tax assets	1,217	1,258
Corporation tax credit	1,068	1,165
Other income tax receivables	556	65
Total	**2,841**	**2,488**

(34) Other assets

	2008 EUR thousand	2007 EUR thousand
Other assets		
Reinsurance claims	488	449
Other assets	217	202
Commission receivables	19	10
Total	**724**	**661**

Other assets essentially include prepaid expenses, claims for refunds, deposits and receivables from staff.

Capitalized value from the inclusion of plan assets in pension provisions

The mwb group has made direct, company-internal pension commitments to the founding members of mwb fairtrade Wertpapierhandelsbank AG. The pension plans are performance-oriented and independent of salary.

The company recognizes the adjustment to the net cash value of the pension provision liability in the income statement.

The mwb group has, amongst other things, concluded qualified insurance policies as defined by IAS 19. The qualified insurance policies in the amount of EUR 1,641 thousand constitute plan assets as contemplated by IAS 19. Pension obligations must be offset against the plan assets. The value identified in this manner for the company pursuant to IAS 19.54 is negative and constitutes a defined benefit asset.

The amount of the pension obligation (cash value of the accrued claims for benefits) was calculated in accordance with actuarial methods for which estimates are unavoidable. Besides assumptions regarding life expectancy, the following factors also play a role:

Actuarial assumptions

	12/31/2008 %	12/31/2007 %
Discount factor	6.0	5.5
Expected return on plan assets	4.2	4.2
Rate of increase in pensions	1.5	1.5

After taking plan assets into account, the financing status is as follows:

	12/31/2008 EUR thousand	12/31/2007 EUR thousand
Defined benefit obligation	1.350	1.382
Unreported actuarial gains/losses	-197	-378
Fair value attributable to pension plan assets	-1.641	-1.359
Net amount of the liability item in the balance sheet	**-488**	**-355**

The changes in the cash value of the performance-related obligation to pay benefits in the reporting and the previous year are set out in detail in the following table:

Changes in pension obligations

	12/31/2008 EUR thousand	12/31/2007 EUR thousand
Pension obligations as of January 1	1,382	1,584
Current service cost	12	16
Interest expense	75	70
Actuarial gains and losses	-67	-236
Benefit payments	-52	-52
Pension obligations as of December 31	**1,350**	**1,382**

The table below elucidates the changes in plan assets in the reporting and the previous year:

	12/31/2008 EUR thousand	12/31/2007 EUR thousand
As of January 1	1,359	1,187
New plan assets	93	0
Addition to plan assets	127	118
Expected return on plan assets	57	50
Actuarial gains and losses	5	4
Benefit payments	0	0
As of December 31	**1,641**	**1,359**

The following table shows the actual returns on plan assets:

	12/31/2008 EUR thousand	12/31/2007 EUR thousand
Actual returns on plan assets	62	54

Expenses for pensions and other benefits are compiled as follows:

	12/31/2008 EUR thousand	12/31/2007 EUR thousand
Current service cost	12	16
Interest expense	75	70
Expected returns on plan assets	-57	-50
Actuarial gains and losses	16	33
As of December 31	**46**	**69**

Expected employer contributions to plan assets in the forthcoming reporting period:

	12/31/2008 EUR thousand
Expected employer contributions in 2009	127

(35) Liabilities to banks

	2008 EUR thousand	2007 EUR thousand
Liabilities to German banks	629	2,525

There were no liabilities to foreign parties on the balance sheet date.

(36) Trading liabilities

Trading liabilities included the positions still open from name-to-follow transactions on the settlement date in the amount of EUR 478 thousand (previous year EUR 23 thousand).

(37) Other liabilities

	2008 EUR thousand	2007 EUR thousand
Deferred liabilities	985	993
Other liabilities	1,973	1,369
Total	**2,958**	**2,362**

Current liabilities from outstanding invoices, towards employees, and from vacation entitlements are also carried under deferred liabilities.
The remaining liabilities are comprised essentially of trade payables, bonus claims, liabilities for employee income tax and church tax, operating taxes, and liabilities to medical insurers.

(38) Deferred tax liabilities

Deferred tax liabilities in the amount of EUR 98 thousand (previous year EUR 96 thousand) result from the differing valuations pursuant to HGB and IFRS accounting for trading assets and pension obligations.

Also included are deferred tax liabilities in the amount of EUR 1,747 thousand in conjunction with the purchase price allocation.

(39) Equity

Issued and authorized capital has changed as follows:

	2008 EUR thousand	2007 EUR thousand
Subscribed capital		
As of January 1	4,983	4,983
As of December 31	7,474	4,983
Authorized capital		
As of January 1	2,491	2,491
As of December 31	3,737	2,491

As of December 31, 2008, subscribed capital totalling EUR 7,474 thousand was comprised of 7,473,700 no-par value shares with a theoretical nominal value of EUR 1.00. All shares are bearer shares. Treasury shares (Note [40]) are recognized in the balance sheet as a deduction from equity.
The general shareholders' meeting has authorized the Managing Board of mwb fairtrade Wertpapierhandelsbank AG to increase the company's share capital, with the approval of the Supervisory Board, by issuing new shares against cash or non-cash contributions on one or more occasions (authorized capital) within a period of five years after the registration of the resolution on July 27, 2008 in the amount of EUR 3,736,850.00.
The Managing Board is entitled, with the approval of the Supervisory Board, to exclude shareholder's statutory subscription rights in accordance with statutory provisions. This applies particularly if the capital increase from authorized capital is to be used to acquire companies or interests in other companies.
During the fiscal year, 34 % of mwb's shares were in free float (previous year 60 %). The free float includes the shareholdings of three founding members of mwb fairtrade AG, each of whom directly holds between 3 % and 10 % of the shares of mwb fairtrade AG.

(40) Own shares

On the balance sheet date, the company held a stock of 60,000 own shares with a theoretical nominal value of EUR 86 thousand (0.8 % of the share capital). A total of 101,198 own shares were purchased and 2,645 own shares were sold in 2008. The average purchase price was EUR 3.09 and the average selling price EUR 4.12. Treasury shares are reported in the balance sheet as a deduction from equity. In line with IAS 32, no profit or loss from dealing in treasury shares is recognized in the income statement of the IFRS consolidated financial statements. Earnings from trading in treasury shares and the valuation of them totalling EUR -32 thousand are carried directly under equity.
Treasury shares are deducted from equity at book value. mwb fairtrade Wertpapierhandelsbank AG was authorized by the general shareholders' meeting on July 28, 2008 to acquire its own shares up to January 27, 2010 to enable shares of the company to be offered to third parties in conjunction with a merger with other companies or as part of

the acquisition of companies or interests in them; or to recall shares, or to use these for securities trading.
This authorization is limited to the acquisition of its own equity instruments with a total interest of up to 10% of the share capital, or up to 5% for the purposes of securities trading.
The company made use of its authorization to acquire its own equity instruments for securities trading and for other purposes.
The limit on the number of shares stipulated by the general shareholders' meeting was upheld.

Reporting on financial instruments

(41) Fair value of financial instruments

The stated fair values of financial instruments within the meaning of IAS 32 correspond to the amounts at which, as per the balance sheet date, an asset could be exchanged or a liability settled between knowledgeable and willing contracting business parties in an arm's length transaction.
Fair values were calculated on the balance sheet date based on the market information available.
Market prices are used for securities traded on the stock exchange.
The interest in the non-listed XCOM AG concerns a financial instrument that does not have a market price quoted on an active market. This is valued at acquisition cost. For the valuation of SRH AlsterResearch AG, we refer to Note [10].
There were no deviations between the book values and fair values respecting receivables from banks and other receivables from and liabilities to banks as all items are short-term only.

Based on the valuation of trading assets and trading liabilities as at December 31, 2008, there are no differences between the book value and the fair value.
Neither hedge accounting (pursuant to IAS 39) nor the fair-value-option nor held-to-maturity valuation categories are used.

Notes to the cash flow statement

(42) Notes on the individual items of the cash flow statement

In addition to the balance sheet, income statement, statement of changes in equity, and the notes, the cash flow statement is another compulsory element of IFRS annual financial statements and is sub-divided into three areas: cash flows from operating activities, cash flows from investing activities, and cash flows from financing activities. The cash flow statement is prepared in line with IAS 7.
Cash and cash equivalents is comprised of the cash reserve (part of the balance sheet item "other assets"), current receivables from banks, and current liabilities. The net change from the sales and purchases of treasury shares included under "Cash inflows from financing activities" was calculated based on the actual purchase prices paid and sale prices attained during the fiscal year.

Reconciliation of cash and cash equivalents to the balance sheet items:

	2008 EUR thousand	2007 EUR thousand
Cash reserve	3	2
Receivables from banks	15,384	9,619
Liabilities to banks	-629	-2,525
Deposits for securities settlement	-7,910	-4,000
Cash and cash equivalents at end of period	**6,848**	**3,096**

The amounts deposited as collateral for default guarantees and for securities processing totalling EUR 7,910 thousand (Note [47]) are not considered to be liquid funds when calculating cash and cash equivalents.
Regarding the merger of mwb Wertpapierhandelsbank AG with FAIRTRADE FINANCE AG, we refer to Note [5].
Through the acquisition of FAIRTRADE FINANCE AG, cash and cash equivalents increased by EUR 7,626 thousand.

Notes on segment reporting

(43) Segment reporting

The group's segment reporting is made in line with IAS 14. The segmentation is intended to reflect the group's internal organizational and reporting structure, because it is this structuring that depicts the various opportunities and risks associated with the operational segments. Segments with homogeneous opportunities and risks are combined. The segments act as independent companies with their own responsibility for results. Accordingly, the "Securities Trading" and "Capital Markets" segments stem from the legal entity mwb fairtrade Wertpapierhandelsbank AG, Gräfelfing, and the "Private Clients" segment from the legal entity MWB Baden GmbH, Offenburg. Securities Trading comprises order-book management for equities, bonds, and open-ended investment funds, and sales and order execution; Capital Markets comprises designated sponsoring and capital markets/IPO business; Private Clients covers private asset management. Internally, the divisions do not receive any services from the other. Segment results are identified based on the internal profit centre calculation. Portfolio items are allocated based on the segment's risk capital.
The information provided by the external accounting, which is published in the per-division segment reporting, is the same as that internally reported to the group management.
Based on our organizational structure, we have not undertaken any geographical segmentation as most of our turnover is generated within Germany.

	Securities Trading EUR thousand	Capital Markets EUR thousand	Private Clients EUR thousand	Other/ Consolidation EUR thousand	Group EUR thousand
Net interest income [1]	0	0	64	488	552
Net commission income	5,643	273	479	52	6.447
Trading profit	10,482	0	0	-2	10,480
Net profit from financial assets	0	0	-162	533	371
Personnel expenses	5,229	466	275	207	6,177
Other administrative expenses	10,376	482	180	621	11,659
Thereof: scheduled amortization of intangible assets and depreciation of property, plant and equipment	854	26	6	1	887
Net other income/expenses	0	0	20	167	187
Profit from ordinary activities by segment	520	-675	-54	410	201
Impairment recognized in equity	0	0	0	0	0
Assets	33,514	1,454	1,245	-1,052	35,161
Investments in property, plant and equipment and intangible assets in the period under review	10,266	57	5	0	10,328
Liabilities	5,513	224	173	1	5,911
Risk items	13,217	785	0	0	14,002
Allocated capital	28,001	1,230	1,071	-1,052	29,250
Expense/income ratio	96.78	347.3	119.42	0	99.9

[1] Net interest income is not allocated to any specific segment in the profit centre calculation.

Other notes

(44) Pending litigation

The group is involved in the following pending law suit, which is of importance to it:
mwb fairtrade Wertpapierhandelsbank AG concluded a notarized agreement for the sale and transfer of its 100% interest in the MWB Wertpapierhandelsbank GmbH (share capital: EUR 102,258) with a private individual on June 29, 2004 for a price of EUR 980,000. The effectiveness of the transfer of the interest being sold was subject to a condition precedent, this being the purchaser's payment in full of the purchase price. On January 19, 2005, mwb fairtrade AG obtained a default judgment against the purchaser ordering him to pay the purchase price plus interest on arrears to mwb fairtrade AG. On January 18, 2006, a settlement was entered into in which it was agreed that the sale agreement was to be set aside and liquidated damages for non-fulfilment were to be paid in the amount of EUR 40,000.00. This amount has not been paid to date.

(45) Contingent liabilities and other commitments

On March 15, 2005, BaFin (the German Federal Financial Supervisory Authority) ruled that a so-called "compensation case" existed in respect of the insolvent securities trading bank, Phoenix Kapitaldienst GmbH. This means that the EdW (a compensation organization for securities companies) must compensate the investors. The problem is, however, that the EdW (of which mwb fairtrade Wertpapierhandelsbank AG is a compulsory member) only has funds available to it in the single-digit million euro range to compensate claims that have been estimated between 180 and 200 million euros. According to the [German] Investment Security and Investor Compensation Act (EAEG), the EdW is entitled - in compensation cases - to collect "extraordinary contributions" from its members with no restrictions as to the maximum amount.
As it stands, however, it is completely uncertain whether the EdW actually has a claim at all against mwb fairtrade Wertpapierhandelsbank AG. There are serious doubts as to the constitutionality of the EdW, its compliance with European law, and the legality of the "extraordinary contributions".
In addition, there is no concrete information available at present on the actual amount of the compensation.
As a result of the information available to it, mwb fairtrade Wertpapierhandelsbank AG has come to the conclusion that, in the Phoenix compensation case, the conditions necessitating the formation of a provision pursuant to IAS 37.14 are not given in respect of the EdW.

The amounts and the due dates of the annual payment commitments from rental contracts and other service contracts are shown in the following table:

	12/31/2008 EUR thousand	12/31/2007 EUR thousand
Rental contracts and information services		
Due 2008		204
Due 2009	1,027	51
Due 2010	835	14
Due 2011	67	
	12/31/2008 TUSD	**12/31/2007 TUSD**
Securities information services		
Due 2008		58
Due 2009	69	5
Due 2010	39	0
Due 2011	0	

(46) Leasing contracts

There are leasing contracts for cars, all of which are operating leases. The amounts and the due dates of the payment commitments arising from them are as follows:

	EUR thousand
Due within one year	2
Due within five years	59
Due later than five years	0

All of the leasing contracts have a fixed term. One of these contracts expired in December 2008. This contract was extended to February 2009.
In the reporting period, leasing payments in the amount of EUR 25 thousand were reported as an expense.

(47) Assets assigned as collateral

Part of the receivables from banks in the amount of EUR 7,910 thousand (including interest) involves a deposit provided as collateral for default guarantees that was issued to all of the stock exchanges on which mwb fairtrade Wertpapierhandelsbank AG is active as an order-book manager, and it also involves other security for processing.

(48) Employees

The following table shows the average number of employees employed during the fiscal year – without Managing Board members or managing directors:

	2008	2007
Gräfelfing	17	16
Hamburg	26	0
Berlin	8	8
Frankfurt	5	5
Hanover	4	0
Offenburg	2	3
	62	**32**

(49) Related-party disclosures

The wholly-owned subsidiary MWB Wertpapierhandelsbank GmbH, Gräfelfing, the 60% owned subsidiary MWB Baden GmbH, Offenburg, the 45% interest in SRG AlsterResearch AG, Hamburg, and the executive bodies of mwb fairtrade Wertpapierhandelsbank AG are to be regarded as related parties.
There is no exchange of services between the subsidiaries or between the subsidiaries and the parent company. SRH AlsterResearch AG performed research services during the fiscal year for mwb fairtrade AG in the amount of EUR 45,000 thousand. There are no profit and loss transfer agreements.
A fee totalling EUR 103 thousand was paid to the firm

Mayrhofer & Partner in Munich for consulting services rendered; Mr. Mayrhofer, a member of mwb's Supervisory Board, is a partner of this firm.
A fee totalling EUR 5 thousand was paid to WAPAG Allgemeine Revisions- und Treuhand-Gesellschaft AG of Munich for consulting services rendered; Mr. Wilhem, a member of mwb's Supervisory Board, is the CEO of this company.
For more information on the members of the company's executive bodies, we refer to Notes [50] and [51].
For information on mwb fairtrade Wertpapierhandelsbank AG's shareholder structure, we refer to Note [52].

(50) Remuneration of the members of the Managing and Supervisory Boards

According to Sec. 87 of the [German] Stock Corporation Act (AktG), the Supervisory Board is responsible for determining the remuneration of the members of the Managing Board. Service (employment) contracts have been concluded with the members of the Managing Board. These include a basic salary and variable remuneration in the form of a performance-related annual bonus. The bonus is based on the earnings from ordinary activities before the inclusion of management-board bonuses. In the event of negative earnings from ordinary activities, no bonus is paid.
The members of the Managing Board received remuneration totalling EUR 725 thousand in fiscal year 2008:

Members of the Managing Board	Fixed remuneration in EUR thousand	Variable remuneration EUR thousand
Thomas Posovatz	159	5
Herbert Schuster	180	5
Franz Christian Kalischer	180	5
Detlef Lübbe	186	5
	705	**20**

Variable remuneration in the amount of EUR 20 thousand is carried in the 2008 annual financial statements as a provision and will be paid in 2009. The Managing Board member Thomas Posovatz also has claims from the pension plan totalling EUR 185 thousand.
In addition to the aforementioned allowances to the members of the Managing Board, a former member of the Managing Board was paid a total of EUR 52 thousand in 2008, EUR 31 thousand of which was covered by insurance reimbursements. Former Managing Board members also have claims from the pension plan in the amount of EUR 1,165 thousand.
The remuneration of the Supervisory Board was revised by way of an amendment to the articles of association at the general shareholders' meeting on June 25, 2003. Each member of the Supervisory Board receives fixed remuneration in the amount of EUR 10 thousand for each full year of his membership in the Supervisory Board in addition to reimbursement of their expenses; the remuneration is payable upon the expiry of the fiscal year. Commencing July 1, 2003, each member of the Supervisory Board also receives, for each full fiscal year of membership in the Supervisory Board, variable remuneration in the amount of 0.3% of the positive consolidated earnings from ordinary activities. The company provides the members of the Supervisory Board with appropriate insurance protection. In particular, the company was obliged to conclude (third-party) liability insurance policies, so-called directors and officers insurance, for the benefit of the members of the Supervisory Board that adequately cover the statutory (third-party) liability inherent in the duties performed by supervisory board members.
The Chairman of the Supervisory Board receives twice the amount, the Vice Chairman one and a half times the amount of the fixed and of the variable remuneration. The combined total of fixed and variable remuneration is limited to EUR 15 thousand per year for ordinary members of the Supervisory Board, to EUR 22.5 thousand per year for the Vice Chairman, and to EUR 30 thousand per year for the Chairman of the Supervisory Board. The statutory German VAT must be added to all amounts.

The Supervisory Board's remuneration for the 2008 fiscal year totalling EUR 79 thousand plus EUR 15 thousand turnover tax is broken down as follows:

Members of the Supervisory Board	Fixed remuneration in EUR thousand	Variable remuneration EUR thousand
Dr. Ottheinz Jung-Senssfelder	24	4
Thomas Mayrhofer	16	3
Michael Wilhelm	12	2
Dr. Thomas Ledermann	5	1
Uwe Didwischus	5	1
Hagen-Christian Kümmel	5	1
	67	**12**

The variable remuneration is carried as a provision in the 2008 financial statements.
In addition, the members of FAIRTRADE FINANCE AG's supervisory board were paid EUR 15 thousand.

(51) Members of the Managing and Supervisory Boards

The following persons were appointed to the Managing Board in the reporting year:
Mr. Thomas Posovatz, Munich, Stock Broker, Speaker
Mr. Herbert Schuster, Gauting, Stock Broker
Mr. Franz Christian Kalischer, Hamburg, Stock Broker, since July 28, 2008
Mr. Detlef Lübbe, Norderstedt, Stock Broker, since July 28, 2008

Mr. Posovatz is a member of the supervisory boards of Bayerische Börse AG in Munich and XCOM AG in Willich (Vice Chairman).
Mr. Schuster is a member of the supervisory board of Markenhaus AG in Gräfelfing.
Mr. Kalischer joined the supervisory board of SRH AlsterResearch AG on May 5, 2008.
The following persons are members of the company's Supervisory Board:
Dr. Ottheinz Jung-Senssfelder, German Lawyer, Chairman
Mr. Thomas Mayrhofer, German Lawyer, Vice Chairman until September 30, 2008
Dr. Thomas Ledermann, lawyer, Vice Chairman since September 30, 2008
Mr. Michael Wilhelm, German Auditor/Tax Adviser
Mr. Uwe Didwischus, Director of the Norddeutsche Landesbank in Hanover, since July 28, 2008
Mr. Hagen-Christian Kümmel, Head of Securities Trading at the Hamburger Sparkasse AG in Hamburg, since July 28, 2008

In addition to his position on mwb fairtrade Wertpapierhandelsbank AG's Supervisory Board, Dr. Jung-Senssfelder also held office on supervisory boards at the following companies in 2008:
- Hypoport AG, Berlin (Chairman)
- BRANDAD Systems AG, Fürth (Chariman)
- IC Immobilien Holding AG, Munich (Vice Chairman)

In addition to his position on mwb fairtrade Wertpapierhandelsbank AG's Supervisory Board, Mr. Mayrhofer held offices on the supervisory boards of the following companies in 2008:
- Primus AG, Munich (Chairman),
- Geothermeon AG, Bad Bergzabern (Chairman until April 2008)
- BrainLAB AG, Kirchheim-Heimstetten (Vice Chairman until September 2008)
- Better Orange IR & HV AG, Munich, since September 2007
- Ecocap bio commodities AG, Grafing, since March 2008
- UP-Med AG, Munich, since August 2008

(52) Shareholdings in mwb fairtrade AG held by members of the Managing and Supervisory Boards

BÖAG Finanzdienst AG of Hamburg has a 20.18% in mwb fairtrade Wertpapierhandelsbank AG. FMNP Beteiligungs GmbH of Gräfelfing holds 19.8% of the shares.

Posovatz Verwaltungs GbR, in which Mr. Posovatz has a 50% interest, directly holds 6.4% of the shares in mwb fairtrade Wertpapierhandelsbank AG.

Mr. Kalischer and Mr. Lübbe each hold 7.43% of the shares, Mr. Radeke holds 4.95%, and Mr. Mühlbauer 4.63% of the shares in mwb fairtrade Wertpapierhandelsbank AG. The remaining founding members of mwb fairtrade Wertpapierhandelsbank AG hold between 5% and 10% of the shares.

Neither Mr. Schuster nor any of the members of the Supervisory Board hold shares in mwb fairtrade Wertpapierhandelsbank AG.

Responsibility Statement in the Annual Financial Report required by Sec. 37y No. 1 of the [German] Securities Trading Act (WpHG) in conjunction with Sec. 297 (2) sent. 3 and Sec. 315 (1) sent. 6 of the [German] Commercial Code (HGB)

"To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position, and profit or loss of the group, and the 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."

Gräfelfing, April 20, 2009

Detlef Lübbe	Franz Christian Kalischer
Thomas Posovatz	Herbert Schuster

(53) Auditor's fee for auditing the consolidated financial statements

IIn the fiscal year, expenditures in the amount of EUR 144 thousand were recognized for auditing the financial statements, EUR 34 thousand for reviewing the half-year financial statements, and EUR 3 thousand for other certifications. A provision of EUR 4 thousand was also formed for auditing the financial statements of MWB BADEN GmbH.

Gräfelfing, March 27, 2009

Auditor's report

We have audited the consolidated financial statements prepared by the mwb fairtrade Wertpapierhandelsbank AG, Gräfelfing, comprising the balance sheet, the income statement, statement of changes in equity, cash flow statement and the notes to the consolidated financial statements, together with the group management report for the business year from January 1 to December 31, 2008. The preparation of the consolidated financial statements and the group management report in accordance with IFRSs, as adopted by the EU, and the additional requirements of German commercial law pursuant to § 315a Abs. 1 HGB [Handelsgesetzbuch "German Commercial Code"] are the responsibility of the parent company's management.
Our responsibility is to express an opinion on the consolidated financial statements and on the group management report based on our audit.
We conducted our audit of the consolidated financial statements in accordance with § 317 HGB [Handelsgesetzbuch "German Commercial Code"] and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with the applicable financial reporting framework and in the group management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the group management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements and group management report. We believe that our audit provides a reasonable basis for our opinion.
Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the consolidated financial statements comply with IFRSs, as adopted by the EU, the additional requirements of German commercial law pursuant to § 315a Abs. 1 HGB and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements. The group management report is consistent with the consolidated financial statements and as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development.

Munich
April 21, 2009

KPMG AG
Wirtschaftsprüfungsgesellschaft

(formerly
KPMG Deutsche Treuhand-Gesellschaft
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft)

Pfeiffer
Wirtschaftsprüfer

Öttl
Wirtschaftsprüfer

mwb fairtrade
Wertpapierhandelsbank AG

Rottenbucher Strasse 28
82166 Graefelfing
P.O. 16 44 · 82158 Graefelfing
Phone +49 89 85852-0
Fax +49 89 85852-505

www.mwbfairtrade.com