

MAPLE BANK



ANNUAL REPORT 2007/2008

Realizing Global Financial Opportunities

SELECTED FINANCIAL DATA

IN EUR MILLIONS	09-30-2008	09-30-2007	09-30-2006	09-30-2005	09-30-2004
TOTAL ASSETS AND LIABILITIES	46,938	26,124	15,280	11,051	6,024
RECEIVABLES FROM CUSTOMERS	15,226	5,298	2,466	3,549	2,386
BONDS AND OTHER FIXED-INCOME SECURITIES	2,615	3,551	2,055	1,399	2,159
LIABILITIES TO CUSTOMERS	16,640	13,851	8,965	8,081	4,393
REGULATORY CAPITAL AFTER ADOPTION OF THE FINANCIAL STATEMENTS	345	505	392	372	412
NET INCOME FOR THE YEAR	241	113	26	24	22
COST-INCOME-RATIO	31.2%	40.1%	60.4%	52.1%	29.8%
RETURN ON SHAREHOLDERS' EQUITY	61.0%	40.2%	10.1%	10.4%	10.3%

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1. EXECUTIVE BODIES

1.1 SUPERVISORY BOARD

Thomas R. Higgins (Chairman)	Toronto
Neil Petroff (Deputy Chairman)	Toronto
William K. H. Fung	New Jersey
Simon B. Ruddick (until November 7, 2008)	London
Jean Turmel	Montreal

1.2 BOARD OF MANAGING DIRECTORS

Wolfgang Schuck (Chief Executive Officer)	Bad Soden
Michael Bernhard	Butzbach
Paul Hiob	Bad Soden
Martin Mönninger	Bruchköbel
Hagen Wirth	Gelnhausen

2. EXECUTIVE EMPLOYEES

2.1 EXECUTIVE VICE PRESIDENTS

Peter Ertel	Ludwigshafen
Andreas Henckell	Frankfurt am Main
Hans-Jürgen Weimer	Niedernhausen

2.2 SENIOR VICE PRESIDENTS

Christoph Busch	Waldsolms
Michael Emmerich	Bad Vilbel
Abraam Peço	Mannheim
Roland Schempp	Bad Nauheim

2.3 VICE PRESIDENTS

Eric Blumhoff	Frankfurt am Main
Jürgen Daume	Rodgau
Barbara Fuchs	Oberwesel
Ute Kavulakian	Kelkheim
Katrin Keßler	Hanau
Frank Leber	Frankfurt am Main
Oliver Lenauer	Friedberg
Martina Nielsen	Rödermark
Thomas Romanski	Frankfurt am Main
Michael Schaper	Mörfelden-Walldorf
Rainer Schröder	Frankfurt am Main
Andrey Shevchuk	Glashütten
Markus Werner	Breidenbach
Cornelia Zahn	Kahl am Main

2.4 BRANCH MANAGERS

Angelo Blancato	Milan Branch
Paul Lishman	Toronto Branch

3. REPORT OF THE MANAGEMENT BOARD

3.1 MAPLE FINANCIAL GROUP INC.

Financial highlights as of September 30, 2008

	2008	2007	2006
OPERATING RESULTS (CAD MILLIONS)			
Net income before cumulative translation adjustment	295.3	239.2	133.0
Net income after cumulative translation adjustment	308.3	238.6	131.4
FINANCIAL POSITION (CAD MILLIONS)			
Total assets	63,262	34,936	22,373
Deposits	3,988	4,219	2,568
Subordinated debentures and Shareholders' equity	784	708	490
RETURN ON COMMON SHAREHOLDERS' EQUITY			
Before cumulative translation adjustment	70.5%	61.5%	46.4%
After cumulative translation adjustment	73.7%	61.4%	45.9%
PER COMMON SHARE (CAD)			
Net income	3.1284	2.5389	1.3760
Net income after cumulative translation adjustment	3.2665	2.5326	1.3594
Book value	7.71	6.67	4.27
Number of common shares (thousands)	94,376	94,206	96,662

3.2 CONSOLIDATED MANAGEMENT REPORT OCTOBER 1, 2007 TO SEPTEMBER 30, 2008

Introduction

Maple Financial Group Inc. (“Maple”) is a privately owned Canadian company that operates through subsidiaries primarily in Germany, the United States, Canada and the United Kingdom. These subsidiaries are financial companies in those countries and Maple is, therefore, subject to regulation by the relevant local regulators. The principal subsidiary, Maple Bank GmbH (“Maple Bank”) (located in Frankfurt, Germany) is subject to supervision by the Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin) and is a member of the Bundesverband deutscher Banken e.V. (German Bankers Association). It has branches in Milan and Toronto, where it is subject to German and local banking regulation and operates regulated broker-dealer subsidiaries in London, Jersey City and Toronto. Maple voluntarily complies with the BaFin capital adequacy requirements on a consolidated basis.

Maple adopted the requirements of Basel 2 on January 1, 2008 and underwent several regulatory audits during the year, all of which were concluded satisfactorily.

Maple is active in the equity, fixed income and associated derivatives trading markets in these locations, focused on providing structured solutions for the hedging needs of its customers and market-neutral trading for its own account. The proprietary trading business is based on statistical models of the behaviour of the relative value of securities, or the mispricing of related securities.

Maple also has a secured lending business to support its structured customer business and a receivables financing business in Canada and Italy.

In order to meet the needs of these business lines, Maple has a very active global stock lending and borrowing business and a sophisticated treasury operation.

Economic Overview 2007/2008

Following on from a previous year of already high volatility, this year has been one of even higher volatility in many markets around the world. This is illustrated in the following graphs showing equity market volatility, changes in crude oil prices and widening in credit spreads:

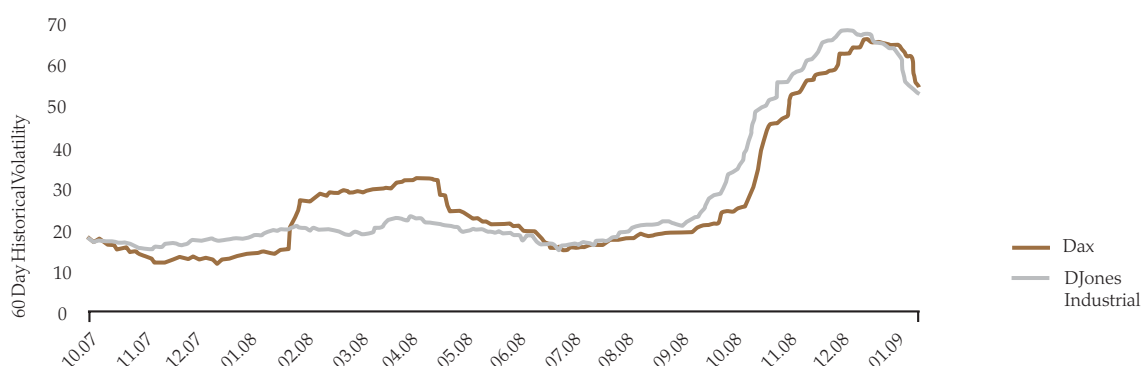


Chart 1: Equity Market Volatility

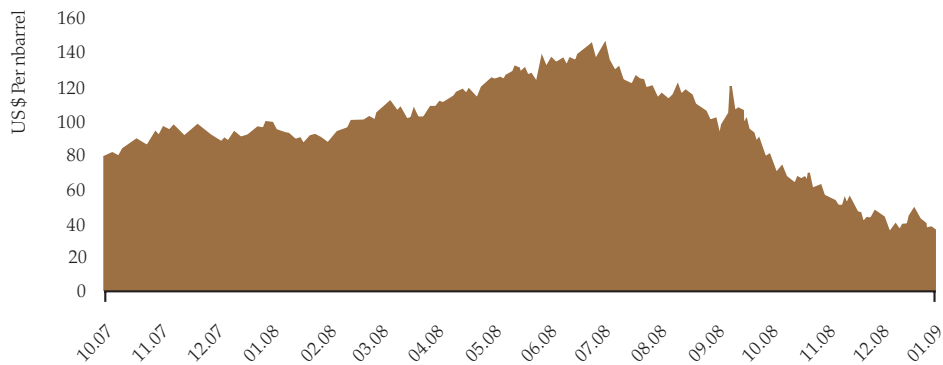


Chart 2: Crude Oil

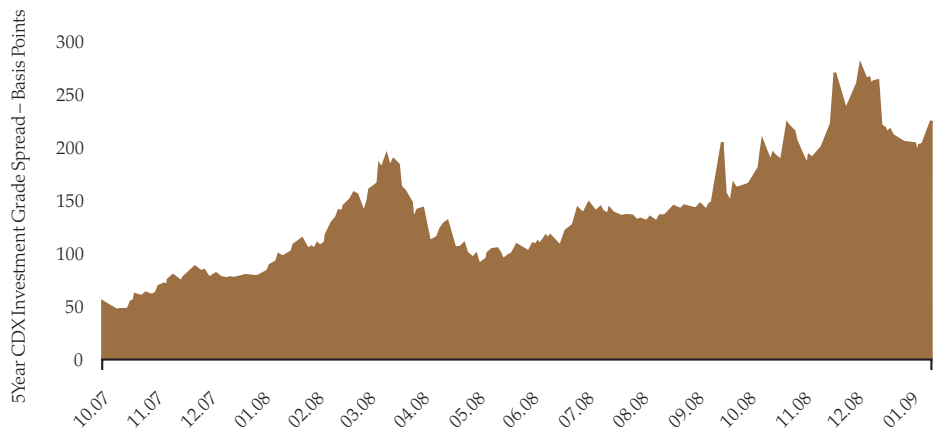


Chart 3: Credit Spreads – CDX Investment Grade

This year the banking and insurance sectors have seen failures in many countries. The fall in value of illiquid US mortgage assets may have been a trigger for bank write-downs, but over the year losses have been generated in almost all types of risky assets apart from government bonds. Initially asset write-downs in special vehicles caused financial institutions to take on more assets. However, as the fall in asset prices broadened financial institutions have been forced to take larger write-downs. In many cases this has caused significant impairment to their capital bases.

To preserve their capital bases financial institutions as a group have tried to reduce their exposure to risky, illiquid assets. With few buyers for many of their assets the impact has been to drive asset prices lower. This has worsened the capital positions of financial institutions and created the need to liquidate more assets. This spiral continued during the year leaving many institutions with depleted capital bases.

Investors found it difficult to value financial stocks as capital became depleted and the value of assets fell further. Uncertainty about valuations has increased as financial institutions are forced to change their business models in a short space of time. This has led a sharp deterioration in the value of financial stocks and in many cases required intervention by the authorities to prevent insolvency. Authorities have intervened to avoid a systemic failure of the financial system. Intervention has taken many forms including:

- increasing access to central bank funding,
- insuring risky and difficult to value assets,
- guarantees for interbank lending,
- encouraging mergers where possible
- and direct provision of capital through preferred shares.

The perceived weakness of the financial sector has led a dramatic flight to quality. The following graph shows how the TED spread has remained wide during the year and significantly widened during September and October 2008:

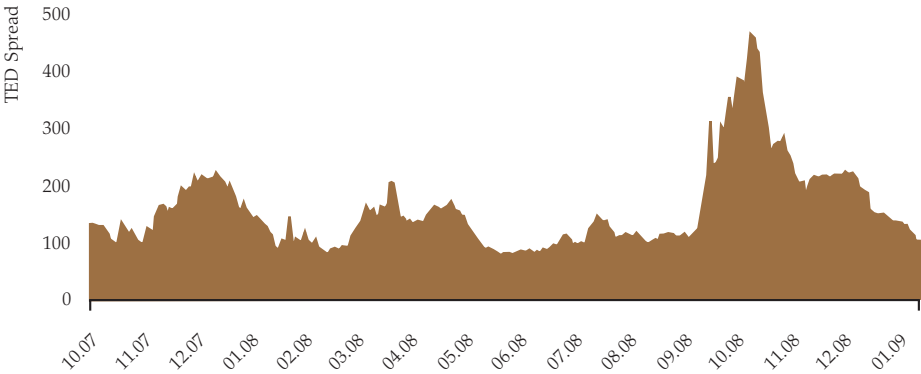


Chart 4: TED Spread – 3 mth US \$ deposits less 3 mth UST Bills

TED spreads have narrowed somewhat after Maple’s year end as the impact of central bank intervention filtered through to the interbank markets, but lending between financial institutions remains very subdued and is subject to bouts of nervousness.

Risk Management

Maple is exposed to equity market risk, interest rate risk, liquidity risk, foreign exchange risk, credit risk and operating risk, and has established risk control systems and a risk control culture to measure and manage these risks. The mandate from the shareholders is to take no outright market risk and to strictly limit exposure to any country, market sector and customer, counterparty or specific security.

Positions, portfolios and business lines are subject to several types of risk control at the local entity and group level. These include stop-loss limits, value-at-risk limits and stressed exposure limits. These are monitored daily and reported to the Executive Committee, which is responsible for the day-to-day management. Exceptions and limit breaches are reported to the Board of Directors. The maximum capital allocated to market risk is measured on a stressed basis and determined by the Board of Directors.

Maple Bank manages liquidity for the group, using a forecast of funding needs. Liquidity is accessed through the international repo market, or the pool of funds available in the deposit market, based on the effective cost and other considerations. Maple maintains a portfolio of highly liquid assets to ensure that there is sufficient liquidity available in times of stress in the financial markets.

Credit risk is managed by a credit committee, which assesses the strength of borrowers and counterparties and assigns ratings and limits to them. Credit exposure is measured on a current and potential, stressed-case, basis and reported daily to management against the limits. Maximum capital allocated to credit risk is also measured on a stressed basis.

Operating risk is managed by well-defined segregation of front-office and back-office functions, job descriptions, carefully documented operating procedures and a comprehensive programme of internal and external audit. Operating incidents, whether giving rise to a loss, or not, are recorded in a database and reviewed by management. Procedures are updated to reflect these incidents and available new technology.

Results

Net Income from continuing operations increased 23% to CAD 295 million. Net Investment Income increased by 57% to CAD 917 million, while expenses grew 70% to CAD 390 million. As with last year, the expense increase was primarily due to increased variable compensation payable to traders and management, and the Investment Income increase to higher levels of customer activity in the structured products business. This is also reflected in the increase in the Balance Sheet assets to CAD 63 billion.

The proprietary trading results, although representing positions, which would be fully hedged in normal market conditions, suffered somewhat in the later part of the year as many markets became dislocated. The Company had already wound down many of its positions before the major dislocations started, and the impact on the Company from the market dislocations was not material. It was an opportunity to observe risk management systems during a time of great stress and management is comfortable that the risks were properly identified.

Investment Income was also adversely affected by the outcome of an audit of prior years' tax returns of the Milan Branch of Maple Bank. Trading activities there were conducted in compliance with Italian tax law, but recent court cases have ignored the letter of the law and, on advice from counsel, the Company has decided to negotiate an agreement with the authorities. Provisions for the outcome of these negotiations were taken into the financial results for the year.

The commercial finance business, with the exception of the operation in Halifax, which continues to perform well, is steadily decreasing. The Company received an offer to buy its Italian portfolio and closed the sale after the financial year-end.

The growth of the Structured Products customer business is a reflection of the growing recognition that the Company handles these types of transactions in an efficient and controlled manner. This allows the customers the maximum flexibility to achieve their hedging goals.

The later part of the year was also a time of a liquidity squeeze on a worldwide basis. Through its treasury and stock lending and financing division, the Company was able to keep a large supply of liquidity available for its businesses and to source the securities it needed for its trading and hedging activities.

Management comment

Management is pleased with the continuing development of its product areas, delivery systems and infrastructure, and believes that these advances create the opportunity for continuing success. 2007/2008 was a very successful year for Maple and 2008/2009 has also started out very well. Management does not, however, believe that the recent levels of revenue, which Maple has experienced, can be sustained indefinitely.

Management would like to thank customers, depositors and counterparties for having confidence in Maple during these difficult times and looks forward to increasing business levels with them.

Management would also like to thank the shareholders for their continuing support and all the dedicated employees, whose continuing efforts made all this happen.

Executive Committee



Thomas R. Higgins
Chief Executive Officer
Maple Financial Group



Wolfgang Schuck
Chief Executive Officer
Maple Bank



Roger Prichard
Chief Financial Officer
Maple Financial Group

3.3 MANAGEMENT REPORT FOR THE FISCAL YEAR 2007/2008

3.3.1 BUSINESS DEVELOPMENT

Macroeconomic Conditions

The American subprime crisis had a significant impact on the FY 2007/2008. During the course of the year under review, it spread to become a global financial crisis. As a consequence of the collapsing private real estate market in the USA, many banks, investment banks, insurance companies and other financial services providers had to take unprecedented write-downs. This in turn led to a drastic reduction in capital ratios. Owing to the resulting distrust among banks, there were massive disruptions in the international inter-bank money and capital markets. An increasing number of banks, mortgage finance companies, and insurance companies found themselves in desperate straits. Some institutions had to file for bankruptcy. Others were nationalized or quickly taken over by competing firms to avert impending insolvencies. Central banks around the world eased the access to their refinancing facilities and attempted to stabilize the money and capital markets with all of the means at their disposal. The American government adopted a USD 700 billion rescue package to curb the crisis. The German federal government and other European countries also passed extensive measures to aid beleaguered financial institutions.

The financial crisis also had a sustained impact on the real economy. The economy continued to slump, both in Germany and in the Euro zone, during the fiscal year. German gross domestic product rose by merely 0.8%, after a rise of 2.5% in the previous year. In the Euro zone overall, economic growth amounted to only 0.7%, including negative economic growth during the latter half of the year under review, and therefore technically signaling a recession. In the USA, growth rates declined even further. The growth of 2.8% in the previous fiscal year was followed by a mere 0.8% in the year under review. Experts expect a slide into recession for all industrialized nations in the coming months.

In the year under review, equity markets initially moved close to the record high levels of the previous fiscal year. The DAX index of blue-chip German stocks once again exceeded the mark of 8,000 points. With 8,117 points however, the all-time high of 8,151 points was not quite reached. The Dow Jones Industrial Averages Index exceeded its previous record with a high of 14,198 points on October 7, 2007. At the beginning of 2008, however, the resurgence of the subprime crisis associated with fears of a recession led to some initial corrections on the equity markets. The DAX and Dow Jones lost up to 20% from their record highs. By the end of the fiscal year, the financial market crisis had escalated once again, leading to another decline in share prices, so that on September 30, 2008, the DAX recorded a loss for the year of more than 25% and the Dow Jones closed at 10,850 points, a loss of 22% for the year.

In July of 2008 the ECB raised its main refinancing rate for the Euro zone by 25 basis points to 4.25%. An inflation rate exceeding the target of 2% per year and medium-term risks for price stability with anticipated robust economic growth induced the ECB to take this step. In contrast hereto, the FED reduced the Fed Fund Target Rate in six steps to 2% by the end of April. Although the risk of a rising inflation rate was also emphasized by the FOMC (Federal Open Market Committee), the danger of a major slump in economic growth was assessed as being higher. For this reason, a continued reduction in global reference rates is to be expected.

Slackening economic growth in the USA and the growing difference in interest rates in favor of the Euro initially led to a depreciation of the US dollar against the Euro during the year under review. After a record high of more than USD 1.60 per Euro in July, the US currency was able to make a noticeable recovery. By the end of the fiscal year, the Euro was quoted at 1.4092 US dollars. During the year under review, the record levels of the previous year were exceeded for commodities. The price for WTI crude oil climbed to USD 146.30 per barrel in the summer of 2008. By year end, however, it fell to a level around USD 100 per barrel. The price of gold per ounce also set a new record and cost more than USD 1,000 for a short period of time.

Developments at Maple Bank

Despite these extremely difficult market conditions, the Bank achieved exceptional results. With a balance-sheet profit of more than EUR 240 million, it posted the best result in its almost fifteen year history. The individual business areas developed as follows:

Securities Trading

Owing to the worsening situation on the financial markets, we closed all trading strategies which might have been exposed to losses resulting from increasing market volatility at the beginning of 2008. We focused our attention specifically on delta-neutral trading strategies. These strategies have made a satisfactory contribution to the Bank's success.

Structured Trading/Structured Products

The Structured Trading/Structured Products areas continued to deal primarily with structuring and trading in fully hedged securities and derivatives trading strategies. The focus is on hedging transactions for proprietary trading strategies, and for institutional clients and counterparties. The price risks in these transactions are minimal, because as a rule, hedges are used to reduce all market risks within the strategies.

Our exceptional performance in these areas is based on our modern and efficient trading systems, fast response times to customer and counterparty wishes, the highest degree of discretion, an efficient settlements process, as well as above average refinancing and structuring capabilities. Another important factor of our success is the close cooperation with our subsidiaries, especially in the areas of securities lending and financing.

In the latest fiscal year, we again generated a significant earnings increase with these strategies. We continue to be very satisfied with these developments, and expect stable earnings on a high level for this area of business in the future.

Lending Operations

The volume of commercial finance transactions being wound-up was reduced according to scheduled amortizations.

Lending margins continued to erode in Italy. The increase of borrowing spreads observed for many products as a result of the financial crisis was not obtainable in this business. This was also a reason why the portfolio was sold at book value to an Italian bank at the beginning of the year.

Customer demand for special financing transactions continues to be high. We are very selective when choosing our customers, and ensure that the collateral is adequate and of high quality.

Due to the difficult market environment, public-sector real-estate operations were unable to meet our expectations. We will no longer actively pursue this line of business.

Adequate provisions have been made.

Treasury

The last fiscal year was characterized by unusually hard competition for customer deposits coupled with unprecedented insecurity on the part of institutional investors, which was induced by the financial crisis and the insolvency or near insolvency of a number of banks. This led to a considerable redeployment of deposits, mainly to the German thrifts and German state banks. As a result, it was all the more reassuring that during this period almost all of our customers, with whom many of which we have maintained longstanding relationships, continued to place their confidence in us. This trust and cooperation has also contributed to the excellent results achieved for the fiscal year.

Significant distortions were also experienced in the securities lending and repo business. Entire trading departments were closed at some banks, and many others made severe cuts to their activities in the collateralized interbank funding market, due to distrust amongst the banks, and a desire to improve liquidity. Here too, we were able to ascertain that our Bank counterparties worked faithfully with us throughout the year.

3.3.2 EARNINGS

As in previous years, the core business segments of equity and bond trading, repo and securities lending operations, the deposit business, and our structured products business were the key factors contributing to investment income. Investment income represents the aggregate of net interest income, income from commissions, income from equities and financial investments, and net income from financial transactions, which, if viewed as individual categories, would not be very meaningful due to the structured nature of our business.

Owing in particular to the continued expansion of our Structured Trading/Structured Products segment, investment income rose from EUR 257.9 million to EUR 649.1 million for the fiscal year. Of this total, earnings in the amount of EUR 638.0 million were generated at the Frankfurt head office, EUR 30.1 million were generated at our Milan Branch, and losses amounting to EUR 19.0 million were generated at our Toronto Branch.

Mainly due to the increase in performance-linked bonuses, operating expenditures climbed by EUR 77.3 million to EUR 176.4 million. As a result, the cost-income ratio fell once again from 40.1% to 31.2%. The fund for general banking risks was reduced by EUR 26.0 million to EUR 39.0 million. Earnings from ordinary operations amounted to EUR 392.2 million in comparison with EUR 150.0 million in the previous year. Tax expenditures rose from EUR 36.9 million to EUR 151.6 million. Earnings after taxes amounted to EUR 240.7 million (previous year: EUR 113.1 million). The Milan subsidiary contributed a net loss for the year of EUR 55.2 million, and the Toronto subsidiary contributed a net loss for the year of EUR 24.2 million to earnings after taxes.

As a result of the continuing planned phase-out of the US commercial finance portfolio, provisions for loan losses could be reduced from EUR 10.6 million in the previous year to EUR 6.0 million for the year under review. These include provisions against specific loans and a general reserve against non-performing loans. In addition, valuation adjustments were made to claims held by the Milan Branch for tax refunds in the amount of EUR 80.6 million, and to shares in Maple Holdings Canada Ltd. amounting to CAD 37.0 million.

Chart 1 shows the development of net income (in EUR millions).

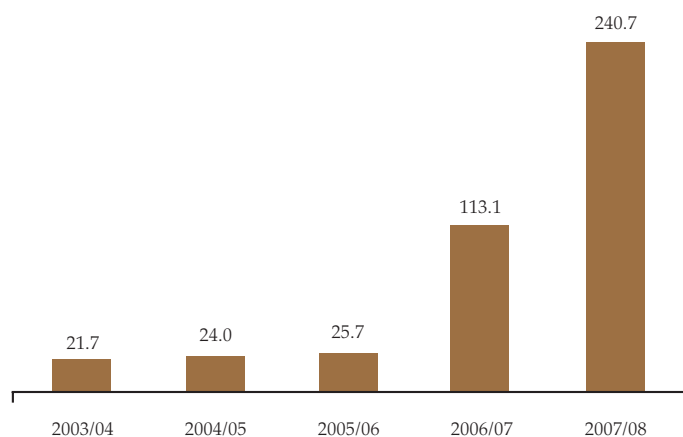


Chart 1: Net income for the year (in EUR millions).

3.3.3 BALANCE SHEET

Due to the pronounced expansion of the areas of Structured Trading/Structured Products, the balance sheet grew to EUR 46.9 billion (previous year: EUR 26.1 billion). Business volume, which includes contingent liabilities, also amounted to EUR 46.9 billion. There was an especially strong increase in the item "Receivables from customers", which climbed to EUR 15.2 billion. This item comprises mainly receivables from securities lending and repo transactions with affiliated companies. The item "Equities and other non-fixed-income securities" increased by EUR 7.0 billion to EUR 15.8 billion. On the liabilities side of the balance sheet, a notable rise of EUR 5.2 billion to EUR 20.0 billion was reported for the item "Other Liabilities". This was mainly the result of increased volume in premiums received from option writing in the equity markets.

The development of the balance sheet (in EUR billions) is seen in Chart 2.

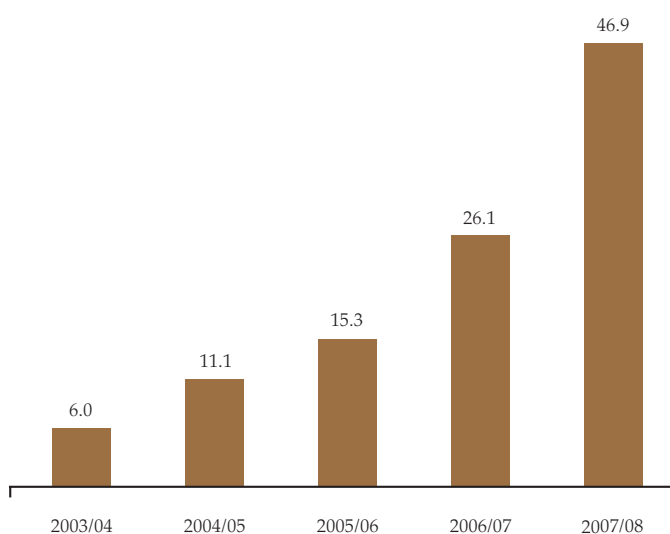


Chart 2: Balance sheet (in EUR billions)

The Bank obtains financing from short-, middle- and long-term institutional customer deposits, inter-bank borrowing, as well as our activities in the domestic and international securities lending and repo markets. During the year under review, the volume of long-term customer deposits with a residual maturity of more than one year was reduced slightly from EUR 720 million to EUR 686 million. Due to the maturity of subordinated debt during the year under review, this item fell from EUR 72 million to EUR 49 million. To ensure liquidity, the volume of eligible securities held at Deutsche Bundesbank was maintained, with EUR 1.6 billion, at about the same high level as in the previous year (EUR 1.8 billion). In addition, EUR 750 million was placed in the deposit facility of Deutsche Bundesbank.

3.3.4 RISK ASSESSMENT REPORT

The financial crisis, which erupted during the previous year, and which escalated during the current fiscal year, has made the need for a comprehensive risk-management system emphatically clear.

All kinds of demands have been made by shareholders, customers, counterparties, management, and last but not least, the supervisory authorities with regard to such a system. In particular, intra-day developments related to the Bank's overall risk position have been increasingly monitored and communicated.

Risk management is a permanently dynamic process. This process begins with the identification and analysis of business risks and opportunities. Risks are managed based on the assessments derived and documented by the risk management systems. The control and monitoring of risks by the Risk Control Department, which is independent of the Trading Department, ensures neutral reports to the Bank's management and to the group Executive Committee. Individual and aggregate risks are considered on both an entity and consolidated basis.

Reports on the trading and lending risks are prepared daily throughout the group. The close interaction of group management with the individual offices is epitomized not only by regular conference calls, potentially several times a day during critical situations, but also by organizational integration in the respective management bodies of the individual entities. Thus, global control of all activities by group management is ensured.

The Bank's risk management falls under the general responsibility of the management board. The fundamental risk parameters are documented by risk management in the overall banking strategy and the risk manual, which are reviewed regularly and amended as necessary. The various risk factors are defined and the risk-bearing capacity is monitored through the existing system of limits.

During the first quarter of the year just ended, on-site audits were conducted by the Bundesbank, accompanied by the BaFin, the German banking supervisory authority, in Frankfurt, London and Toronto. The suitability of a Value-at-Risk (VaR) model to calculate model-based volatility adjusted haircuts for securities lending and repo transactions was audited. Maple Group was granted approval to deploy the VaR system to ascertain capital adequacy across the group.

The remaining quarters of the fiscal year were exemplified by the first filings in accordance with the Solvency Directive, the Large Exposures Directive, and the Liquidity Directive, as well as by the financial crisis and the related increase in internal requests for ad-hoc reports. Measures to mitigate credit risks were introduced at an early stage.

The risk measurement system, which had been working on a trial basis since April of 2007, went into production as planned during the year under review. Since that time, a standardized VaR report is produced, not only for Maple Bank, but also for all group trading activities.

Risk-bearing Capacity

The overall banking strategy was revised in the spring of 2008 and includes the concept of risk-bearing capacity, the definition of the risk capital, as well as the limits for the risk factors. Since the spring of 2008, the overall banking strategy also includes stress testing with regard to the limits.

The defined risk capital was allocated to risk factors across the various business lines. This led to the following allocation to the lines of business under the standard scenario (in EUR millions):

BUSINESS LINE	BANK	SUBGROUP
Market Risk	22	30
Default Risk	32	52
Operational Risks	1	3
Total	55	85

The following limitations apply to the stress scenario (in EUR millions):

BUSINESS LINE	BANK	SUBGROUP
Market Risk	52.5	67
Default Risk	80	111
Operational Risks	2.5	7
Total	135	185

The following methods were used to calculate the individual types of risks:

Value-at-Risk for equities and derivatives, sensitivity limits for interest-rate risks, position limits for currency risks and Credit-Capital-at-Risk (CCaR) for credit risks.

At fiscal year end, the risk capital usage was EUR 32 million for the Bank and EUR 41 million for the subgroup under the standard scenario, and EUR 97 million for the Bank and EUR 113 million for the subgroup under the stress scenario.

Risk Category Market Risk

Maple Bank classifies equity risk and other equity-related risk positions, interest-rate risk, currency risk, together with any associated options risk, under the general category of market risk. The Bank does not have any commodity risk.

Every transaction by the Bank must be allocated to a previously tested and approved strategy through the trade entry systems. These strategies frequently contain hedging transactions in the form of index futures, options or equity swaps and are subject to trading, volume, position, loss, sensitivity and Value-at-Risk limits, depending on the type of risk. The Risk Control Department monitors compliance with all limits and provides the requisite reports to management on a daily basis.

Equity risk is calculated using a VaR model on the basis of a historic simulation, a confidence level of 99%, and a holding period of one day. Back-testing is undertaken using the "clean method" and has not disclosed any inconsistencies. The results lie within the tolerance limits. The VaR level for equities amounted to EUR 1.5 million at fiscal year end and fluctuated between EUR 0.03 million and EUR 2.4 million in Frankfurt during the fiscal year. The Milan Branch level fluctuated between EUR 0.1 million and EUR 0.9 million. Both at fiscal year end and during the year there was no equity risk at the Toronto Branch.

Strict limits are used to manage interest-rate risk. Interest-rate risk from long-term fixed-rate deposits and long-term fixed-rate commitments are eliminated through the use of interest-rate swaps and interest-rate futures. Monitoring, including stress testing, is accomplished with the aid of our Treasury software.

Foreign-exchange trading is done solely for the purpose of hedging assets and liabilities in foreign currencies. Currency risk is monitored on a daily basis per currency. For additional information, management receives a Value-at-Risk report calculated using an in-house model.

Risk Category Default Risk/Credit Risk

At Maple Bank, default risk encompasses credit risk in the lending business, counterparty risk, issuer risk, country risk and investment risk or risk from equity holdings. Credit risk exists if a counterparty defaults on its contractual obligations to the Bank.

Default risk is managed in two ways. First, volume limits are set per individual borrower and borrower group, taking into account reduction of exposure resulting from netting and collateral agreements. In addition, individual exposures are grouped by strategies, for which in turn a volume limit is set. Limits are monitored on a daily basis.

Limit usage is monitored daily using an in-house system, which incorporates both the trading book and the banking book into the monitoring and reporting process. Intra-day limit monitoring is performed by our Treasury software.

All customers and counterparties must undergo an assessment of their financial condition at least once a year and prior to establishing a business relationship. This detailed credit analysis is prepared by the Credit Department and supported by a rating process. The Credit Committee decides on the proposed limits on the basis of this written credit assessment. Last year there were an increased number of ad-hoc analyses due to the financial market turbulence, as the Bank's counterparties are predominantly banks and financial services providers in OECD countries.

Credit risk, in particular default risk in the trading book, is outlined in a monthly report to management. Moreover, this report contains the Credit-Capital-at-Risk calculation based on the Gordy model. The standard scenario has a confidence level of 99% and uses the historic one-year default probability. In stress testing, a confidence level of 99.9%, rating deteriorations, and changed repayment ratios and haircuts are considered. This Credit-Capital-at-Risk calculation also serves as the basis for the determination of the Bank's risk-bearing capacity.

Default Risk in the Lending Business

The European commercial finance business is conducted solely in the Milan Branch and covers the Italian market. All commercial finance trades must be fully secured. The various types of collateral are valued conservatively. Regular audits ensure that the collateral has retained its intrinsic value. Size limits are used to reduce concentration risk.

There was increased demand for Special Secured Financing, in both Frankfurt and at the Toronto Branch. Here, customers are offered bespoke financing structures, where the collateral is often customer-specific.

In previous years, receivables from selected US lottery companies were purchased at a discount to their face value. The payment of the lottery winnings is guaranteed by the corresponding (US) state governments.

Default Risks from Counterparties and Issuers

All credit exposures are calculated for both single borrowers and borrower groups and marked to market on a daily basis, or even ad hoc if deemed necessary. The calculation includes any collateral, which is also marked to market, as well as any haircuts for potential changes to market value (VaR add-ons). Limits are monitored automatically using in-house systems. Credit risk is broken down by transaction type.

During the fiscal year the guidelines for default risk in the group (including the Bank and its subsidiaries) were revised. To augment the local collection and reporting systems, the data are now automatically scanned into a group-wide loan monitoring system and monitored on a consolidated basis. This monitoring is done by the Credit Departments in Frankfurt and Toronto.

As a result of the draw-down of a liquidity commitment, Maple Bank holds a portfolio of four collateralized debt obligations (CDOs). This EUR 49.1 million portfolio was valued conservatively at year end. The residual risk amounted to EUR 21 million. There are no other risks from such structures or liquidity or financing commitments. This strategy was discontinued due to market conditions. Maple Bank does not have any direct or indirect investments in sub-prime products.

Specific charges for bad and doubtful debts are taken, if certain defined criteria are met, after taking existing collateral into consideration.

Country Risk

Maple Bank defines direct country risk as the risk of default on positions in government securities, as well as loans to states, countries and the public sector. The Bank only has direct country risks in G7 countries and in the member states of the European Union (EU).

Indirect country risk arises from the fact that many of our counterparties are domiciled outside of Germany. The following chart compares the indirect country risk at the end of FY 2007 and FY 2008. All market values are in EUR millions and are based on the net balances per counterparty at the end of the respective fiscal year.

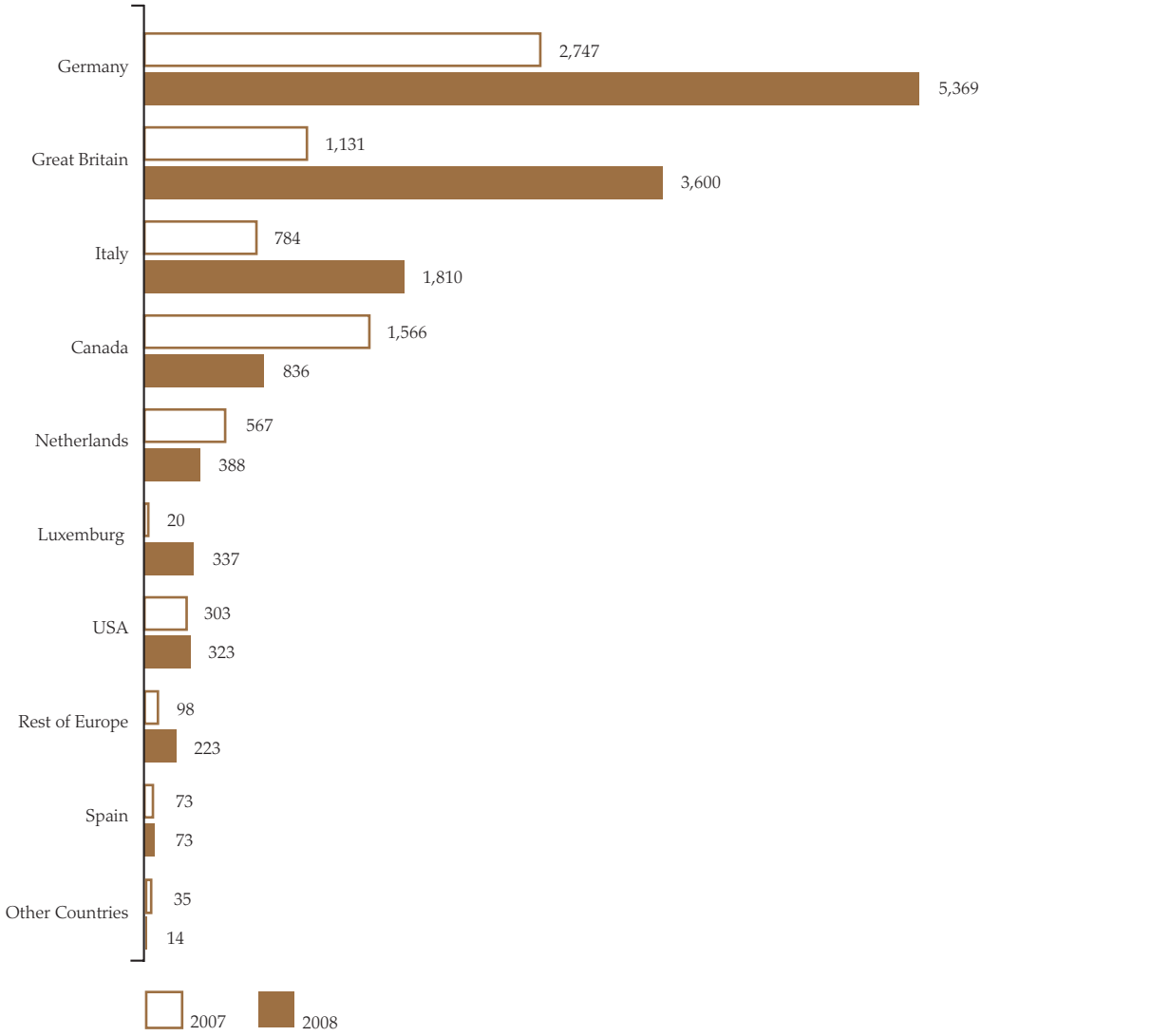


Chart 3: Market values of counterparty risk (in EUR millions)

Country risk provisions are made on the basis of the economic situation of the respective country. No provisions owing to an increased country risk were needed.

Investment Risk

Essentially, the Bank only has investment risk in group companies. Like Maple Bank, its operating subsidiaries are mainly engaged in the business of proprietary trading in securities and derivatives, as well as securities lending and repo transactions.

The Bank is represented by management in the Group's various executive bodies and is thus able to recognize and assess the business risks of its subsidiaries.

The operating subsidiaries in the USA, Great Britain and Canada are subject to supervision by the financial supervisory authorities of their respective countries. In addition, all subsidiaries are incorporated into the consolidated reports to the German banking supervisory authorities.

Liquidity Risk and Solvency Ratios

During the course of the financial crisis, much attention has been drawn to liquidity risk. For the Bank, liquidity risk encompasses the inability to meet payment obligations, general refinancing risk, and market liquidity risk for individual securities or classes of securities. All of these types of risk were observed during the current financial crisis.

Management placed a strong emphasis on liquidity risk at a very early date. In order to minimize liquidity risk from short-term payment obligations, the Bank holds securities that are eligible as collateral for borrowing from the Bundesbank. The Treasury Department is regularly informed about the Bank's liquidity through debt maturity reports. Money market settlements needs to operate closely with the Treasury Department in order to be able to immediately institute any necessary steps, even during the course of the day.

As of September 30, 2008, the liquidity ratio was 1.74 (previous year: 1.35). During the course of the year, it fluctuated between 1.28 and 1.74 (previous year: 1.15 and 1.35) and was complied with throughout the entire year under review.

Management and the Treasury Department maintain intensive contacts with German and international commercial and investment banks, as well as with financial services providers, in order to ensure adequate credit and trading lines.

Maple Bank defines market liquidity risk as the risk that securities positions cannot be closed on a timely basis, due to illiquid markets or the size of the positions. The Bank limits this risk using volume limits of individual securities positions corresponding to the number of units actually traded. The weekly Liquidity Risk Report compares the Bank's trading positions with exchange trading volumes.

The solvency ratios were complied with throughout the fiscal year. As of January 1, 2008, the ratios were calculated in accordance with the Solvency Directive (SolvV) for the bank and for the consolidated subgroup subject to banking supervision. Over and above the statutory requirements, the solvency ratio for Maple Group is ascertained worldwide in accordance with the same banking supervisory logic.

The following table shows the solvency ratios for the fiscal year:

	SEPTEMBER 2008	HIGHEST VALUE	LOWEST VALUE
Maple Bank (without consolidation)	15.2	20.7	15.2
Maple Bank (subgroup)	13.9	18.0	13.9
Maple Financial Group	11.4	12.4	11.4

The following chart shows the solvency ratio utilization for the Bank group as of September 30, 2008.

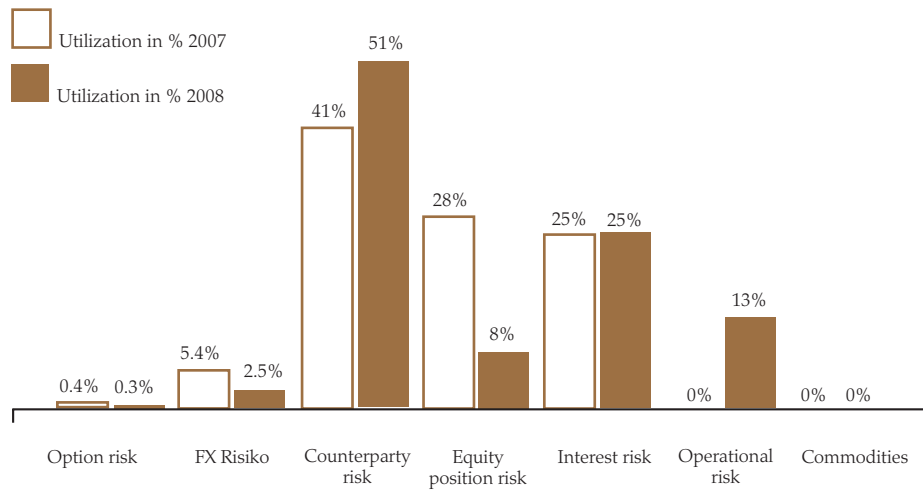


Chart 4: Utilization of solvency ratios per category of risk in %, subgroup as of September 30, 2008

Operational Risk

Maple Bank defines operational risk as the risk of an actual or potential loss resulting from external or internal events. Examples of operational risk are human error, disruptions of operational processes, technological risks and external catastrophes.

Information processing plays a key role in the performance of tasks within Maple Bank GmbH. In the interests of the customers and employees of the Bank, data and IT processes are constantly and effectively protected against abuse and the loss of their integrity, confidentiality and availability. These objectives have been implemented through an appropriate security process and technical measures taken to protect information. The measures are compliant with the international standards ISO/IEC 27001 and ISO/IEC 27002 and are regularly reviewed with regard to their efficacy.

A consistent risk-management concept has been implemented through the integration of IT security management into the Bank's risk management framework, in particular for the maintenance of business operations (in the event of an emergency) and the outsourcing of IT services.

The emergency office, which is solely at the Bank's disposal, is subjected to annual tests. Through the use of parallel data storage, the Bank's risk position can be monitored and managed even during emergencies.

General guidelines have been issued for all of the Bank's trading activities and are regularly updated. They are subject at a minimum to an annual review process, as are work procedures and job descriptions. All processes including the corresponding organizational guidelines are thus documented.

The Bank has an incident database in which all losses above a defined threshold, irrespective of whether a loss was realized, are captured. An analysis of the incidents that have occurred is reported to management on a quarterly basis. Larger realized losses did not occur during the year under review.

Key-risk indicators, broken down by departments, are reported on a monthly basis. Furthermore, periodic self-assessments are conducted in all departments at the Bank, in order to detect potential sources of risk at an early stage.

Other Risks

Other risks can include strategic risk, reputational risk and legal risks.

Maple Bank reduces strategic risk by insisting on compliance with a standardized approval process for new lines of business. Various analyses of all known risks are prepared and evaluated. New businesses must be approved by the management of the Bank, as well as by the Group CEO and the Group CFO.

If possible, nationally or internationally recognized standard agreements are used. With regard to individual agreements, the Bank's lawyers, or in the case of regulatory or tax issues the Bank's auditors and tax consultants, are always requested to draft the contracts or prepare an opinion. As a result of this procedure, Maple Bank reduces its legal risk considerably.

In spite of these measures, tax authorities can take diverging approaches. As of September 30, 2008, the Bank and the tax authorities in Italy have different opinions about the tax treatment of significant positions resulting from trading strategies. In agreement with our tax consultants and tax lawyers, we believe that our view is correct and that all of the trading strategies applied at our Milan Branch are in conformity with Italian tax laws and have, therefore, refrained from making provisions for losses.

Our Internal Audit Department reviews the systems and processes used to identify and assess risks for their efficacy.

Stress Testing

Stress tests, or what-if scenarios, analyze the impact of changes in risk factors on the Bank's positions. The Bank subjects all trading positions and collateral to weekly stress testing. The results of the simulated scenarios allow management to assess the suitability of the positions.

Due to the introduction of the VaR model, the process was changed for equity and equity derivative portfolios during the year under review. Now, all of the Bank's trading portfolios (including those at the branches) are monitored using standardized stress testing. Using the VaR method, the analysis contains a shift in the confidence levels, as well as changes in the holding period or individual risk factors, such as share prices and volatilities. At the end of the fiscal year, the highest value for these analyses amounted to EUR 2.0 million (previous year: EUR 2.9 million). During the year, this number fluctuated between EUR 0.8 million and EUR 11.5 million.

Sensitivity to interest-rate risk is simulated by various yield curve shifts. In addition to parallel shifts, twists in the yield curves are also simulated. This process is performed on both a portfolio and consolidated bank level. The highest value for the analyses with regard to interest-rate risk was EUR 5.1 million at the end of the fiscal year (previous year: EUR 3.7 million). During the year, this number fluctuated between EUR 1.8 million and EUR 10.2 million.

For the lending business, a monthly stress test is simulated. Using the Credit-Capital-at-Risk model, higher default probabilities and lower recovery rates are calculated.

For all securities lending and repo business, weekly stress test reports covering the whole Maple Group are generated. These stress tests are retrievable on daily basis. Similar to equity risk, shifts in the confidence level, the holding period and individual factors are performed in the VaR analysis.

In addition, the liquidity of the trading positions and of the collateral received from securities lending and repo business are analyzed for their market depth.

Risk Assessment

The implementation of standardized measurement systems has resulted in more compatibility within the Group and thus allows a better aggregation and management of risk. The Bank sees itself as being well equipped to deal with both existing businesses and upcoming challenges with the current monitoring systems.

The Bank assumes that it is not subject to any risks beyond those taken in the ordinary course of business.

3.3.5 EMPLOYEES

We wish to take this opportunity to thank all of our employees for their extraordinary commitment. We are proud of their professionalism and social competence, without which the Bank would not have been successful. We prepare for future challenges through individual development and the regular training of our employees. In addition, we offer all employees not only variable remuneration depending on the Bank's performance, but also a comprehensive package of social benefits, which include, among other items, a direct pension commitment, group accident insurance, as well as various programs for converting income to pension payments. Together with a flat management hierarchy, a pleasant working atmosphere, and participation in decision-making processes, we have created a positive work environment for our employees. This has resulted in a high level of satisfaction and motivation, which is also expressed in attrition rates that are much lower than the average for the banking industry.

3.3.6 SUBSEQUENT EVENTS

In October of 2008, one of the Bank's counterparty's did not meet its delivery obligations as part of a securities lending transaction. As a result, the Bank purchased the securities in a buy-in process. After offsetting the costs against the collateral provided, the Bank sustained a loss of EUR 25.7 million, for which a claim has been made against the counterparty.

3.3.7 OUTLOOK

Macroeconomic Situation

Prospects for growth have undergone a massive deterioration worldwide. Analysts and economic institutions expect a pronounced recession. Owing to restricted access to outside capital by virtue of the difficulties in the banking industry worldwide, and owing to the considerably worse terms and conditions for loans, there will be an adverse impact on economic growth in the medium term. Leading economists and economic research institutions are meanwhile forecasting that the gross domestic product (GDP) will shrink by up to 2% in 2009.

Furthermore, a rise in the unemployment rate to 8.1% is expected for 2009, after 7.5% in 2008.

An end to the real estate crisis, particularly in the USA, but also in some European countries, will be necessary to stabilize the economy. Currently, this is still not foreseeable.

The various support measures and bailouts will take time until they have a sustained impact. In this regard, other substantial fiscal policy measures designed to stimulate investments and consumption and thus make a contribution to economic growth are expected on the part of governments.

For these reasons, the central banks in all Western industrialized nations have drastically cut their reference rates in the 4th quarter of 2008. In the USA, the target rate for overnight loans was cut to an historic low of 0% to 0.25%. In Europe as well, additional interest-rate cuts are expected in support of the economy.

Expected Development of the Bank

Despite the turbulence in the financial markets and what will probably be the worst economic crisis since World War II, we expect continued success. In FY 2008/2009 the focus will be on strengthening our relationships with our customers in the Structured Trading/Structure Products areas, as well as in the Treasury/securities lending and repo businesses.

Even under the very difficult conditions anticipated in the money and capital markets for the coming year, we are confident that we will continue to be able to maintain ample liquidity and stable financial conditions. If the turbulence in the financial markets escalates again, however, it will be impossible to forecast the results from a present-day perspective.

Furthermore, we expect a slight increase in other operational expenditures. With regard to risk provisions, we foresee a reduction in charges.

At the moment, we continue to see the Bank as being well positioned to be able to successfully assert ourselves in a market environment that in the next few months is expected to be difficult. For FY 2008/2009 we once again anticipate very satisfactory results, under the condition that the market environment does not get any cloudier.

4. FINANCIAL STATEMENTS 2007/2008 OF MAPLE BANK GMBH, FRANKFURT AM MAIN

4.1 MAPLE BANK GMBH, FRANKFURT AM MAIN, BALANCE SHEET AS OF SEPTEMBER 30, 2008

ASSETS	EUR	EUR	EUR	PRIOR YEAR KEUR
1. LIQUID FUNDS				
cash		24,311.26		18
balances with central banks at the Deutsche Bundesbank EUR 441,527,749.97		441,528,181.57	441,552,492.83	203,948
2. PUBLIC DEPT ISSUES AND BILLS OF EXCHANGE ELIGIBLE FOR REFINANCING WITH CENTRAL BANKS				
treasury bills and treasury discount notes and similar debt certificates issued by public sector thereof: refinancable with the Deutsche Bundesbank EUR 0.00			0.00	182,330
3. RECEIVABLES FROM BANKS				
due on demand		4,606,243,570.12		4,107,075
other receivables		2,657,477,544.61	7,263,721,114.73	291,369
4. RECEIVABLES FROM CUSTOMERS			15,225,552,174.82	5,298,350
5. BONDS AND OTHER FIXED-INCOME SECURITIES				
money market funds:				
issued by public sector: thereof eligible as collateral at the Deutsche Bundesbank EUR 0.00	447,228,964.62			1,790,981
issued by others: thereof eligible as collateral at the Deutsche Bundesbank EUR 0.00	0.00	447,228,964.62		42,176
bonds and debt securities:				
issued by public sector: thereof eligible as collateral at the Deutsche Bundesbank EUR 149,306,375.62	406,130,318.80			899,779
issued by others: thereof eligible as collateral at the Deutsche Bundesbank EUR 1,522,334,045.61	1,761,280,888.75	2,167,411,207.55	2,614,640,172.17	817,777
6. EQUITIES AND OTHER NON-FIXED-INCOME SECURITIES			15,835,244,998.28	8,835,611
7. PARTICIPATIONS thereof: in credit institutions EUR 0.00 in financial services institutions EUR 0.00			51,600.00	52
8. SHARES IN AFFILIATED COMPANIES thereof: in credit institutions EUR 0.00 in financial services institutions EUR 35,218,082.35			266,380,607.45	308,054
9. INTANGIBLE ASSETS			1,367,698.84	1,652
10. TANGIBLE ASSETS			2,788,177.03	1,690
11. OTHER ASSETS			5,283,985,304.27	3,340,267
12. PREPAID EXPENSES			1,448,383.92	927
13. TAX ASSETS ACCORDING TO SECTION 274 PARA. 2 HGB (GERMAN COMMERCIAL CODE)			1,712,647.96	1,755
TOTAL ASSETS			46,938,445,372.30	26,123,811

4.2 MAPLE BANK GMBH, FRANKFURT AM MAIN,
INCOME STATEMENT FOR THE PERIOD
FROM OCTOBER 1, 2007 TO SEPTEMBER 30, 2008

	EUR	EUR	EUR	PRIOR YEAR KEUR
1. INTEREST INCOME FROM				
loans and money market transactions	519,214,598.76			282,841
fixed-income securities and debt securities	33,270,492.40	552,485,091.16		28,703
2. INTEREST EXPENSE		779,732,263.16	(227,247,172.00)	699,714
3. INCOME FROM				
stocks and other non-fixed-income securities		1,731,609,493.11		1,140,939
participations		380,619.73	1,731,990,112.84	323
4. COMMISSION INCOME		11,677,979.08		31,881
5. COMMISSION EXPENSE		21,109,886.55	(9,431,907.47)	32,328
6. NET LOSS FROM TRADING ACTIVITIES			846,190,028.56	494,734
7. OTHER OPERATING INCOME			6,294,489.93	3,278
8. GENERAL ADMINISTRATIVE EXPENSES				
personnel expenditure:				
wages and salaries	159,885,791.47			83,091
social security contributions, pensions and welfare expenses thereof: for pensions EUR 1,171,916.00	2,404,347.40	162,290,138.87		4,159
other administrative expenses		14,107,550.89	176,397,689.76	11,826
9. AMORTIZATION AND DEPRECIATION OF INTANGIBLE AND TANGIBLE ASSETS			1,397,408.80	1,453
10. OTHER OPERATING EXPENSES			59,123.63	60
11. WRITE-OFFS AND VALUATION ALLOWANCES ON LOANS AND CERTAIN SECURITIES AS WELL AS ALLOCATIONS TO LOAN LOSS PROVISION			86,608,256.85	10,593
12. INCOME FROM THE RELEASE OF THE FUND FOR GENERAL BANKING RISKS			26,000,000.00	0
13. WRITE-OFFS AND VALUATION ALLOWANCES ON PARTICI- PATIONS, INVESTMENTS IN AFFILIATED COMPANIES AND SECURITIES TREATED AS INVESTMENT SECURITIES			24,730,967.18	0
14. RESULTS FROM NORMAL OPERATIONS			392,222,048.52	150,007
15. TAXES ON INCOME		150,935,349.05		36,555
16. OTHER TAXES, IF NOT INCLUDED UNDER CAPTION 10		625,075.63	151,560,424.68	329
17. NET INCOME FOR THE YEAR			240,661,623.84	113,123
18. UNAPPROPRIATED EARNINGS			240,661,623.84	113,123

4.3 NOTES TO THE FINANCIAL STATEMENTS AS OF SEPTEMBER 30, 2008

4.3.1 GENERAL INFORMATION

The sole shareholder of Maple Bank GmbH is Maple Financial Europe SE, Frankfurt, which was formed in a merger between Maple Finance (Europe) N.V., Rotterdam, and Maple Financial Europe AG, Frankfurt. The sole shareholder of Maple Financial Europe SE, Frankfurt, is Maple Financial Group Inc., Toronto.

The financial statements as of September 30, 2008 include the accounts of the head office in Frankfurt am Main and of the branches in Milan and Toronto.

In the year under review, the Bank conducted business with affiliated companies; all transactions were generally executed on terms that are consistent with third-party transactions.

The Bank is a member of the Bundesverband deutscher Banken e.V. (Association of German Banks), the Bankenverband Hessen e.V. (Hessian Bankers' Association), the Verband der Auslandsbanken in Deutschland e.V. (Association of Foreign Banks in Germany) and the Prüfungsverband deutscher Banken e.V. (Audit Association of German Banks). Moreover, the Bank including its branches participates in the Einlagensicherungsfonds des Bundesverbandes deutscher Banken e.V. (Deposit Protection Fund of the Association of German Banks). Furthermore, the Bank is a member of the International Swaps and Derivatives Association Inc. (ISDA) and the International Capital Market Association (ICMA). Maple Bank GmbH and its branches are regulated by Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin). The branch in Toronto is under supervision of the Office of the Superintendent of Financial Institutions (OSFI), and the branch in Milan is regulated by Banca d'Italia.

4.3.2 SUMMARY OF ACCOUNTING AND VALUATION POLICIES

The financial statements of Maple Bank GmbH were prepared in accordance with the general accounting principles of the German Commercial Code (HGB), taking into consideration the special rules and regulations for the accounting of financial institutions as laid down in the German Bank Accounting (RechKredV).

Securities held as investment securities were reported at acquisition cost. For bonds and debt securities held as investment securities the difference between acquisition cost and nominal value was accrued over time based on the residual maturity.

Treasury bills, money market securities, bonds and debt securities, as well as equities and other non-fixed-income securities held in the trading account were valued using the strict lower-of-cost-or-market principle, except for trading strategies in which derivative instruments, delivery commitments under securities lending transactions or liabilities resulted in the limitation of risk and the designation of a hedging relationship. The valuation of bonds and debt securities, which is dependent on the value of a credit derivative, was derived from available market data, including indicative prices, using a valuation model.

Net unrealized losses in a hedging relationship were deducted from income. Unrealized net profits were not taken into account. Within defined hedging relationships, unrealized gains have been set off against realized losses. A balance-sheet position was formed for the offset amount and reported in the position of Other Assets.

Certain equity positions of the trading portfolio and the related hedging transactions were valued using the risk-adjusted marked-to-market method. In doing so, the corresponding financial instruments were reported using their market value. In order to comply with the principle of prudence in commercial law, the valuation result ascertained for the hedge is reduced by the theoretical potential loss. Based on the Bank's risk-management methods, this Value-at-Risk discount is measured so that the maximum loss to be expected from the trading position with a holding period of ten days will not exceed the calculated discount with a probability of 99%.

Receivables resulting from securities lending transactions were reported under receivables from banks or receivables from customers. Redelivery obligations resulting from securities borrowing transactions were reported under liabilities to banks or liabilities to customers. Securities lending transactions were reported at their historical cost.

The redelivery obligations reported as liabilities arising from securities lending transactions used to settle securities sold short were valued at the higher of cost or market while taking hedging relationships into consideration and reported as liabilities to banks or liabilities to customers.

Liquid funds, receivables and other assets were stated at their nominal values plus accrued interest. Receivables from customers were reduced through specific provisions and a general provision for credit losses.

Tangible fixed assets and intangible assets were valued at cost less scheduled depreciation and amortization.

Due to timing differences between taxable income and accounting income, deferred tax assets were formed according to Sec. 274 of the German Commercial Code.

Liabilities were stated at the amounts repayable plus accumulated interest.

Pension accruals were stated at actuarial valuations using the mortality tables known as 2005G. Expected future increases of income and pensions as well as the current level of interest rates were considered in the valuations prepared according to Canadian GAAP as used in the consolidated financial statements. Other accruals include all discernible risks and uncertain liabilities as well as contingent losses for open contracts.

Foreign currency receivables and liabilities were translated according to Sec. 340 h of the German Commercial Code. Premiums or discounts on foreign exchange forward transactions used to specifically hedge positions in the same currency were deferred as interest expense or interest income proportionate to the term of the forward contract if they could be treated as interest. Other foreign exchange forward transactions were valued based on the imparity principle at the actual forward rate on the balance sheet date.

Hedged investments in affiliated companies denominated in foreign currencies were translated according to the reference rate published by the European Central Bank on the balance sheet date.

Unrealized losses from financial futures were taken into consideration as write downs on the variation margin in accordance with a BFA opinion dated 2/1993.

4.3.3 FORWARD AND DERIVATIVE TRANSACTIONS

As of the balance sheet date, the Bank had entered into forward and derivative transactions in addition to the transactions included in the balance sheet. These can be classified according to the underlying risk as follows:

	NOMINAL VALUE IN EUR MIO			FAIR VALUE IN EURO MIO		
	RESIDUAL MATURITY			TOTAL	POSITIVE	NEGATIVE
	UP TO ONE YEAR	ONE YEAR TO FIVE YEARS	MORE THAN FIVE YEARS			
CURRENCY-RELATED TRANSACTIONS						
Forward currency transactions	3,451	101	–	3,552	22	35
INTEREST-RELATED TRANSACTIONS						
Interest-rate swaps	372	1,007	417	1,796	12	10
Swaptions	–	30	15	45	–	1
Total return swaps	513	20	15	548	22	–
Interest-rate futures	7,220	20	–	7,240	–	–
EQUITY/INDEX-RELATED TRANSACTIONS						
Equity options:						
Long	43,495	2	–	43,497	4,037	–
Short	43,469	–	–	43,469	–	19,844
Equity / index swaps	7,863	–	–	7,863	2,050	213
Index futures	7,870	–	–	7,870	–	–
Credit default swaps	1,783	–	–	1,783	5	11

Forward exchange transactions were primarily used to hedge assets or liabilities.

Interest-rate derivative transactions were concluded to hedge short, medium and long-term interest-rate risks, primarily using standardized products denominated in EUR, USD and CAD. As of the balance sheet date, the Bank carried interest-rate swaps and interest-rate futures, as well as options on interest-rate swaps (swaptions), and total return swaps on bonds in its portfolio. Interest-rate swaps, swaptions and total-return swaps were used essentially within authorized trading structures in order to hedge risks with matching maturity and currency within a defined portfolio. The interest-rate futures are exchanged-traded products. Profits and losses resulting from these products are settled with the exchange on a daily basis, thus reducing credit risk. Interest-rate futures were used solely to manage and control the Bank's overall interest-rate risk.

As of the balance sheet date, derivative transactions involving other price risks existed in the form of options, futures, forwards and OTC equities/index swaps; these were primarily used to hedge existing securities or securities lending positions.

For derivatives fair value is based on quoted market prices – if available. For over-the-counter derivatives, fair value is based on the use of appropriate valuation models. These models build on relevant valuation factors that can be observed in the market, derived from market prices of other derivatives or derived from the price history.

The book value of derivative financial instruments is reported in the positions of other assets, other liabilities and other provisions.

4.3.4 NOTES TO THE BALANCE SHEET AND THE INCOME STATEMENT

From the receivables from banks which are payable on demand in the amount of EUR 4,606 million, EUR 2,196 million serve as investment of liquid funds, EUR 1,226 million are receivables from securities lending transactions and EUR 887 million are receivables from cash collateral delivered.

Receivables from customers which are payable on demand in the amount of EUR 9,192 million include EUR 4,979 million receivables from securities lending transactions and EUR 3,073 million receivables from repurchase agreements.

Receivables from banks and customers which are not payable on demand can be categorized in terms of residual maturity as follows:

	RECEIVABLES IN EUR MILLIONS	
	BANKS	CUSTOMERS
a) Less than three months	2,044	5,729
b) More than three months and less than one year	614	217
c) More than one year, less than five years	–	64
d) More than five years	–	24

Receivables from customers include receivables from the shareholder of EUR 11 million and receivables from other affiliated companies totalling EUR 12,167 million, of which EUR 4,941 million result from securities lending transactions and EUR 2,472 million from repurchase agreements.

The amounts of exchange-eligible securities that are listed on an exchange are shown in the following table:

	SECURITIES IN EUR MILLIONS	
	EXCHANGE ELIGIBLE	EXCHANGE LISTED
Bonds and other fixed-income securities	2,615	1,793
Equities and other non-fixed-income securities	15,813	15,813

The position of Bonds and other fixed-income securities includes highly liquid money-market securities (US Treasury bills and Canadian Treasury bills) in the amount of EUR 447 million, that are not listed on an exchange.

Bonds and other fixed-income securities with a book value of EUR 1,234 million will mature in fiscal year 2008/09.

As of the balance sheet date, investments in affiliated companies were as follows:

NAME	SHARE IN EQUITY %	EQUITY CAPITAL MILLIONS	BOOK VALUE EUR MILLIONS	NET INCOME MILLIONS
Maple Partners America Inc., Jersey City, USA	58.3	USD 155.8	44.3	USD 24.3 ¹
Maple Arbitrage Inc., Jersey City, USA	100.0	USD 21.9	13.1	USD 0.1 ¹
Maple Securities (U.K.) Ltd., London, Great Britain	100.0	GBP 47.1	35.2	GBP 7.6 ¹
Maple Holdings Canada Ltd., Toronto, Canada	100.0	CAD 283.2	172.4	CAD 1.2 ¹

¹ Preliminary result for the period from October 1, 2007 to September 30, 2008

For the investment in Maple Holdings Canada Ltd., Toronto, an impairment in the amount of CAD 37 million was recorded.

Participations, investments in affiliated companies, securities held as investment securities, intangible assets and tangible fixed assets have developed as follows:

Financial Assets

	SECURITIES HELD AS INVESTMENT SECURITIES	PARTICIPATIONS AND INVEST- MENTS IN AFFILIATED COMPANIES
	EUR MILLIONS	EUR MILLIONS
Historical acquisition costs as at October 1, 2007	79.2	359,8
Additions 2007/2008	166.7	–
Disposals 2007/2008	67.0	–
Effect from changes in exchange rates	(3.9)	(19.9)
Historical acquisition costs as at September 30, 2008	175.0	339.9
Accumulated write-offs as at October 1, 2007	3.7	51.7
Additions 2007/2008	0.9	24.7
Disposals 2007/2008	0.7	–
Effect from changes in exchange rates	(0.2)	(2.9)
Accumulated write-offs as at September 30, 2008	3.7	73.5
Book value as at September 30, 2008	171.3	266.4

Book values contain the historical acquisition costs and accumulated write-offs in foreign currencies translated at the reference rate published by the European Central Bank on the balance sheet date.

Interest-rate swaps are used to hedge the bonds and debt securities held as investment securities in the amount of EUR 148.6 million. The other non-fixed-income securities held as investment securities in the amount of EUR 22.7 million equal the values accumulated by employees under a deferred compensation plan.

Intangible assets and tangible fixed assets

	INTANGIBLE ASSETS TEUR	OFFICE FURNITURE AND EQUIPMENT TEUR	LEASEHOLD IMPROVEMENTS TEUR	TOTAL TEUR
Historical acquisition costs as of October 1, 2007	7,050	5,154	1,036	13,240
Additions 2007/2008	362	1,916	31	2,309
Disposals 2007/2008	1,011	750	0	1,761
Historical acquisition costs as of September 30, 2008	6,401	6,320	1,067	13,788
Accumulated depreciation as of October 1, 2007	5,398	3,510	990	9,898
Additions 2007/2008	638	745	14	1,397
Disposals 2007/2008	1,003	660	0	1,663
Accumulated depreciation as of September 30, 2008	5,033	3,595	1,004	9,632
Book value as of September 30, 2008	1,368	2,725	63	4,156

Other Assets include capitalized option premiums of EUR 4,107 million, deferrals from equity swaps of EUR 678 million, tax refund claims of EUR 391 million, as well as the offsetting items for valuation gains set off with realized losses in trading activities of EUR 87 million.

Prepaid expenses comprise capitalized discounts of KEUR 27. The deferred tax asset includes accruals for the head office in Frankfurt and the branch in Toronto.

Liabilities to banks payable on demand include EUR 4,228 million cash collateral received for securities lending and derivative transactions as well as EUR 2,643 million liabilities from securities borrowing transactions.

Liabilities to customers payable on demand contain EUR 4,681 million from cash collateral received for securities lending and derivative transactions, EUR 3,255 million liabilities to affiliated companies from the appropriation of securities, and EUR 1,749 million liabilities from securities borrowing transactions.

The residual maturity of liabilities to banks and other liabilities to customers that are not payable on demand were as follows:

	LIABILITIES IN EUR MILLIONS	
	BANKS	CUSTOMERS
a) Less than three months	879	4,893
b) More than three months and less than one year	1,518	490
c) More than one year and less than five years	–	333
d) More than five years	–	353

Liabilities to customers include liabilities to affiliated companies in the amount of EUR 8,637 million. Of this figure, EUR 3,159 million relate to repurchase transactions.

For liabilities reported in the balance sheet, collateral was delivered in the amount as shown in the table:

	TOTAL AMOUNT OF COLLATERAL BOOK VALUE IN EUR MILLIONS
Liabilities to banks	3,212
Liabilities to customers	2,112
Other liabilities	1,115

Assets having a book value of EUR 6,311 million were sold under repurchase agreements.

Other Liabilities comprise option premiums of EUR 19,928 million.

Tax provisions essentially contain the income tax for the fiscal years 2006/07 and 2007/08.

The subordinated liabilities of a nominal EUR 47.6 million meet the requirements of Sec. 10 Par. 5a of the German Banking Act (KWG) for recognition as regulatory capital. The subordinated liabilities mature between 2008 and 2017 and do not contain any premature payment obligations by the Bank. In the year under review, the interest expense was EUR 4.1 million.

One affiliated company granted subordinated loans totalling EUR 9.2 million. These liabilities bear interest at three-month EURIBOR plus 1.3%. They mature on July 1, 2009.

There is a subordinated liability to one domestic customer totalling EUR 11.0 million with a fixed interest rate of 6.0% per annum. It matures on December 4, 2017.

Assets denominated in foreign currencies totalled EUR 4.3 billion. Foreign-currency liabilities amounted to EUR 3.8 billion.

Income broken down by geographical markets is as follows:

	INCOME IN EUR MILLIONS		
	GERMANY	ITALY	CANADA
Interest income	499	20	33
Income from shares and other non-fixed-income securities and investments	1,279	450	3
Income from commissions	6	0	6
Net expense from trading activities	679	122	45
Other operating income	1	2	3

The position of Other operating income comprises income from the reversal of accrued expenses in the amount of EUR 3.1 million and fees for services provided to affiliated companies in the amount of EUR 2.6 million.

4.3.5 OTHER INFORMATION

Irrevocable loan commitments include cash-loan commitments to foreign customers in the amount of EUR 15.6 million and to foreign affiliated companies in the amount of EUR 0.9 million. In connection with lease and service agreements, there are long-term payment obligations totalling EUR 7.7 million.

As of September 30, 2008, the Management Board comprised the following members:

Wolfgang Schuck, Chief Executive Officer

Credit Business
Structured Products
Compliance
Internal Audit

Michael Bernhard, Managing Director

Accounting / Controlling
Risk Controlling
Credit Administration
Personnel Administration

Paul Hiob, Managing Director

Securities and Derivatives Trading

Martin Mönninger, Managing Director

Securities and Derivatives Settlement
Money Market and Foreign Exchange Settlement
IT and Communications Systems

Hagen Wirth, Managing Director

Securities Lending Transactions and Repurchase Agreements
Money Market and Foreign Exchange Trading
Refinancing and Customer Deposits
Credit Business

Their remuneration according to Sec. 285 (9a) of the German Commercial Code amounted to EUR 62.2 million. From this amount payments of EUR 19.0 million are used to purchase shares of Maple Financial Group Inc., Toronto, Canada.

In the year under review, the Supervisory Board consisted of the following members:

Thomas R. Higgins, Chairman

President & Chief Executive Officer, Maple Financial Group Inc.

Neil Petroff

Vice-President, Ontario Teachers' Pension Plan Board

William K. H. Fung

Visiting Research Professor of Finance, London Business School

Simon B. Ruddick, until November 7, 2008

Investment Consultant

Jean Turmel

Business Consultant

Members of the Supervisory Board received no compensation.

As of the balance sheet date, the Bank had a staff of 115, of which 19 were employed at the Milan Branch and 11 at the Toronto Branch. Including part-time employees and trainees, the Bank had 115 employees on average during fiscal year 2007/2008 consisting of 5 Managing Directors, 33 holders of procuration, and 77 other employees.

4.3.6 CONSOLIDATED FINANCIAL STATEMENTS

The Bank is included in the consolidated financial statements of Maple Financial Group Inc., Toronto, as of September 30, 2008. On the basis of the exemption provision of Sec. 292 of the German Commercial Code (HGB) considered in conjunction with Sec. 2 of the Group Exemption Regulation (KonBefrV), the Bank has dispensed with the preparation of subgroup consolidated financial statements. The consolidated financial statements of Maple Financial Group Inc. may be obtained from the Bank.

These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles and are expressed in Canadian dollars. They were lodged with the Company Register and published in German in the online service of the German Federal Gazette (elektronischer Bundesanzeiger).

In contrast to German GAAP, securities transactions were reported on a trade-date basis.

Securities borrowing and lending transactions are not reported in the balance sheet in the exempting consolidated financial statements. Short sales of securities are recorded as a separate position on the liability side of the balance sheet.

Securities and derivatives are valued at their market prices as at the balance sheet date as a matter of principle. All realized and unrealized profits and losses are taken into consideration in the income statement.

Deferred tax receivables and deferred tax liabilities in the consolidated financial statements are calculated according to the liability tax allocation method.

There are no fundamental differences with respect to consolidation methods.

Frankfurt am Main, December 19, 2008

Maple Bank GmbH



Wolfgang Schuck



Michael Bernhard



Paul Hiob



Martin Mönninger



Hagen Wirth

4.4 AUDIT OPINION

We have issued the following opinion on the financial statements and management report:

“We have audited the annual financial statements, comprising the balance sheet, the income statement and the notes to the financial statements, together with the bookkeeping system, and the management report of Maple Bank GmbH, Frankfurt am Main, for the fiscal year from October 1st, 2007 to September 30th, 2008. The maintenance of the books and records and the preparation of the annual financial statements and management report in accordance with German commercial law are the responsibility of the Company’s management. Our responsibility is to express an opinion on the annual financial statements, together with the bookkeeping system, and the management report based on our audit.

We conducted our audit of the annual financial statements in accordance with Sec. 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 annual financial statements in accordance with (German) principles of proper accounting and in the management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Company 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 books and records, the annual financial statements and the management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the annual financial statements and 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 annual financial statements comply with the legal requirements and give a true and fair view of the net assets, financial position and results of operations of the Company in accordance with (German) principles of proper accounting. The management report is consistent with the annual financial statements and as a whole provides a suitable view of the Company's position and suitably presents the opportunities and risks of future development.”

Eschborn/Frankfurt am Main, December 19, 2008

Ernst & Young AG
Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft

Sterz
Wirtschaftsprüfer
(German Public Auditor)

Rothe
Wirtschaftsprüferin
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