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CHAIRMAN	LINO	NISII
DEPUTY CHAIRMAN	CLAUDIO	DI GENNARO
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	ANTONIO	DE DOMINICIS
	ANTONIO	FORLINI
	GUGLIELMO	MARCONI
	LUIGI	MARINI
	ALFREDO	RABBI
	ENZO	FORMISANI
	ROBERTO	CARLEO
	FABRIZIO	SORBI

SECRETARY	TITO	D'EMIDIO
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EXECUTIVE COMMITTEE

CHAIRMAN	LINO	NISII
DEPUTY CHAIRMAN	CLAUDIO	DI GENNARO

MEMBERS	ALFREDO	RABBI
	GUGLIELMO	MARCONI
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ALTERNATE AUDITORS	DOMIZIO	GAVIGLIA
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GENERAL MANAGER	ANTONIO	DI MATTEO
DEPUTY GENERAL MANAGER	FRANCESCO	CORNELI

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2009 STATUTORY FINANCIAL STATEMENTS

Directors' report
on operations



THE ECONOMIC BACKGROUND

The international situation

In the second half of 2009, we have seen a gradual improvement in the economic conditions of the more developed countries, followed by a moderate stabilisation of the relevant financial markets. The economic upturn of emerging countries, on the other hand, has been decidedly more noteworthy, allowing us to close the year with a definitively positive sign on a macro-economic level.

An initial analysis of the data concerning the GDPs of the various different economic areas shows the existence of two main groups: on the one hand, we have the more developed countries, all more or less convalescent after the violent 2008 economic-financial crisis, and on the other, we have the so-called 'emerging countries', including, particularly, India and China, which recorded significant growth rates. The second group, however, includes some economies that have recorded growth rates below the average for the range to which they belong: Russia and Brazil, for example, have shown a more definite dependence on the economies of the major developed countries, and a rather lesser endogenous vitality, recording economic development and gross domestic product averages in the negative, in line with the major developed countries.

A great many analysts consider that in 2010, some weakness factors may still affect the upturn of the advanced economies. In actual fact, the expansive effect of the tax stimulation measures adopted by many Central Governments should recede in the second half of the year, and the positive contribution deriving from the forecast reconstitution of inventories has also been exhausted. The unknown employment market conditions also weigh heavy on the possibility of consumption returning to supplying the upturn. Unemployment rates look likely to continue to grow in 2010, or in any case not to reverse. In some countries, including the United States of America, families' desires to restore their finances has also reduced the tendency to spend.

The little use of production capacity will, for the whole of 2010, tend to slow investments in instrumental assets, whilst the excess of supply of property will discourage those involved in construction, particularly in countries such as the USA, Spain and Great Britain, where the drop in property listing has been particularly significant.

Many Administrations have focussed 2009 on striving to obtain strong, expansive economic policies in order to limit the crisis, gathering a few, shy signs of growth of their GDP only during the last quarter of the year. Experts too, all agree that the worst is now behind us, but in the next two years, only the economies of the emerging countries will see true development, providing the driving force behind the world economy.

In 2009, the volume of world trade also returned to increasing, albeit around 10 percent below 2008 levels. In the fourth quarter, the recovery of industrial production continued, from the all-time lows recorded for the first half of the year, and the trust climate further improved. Some uncertainty continues, however, particularly in America and some European economies, and Greece first and foremost, followed by Spain, Ireland and Portugal, who all presented public accounts at the end of 2009 that had suffered the many state interventions needed to avoid a banking crash and to limit unemployment which, in any case, has reached worrying levels.

Whilst the US attempt to check increasing public expenditure, needed to support the military commitments in Afghanistan and Iraq and to extend basic healthcare to the less well-off, in the first few months of 2010, the European Union has had to face up to the economic crisis of Greece that risks repeating the Argentinean default of 2001. In order to avoid the severe repercussions on the euro list price, which, in any case, has suffered from the fears of the solvency of the Athens Government, Germany and France have declared their commitment to guaranteeing its solvency.

The fragmentation of the European economic policy management has, in any case, shown all its limits and a great many politicians are now convinced that we need to start thinking about a single management of the currency by the ECB. In continuing its trend that was already visible in the last quarter of 2009, the dollar has thus gained ground against the euro, the currency of an economy that has proven to be somewhat less solid than it first appeared at the end of 2008. In the US and in Japan, the last quarter of the year also saw a reduction in unemployment rates, granting us some hope, whilst inflation remained moderate in the presence of a great many unused resources. The central banks kept official rates low for the first few months of 2010 too, resulting, however, in the raising of the demand for higher-risk activities.

International organisation forecasts suggest a 2010 GDP increase of around 2 percent for all advanced economies, whilst China, India and Brazil should enjoy far greater growth that is able to exceed the ceiling limit of 10%.

The United States of America

Encouraging signs have begun reaching us of an upturn from the other side of the Atlantic as from October, when the US GDP inverted its trend, shyly returning to growth. A 2.2 annual percentage increase was recorded, following the 0.7 decrease recorded for previous months. Activities were mainly supported by private consumption, with a supply of two percentage points to product dynamics. The change in inventories (0.6 percentage points) was also positive, along with public expenditure. In December, furthermore, the dollar weakness phase was finally interrupted, both on the euro and on the Japanese currency.

Exports recorded an increase of approximately 18 percent per year, even if this positive effect was partially offset by a decisive increase in imports, which saw annual growth of 21 percent. As a whole, the US economy gleaned fundamental support from the implementation of the economy-boosting tax plan (the 'American Recovery and Reinvestment Act').

In actual fact, industrial production, which had been stagnant in 2008 and the early months of 2009, in the fourth quarter recorded generally positive signals amongst the various industrial and commercial sectors. However, an unexpected downturn to employment in the agricultural sector is of some concern, albeit attenuated in December when consumption grew slightly. Family savings rates stabilised just below 5 percent.

At the end of the year, unemployment rates reached 10 percent, whilst investments continued to suffer the excess production capacity and restriction of bank loans: loans to business are, in fact, down 17 percent from the 2008 peak, partially also reflecting the drop in the demand for loans. Residential property market conditions have stabilised. Home prices recorded for the major American cities, after having risen by 5 percent from April to September,

remained unchanged in November and December, whilst the great imbalance of supply and demand for homes recorded in the first few months of 2009 continued to decrease, also thanks to the low interest rates offered on mortgage loans and the tax incentives for the purchase of housing.

On the other hand, the condition of commercial property is rather more uncertain and confused, with average values, after having decreased by approximately 40 percent on 2008 figures, continuing to show downward trends for the first few months of 2010.

Finally, a limited return to consumer inflation was recorded, which is back to positive values, as confirmation of the end of the positive effect that the great drop in the prices of raw energy materials experienced in the first few months of 2009: on an annual basis, the increase in prices, net of energy and food components, settles at 1.7 percent, in line with the trends of the main European countries.

Emerging countries

On a decidedly better note, we have the economic figures recorded by the countries of the so-called “Bric” (Brazil, Russia, India and China), even if the 2009 positive trend was not homogenous given the substantial difference of the Brazilian economy, partially dependent on the US economy, but above all that of Russia, which, as we know, is greatly influenced by heavy industry and energy market listings.

China’s performance was extremely positive, which, on the basis of the data contained in the World Economic Outlook report of the International Monetary Fund, has recorded GDP growth of 8.9 percent, whilst for 2010 estimates envisage a leap of more than 10 percent, one percentage point more than the last official estimates released in October. The proof of now being the true driving force of the world economy has made the Peking Government very proud indeed, increasingly convinced that China shall prove able to steal the world leadership position from the US in the next twenty years.

Excellent levels of private consumption and, particularly, fixed investments. The costs for investments by public companies, after having accelerated sharply in response to the impulse supplied by the tax stimulation plan launched by the government in 2008, looks to have marked a slowing in the last few months. The November increase in industrial production, however, +19.2 percent on the corresponding period, and that of retail sales, +15.8 percent in nominal terms, would indicate that the expansion of economic activities will also be sustained for 2010 and 2011. Consumer inflation is back to positive figures, albeit a very limited 0.6 percent in November. Monetary and credit aggregates continued to expand at regular rates, around 30 percent over twelve months, supplying a rapid price increase in real estate activities.

To offset the risks of speculative excesses and limit exposure towards that sector in the accounts of banks, the Chinese authorities have abolished a series of tax benefits that had recently been introduced to support the property sector. Over the last few days, to slow the credit dynamics, the Central Bank has raised the compulsory banks’ reserve coefficient and intensified the draining of liquidity from markets through open market transactions. In the third quarter of 2009, the product, measured from the supply side, has accelerated clearly in India too, reaching 7.9 percent on the corresponding period, thanks, above all, to the effects of the tax stimulation measurement.

The Indian economy trend also continued tirelessly, going beyond forecasts. At the end of 2009, GDP growth of +7.9 percent on last year was recorded, basically determined by the upturn of the manufacturing sector (+9.2 percent) caused by the new interest rate limitation strategies and the purchase incentive policies. Few expected this sort of result, particularly after the excellent +6.1 percent for June 2009, reached by virtue of a generous agricultural year.

In growth terms, India registered its record for the last 18 months (+5.8 percent) in 2009, as confirmation that the 'Indian locomotive' was the first to have managed to leave the crisis behind it, thereby reducing the distance with China. The generalised consumer price increases continued, however, particularly in the food and fundamentals sector.

The situation for Brazil differs, where the 2009 GDP instead recorded a slight decrease of 0.4 percent, with forecast growth of 5.1 percent for 2010, supported by a clear acceleration of private and consumer investments.

Despite the slowing recorded for the Brazilian economy in 2009, due to the drop in exports and the dive taken by raw material prices, the 'South American giant' closed 2009 with 700,000 extra jobs. Internal consumption has, in fact, offset the drop in exports, whilst the recovery of list prices for raw materials has guaranteed substantial growth of internal wealth. In 2009, the real, which during the 2008 autumn panic had dropped by more than 3 percent against the euro, recorded a clear upturn, rapidly returning to pre-crisis levels and allowing us to see its strength and potential for optimisation over the next two years.

The economic condition of Russia, on the other hand, was rather less clear where a GDP level was recorded as down by around 9 percent on 2008 figures. Only the positive prospects of the energy sector would encourage the return to growth for 2010, which should settle at around 4 percent. The data in relation to heavy industry, on the other hand, which has recorded a 13 percent drop, is clearly negative, as inflation settled at + 9 percent. Russia will leave the crisis behind it slowly, and doubtless in times that will be linked to and dependent on the trend of the European countries to which Russia sends much of its exports.

The euro area and the EU

For the euro area, the decrease in the GDP settled at 4 percent, with a modest forecast for an increase for 2010 (+0.9 percent). This would settle the 'old continent' behind the US and Japan, respectively forecast for +1.7 and + 1.8 percent.

In general, the European countries recorded positive figures for the third quarter of 2009, with a growth in wealth produced up by 0.4 percent on last period, thereby interrupting a sequence of five consecutive decreases. The main economies that have shown a substantial upturn were Germany (+0.7 percent) and France (+0.3 percent), whilst Italy recorded only a slight increase (+0.6 percent). In Spain, Ireland, Portugal and Greece, on the other hand, in December 2009 too, the recessive phase continued.

Overall, the positive dynamics of the EU product has almost entirely been attributed to the increase of the added value in industry, against the stagnation recorded, on the other hand, in the tertiary sector, in agriculture and in construction. On the demand side, support to activities mainly came from the increase in exports (3.1 percent) encouraged by the gradual improvement of the world economic cycle. More specifically, exports proved to be particularly strong in Germany, where they recorded 3.4 percent growth.

The internal demand of the euro area remained weak: family consumption continued to stagnate (-0.1 percent) and gross fixed investments are down once again, by almost one percentage point, as a partial reflection of the drop in construction (-1.5 percent). The sector of instrumental equipment is basically stationary.

As a whole, the entire European area has seen an improvement in the levels of trust, but only as of the last quarter 2009. This improvement has not, however, been followed by the forecasted strengthening of industrial production and business volumes. This has, against a relatively favourable dynamic of exports, reflected the lasting weakness of internal demand: the drop in employment that continued in the autumn months, has, in fact, affected the consumer component. According to OECD estimates, basically in line with those released by Eurosystem experts the euro area GDP will increase by approximately 1 percent in 2010. Consumer inflation, which had settled at around 1 percent at the end of last year, is also forecast to rise slightly.

The slowing caused by the marked weakness of the internal components of the demand remains, however, in autumn 2009, retail sales continued to decrease, reflecting the prudence in the spending behaviour against a worsening of the employment market situation. Unemployment rates settled at a worrying 10.0 percent.

On the vehicle sales front, purchases have decelerated, as from September suffering from the cancellation of scrap tax benefits in some countries, such as Germany. This effect has only partially been offset by the expense advances linked to the approach of the expiry dates of the eco incentives to vehicle scrapping in other area countries too, including Italy where state benefits lasted until year end.

In 2009, the primary gap of the entire EU area worsened by 1.9 percentage points, settling at -2.3 percent. This worsening was mainly determined by the discretionary measures for social shock absorbers and to support the demand for goods and services, implemented by almost all European governments, in response to the crisis.

As a whole, in 2009 the area inflation amounted to 0.3 percent (from 3.3 in 2008). In line with expectations, since December, the harmonised consumer price index has returned to growth in trend terms, albeit at a moderate rate (0.9 percent), interrupting the downturn seen mid-year.

The rise in inflation is mainly due to the energy component, which, as compared with the last twelve months, has suffered severe drops recorded for the same period 2008. The changes over the three months of the deseasonalised index have fallen, since last spring, at an average pace close to 1 percent per annum. If we remove the energy and food components from the general index, fund inflation has continued to drop gradually throughout 2009, to below 1.0 percent over twelve months in November.

The uncertainty as to the intensity of the return continues to be significant: the continuous improvement of the cyclical phase, deducible from the outlook surveys has not yet been flanked by an equivalently robust strengthening of the quantitative indicators. According to data on export trade recorded in autumn, the recovery of exports continued, fundamental in supporting the more recent expansions, against the weakness of the internal demand.

Net of the increase in costs for lasting goods, to a significant extent sustained, as said, by the incentives to scrap the most heavily-polluting vehicles, family consumption has continued to suffer the slowing caused by the great reduction in buying power, which, in the presence of a very limited price dynamic, has also suffered from the drop in nominal income.

Under the scope of the EU, the situation of the United Kingdom looks to be decidedly more worrying. This country, still anchored to its national currency, began paying heavily for this choice in the two-year period 2008-2009.

Throughout Great Britain, the drop in the gross domestic product continued for the fourth quarter 2009, although keeping to 0.6 percent for the year, from the -2.7 recorded for the third quarter 2009. The drop has reflected, above all, the large negative contribution made by inventories (-0.3 percentage points) and net exports (-0.8 percentage points), whilst private consumption stabilised and investments returned to expansion after the great drop of the first three quarters of the year.

According to the forecasts of the Bank of England and the major private institutions, economic activity should return to growth at the end of 2010. Positive signals have also been seen from the English employment markets, where the drop in employment ceased from August to October, and the unemployment rate settled at 7.9 percent. The Credit Conditions Survey also indicates an improvement in bank credit access conditions towards the latter part of the year. The recovery of house prices also continued, whilst those of commercial property stabilised, even if at levels that were almost half those of 2007 peaks. Consumer inflation settled at 3 percent.

In exchange terms, the drop in the English sterling continued for the first few months of 2010, both with regards to the dollar and the euro, showing the continuing difficulties of an economy that is particularly severely conditioned by the trend of the financial markets.

Amongst the countries of central and eastern Europe, finally, the recession looks to be attenuated towards year end in Hungary and Romania, whilst it has been interrupted in the Czech Republic. The Polish economy, less severely struck by the crisis thanks to the lesser dependency on exports and the substantial holding out of the internal demand, instead continued to expand at a rate of 2.0 percent.

The Nippon-centric Area

The Japanese economy recorded the most severe drop for the last 50 years in 2009 (5 percent), but thanks to a fourth quarter that came in better than expected, managed to avoid China's overtaking them, retaining their second place in the world, behind the United States.

In October-December, on the basis of the preliminary results disclosed by the Japanese Cabinet Department, the real GDP is up by 1.1 percent (against the average expectations of 0.9 - 1 percent) on the three previous months, and at the annualised rate of 4.6 percent (as compared with 3.5 - 4.0 percent), on the wake of exports towards Asia and the effects of the anti-crisis measures implemented by the government.

The nominal GDP, namely gross of inflation, reached 474,924 billion yen, equal to 5,075 million dollars considering the average exchange rate for 2009 of 93.57 yen per dollar, according to official statistics.

The latest updates at the end of January published by the International Monetary Fund on the growth estimates for this year and next year for the Japanese economy (+1.7 percent and +2.2 percent) will, however, apply the hypothesis that in 2010 China should soon exceed Japan in absolute terms of annual wealth produced.

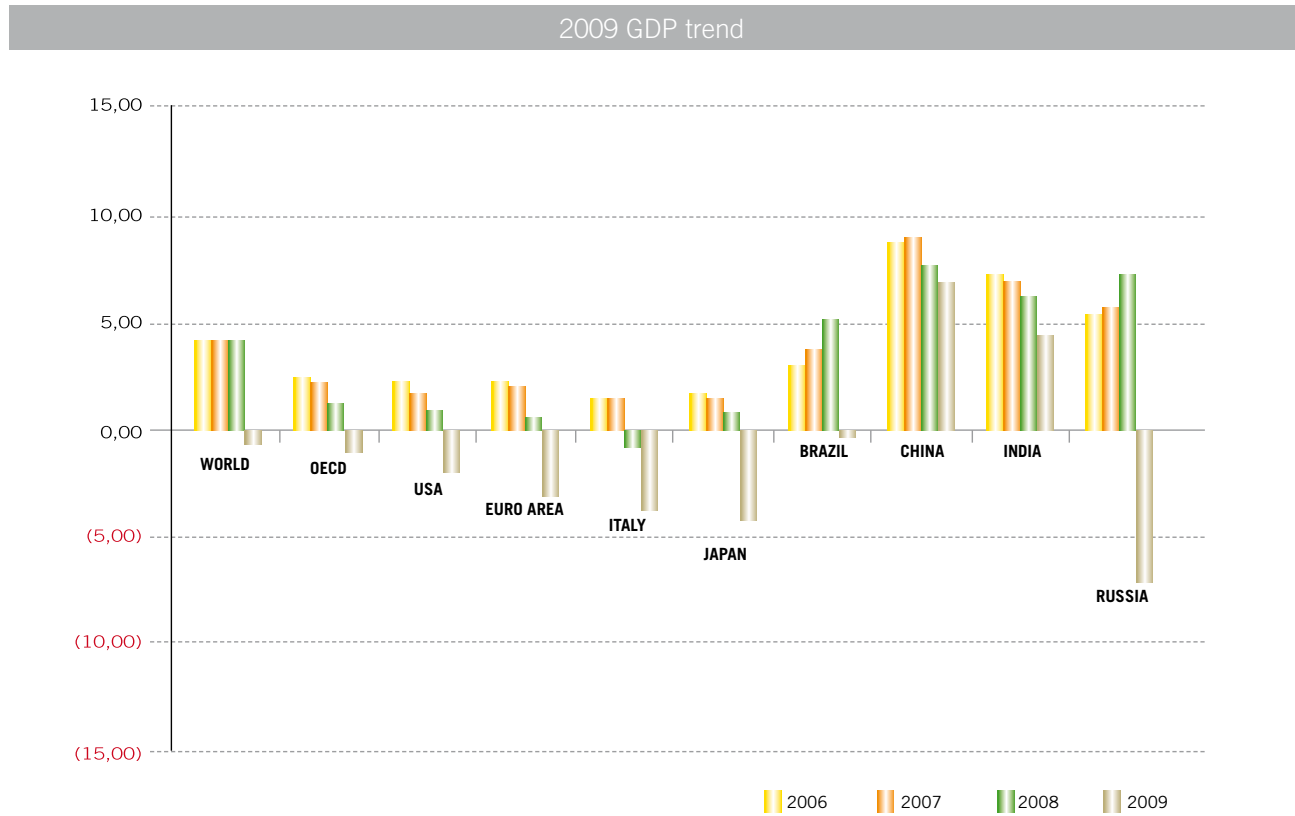
The Rising Sun, whose economy has been the world's number two since 1968, has overcome the worst recession since 1945, recovering demand by the Asiatic markets and the expense of thousands of billions of yen desired by the various governments who have taken over from each other in 2009 to beat the crisis. More generally, at the end of last year, the private demand began raising China up with important investments by companies and consumer expenditure back up again.

Forecasts for the fourth quarter show contrasting signals. From September to November, the expansion of exports and industrial production continued. The latter remains, however, at a level that is still around 20 percent below the peak of 2008. The rate of unemployment, which continued to drop in October, in November went back up to 5.2 percent, a level that is still high compared with past records, with a peak recorded in July, at 5.7 percent.

Finally, we would point out that the Bank of Japan has kept the rate of reference for the monetary policy unchanged at 0.1 percent. After having notified, at the end of October, the intention not to extend any of the measures adopted to create liquidity, in an extraordinary meeting held in early December, it announced that to encourage a long-term drop in interest rates, they wished to issue new cash funds onto the market for 10 thousand billion yen (approximately 2 percent of the GDP). This would be done in the form of three-month guaranteed loans at a rate of 0.1 percent.

Growth of GDP 2006 - 2009 - Usa - Euro Area - Italy - World Average - Emerging Countries

The following is a table showing the data concerning the trend of the GDP in 2009 in the major world economies.



COUNTRY	GDP 2009	INFLATION 2009
Germany	(4.80%)	1.50%
Spain	(3.60%)	0.80%
France	(2.30%)	1.30%
Italy	(4.80%)	0.80%
England	(0.60%)	3.00%
EU - 15		

Source: EU Commission

The Italian Economy

2009 data for Italy is in line with that of the major developed countries, showing that 2009 has been a decidedly unclear year: the GDP recorded an annual decrease of 4.8 percent, whilst the public debt level rose to 114.9 percent of the Gross Domestic Product, a trend that is set to grow for 2010 too, the year in which it should reach 117.2 percent.

The increase recorded is a direct consequence of the worsening of the demand, which in the first 9 months of the year amounted to 73.6 billion euros, more than double that of the same period 2008, when it was posted as 35.4 billion. Public spending settled at 52.5 percent of the GDP, with a small reduction forecast for 2010. Confindustria forecasts for 2010 envisage that growth of Italian wealth will not exceed +1%, as proof that the return will not be rapid and generalised, and that the new expansive cycle of the economy will be modest.

The annual figures also suggest that the primary Italian balance was negative, respectively -0.5 percent of the GDP, and that it should zero in 2011. Net borrowings of the P.A. reached 5.4 percent of the Gross Product and confirms the negative dynamic of 2009 income (-1.3 percent). According to ISTAT sources, industrial production is down by 17.4 percent on 2008: the correct figure for calendar effects was, instead, slightly higher, settling at -17.5 percent. This is the greatest decrease since 1991, the first year of comparison of the historic series.

As concerns exchanges with abroad, the deseasonalised data on total interchanges show, in December 2009, an increase of both exports and imports, with respective growth rates of 4.4 percent and 1.6 percent. In the last three months, the deseasonalised data show a decrease of 0.2 percent for exports and growth of 2.4 percent for imports.

The main grouping indexes have recorded positive forecast changes for consumables, +1.7 percent, +2.2 percent for non-lasting goods, no change for lasting goods, and interim goods show a +1.2 percent. With regards to the sectors of economic activity, a decrease in exports is seen in all aggregates that is particularly relevant for energy.

Imports also post generalised reductions, significant above all for the energy sector (-0.2 percent), for interim products and instrumental goods (-1.6 percent). As concerns energy minerals, in 2009, imports of crude oil represent 8.2 percent of total incoming flows (10.6 percent in 2008), whilst the import of natural gas weighs for 5.9 percent (6 percent in 2008). In 2009, the balance of the trade accounts net of crude oil and natural gas is positive for 36.7 percent billion euros, down compared with the assets of 49.9 billion euros recorded last year.

In November, the outlook was for +0.2 percent, whilst the trend had shown a 5.2 percent drop. Analysis according to sector of economic activity shows positive changes compared with the data for December 2008, in the sectors of chemical products (+7.8 percent), extraction (+5.6 percent), the food industries (+3.6 percent) and pharmaceutical products (+3.2 percent).

The greatest decreases were recorded for the manufacture of refined oil products (-14.5 percent), for miscellaneous equipment and machinery (-14.4 percent), for metallurgy and metal products (-13.7 percent). In the comparison between the average for the whole of 2009 and 2008, the only positive change concerned pharmaceutical products (+2.8 percent). The most marked negative changes occurred in the sectors of metallurgy and metal products (-29.1 percent), miscellaneous equipment and machinery (-28.7 percent) and electrical equipment and non-electrical equipment for domestic use (-26.8 percent).

Growth for the last quarter 2009 is a positive figure overall, even if Italy is rather behind its European partners, as compared with the countries of the G8 and, above all, as compared with the main emerging countries. According to forecasts, India, for example, will book 2010 growth of 7.7 percent, and 7.8 percent in 2011, Russia will grow by 3.6 percent and by 3.7 percent in 2011, Canada respectively by 2.6 percent and 3.6 percent, the United Kingdom by 1.2 percent and by 2.6 percent, Germany +1.4 percent and +1.8 percent, France +1.2 percent and +1.6 percent. Only Spain will fare worse than Italy, not succeeding in grasping the return and still behind by 0.7 percent.

Despite the continued improvement in trust, Italian business still hesitate to increase production, despite the uncertain strengthening of orders. The partial recovery of industrial activity recorded for the fourth quarter, from the very low levels touched during the second and third, did not continue through the autumn months. The upturn to exports too, which began in summer 2009, was attenuated in October and November. According to ISTAT data, in 2009 Italian exports are, as a whole, down by 20.7 percent and imports by 22 percent as compared with 2008. This is the worst figure on trade flows since 1970. In the same period, the balance was negative for 1,791 million euros, significantly worse than the assets of 9,942 million euros recorded for 2008.

We do, however, envisage export sales gradually accelerating in 2010 at an average rate close to 3 percent, in any case approximately one point less than the forecast expansion of world trade. In recent years, the loss of competitiveness of prices of Italian goods has reflected both the appreciation of the euro and the greater increase of unit labour costs compared with competitor countries, above all due to the stagnation of productivity. The recovery of the dollar, which took place against the euro in the first few months of 2010, should, from this viewpoint, encourage a recovery of the competitiveness of Italian goods and re-launch exports.

In the year's third and fourth quarters, industrial production has recorded a significant drop (4.4 percent), the first after more than a year. Above all, this was caused by the manufacture of interim, instrumental and lasting consumable goods that had suffered the most marked decreases. Given the still weak demand, the production of non-lasting consumable goods has risen to a more limited extent.

A few more companies have reported an improvement in demand conditions as compared with the three months previous, than those reporting a worsening: 23.7 and 20.6 percent respectively, against a majority (55.7 percent) who continue to see the situation as basically unchanged. Companies exporting at least one third of their turnover have provided more favourable responses than those working mainly on the domestic market.

On the consumer front, we note that in the third quarter of 2009, these were up by 0.4 percent, after a long stagnant period. The increases was mainly supported by the purchases of lasting goods (2.7 percent), encouraged by the tax incentives launched by the Government to replace old vehicles, in addition to those for semi-lasting products (3.5 percent). Growth of service costs was fairly limited (0.4 percent), whilst the drop in the consumption of non-lasting goods accentuated (-1.2 percent; -3.1 in trend terms), worsening the downward trend already underway.

Overall, the first nine months of 2009 saw family purchases down by 2.1 percent on the same period for 2008, continuing to suffer the slowing of the erosion of effective available income that, in the same timeframe, can be estimated as down by more than 1.5 percent.

In view of a dynamic that is virtually null of consumption deflation, the reduction of families' buying power has reflected the decrease of nominal income, to which the drop in both total income from employment, due to the net drop of the number of jobs, and that of capital, mainly due to the great decrease in dividends and profits distributed by companies, have made a significant contribution.

On average, in the fourth quarter only the car sector recorded significant increases, as new registrations increased by 8.3 percent on the previous quarter. What is lacking, on the other hand, is any sign of an inversion of trends for the consumption of non-lasting goods. In October, retail sales volumes continued the downward trend in place since summer 2007, reaching 7 percent in cumulative terms. Family debts in relation to available income remained stable in the third quarter of 2009 at around 58 percent. This value is still distinctly below the average for the euro area (approx. 94 percent in June).

Costs sustained by Italian families for debt services (payment of interest and repayment of capital) decreased overall to 9.4 percent of the available income, thanks to the further reduction of interest rates on loans for the purchase of housing. Rates on consumer credit, on the other hand, have risen slightly.

The economic picture in the regions of Abruzzo, Marches, Emilia Romagna, Molise and in the province of Rome

If we focus our attention on the geographical areas where Banca Tercas carries out its work, we can see how the area of central Italy has suffered the crisis, particularly in employment terms.

The Abruzzo economy, an area in which the bank has its greatest number of branches, with a deeply territorial rooting, has also greatly suffered the effects of the severe earthquake that devastated the regional capital and its province on the night of 6th April.

The Abruzzo GDP did, in fact, reduce by 6 percent, exports were down by 29.7 percent, major companies entered a profound crisis with immediate repercussions on the recourse to temporary layoff funds that more than quadrupled. Unemployment rates stood at 7.6 percent at the end of December 2009.

The comparative data of 2008 and 2009 better explain the difficult situation that the Abruzzo Region is experiencing: in 2008, the gross domestic product pro capita amounted to 21,564 euros, against a national average of 26,278 euros. On a provincial level, the lowest GDP pro capita was recorded for the province of L'Aquila: 20,636 euros. Teramo, Pescara and Chieti were listed at more or less the same levels, respectively 21,882, 21,560 and Chieti 22,345.

The data concerning wealth produced already indicated a decrease in 2008 (L'Aquila -0.7%; Chieti -1.7%; Teramo +0.2%; Pescara +0.7%), which was significantly accentuated during the year: the average drop was recorded as 6%, whilst the Province of L'Aquila recorded a more significant decrease of -7.4%, as a direct consequence of the natural disaster.

Birth/mortality rates in relation to Abruzzo businesses for the fourth quarter 2009 was, in any case, positive, settling at +0.51%.

In the first ten months of 2009, as compared with the same period in 2008, exports were down in Abruzzo by -35.7 percent. In greater detail, the data of the different provinces show a significant decrease throughout the area of the so-called 'earthquake crater': the province of L'Aquila has, in fact, recorded an extremely poor -34.4 percent, as compared with a more limited drop of 6.2 percent recorded for the province of Pescara, 28.2 recorded in Teramo and minus 31.1 percent posted by the province of Chieti, which was most exposed to the recession.

Unemployment rates settled at 7.6%, employment at 56.3%, whilst activity rates crystallised at 61.0%. Unfortunately, 2010 forecasts are not encouraging as the first indications for the new year would appear to show that the situation on the employment front is still worsening and that the effect of the recession has not yet exhausted its negative thrust. The Abruzzo employment rate recorded a further decrease of -2.3% for L'Aquila in January 2010, -2.6% for Teramo and -2.5% for Chieti and Pescara.

In January-December 2009, with a significant acceleration, the authorised hours of temporary layoff fund reached approximately 34.2 million, equal to more than six times the hours for the same period 2008. The provinces most affected by the total hours were those of Chieti and obviously L'Aquila. The metal-mechanical sector has reached almost 50% of total authorised hours. The percentage increase for the period considered was +471.6% for Chieti, +366.6% for L'Aquila, with Aquila city alone recording +726.1%. The situation of the metal mechanical sector in the province of Pescara is also worrying, which has recorded a 293.1% increase of authorised hours, and that of Teramo, +588.5%.

The regional data provides a pitiless picture of the severe recession underway: the temporary layoff fund (CIG) is up by 439% as compared with 2008, followed by significant increases in unemployment benefits supplied +68% and mobility +15%. The total of the most important social shock absorbers for the period January-December 2009 reached the figure of 36,250 in Abruzzo. As compared with 2008, the average number of beneficiaries has, unfortunately, more than doubled (122.8%).

The same can be said of the nearby Marche region, where the crisis presented an expensive bill to pay. From first January to 31st October, the companies operating are down by more than 2,000. Practically every day, including on public holidays, six companies have disappeared. The opening of new bankruptcy procedures is also greatly up.

The drop in operating companies has struck agriculture above all, but also the manufacturing sector, trade and constructions, which, for the first time in more than a decade, have to measure up to a decrease in the number of businesses. Real estate and computer companies go against the flow.

The recession has, in any case, attenuated somewhat in the second half of 2009. Amongst the industrial sectors, the decrease in assets and exports has been intense for electrical appliances and mechanics, and more limited for footwear and furniture. Business investments have dropped sharply. The demand for housing is still weakened, slowing construction companies' workloads. In industry, employment is down, above all due to the block of turnover, whilst only the massive use of temporary layoff funds has limited the termination of employ.

2009 has profoundly marked the economy of Emilia-Romagna region too. The drop in demand on a worldwide scale could not fail to have effects on the regional system too. The numbers, however, show that the repercussions due to the recession are attenuated as compared with the rest of Italy. The GDP in Emilia-Romagna has dropped by 4.6% as compared with the national average of -4.8%. In the same way, employment has basically held out, with limited growth of unemployment rates at 3.7 percent. We should, however, stress the massive use of social shock absorbers and, in particular, exceptional shock absorbers.

The decrease of the gross domestic product has followed a drop in domestic demand of 3.2%, whilst the most significant decrease has been seen in exports, closely linked to the international context, with a negative balance of 22.9%. The industry has highlighted a negative situation, which should translate into an effective drop in added value close to 13.0%, significantly greater than the 3.3% reported for 2008. In the twelve months of 2009, production in Emilia-Romagna decreased by an average of 14.9% on 2008, a period in which a decrease of 0.6% had already been recorded. From a credit viewpoint, the lesser demand for loans, together with greater restrictions applied by the banks in granting them, has resulted last September in a trend drop of 5.1% in line with the situation in Italy (-6.0%).

What is more concerning is the situation recorded by the Molise region, always bringing up the rear of economic development in central-south Italy. 2009 came to an end posting a negative balance of -140 entrepreneurs, net of the 103 standing down from office and with a regional GDP of -6% on 2008. The Molise figure is in line with that of the Abruzzo region where, however, the figure must also be read as a natural consequence of the earthquake, to which we must certainly attribute almost two percentage points reduction. Again concerning the population of businesses active as of 31st December 2009, 32,513 active businesses were recorded.

The last area of Bank settlement, that concerning capital, closed 2009 with decidedly more encouraging figures. In the region of Lazio, in fact, during the last quarter of the year, we began to see the end of the crisis: the gross internal product recorded total decreases in 2009 of 0.1%, whilst forecasts suggest a slight upturn for the first few months of 2010. An investigation processed by the Studies Centre of Unioncamere in collaboration with Prometeia has also shown how in 2009, the region of Lazio proved to be that in less difficulty, preceded in 2009 by only Emilia Romagna, Veneto and Valle D'Aosta (+0.2%). The forecasts for 2010 and 2011 are somewhat rosier, when Lazio should record a growth in wealth produced of 0.7% and 1.3%.

CREDIT INTERMEDIATION

The Financial Market Trend

From mid-October, the price of oil rose by 5 dollars per barrel, going from 75 to 80 dollars. The increase has reflected the strengthening of the demand for crude oil, particularly by China. For 2010, the forecasts for world oil demand, formulated by the International Energy Agency, have been reviewed upwards, from 85.7 million barrels per day estimated in September, to 86.2 million estimated at the end of December 2008. According to futures listings, the price of oil looks to rise to almost 90 dollars per barrel by the end of 2010. For other raw materials too, the upward pricing trend continued during the fourth quarter of the year, with increases of around 9 percent.

After the significant improvement seen from March to September, in the latter part of 2009 and the first few weeks of 2010, inter-banking market conditions remained favourable as a whole.

Differentials between inter-bank deposit rates without guarantee at three months and swap contract rates on overnight indexes of the same duration, overnight index swaps, remained basically unchanged, at 11 base points for those in dollars, 17 for those in yen and sterling and 30 points for those in euros. In the fourth quarter of 2009, the dimensions of the accounts of the main central banks remained basically unchanged. The Federal Reserve has, however, declared that come February 2010, it no longer considers it necessary to renew most of the facilities introduced during the crisis to supply liquid funds to markets and the swap lines agreed with the other major central banks. It has also announced its intent to further reduce the amount of loans offered under the scope of the Term Asset-Backed Securities Loan Facility.

The twelve months of 2009 have seen a gradual improvement in the equity conditions of the major international banks, which together have reported decreasing profits but profits that are, in any case, above those forecast. The write-downs of financial instruments announced or posted on the financial statements have decreased substantially in the same period, and were null in the fourth quarter. In the second half of the year, various different European bank intermediaries carried out recapitalisation operations, using the market in most cases. The first on default swap credits of the major international banks, which had already returned in October to values seen prior to the Lehman Brothers crack, continued to drop during the last three months, although remaining well above the levels booked for the first half of 2007.

In the first few months of 2010, the downward trend of the European currency against the dollar also continued. Listings for the first few months of 2010 recorded new lows in the area of 1.3530 dollar/euro. The lack of support confirmed the downward trend of the euro, whilst the yen recorded a slight drop penalised by fears of global growth in view of China's decision to raise requirements of banking reserves that have covered the figure of the Japanese 2009 GDP, which was higher than the autumn 2009 forecasts.

On the financial markets, the last quarter of 2009 saw the performance of public ten-year securities in the US and UK rise by approximately 40 base points, to 3.8 percent and 4.2 percent respectively. The increase on the US market is mainly due to the improvement in economic growth expectations, whilst in the UK, it mainly reflects expectations for a forthcoming cessation of the purchases of public securities by the Central Bank, in a context of extreme concern with regard to public finance. In the euro area and in Japan, returns remained stable, respectively around 3.4 and 1.3 percent.

In the United States, family financing levels, according to Federal Reserve statistics, were down in November by 17.5 billion dollars, also due to the continuous deleveraging needs of families.

In Europe too, the figure relating to retail sales for November was down by 1.2%, thereby noting that the expense of families in lack of benefits and/or contributions by the State find it difficult to take up again, given the high unemployment rate in the euro zone.

The low level of consumption has therefore applied little pressure to pricing levels, which, in December, grew marginally by 0.9% annually against the 0.5% of last month. In Japan, the latest data on consumer trust and orders for industrial machinery were below expectations. Additionally, price levels continue to remain greatly deflated. All these signals come together to mark the fact that the Japanese economy has not yet entirely left the great decrease behind it.

These manoeuvres, together with a tax on property negotiations, should slow speculation in the sector and reduce the economy growth rate for 2010, consequently reducing the risk of inflationist flare-ups.

Share terms in the major industrial economies, which during the spring and summer had risen rapidly, stabilised in the last three months of 2009. From the minimums of March, indexes post rises ranging between 50 and 70 percent. Risk premiums on corporate bonds are down for all risk classes and in all major countries. For stocks of non-financial companies with lower credit ratings (high yield) in euros and dollars, the reduction equated to approximately 1.8 percentage points, 6.7 and 6.0 points respectively. The premiums on those with higher credit ratings (BBB) dropped by approximately 0.5 percentage points, returning to values close to those in early 2008.

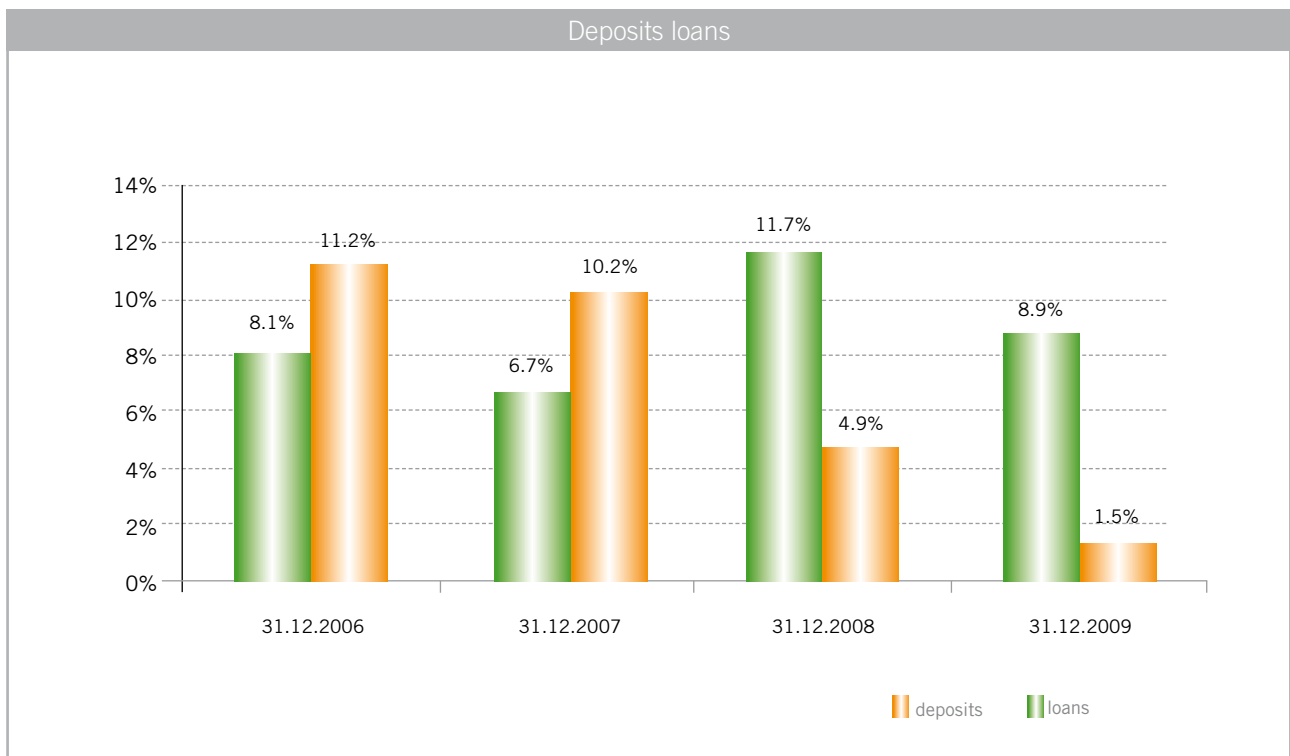
Financial conditions have also remained favourable in the major emerging countries, which have continued to benefit from significant asset flows from abroad. These latter have been sustained not only by an improvement in growth prospects in many of these economies, but also by the low interest rates in advanced countries and by a context of generalised reduction in aversion to risk. From mid-October onwards, performance differentials between long-term sovereign securities in dollars for emerging economies and those issued by the US Treasury, have remained basically stable at three percentage points.

Albeit at a more moderate rate than in the spring-summer, the rise of share terms has continued: overall, since last March, the listing level in the major emerging economies has almost doubled. In January 2010, interest rates did not change significantly and spreads on corporate securities remained, as a whole, stable. The theme that has featured throughout the last month of 2009 was that of the sustainability of public debt and repayment plans for the deficits accumulated in recent years.

In this sense, the spread of Greek State securities, which announced some solvency issues and problems controlling public expenditure, have once again been put under pressure, marking the broadest levels since the introduction of the euro. Some signs of contagion have then been seen on the spreads of countries such as Spain and Portugal, where the needs to refinance debt have increased significantly in the last year. A further implication has been seen on the credit market and, in particular, on the default swap credit market given that the greater perception of risk on governments has also resulted in a marked broadening of the perception of risk and solvency of the major national banks.

As a whole, interest rate levels look to be coherence with the macroeconomic scenario and the monetary policy prospects. Spreads paid by corporate bonds also look to be in line with fundamentals.

The following graph shows the percentage growth in deposits and loans of the Italian credit system for 2006-2009. The figure for 2009 shows an average growth of loans of 1.5% and of deposits of 8.90%. The growth of the latter has been greatly affected by the transfer of liquid funds, particularly from managed and/or administered stock markets, towards more classic forms held by investors to be lower risk. The same phenomenon had also marked 2008.



THE BANK'S SITUATION

(N.B.: the information shown is expressed in millions of euros)

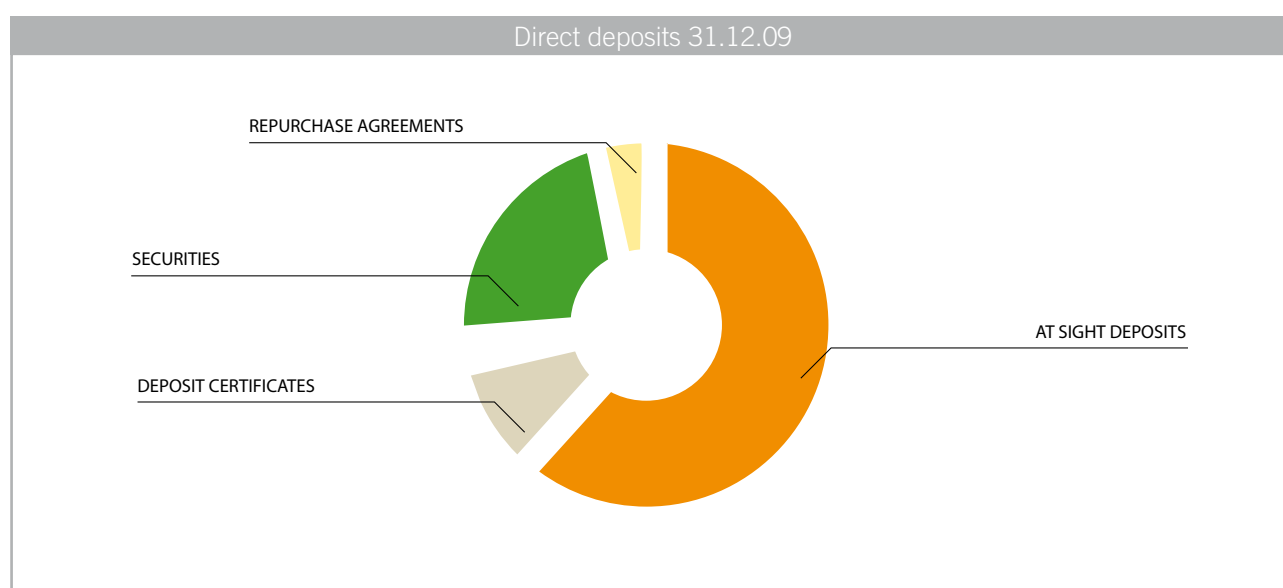
Intermediated assets

Intermediate totals	Year 31/12/09	Year 31/12/08	Change	
			Absolute	%
Direct deposits	2,991	2,994	(3)	(0.10%)
Indirect deposits	1,359	1,611	(252)	(15.64%)
Total deposits	4,350	4,605	(255)	(5.54%)

At 31 December 2009 total deposits amounted to 4,350 million euros with a decrease of 5.54% compared to 31 December 2008. This result sees direct deposits basically unchanged (-0.10%), whilst indirect show a distinct decrease of 15.64% basically due to the reduction of average savings of Italian families.

Direct deposits

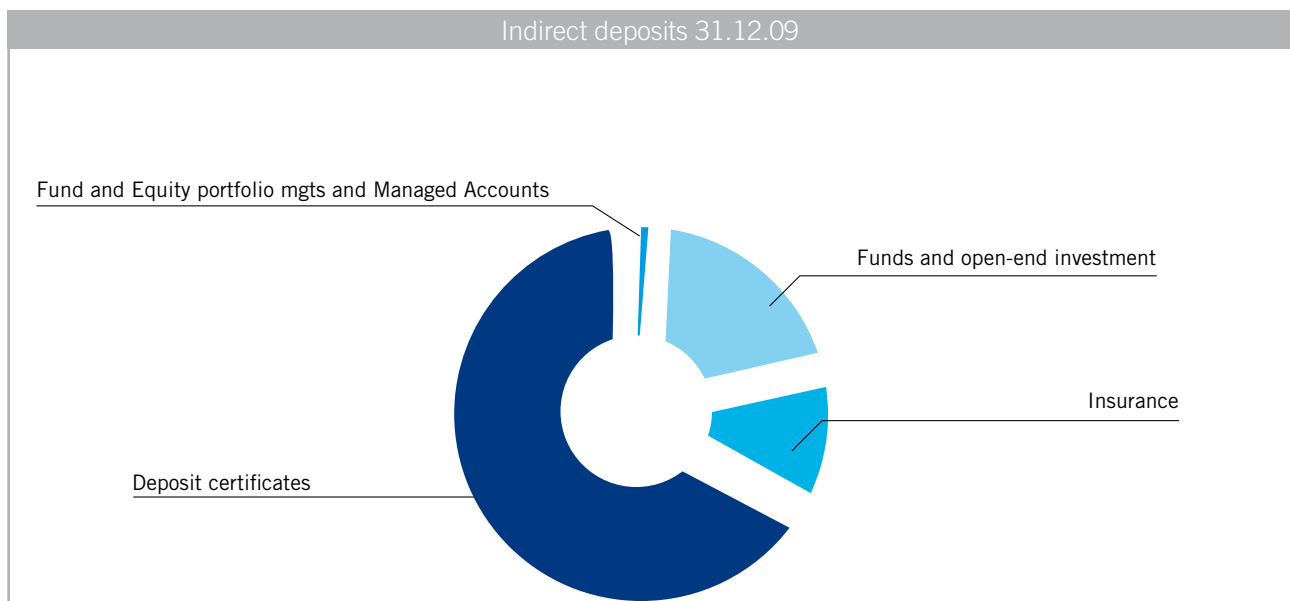
Direct deposits	Year 31/12/09	Year 31/12/08	Change	
			Absolute	%
Deposits, C/A, CDs and bonds	2,898	2,765	133	4.81%
<i>At sight deposits</i>	1,822	1,710	112	6.55%
<i>Deposit certificates</i>	216	118	98	83.05%
<i>Bonds</i>	860	937	(77)	(8.22%)
Repurchase agreements	93	229	(136)	(59.39%)
Total direct deposits	2,991	2,994	(3)	(0.10%)



Direct deposits for 2009 are basically in line with the 2008 figure (-0.10%). The sector of bond deposits is down (-8.22%) along with repurchase agreements (-59.39%), whilst at sight deposits and deposit certificates record respective increases of 6.55% and 83.05%, compensating for the drop in bond deposits and repurchase agreements in absolute value. In the sector of at sight deposits, in particular, we see an increase in savings deposits, which go from 390 million euros at the end of 2008 to 400 million euros at the end of 2009 (+2.51%). There has also been growth in the current account segment (+ 5.93%).

Indirect deposits

Indirect deposits	Year 31/12/09	Year 31/12/08	Change	
			Absolute	%
Deposits managed	447	526	(79)	(15.02%)
<i>Fund and Equity portfolio mgts and Managed Accounts</i>	11	86	(75)	(87.21%)
<i>Mutual and open end investment funds</i>	279	314	(35)	(11.15%)
<i>Insurance</i>	157	126	31	24.60%
Administered deposits	912	1,085	(173)	(15.94%)
Total indirect deposits	1,359	1,611	(252)	(15.64%)

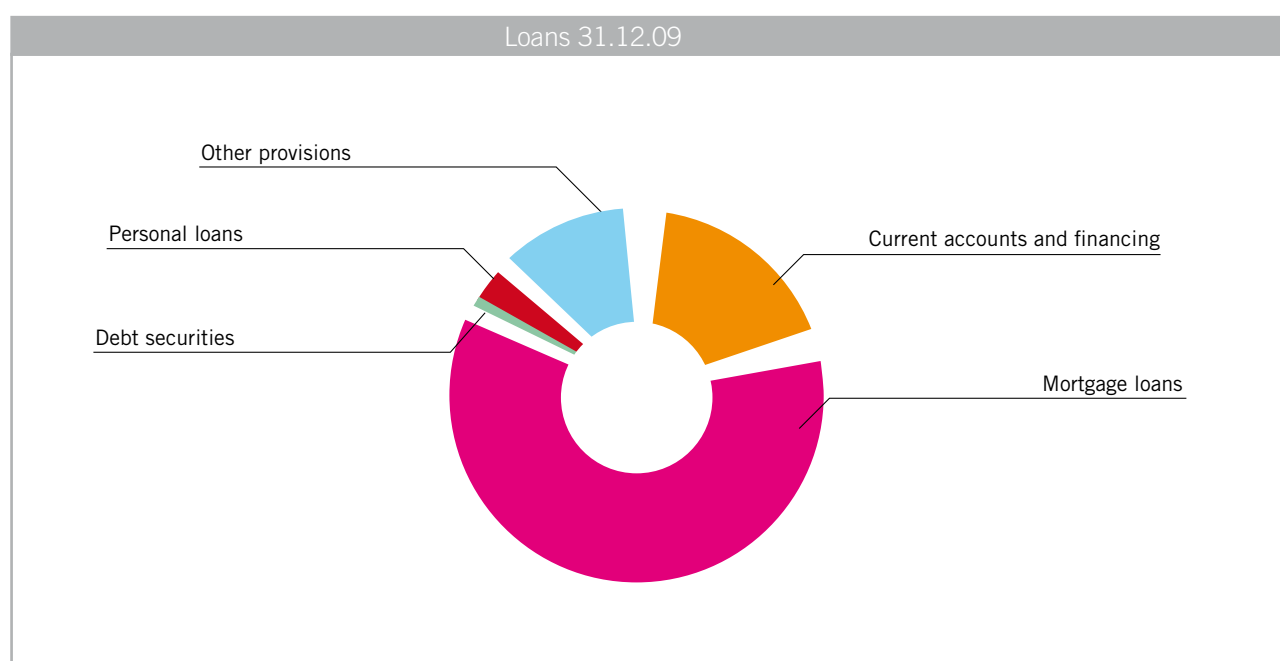


Indirect deposits have fallen by 15.64% with a decrease in both managed deposits, which show a change of 79 million euros (-15.02%), and the administered deposits, with a reduction of 15.94%.

The trend of indirect deposits reflects the growing difficulties of Italian families to save in a situation of generalised increases in food costs and energy resources and of the transfer of the same to direct deposits because of the low interest rates that encourage customers to prefer liquidity. The insurance component, on the hand hand, reports an increase of 24.60%, equal to 31 million euros.

Customer loans

Type	Year 31/12/09	Year 31/12/08	Change	
			Absolute	%
Current accounts and financing	631	845	(212)	(25.33%)
Mortgage loans	1,972	1,833	139	7.58%
Personal loans	8	9	(1)	(11.11%)
Debt securities	119	121	(2)	(1.65%)
Other provisions	383	172	211	122.67%
Total Loans	3,113	2,980	133	4.46%



Loans have increased by 4.46%, amounting to 3,113 million euros net of adjusted funds; this is a better performance than the Italian banking system in general which had a much more modest increase of 1.50%. The increase shows that Banca Tercas continues to sustain families and companies worthy of trust, yet again confirming that this is a “local bank”.

Mortgage loans, also taking into account securitised loans which to all effects continue to be posted on the Banca Tercas financial statement, show a total increase of 7.58%.

With regards to the c.d. ‘subprime’ mortgages, namely mortgages granted to customers offering little in the way of guarantees, we would point out that Banca Tercas has no type of subprime mortgage in place, neither direct nor indirect (possession of type A.B.S. bonds with collateral consisting of credits of this type).

Impaired assets

Gross impaired financial assets	Year 31/12/09	Year 31/12/08	Change	
			Absolute	%
Non-performing loans	46.17	32.50	13.67	42.06%
Doubtful loans	102.43	47.37	55.06	116.23%
Outstanding credit	84.99	13.09	71.90	549.27%
Restructured loans	21.28	0.00	21.28	n.a.
Total Gross Impaired Assets	254.87	92.96	161.91	174.17%

Impaired assets show a significant increase generally determined by the impairment of loans. We would specify that during the year, some customer credit lines were restructured. Suitable protective measures are taken for these loans, with allocations equal to 24.74% on doubtful loans, 1.26% on outstanding credit and 46.75% on non-performing loans. We would specify that the table above also includes positions that have been impaired with regards to the two securitisation operations performed. Net impaired financial assets are summarised in the table below.

Net impaired financial assets	Year 31/12/09	Year 31/12/08	Change	
			Absolute	%
Non-performing loans	24.59	12.77	11.82	92.56%
Doubtful loans	77.09	36.32	40.77	112.25%
Outstanding credit	83.92	11.33	72.59	640.69%
Restructured loans	21.24	0.00	21.24	n.a.
Total Net Impaired Assets	206.84	60.42	146.42	242.34%

Total impaired assets represent 6.64% of the total net loans, a percentage that drops to 3.27% if we consider only non-performing and doubtful loans.

We would specify that the increase in outstanding credit has been mainly determined by the new provisions issued by the Bank of Italy, which have made compulsory, for mortgage-guaranteed loans, the application of the approach referred to as “per transaction” (Circ. 272/2008). According to this approach, any positions due by more than 90 days, whatever the percentage of relative outstanding amounts, are defined as overdue and/or outstanding.

For all other loans, Banca Tercas adopts the so-called “per counterparty” approach, according to which, the total exposure to a debtor is assessed. In this case, the position is considered as overdue if it exceeds 180 days and its amount exceeds the relevance threshold of 5%. The regulation has therefore become stricter and more rigorous, obliging the identification of the status of ‘outstanding’ both with reference to individual transactions rather than to the entire exposure.

Securitisation operations

In 2009, no further securitisation operations were performed. We would briefly mention the fact that Banca Tercas has carried out two securitisation operations, respectively in 2007 with performing credits deriving from mortgage loans granted for the purchase, construction and restoration of buildings for commercial or residential use with companies, and in 2008 with performing loans deriving from mortgage loans granted to physical persons for the purchase, construction and restoration of buildings for residential use. The Vehicle Companies used, set up specifically in accordance with Italian Law no. 130/99, were respectively Adriatico Finance Sme Srl and Adriatico Finance RMBS Srl, both based in Milan.

For both operations, HSBC, one of the most important financial institutes in the world, collaborated with the Bank as arranger and lead manager. Banca Tercas, as the servicer, will continue to deal with collections of the credit portfolio sold and will therefore directly maintain relations with the customers.

Since the operations described do not have the requisites foreseen by IAS 39 for derecognition, the sold credit will continue to be posted on the financial statement with the so-called 'net representation method'. Therefore, the assets sold will continue to be included in the Balance Sheet assets under loans to customers, while the amount received from the vehicle company will remain in the Balance Sheet liabilities, consequently the bonds bought are not represented in the assets, but will reduce the relative payables.

We would also point out that on 20th March 2008, a securitisation operation was started up in relation to leasing loans originating from Terfinance Spa (ex Terleasing Spa), using, as a Vehicle Company, Adriatico Finance SME Srl, completed on 25th September 2008 with the issue of ABS bonds type Senior, Mezzanine and Junior, all acquired by Banca Tercas Spa, for a total amount of 118.66 million euros.

Also for this securitisation operation, HSBC, one of the most important financial institutes in the world, collaborated with the Bank as arranger and lead manager.

Financial market assets

Type	Year 31/12/09	Year 31/12/08	Change	
			Absolute	%
Ass. fin. held for trading HFT (held for trading)	140.15	206.51	(66.36)	(32.13%)
Ass. fin. measured at FV	21.54	0.00	21.54	n.a.
Ass. fin. avail. for sale AFS	74.94	78.22	(3.28)	(4.19%)
Total Financial Assets	236.63	284.73	(48.10)	(16.89%)

In terms of breakdown, we see that as of 31st December 2009, the Bank held financial instruments recorded in the following items of the assets:

- 1) Financial assets held for trading: this item consists for 85.19% of State securities, for 12.24% of corporate and financial bonds, for 0.90% of units of UCITs and of derivatives for 1.67%. The consistency of the portfolio as a whole has, however, decreased by 32.13%, equal to about 66.35 million euros, as a direct consequence of specific investment policies intended to reduce the market risk and increase the Bank's liquidity.
- 2) Financial assets carried at fair value (F.V.O.). This item consists entirely of a Btp inflation concerned by an Asset Swap. We would specify that the transaction was carried out in December 2009 by means of the purchase of a Btp inflation and simultaneous execution of a swap of cash flow generated by the instrument, against payment by the market counterparty of a variable rate + spread. Given the natural edge characteristics of the transaction, we have decided to book both financial instruments, using the opportunity offered up by IAS 39, namely by designating both the Btp inflation and the Interest Rate Swap contract to the fair value, which has been booked amongst the financial trading liabilities. The economic results of this operation, in terms of profits-losses / capital gains-losses, are posted under item 110 of the income statement;
- 3) Financial assets available for sale (A.F.S.) represented by State Securities for 11.14%, for 26.54% by bonds, for 53.22% by shares and for 9.10% by UCIT units.

With regards to the criteria for the valuing of portfolios H.F.T., A.F.S. and F.V.O. we would specify that, in compliance with IAS regulations, these have been measured at fair value, with effects on the Income Statement with regards to securities in H.F.T. and F.V.O. portfolios, and to the equity reserve for securities of the AFS portfolio.

Bonds issued by the Bank are posted in the liabilities and measured at amortised cost, with the exception of those stated at fair value. These latter represent a small percentage of the total issues made and are subject to financial hedging by means of the stipulation of derivative contracts. Own bonds repurchased, included in the portfolio as of 31st December 2009, are cancelled in application of IAS 39, whilst own shares held are posted with a negative sign on the Shareholders' Equity in accordance with IAS 32.

RISK MANAGEMENT

Market risk control

The term “market risk” refers to the risk of change in the value of an instrument or a portfolio of financial instruments due to unexpected change in market conditions (share prices, interest rates, currency exchange rates or the volatility of such variables). This risk derives from the “risk rate” component (generated by inevitable mismatching existing between the assets and liabilities items) and from the “liquidity risk” component (possibly consequent to an incorrect management of Bank cash flows).

The rate risk can only be managed by wide knowledge of certain essential elements such as duration, remaining lifetime, maturity date and repricing methods of the balance sheet items, without however neglecting the repercussions that these changes have on payment commitments, both undertaken and potential.

The market risk is measured not only as foreseen in Title IV, Chapter III of the Supervisory Instructions, but also according to the Value at Risk (VAR). This index is calculated every day and is taken as reference to check on respect for the operating limits within which the manager of the portfolio of securities owned by the bank may act. The VAR of a portfolio represents a measurement based on probability, which can express the estimated risk of the whole portfolio in a number. It succinctly indicates maximum expected losses, over a certain period of time and within the limits of certain interval of confidence.

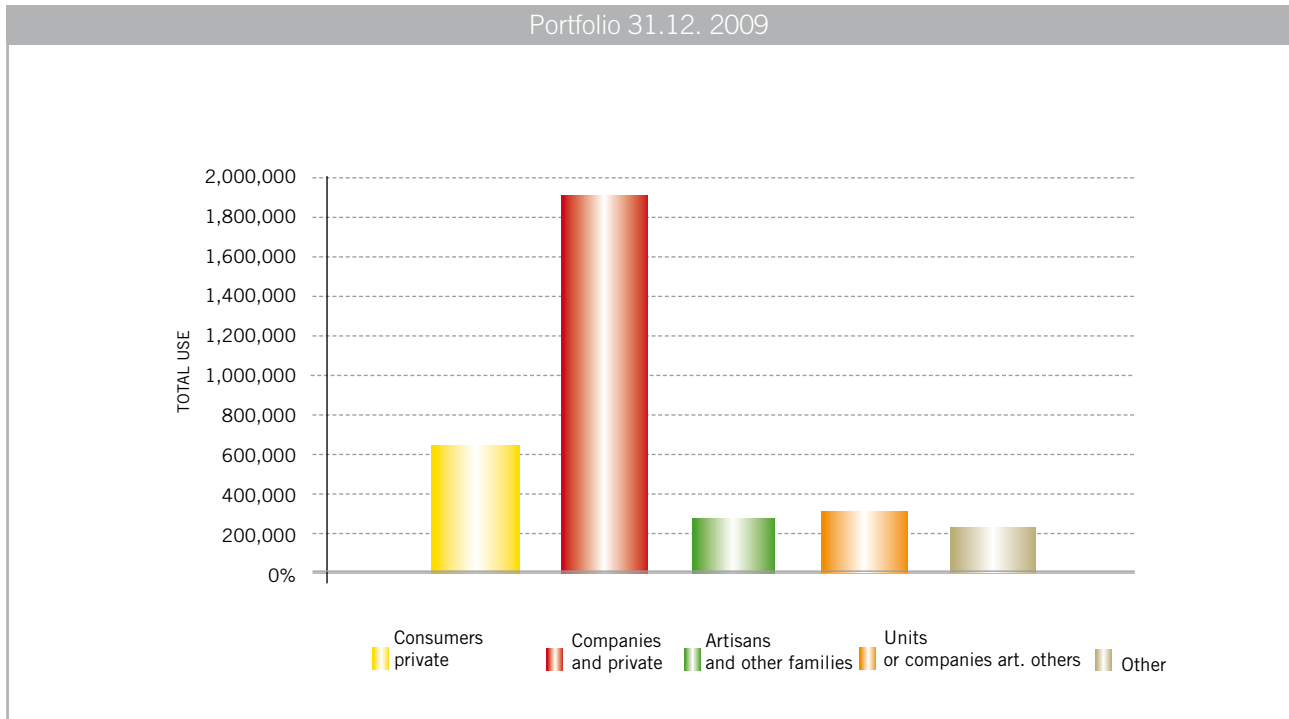
In 2009, the average daily VAR, for the Bank’s HFT securities portfolio was 166,633 thousand euros. This value, together with the average duration, equal to 0.303, and considering the prudential hypotheses of calculation (confidence interval 99% and time horizon of 10 days), indicates the risk profile of the assets held in securities. The processing is carried out by means of specific software supplied by Bloomberg.

Credit risk control

The continuous and careful monitoring of the bank’s credit exposure is considered very important. The instrument used, which is called Credit Position Control, permits the evaluation of the tendency of relations with clients. This is done by verifying a great number of indicators and operating aspects. These differ according to the type of customer, technical form and gravity.

Credit Position Control is an early-warning signal. It permits the calculating of a synthetic risk index for each single position, branch, area and a general one for the entire institute. The CPC is also the tendency component for the Rating model that the bank is carrying out in cooperation with the information systems supplier.

During the period, the bank’s risk profile was contained. On 31st December 2009, the overall assessment of the credit portfolio was equal to 21 (on a scale from -100 to +100, where zero represents the absence of behavioural abnormalities and +100 the maximum risk). The slight increase compared to the previous period can be considered a physiological change due to the worsening of the economic situation.



Portfolio 31/12/2009	Average assessment	Total availment	Number of clients
Private consumers	7	563,413	166,144
Private enterprises	23	1,728,789	7,172
Artisans and other families	21	239,684	13,641
Art. companies or units others	24	253,465	4,803
Other	0	183,282	5,391
Total		2,968,633	197,151

In 2009, the internal offices continued their careful monitoring of the positions most at risk. In fact, after effective testing, a further instrument for the management and monitoring of overdue and impaired credit was introduced, allowing for daily verification of the positions on the basis of dynamic information deemed capable of causing possible deterioration of the position.

The instrument allows for a single branch operator carry out an analysis in order to confirm, reject or momentarily suspend assessment of the criticality. In this way, the instruments for credit risk protection are available for both the head office and for the branches. Its functions have also been further increased so that it can represent the main aid support for the management of the positions at risk.

Indicative information on exposure relative to risky financial products

In October 2007, the ministers and governors of the Central Banks of the G7 asked the Financial Stability Forum (FSF) to analyse the genesis of the turbulences affecting the financial market as from August 2007. This had the aim of identifying Recommendations that would be able to strengthen market solidity and that of financial intermediaries.

These Recommendations, referred by the FSF in April 2008, were received by the Bank of Italy, which asked banks to provide extensive, detailed information in terms of quality and quantity, in particular concerning exposure towards those financial products currently perceived by the market as risky. More specifically, the FSF report asked for the supply, for each category/type of financial instrument, total exposure, including any positions headed by non-consolidated vehicles, with the relevant amounts, before and after any hedging operations, gross and net of write-downs.

The breadth and detail of the information must be measured to the importance that the exposures in question have with regards to total intermediary operations, namely the extent of the risk involved. Even the lack of exposure must be specifically declared. To this end, we would point out that the exposure of Banca Tercas towards Special Purpose Entities (SPE), a vehicle company, are entirely referred to two securitisation operations of own credits and to one securitisation operation of leasing originating from the ex-subsidiary Terfinance, that was started up and completed in 2007 and 2008. The loans have been transferred to a vehicle company, founded in accordance with Italian Law no. 130 dated 30th April 1999 which, to finance the purchase, issued financial instruments all of which were bought back by Banca Tercas Spa.

The commitments assumed by the vehicle companies towards the security underwriters are exclusively absolved by the cash flows generated by the sold credit. We would point out that these securities will be amortised as from 2010.

The financial instruments deriving from the securitisation of the mortgage loans originating from Banca Tercas and issued by Adriatico Finance Rmbs Srl are represented by Senior securities (rating AAA) for a nominal value of 172.3 mln euros, and by junior securities for a nominal value of 20.25 mln euros (no rating). Those issued by Adriatico Finance Sme Srl are represented by Senior securities (rating AAA) for a nominal value of 129.5 mln euros and by junior securities for a nominal value of 33.45 mln euros (no rating).

The financial instruments deriving from the leasing securitisation operation, again issued by Adriatico Finance Sme Srl, present a total nominal value of 118.66 mln euros (of which 66.75 mln euros relative to Senior securities with AAA rating and 52.9 euros to securities without rating).

The Bank has CDO, PPI and Default securities in the HFT portfolio, issued by Lehman Brothers TSY for a total counter book value of 2,669.65 thousand euros. The following table shows the relevant data regarding the aforesaid instruments:

Figures in euros

ISIN code	Description	Type	Underlying	Rating	Listing	Nominal value	Value Book
XS0226765807	BROOKLANDS TV 05-75	CDO	Securities	FITCH B	Not listed	1,000,000.00	150,392.50
XS0226770559	BROOKLANDS TV 05-75	CDO	Securities	FITCH CCC	Not listed	1,000,000.00	70,502.50
XS0284268447	MEDIOBANCA TV 2011	INDEX LINKED	Securities	S&P AA-	Not listed	2,000,000.00	304,825.00
XS0214347360	LEHMAN BROTHERS TSY	Default	Interest rates	Default	Not listed	3,000,000.00	543,930.00
XS0260199236	SAPHIR FINANCE PLC 0	CDO	Securities	No Rating	Not listed	2,000,000.00	1,600,000.00
Total						9,000,000.00	2,669,650.00

The financial instruments in the table, not listed on active markets, were measured taking into account technical calculations that use observable market parameters as input data, or price indexations supplied by qualified counterparts.

Please note that the Saphir Finance Plc security is a financial instrument for which a specific request has been activated for early repayment. The instrument is currently securitised by cash originating from the sale of a liquidity fund. The Bank is completing formalities with regards the Trustee (Bank of New York) with the assistance of a specialist legal consultant, in order to obtain timely and complete liquidation of all amounts due.

With regards the two Cdo Brooklands, we would like to specify that in January 2010, these were sold attaining a profit.

For bonds issued by Lehman, these have been posted on the liabilities through the booking of the Proof of Claim, as envisaged by American bankruptcy proceedings.

Main risks and uncertainties

The information on the risks and uncertainties to which Banca Tercas is exposed are illustrated in detail in this Report on Business Operations and in the Notes to the Accounts. More specifically, the risks linked to the trend of world economy, the Italian economy and that of the territories of reference, as well as the financial markets and the choices that the supra-national bodies and governments may make to contrast the crisis, are illustrated in the introductory part of the Report on Business Operations: The assumptions on which the valuations and the forecasts are based are given in the chapter on the economic situation and in the successive chapter on the business outlook and the development of operations.

The risks linked to company management and equity stability are discussed in the chapter on risk management in this Report on Business Operations, while a wider illustration is given in Parts E and F of the Notes to the Accounts.

The Bank of Italy, CONSOB and ISVAP, with document n. 2 of 6 February 2009, have also requested the Directors to accurately assess the pre-supposed company continuity, as foreseen by IAS 1.

In fact, the present conditions of the financial markets and of the real economy, and the negative forecasts that are formulated for the short/medium term require, unlike the past, particularly accurate assessments on the company's possible continuity.

Having examined the risks and uncertainties connected to the present macro economic context, and having assessed the concrete nature of the provisions of the strategic 2008-2010 plan and the results achieved in recent financial years, the expectation of Banca Tercas continuing to operate in the foreseeable future is deemed more than reasonable and the financial statement for 2009 has therefore been prepared considering the company as an ongoing business.

The uncertainties connected to the problems relative to credit and liquidity risks, inherent to the negative evolution of the economic and financial markets, are not deemed significant and certainly not such as to generate doubts on the company's continued existence, also in consideration of the constantly improving profitability of the Bank, the good quality of the loans, and the present possibilities of access to financial resources.

THE SHAREHOLDERS' EQUITY

Item	Year 31/12/09	Year 31/12/08	Change	
			Absolute	%
Share capital	26.00	26.00	0.00	0.00%
Share premiums	45.95	46.09	(0.14)	(0.30%)
Reserves	261.34	235.15	26.19	11.14%
Valuation reserves	9.16	5.50	3.66	66.55%
Own shares	(18.65)	(9.88)	(8.77)	88.77%
Operating profit	24.05	40.01	(15.96)	(39.89%)
Shareholders' equity	347.85	342.87	4.98	1.45%

The Shareholders' Equity of the Bank, including the profit of the year, increased by 4.98 million euros (+1.45%), due to the allocation to the reserve of the 2008 profit of 25.71 million euros which has increased the Institute's own means. The valuation reserves are also up by 3.66 thousand euros, due to the generalised upturn of the securities held in the AFS portfolio, after the sharp decline recorded on the financial markets in the last quarter of 2008.

Item	Year 31/12/09	Year 31/12/08	Change	
			Absolute	%
Operating profit	24.05	40.01	(15.96)	(39.89%)
Normalised operating profit	24.05	31.96	(7.91)	(24.75%)

The operating profit, of 24.05 million euros, compared with that of the previous period, shows a decrease of 39.89%. We would, however, specify that 2008 profits included the extraordinary positive item generated by the sale of the shares in Terleasing Spa for 8.05 million euros. The comparison with normalised 2008 profits, namely stripped of this extraordinary item, shows a decidedly smaller decrease of 24.75%.

CAPITAL AND SUPERVISORY REQUIREMENTS

Capital Adequacy	Year 31/12/09	Year 31/12/08	Change	
			Absolute	%
Equity, gross core	324.19	321.54	2.65	0.82%
Net core capital (Tier 1)	320.94	318.32	2.62	0.82%
Equity, Suppl. core capital	91.16	103.07	(11.91)	(11.56%)
Supp. Capital net (Tier 2)	87.91	99.85	(11.94)	(11.96%)
Regulatory capital	408.85	418.16	(9.31)	(2.23%)
Regulatory capital + Tier 3	408.85	418.16	(9.31)	(2.23%)
Risk assets				
Equity requirements supervisory	0.00	0.00	0.00	n.a.
Credit and counterpart risk	159.53	144.01	15.52	10.78%
Market risk	2.47	4.89	(2.42)	(49.49%)
Operating risk	17.69	16.76	0.93	5.55%
Other minimum requirements	0.00	0.00	0.00	n.a.
Total minimum requirements	179.69	165.66	14.03	8.47%
Risk assets and regulat. coeff.	2,994.87	2,761.08	233.79	8.47%
P. Tier 1 / Ass. weighted	10.72%	11.53%	(0.0081)	(7.05%)
P. Reg. / Ass. weighted risk	13.65%	15.14%	(0.0149)	(9.86%)
Equity excess	229.16	252.50	(23.34)	(9.24%)

In order to sustain growth of the investments maintaining a high coefficient of solvency and increasing the profitability of the Bank's own capital, junior bonds were issued in 2006, 2007 and 2008. The share subscribed as of 31st December 2009 amounted to 90.74 million euros. In application of the rules of prudence, regulatory amortisation was applied equal to one fifth of the original value, calculating the amount of 85.15 million euros on the regulatory capital. This amount further increases the supplementary capital.

According to the nature of the risks covered, the credit business generates greater absorption, equal to 159.53 million euros. The absorption for the market risk has remained practically the same. The figure for the weighted risk assets, at 31st December 2009, was calculated according to the new Prudential Supervisory rules (Bank of Italy Circular no. 263/2006). The surplus of the minimum equity requisite necessary for operating is 229.16 million euros.

In spite of the increase in the equity absorption deriving basically from the increase in Bank loans, the supervisory coefficient is maintained at high values which confirm the solid equity position capable of dealing with ambitious growth policies.

The net Tier 1 capital shows an increase of 0.82% compared to 31st December 2008, due to the allocation of the profit of the financial year 2008. Regulatory Equity, on the other hand, has decreased by virtue of the increase of own shares held, which are booked with a negative sign, and the amortisation of the subordinate loan. Consequently, the Regulatory Equity records a 2.23% decrease on last year.

Relations with the companies of the Group

The subsidiaries included in consolidation are Sogiter Srl, Terbroker Srl and the two vehicle companies Adriatico Finance SME Srl and Adriatico Finance RMBS Srl. At 31st December 2009, a stake of 19.10% of Terfinance SpA (ex Terleasing SpA) was still held, after having sold 76.10% to the company Vega Management Srl in March 2008. Since the conditions required by the international accounting standards IAS-IFRS are not fulfilled, this latter is not included in consolidation.

Sogiter Srl (ex Altobelli House Srl) was bought by Banca Tercas in 1996. It is in the real estate business and is owned 100%. Please note that on 27th June, with a view to rationalising the Group's organisational structure in a bid to simplify and reduce the great deal of administrative, tax and notification activities weighing heavy on the Administration Dept. and financial statements, the Board of Directors of Banca Tercas Spa resolved the 'merger by incorporation' of Sogiter Srl.

Other companies of the Group include Terbroker Srl, who provide insurance brokering services. The percentage share in Terbroker Srl, as of the date of this Report, rose to 87.70% from the previous 84.70% as, on 23rd April 2009, Banca Tercas purchased 3% of the capital of Terbroker Srl from the company Finabruzzo Spa.

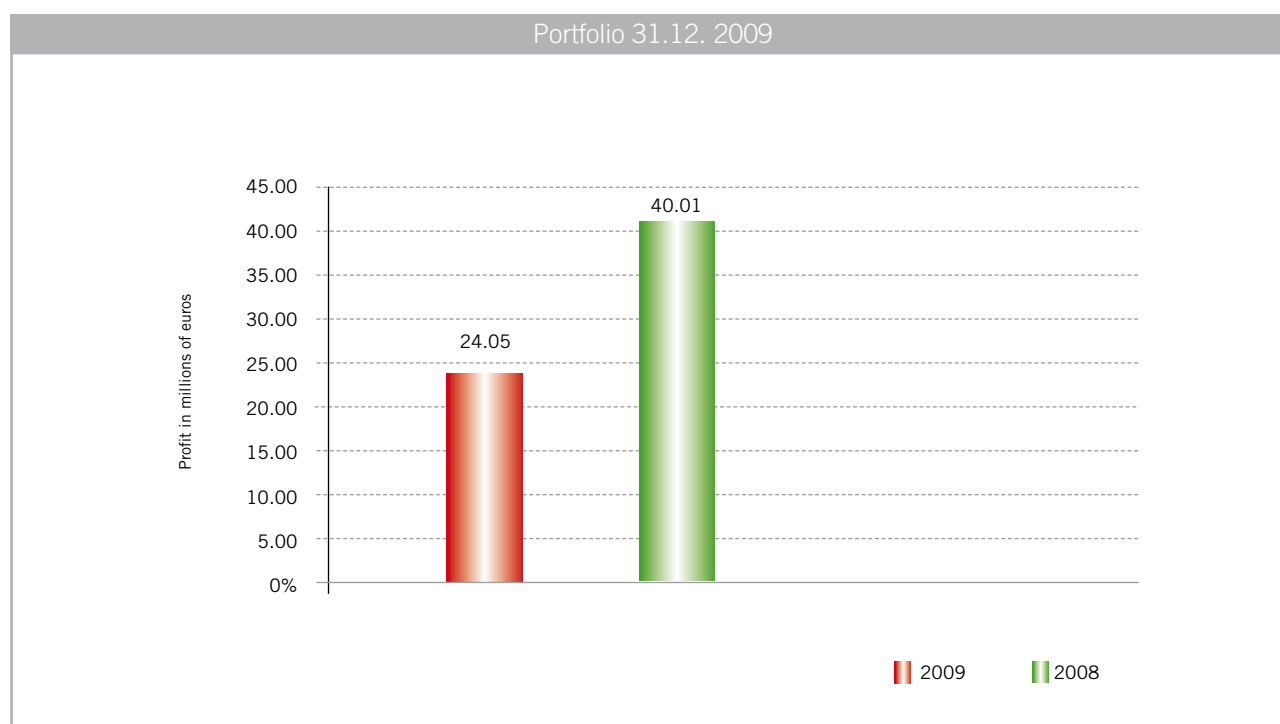
The two vehicle companies Adriatico Finance SME Srl and Adriatico Finance RMBS Srl are also included in consolidation defined as of 31st December 2009, for the items representing the companies' separate equities. They are both consolidated, even though Banca Tercas does not hold a stake in them, in application of IAS 27 and of SIC 12. In particular SIC (Standard Interpretations Committee) 12 expressly states that a vehicle company must be included in the consolidation when it has been founded exclusively in the interest of the Parent Company and when its assets are managed according to the Parent Company's corporate needs. The scope of consolidation has not changed since last year.

ANALYSIS OF THE RESULTS

The overall income trend

Item	Year 31/12/09	Year 31/12/08	Change	
			Absolute	%
Interest income	112.72	128.01	(15.29)	(11.94%)
Net commission	37.86	37.44	0.42	1.12%
Net banking income	159.01	152.25	6.76	4.44%
Financial management income	125.85	135.95	(10.10)	(7.43%)
Res. oper. profit before taxes	40.56	51.51	(10.95)	(21.26%)
Profit of the period	24.05	40.01	(15.96)	(39.89%)
Normalised operating profit	24.05	31.96	(7.91)	(24.75%)

Net profits for 2009 are determined as 24.05 million euros, with a percentage decrease of 39.89% on the net profits for 2008. This decrease drops to minus 24.75% if the comparison is made on the 'normalised' 2008 profits, or rather those determined by eliminating the capital gain deriving from the extraordinary sale of the shares in Terleasing Spa.



The decrease of 39.89% in the profit for the period as compared with 2008 profits, followed an increase in the Shareholders' Equity, which benefited allocations to the reserves of profit for 2008. There is a consequent fall in the ROE of 5.60% ending up at 7.22%. The index is calculated as profits on the normalised average book capital (average equity for 2008 including 2008 profits and equity as of 31st December 2009 without operating profits). It represents the net yield obtained by shareholders who have invested in the company.

Net interest income

Item	Year 31/12/09	Year 31/12/08	Change	
			Absolute	%
Interest income customers	145.30	192.89	(47.59)	(24.67%)
Interest expense customers	(13.12)	(42.96)	29.84	(69.46%)
Net interest customers	132.18	149.93	(17.75)	(11.84%)
Interest income on securities	6.97	15.89	(8.92)	(56.14%)
Interest expense on securities	(26.42)	(38.08)	11.66	(30.62%)
Net interest on securities	(19.45)	(22.19)	2.74	(12.35%)
Interest income banks	1.11	6.02	(4.91)	(81.56%)
Interest expense banks	(1.13)	(5.23)	4.10	(78.39%)
Net interest banks	(0.02)	0.79	(0.81)	(102.53%)
Other interest income	0.01	0.03	(0.02)	(66.67%)
Other interest expense	0.00	(0.55)	0.55	(100.00%)
Positive balances of diff. in coverage	0.00	0.00	0.00	n.a.
Other net interest	0.01	(0.52)	0.53	(101.92%)
Interest income	112.72	128.01	(15.29)	(11.94%)

The interest margin is down by 11.94% due to the decrease in the interest rates that marked the second half of the year. Consequently, interest expense from customers is also down and, more generally, all interest income and expense.

Total revenue

Item	Year 31/12/09	Year 31/12/08	Change	
			Absolute	%
Interest income	112.72	128.01	(15.29)	(11.94%)
Dividends on stocks and securities	1.11	0.98	0.13	13.27%
<i>a) Commission income</i>	<i>39.10</i>	<i>38.77</i>	<i>0.33</i>	<i>0.85%</i>
<i>b) Commission expense</i>	<i>(1.24)</i>	<i>(1.33)</i>	<i>0.09</i>	<i>6.77%</i>
Mar. from services (Net commission)	37.86	37.44	0.42	1.12%
Net result of assets for trading	9.47	(16.12)	25.59	158.75%
Profits/losses on the sale of:	(1.95)	1.42	(3.37)	(237.32%)
<i>a) credit</i>	<i>(2.99)</i>	<i>0.00</i>	<i>(2.99)</i>	<i>n.a.</i>
<i>b) Ass. Fin. Avail. for sale</i>	<i>0.71</i>	<i>0.97</i>	<i>(0.26)</i>	<i>26.80%</i>
<i>c) Ass. Fin. Held. until expiry</i>	<i>0.00</i>	<i>0.00</i>	<i>0.00</i>	<i>n.a.</i>
<i>d) financial liabilities</i>	<i>0.33</i>	<i>0.45</i>	<i>(0.12)</i>	<i>26.67%</i>
Operating income and expense in FV	(0.20)	0.52	(0.72)	(138.46%)
Net banking income	159.01	152.25	6.76	4.44%

On the whole total revenue increased by 4.44%. The result is mainly due to the positive trend of item 80 "Net profit from trading" for which there was a profit of 9.47 million euros, caused by the upturn of the financial market listings after having suffered heavy decreases during the third and fourth quarters 2008.

Please recall that following the financial crisis, which began with the bankruptcy of the Lehman Brothers business bank in summer 2008, the IASB amended accounting standard no. 39, allowing companies to crystallise listings of financial assets as of 1st July 2008, and that Banca Tercas did not exploit this opportunity, preferring to measure its assets at market value as of year end. Service margin is also up (+1.12%).

The item Profits/losses from the transfer of loans records the loss deriving from the transfer without recourse of non-performing loans in December 2009 with the company Toscana Finanza Spa. Following this operation, the following were transferred: 661 non-performing positions for an equivalent nominal value of 31.796 million euros.

Operating results

Item	Year 31/12/09	Year 31/12/08	Change	
			Absolute	%
Net banking income	159.01	152.25	6.76	4.44%
Net write-downs for impairment of:	(33.16)	(16.29)	(16.87)	(103.56%)
<i>a) credit</i>	(31.09)	(16.49)	(14.60)	(88.54%)
<i>b) Ass. Fin. Avail. for sale</i>	(2.31)	0.00	(2.31)	n.a.
<i>c) Ass. Fin. Held. until expiry</i>	0.00	0.00	0.00	n.a.
<i>d) financial assets</i>	0.24	0.20	0.04	20.00%
Administrative expenses	(87.85)	(88.11)	0.26	0.30%
<i>a) personnel expenses</i>	(55.43)	(56.03)	0.60	1.07%
<i>b) other administrative expenses</i>	(32.42)	(32.08)	(0.34)	(1.06%)
Net provisions for risks and charges	(1.68)	0.50	(2.18)	(436.00%)
Adj. of value on ass. tang. and intangible	(1.65)	(2.37)	0.72	30.38%
Other operating expenses/income	5.89	5.53	0.36	6.51%
Profits (losses) on shareholdings	0.00	0.00	0.00	n.a.
Gains (losses) from the sale of investments	0.00	0.00	0.00	n.a.
Res. op. before taxes	40.56	51.51	(10.95)	(21.26%)

The item "Net value adjustments on credit" has increased by 103.56%, mainly due to an increase in impaired positions, non-performing and doubtful loans. These have been guarded against, after the allocations made, for respectively 46.75% and 24.74% of their amount.

Payroll costs are slightly down by 1.07%, mainly determined by the effect of the policy pursued in the years prior to the elimination of incentives that recorded the first positive effects of limiting costs for employees. The item 'other administrative costs' summarised in item 150 b) of the Income Statement, on the other hand, presented a slight increase of 1.06%.

This figure includes the contribution provided in the favour of the populations struck by the earthquake on 6th April 2009 (250 thousand euros), the greater rental expense paid to the subsidiary Sogiter Srl to transfer some Services and Offices of General Management to the new offices and the sponsorship of Teramo Basket, an activity that, we would remind you, began in the second half of 2008.

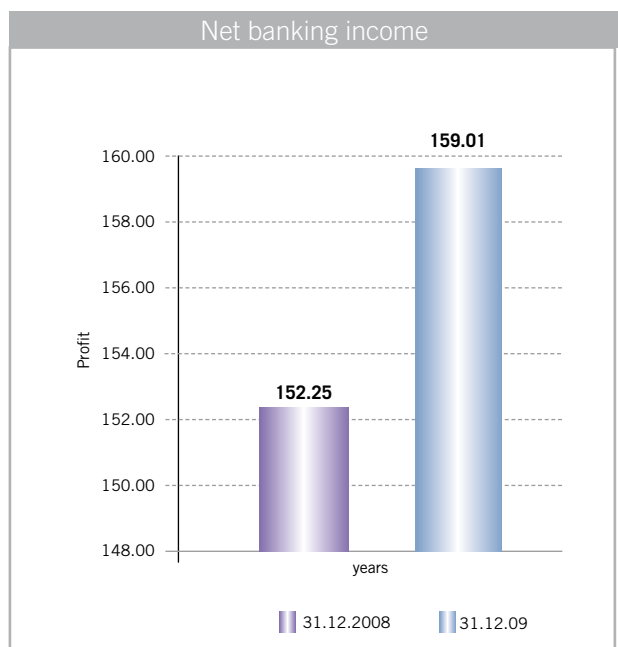
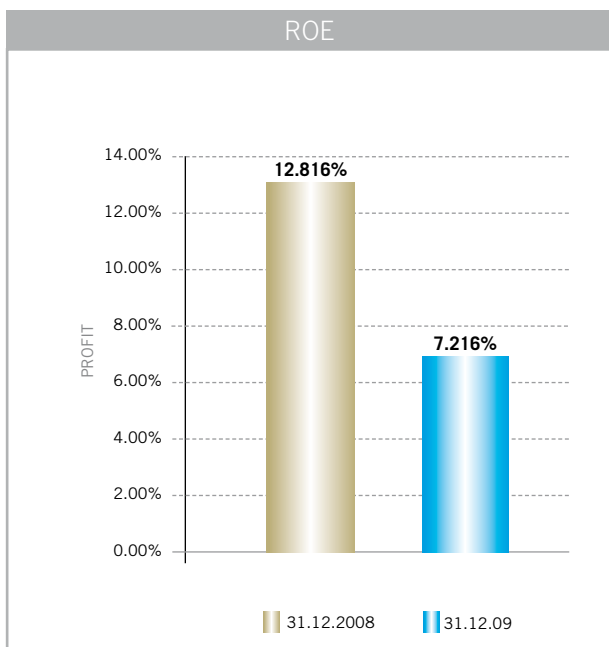
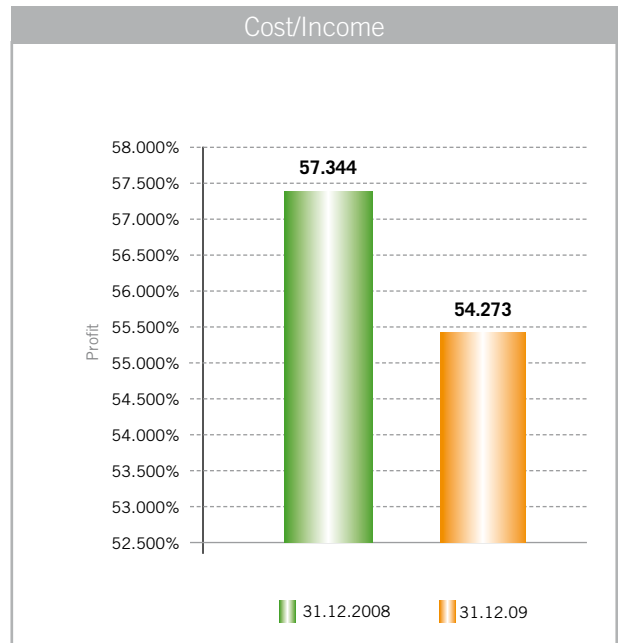
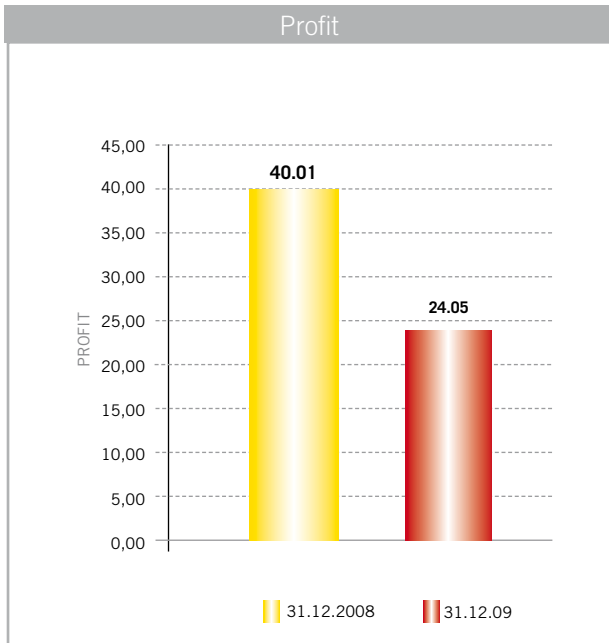
Net profit

Item	Year 31/12/09	Year 31/12/08	Change	
			Absolute	%
Operating profit	40.56	51.51	(10.95)	(21.26%)
Income taxes	(16.51)	(19.55)	3.04	(15.55%)
<i>tax rate</i>	40.71%	37.95%	2.75%	7.25%
Profit on groups of assets being sold off	0.00	8.05	(8.05)	(100.00%)
Profit of the period	24.05	40.01	(15.96)	(39.89%)

2009 net profits are calculated as 24.05 million euros, showing a percentage decrease of 39.89% on net profits for 2008. The decrease is more limited if the comparison is made with the normalised 2008 profits, or rather those obtained not considering the capital gain deriving from the extraordinary transfer of the investment held in Terleasing Spa.

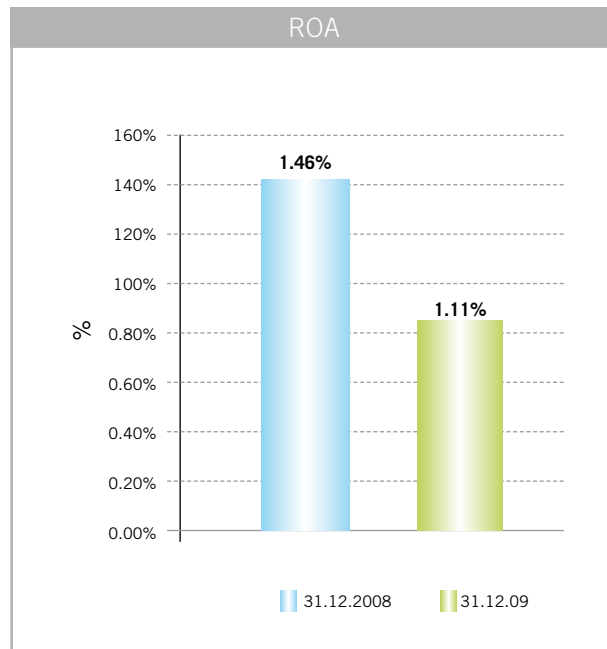
The profit of groups in the process of being sold off, recorded in 2008, net of taxes, shows a positive result deriving from the sale of 76.10% of the Terleasing SpA shares sold in March 2008 to the company Vega Management Srl, with head office in Turin. As of 31st December 2009, this item included the reclassification of amortisation in relation to three owned buildings for which the Bank's Board of Directors has expressed their intent to proceed with disposal for an amount of 3.37 thousand euros, not reported in the table where values are given in millions of euros.

The ROE and the Ratios



Cost/Income is a index of management efficiency constructed as the ratio between “administrative expenses + depreciation” and “banking income + other charges and income”. It shows how much of the banking and other income from management is absorbed by administrative expenses. The index shows a decrease of more than 3 percentage points, which indicates an increase in overall managerial efficiency, as the Administrative costs are generally down and the Intermediation margin is up, settling at 54.273% as compared with the 57.344% for 2008.

The ROA (return on assets) is a measure of profitability relating to the capital invested and represents the efficiency of investments on the basis of existing assets. In 2009, this index decreases, going from 1.46% in 2008 to 1.11% for this year.



The analysis shows an improvement in the Bank's managerial efficiency index, mainly determined by the increase in the intermediation margin and the substantial limitation of operative costs. It shows a decrease in profitability, ROE and ROA indexes, the logical consequences of the decreased Operating result and Net Profits.

THE DEVELOPMENT OF OPERATIVENESS

The Basel II Project

We would remind you that the New Agreement on Capital came into effect on 1st January 2007, thereby replacing the previous Basel I agreement. With regards to Regulatory notifications, we would specify that Banca Tercas calculates the Equity Requirements using standard methodology.

During the year, the project undertaken to adapt management to the new rules, was further developed. Activity has been carried out in order to create the internal rating models, to use risk mitigation techniques, to measure overall exposure to market and credits risks in terms of CAR (Capital at Risk), and to monitor operations by means of the correct performance indicators for risks, quantification of the exposure to interest and liquidity risks by means of the ALM (Asset and Liability Management) method.

The international system of rules on equity requirements for banks will be amended by a reform that will replace the Basel II agreement in favour of the so-called Basel III. The new framework, which looks likely to take effect in the coming quarter, attempts to more clearly extrapolate the fundamental data on authentic bank capital, limiting Tier 1 to ordinary capital, re-parameterising Tier 2 without hybrid instruments and abolishing Tier 3. These indications are still under discussion and will be until the new agreement comes into effect. They are, in any case, monitored by the company, which will clearly have to adjust to these new regulations.

Compliance

The Compliance department has the task of ensuring that operations comply with the different regulations (laws, norms, rules, internal procedures) which have an effect on the Bank. More in general, it must contribute to preserve its image. This compliance constitutes an operative support looking to ensure correct conduct and ethical business. Activities aim to mitigate the legal and reputation risks, thereby protecting the rights of all stakeholders.

We would point out that in 2009, the compliance Service, of which the Compliance on Financial Intermediation Department is an integral part, was taken back to the staff of the Bank's Board of Directors, which thereby further strengthened the independence that must feature in an auditing business function.

ALM (Asset and Liability Management)

Asset & Liability Management (ALM) is the series of methods, techniques and processes aimed to “measure, control and manage in an integrated manner, the Bank’s financial flows.

The method applied permits the monitoring of the following types of risks:

- 1) the interest rate risk: which is caused by the time lag in expiries and in repricing time for the interest rate on the Institute’s assets and liabilities. Subsequent to such time lags, rate fluctuations cause both a modification in the interest income and therefore in the expected short-term profit, and a variation in the market value of the assets and liabilities and therefore of the economic value of the shareholders’ equity.
- 2) liquidity risk: this is shown by the incapacity to satisfy payment commitments due to the difficulty of finding funds (funding liquidity risk) or of selling the assets held (market liquidity risk).

For the interest rate risk, the methods applied allow for monitoring:

- * *variations in the interest income, which is caused by the time lag in expiries and in repricing time for the interest rate on the Institute’s assets. This mismatching, in the presence of market rate shocks results in a modification in the expected interest income that can be quantified by means of particular maturity gap techniques having a short-term reference viewpoint;*
- * *variations in the Bank’s economic value, due to market shock rates. Therefore, to evaluate this impact, with a long-term viewpoint, duration gap techniques are used. The Present Value analysis is integrated with what is required by the Basel committee in the document “Principles for the Management and Supervision of Interest Rate Risk”: hypothesizing a standardized shock rate of 200 b.p. and verifying that the impact on the economic value is within 20% of the sum between the core capital and the supplementary capital.*

For the liquidity risk, the methods applied allow for monitoring the Net Financial Position, the Cash Capital Position and the Maturity Ladder with time buckets up to 180 days. Tercas Bank uses the ALMPro software developed by CSE, the data processing outsourcer, and Prometeia, a financial consulting association, to monitor these risks.

The exposure to interest rate risk is monitored quarterly and presented to the administrative and bank supervisory bodies every three months.

The Distance Controls System (S.C.D.)

Continuous monitoring by means of the distance control system has until now allowed for prompt checking on the anomalies emerging in the various areas and has allowed for measures to be taken in time to prevent phenomena that could generate risks and potential losses for the Bank. The distance controls are also a valid aid for consultancy and assistance to the peripheral network, always to avoid critical situations.

For adequate verification, allowing for improved efficiency of the Auditing Service, in 2009 the software for the distance control system has been further developed and structured. The instrument, which acts as support for the traditional verification methods, permits the monitoring of the Operating Units. This is done by means of the information taken from the company informative system both by resorting to the innovative “datawarehouse” instrument and with the traditional instruments for telecommunications studies.

The characteristics of the Distance Control System (DCS) are: continuity, which permits controlling without interruption; timeliness, which allows the highlighting, in real time, of eventual operative or behavioural abnormalities in the area being controlled; traceability, which guarantees the historical conservation of the data analysed. It was technically defined as a list of indicators for each operative segment, which are useful in discovering abnormal situations based on their shifting from the chosen risk threshold variance and on the importance of the phenomenon observed.

This system of obtaining information in this way means having an effective means of support at one's disposal. This is true not only in the preparatory phase of the on-the-spot verifications but also for the constant monitoring, on a defined time basis, of certain segments, which are subject to specific distance controls because of their operational characteristics. Distance control involves the analysis of the data from the branches on an aggregate basis, by totals and/or by single subject.

Checks are generally daily for certain indicators, and otherwise carried out at programmed periodic intervals.

Business Continuity

In 2006 Banca Tercas adopted a Business Continuity Plan, in compliance with the supervisory ruling issued by the Bank of Italy on the management of operational continuity, drawn up on the basis of the indications given by the Basel Committee and the European Central Banks. The aim of the plan is to identify the activities to be performed to restore company operating to an acceptable level in critical situations consequent to both non-competitive events, such as natural disasters that hit the company, and accidents of a limited scope that hit a single company sector.

Starting from risk analysis within a predefined scope of company operations, the plan identifies the processes that involve critical factors, allowing the Bank to deal with the various crisis situations defining the necessary measures for reactivation of essential processes from any of the three Disaster Recovery sites established.

Disaster Recovery sites stand out for the guarantee of the possibility of replicating there, the characteristics present in the place where ordinary operations take place in terms of structures, network infrastructures and safety devices. The plan also establishes, in the case of the unavailability of the computer systems, that operating continuity will be guaranteed by activation of the Business Continuity Plan of the outsourcer (CSE). Tests of various kinds were carried out, with the performance of bank operations and transactions, at the Disaster Recovery Sites to check the functioning of the hardware, software and network infrastructure.

The Bank has also provided for an organizational structure for the correct management of every single phase of an emergency, and it has endowed the General Manager with the authority to declare a state of crisis. It has designated a detailed chain of command composed of people who are able to guarantee operational continuity in exceptional circumstances which can compromise the regular functioning of the company.

In 2009, the agreement, concluded in 2007 with Banca Popolare del Lazio, has been renewed; the plan foresees an exchange of personnel in order to remedy the internal shortage of human resources since both institutes use the same computer system.

Tests of various kinds were also carried out, with the performance of bank operations and transactions, at the Disaster Recovery Sites of Banca Tercas to check the functioning of the efficiency of hardware, software and network infrastructure.

The safeguarding of privacy

In compliance with the provisions of Art. 34 of Italian Legislative Decree 196/2003, also for the year 2010, Tercas Bank adopted, among the other security measures required by law and regulations, the updated version of the “Programmatic Data Security Document” (DPS/2008), as approved by the Board of Directors meeting on the 17th March 2010.

This document, therefore, describes the data that Banca Tercas must process, the tasks and responsibilities of the company structure appointed to process personal data, the planning of training activities, the security measures activated, and guidelines to maintain and improve the security standards reached, also in view of the continuous technological evolution.

The document will be kept updated and brought to the attention of the Bank’s decision-making bodies by 31st March of each year. This is in compliance with point 19 in Attachment B ‘technical disciplinary action with regards to security measures’ to Italian Legislative Decree 196/2003 “The Personal Data Protection Code”.

We would also point out that in view of the provision of the Guarantor on 27th November 2008, the corporate privacy set-up was implemented, introducing the figure of the ‘system administrator’ into the organisation chart, held to be ‘essential to the security of databanks and the correct management of telematic networks’.

Commercial and marketing strategies

In order to expand and reinforce the services offered, again in 2009 the Bank has decided to invest energy and resources in developing new products that answer the needs of the customers who have become more financially aware. The bank-customer relationship is the bank’s main asset and must be maintained at an optimum level. In such a difficult situation for the real economy, it is in fact possible to create the conditions that place the customer at the centre of the company’s interest and activity, considering him/her a privileged counterpart in a system of emerging and flexible needs that require particular attention and specific answers that are immediate and precise.

For years Banca Tercas has adapted its own sales plan according to the analysis of the needs of its own customers who, through essential interviews with the personnel, find solutions in products that are increasingly aimed at protecting the person and his estate, activating partnerships of the highest quality in the economic panorama, in order to implement all measures to reach the efficiency and effectiveness of the said products. This modus operandi has helped to increase the number of customers, belonging to an increasing number of different sectors with growing needs and expectations.

The product unit

2009 was a year for the consolidation of the product range, as new customer services had not been launched on the market, in order to pursue a strategy focussing attention on the customer and making services offered efficient. The network has, in fact, been involved in the development of the Bank insurance Damages Branch segment, with the marketing of health and home insurance policies, in addition to the over-the-counter sale of Civil Liability driving policies.

Finally, also considering the general macro economic situation, which recorded a definite slowing, lending activities concentrated on services supporting families and small and medium sized enterprises, by the suspension and/or extension of loans and mortgages supplied.

The Rating of Banca Tercas

Banca Tercas is one of the very few Italian banks measured by two ratings and this, among other concerns, consolidates the pursuit of correctness and transparency the bank offers its customers. At the end of the study and evaluation, the Rating Committee of Standard & Poor's, confirmed an Issuer Rating of 'BBB+' long-term and 'A-2' short-term. It decided, instead, to review the outlook from 'stable' to 'negative'.

The rating assigned by the committee was officially notified on 26th January 2010, along with the reasons that led to this evaluation.

Amongst the strengths of Banca Tercas, we should point out the prudent level of capitalisation, the strong liquidity mainly collected from customers, the satisfactory and growing profitability, the good market position in Abruzzo and, in particular, in the Province of Teramo. With regards to the review of the outlook from 'stable' to 'negative', Standard & Poor's consider that the bank may suffer more greatly than at present in terms of the deterioration of lending activities, as a consequence of the negative economic outlook. This may involve adjustments to loans of significant amounts but not such as to threaten profitability.

In 2009, the agency Moody's, on the other hand, recalibrated the models adopted, according to which the current economic conditions on deposit markets ensure that the short-term deposits rating, of P-1, is no longer compatible with the risk profile on the rating of long-term deposits, of A3.

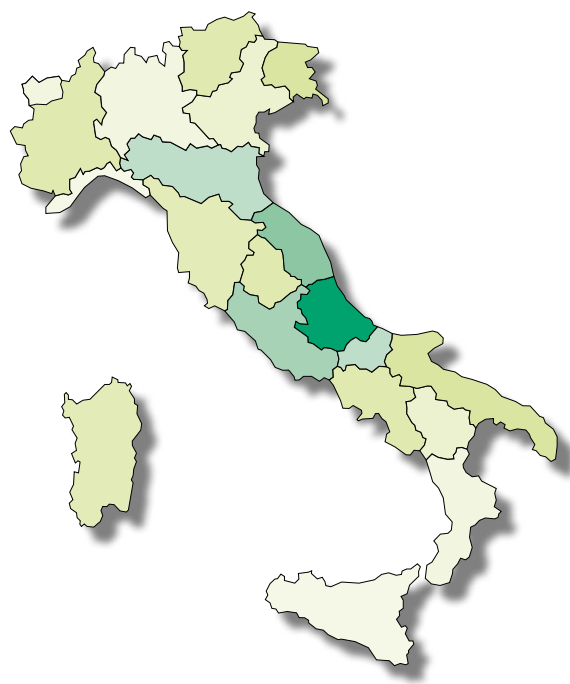
Recalibration is clearly a technical element that corresponds to a specific choice by Moody's. Using the same criteria in 2008, the rating assigned to Banca Tercas was not changed.

TERRITORIAL ORGANISATION

In 2009, 6 new branches were opened: two in the province of Teramo, Isola del Gran Sasso and Bisenti, two in the province of Chieti, Vasto and San Giovanni Teatino, one in the town of Dozza (BO) in the district of Toscanella, and one in the city of L'Aquila where, following the earthquake on 6th April 2009, a branch was set up on a mobile camper, subsequently replaced by a prefabricated structure in Via Beato Cesidio. Again during the year, some temporary branches were closed taking activities back to the branches of origin. In details, the temporary branches of Atri Santa Margherita, Cermignano, Montepagano di Roseto Degli Abruzzi and Poggio Morello ceased their activities.

The graph below shows the provinces where the Bank has branches.

Number of branches per province		
	2009	2008
Teramo	61	63
Chieti	7	5
Ascoli Piceno	5	5
Fermo	3	3
Roma	6	6
Pescara	5	5
L'Aquila	6	5
Ancona	4	4
Campobasso	3	3
Macerata	3	3
Pesaro	2	2
Bologna	3	2
Cesena/Forli'	2	2
Rimini	1	1
Modena	1	1
Total	112	110
- of which new openings	6	5
- of which closings	4	0



PERSONNEL

At the end of December 2009, the Bank had 839 employees. During the year, 39 people were hired and 47 left the bank. The number of employees is down by 8. Of the 839 employees, 799 are full time clerks and 40 are part time clerks. At 31st December 2009, Banca Tercas had 467 male employees and 372 female employees. 71.28% percent (598 persons) work in the branch network and 28.72% (241 persons) at the head office. 3.69%, equal to 31 employees, have short term contracts.

The average number of employees in 2009 was 843, one of which on transfer to the subsidiary Terbroker Srl. Human resources are the most important part of the organization and they are the most important capital in which the bank must invest. Management of the Bank's human resources is based on the continuous improvement of the employees' skills and motivation in order to direct attention towards the quality of service for the client and synergy in internal relations. There is full awareness of the fact that the competitiveness of an organization is also based on the excellence of human capital. This is an indispensable element in helping the company to acquire additional value which remains stable with the passing of time.

Internal and external training increased by 20.46% compared to 2008 and can be quantified in 3,832 days/person. This was supplied to 4,178 resources. With regards to the use of compulsory themes, we would note that in-house and in self-instruction, matters such anti money laundering, security, administrative responsibility of bodies, privacy and Isvap were supplied.

Please also recall that to better support the business strategic plan, the Network Resources and Management, channelled according to specific role and profile of units, including Directors, benefitted from appropriate technical/behavioural training, along with the preparation of the Institute's industrial plan. There was also no lack of training for Network/Management branches set up newly and continuously with those set up in 2008. These provided further support to the better function of the structure as a whole, through interaction between the different areas and courses of specific interest held out of the company.

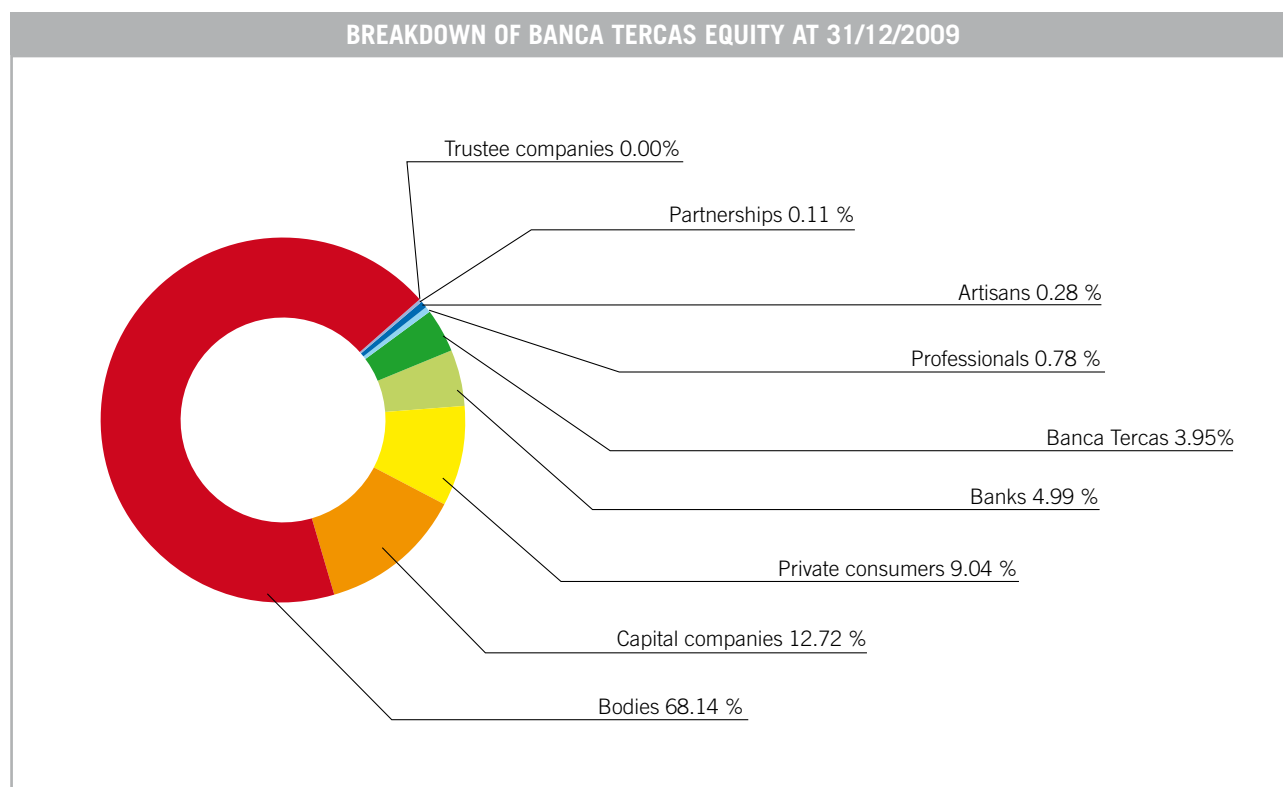
In 2008, the 'Ideas laboratory' was also started up. This takes a view to involving the whole business community, and, in doing so, released mental energies during the year, monitored as applicable by a Commission appointed to this purpose, in order to improve internal communication, processes and procedures.

SHAREHOLDERS

The ownership structure as at 31.12.09 is shown below.

BREAKDOWN OF BANCA TERCAS EQUITY AT 31/12/2009

Type of shareholder	Number of subjects		Shares held	
Public bodies	7	0.18%	34,072,332	68.14%
Trust companies	0	0.00%	0	0.00%
Banks	1	0.03%	2,495,000	4.99%
Banca Tercas Spa	1	0.03%	1,973,820	3.95%
Artisans	112	2.95%	138,148	0.28%
Private consumers	3,238	85.21%	4,520,301	9.04%
Professionals	237	6.24%	388,788	0.78%
Capital companies	161	4.24%	6,358,509	12.72%
Partnerships	43	1.13%	53,102	0.11%
Overall total	3,800	100.00%	50,000,000	100.00%



THE STRATEGIC PLAN

In the latter part of 2009, guidelines were defined that represent the basis for the new 2010 operative plan, considering that the 2008-2010 strategic plan had now ceased its validity, despite the need for a review of such last year following the turbulences involving the financial market.

For the year underway, in which the financial crisis is increasingly reflecting the real market more bitterly, the Bank's strategy must be based on prudent operations. This translates into the basis maintenance of volumes at levels recorded as of 31st December 2009. The main guideline is to continue the process of making the structure efficient. This began in 2009 with a cost limitation policy, implementing pricing policies to deal with the reduction of spreads and, above all, a continuous and careful monitoring of credit quality.

The commercial strategies envisaged for next year see the opening of a new branch and the strengthening of commercial agreements with Financial and insurance companies, in order to allow Banca Tercas to further enrich the product portfolio under a para-banking and bank-insurance scope.

ACTIVITIES IMPLEMENTED BY THE BANK IN RELATION TO THE EARTHQUAKE OF 6TH APRIL 2009

Following the earthquake of 6th April 2009, the Bank suffered damages to 4 branches, of which one being opened. In particular:

- the Branch of L'Aquila in Via Beato Cesidio was significantly damaged and closed to the public. Complete operations were immediately transferred to the Avezzano branch. On 10th April, a fully-operative camper was set up in the square before it, complete with cash point equipment. Subsequently, on 18th May 2009, it was replaced with an especially set-up container to house a small bank branch, which is still operative. The damaged property was not the property of the Bank and the damage caused by the earthquake to the furnishing and shelved partition walls, has been quantified by the Technical Service as 120 thousand euros.
- the Branch of L'Aquila in Via XX Settembre, which was being opened, has been irrecoverably damaged and a new structure has been prepared at the shopping centre il Globo, in Pile, which was operative before the Christmas holidays. The damaged property was not the Bank's property and the damage caused to works already carried out by the Bank as lessee of the leased property, amounted to a total of 50 thousand euros.
- the Arsita branch was declared unfit for use and on 15th April 2009, operations were transferred to Castilenti. At the start of May, a new branch was set up in an area not far from the damaged structure. The property is owned by the Institute. The damages caused by the natural disaster to this property have been estimated as 140 thousand euros;
- the Castelli branch suffered significant damages and activities, which had initially been transferred to the Tossicia branch, as from 1st September 2009 have returned to an area not far from the damaged branch, where the cash point has been left fully operative. We would specify that the building is the property of Banca Tercas. Damages caused by the earthquake have been estimated as 70 thousand euros to restore the situation to fitness for use.

Overall, the economic and organisational efforts involved to reactivate the damaged branches has been significant, along with the preparation of mobile units to meet the demands of the population struck by the earthquake. Immediately after the earthquake, qualified technicians were used to verify the 21 structures of the Bank situated in areas closest to the epicentre, which showed no evident structural problems. Apartments owned by the Bank were

fully furnished and made available to employees of L'Aquila to make up for the initial lack of shelters.

The remaining Bank staff showed their solidarity by donating an equivalent value of 2,500 working hours to colleagues struck by the earthquake. In the town of Tossicia, the local administration made two apartments available to shelter those in need without housing.

Following the declared unfitness for use of the building in the Province of Teramo, upon request by the Body, the Bank made available furnished rooms of approx. 140 m² in Via Carducci, Teramo.

A current account was opened at the Teramo branch to collect funds to help earthquake victims in Abruzzo. The joint initiative of all Abruzzo banks was inspired by the editorial group L'Espresso-La Repubblica. The initiative was granted good coverage in the pages of the local paper, Il Centro. More than 390,000.00 euros were collected, of which 250,000.00 donated directly by Banca Tercas.

The Bank donated an inflatable thermal tent to the Teramo Fire Brigade, specifically designed for use in disaster situations and set up with all appropriate accessories, for a value of more than 25,000.00 euros.

A specific project was set up in favour of the resident population in the towns struck by the earthquake, and temporarily housed in the welcome structures outside the territory of L'Aquila, in order to meet the needs of the bank users without commercial purposes, and at entirely beneficial economic conditions (free from all charges, including tax and postal, for 12 months). Additionally, for three months, all charges of utilities concerning relations rooted in the towns involved by the earthquake, were blocked.

Under the scope of the initiatives taken by the Regional Commission ABI, the Bank brought about significant intervention measures in favour of the populations struck by the earthquake. Amongst other matters, these included suspending mortgage instalments for those resident in towns struck by the earthquake, renegotiating these operations by extending expiry dates and remodulating instalments.

Organisation

Despite the great commitment in dealing with the disaster of 6th April, the Bank has continued to innovate organisational structures in order to improve the efficiency and efficacy of internal processes.

During the year, all logistic structures in the areas in the outskirts of Teramo were transferred to the new rooms adjacent to General Management. This has allowed for a non-marginal recovery in terms of working efficiency, also due to the continuous contacts that operative problems impose with increasing frequency. We should not underestimate the savings obtained in terms of making plants efficient, which, at lower costs, guarantee more comforts to the same quantity of staff.

The project virtualising the server farm has been started up and completed, involving the consolidation of all procedures that first resided on 26 different servers in a single machine. This has resulted in a recovery of processing efficiency, adaptability in the installation of new applications and, not least, energy savings. We made the most of the opportunity to prepare 4 recently-built machines that had been disposed to provide a live back-up station in a site located in a different building, with on-line alignment of data by optic fibre. The new server farm, allocated in the new rooms that are inaccessible to unauthorised persons, is equipped with generators and two redundant systems for perfect heating/air-conditioning.

Sensitive applications have been installed on the new equipment for ordinary Bank activities. These allow for, amongst other matters: the management of all contracts and forms in use, evidence of risk positions, the management of the internal Tercas portal with all related functions, in addition to e-mail.

From an organisational viewpoint, automation of activities continued, in particularly for the following:

- to make some working processes efficient;
- to eliminate or reduce the production and/or exchange of hard copies;
- to reduce the possibility of errors in the different business activities;
- to appropriately support employee operations;
- to use fewer human resources in the working processes implemented.

The savings generated by the activities implemented in terms of optimising human resources, eliminating paper, photocopies, faxes, telephone, etc., were important.

IMPORTANT EVENTS AFTER THE 31.12.09

No important events occurred after year end.

THE EXPECTED TREND OF OPERATIONS

Although the most recent cyclical evolution would appear to have reversed trend, as shown by the official data on GDP growth for the fourth quarter 2009, we cannot predict that this will be reflected strongly in quantity-type indicators for next year. In this context, Banca Tercas will continue to implement all strategies necessary to reaching the prefixed objectives, paying special attention to credit quality, as, from the data supplied by the Bank of Italy on the third quarter of 2009, the severity of the recession is causing a strong, worrying thrust towards a rise in bank non-performances.

OWN SHARES

At 31 December 2009, the Bank held 1,973,820 of its own shares, with a nominal value of 0.52 euro each for a total counter value of 18,646,737.78. The said shares have an average book value, at the end of the year, of 9.4470 euros. For its own shares, for a total value of 18,646,737.78, reserves have been posted on the Balance Sheet for the same amount.

During the year, own shares were purchased for a total of 11,321,816.03 euros and sold for a total of 2,417,228.98 euros. These operations generated total losses from trading for 137,180.76 euros. With regards to the number of shares purchased and sold, we would specify that a total were bought of 1,235,670 and a total sold of 269,506 to satisfy shareholder demands for liquid funds.

THE BANCA TERCAS SHARE PRICE TREND

At 31 December 2009, the Banca Tercas share price was 8.55 euros, showing a decrease compared to the price at 31 December 2008 of 9.04%. However, the shareholders appreciated the substantial stability of the price, compared to the heavy falls registered by the main Italian and foreign banks which suffered average reductions of over 50%.

TERCAS FOUNDATION - CASSA DI RISPARMIO DELLA PROVINCIA DI TERAMO

The main data of the last approved balance sheet of the Holding company, the Foundation of the Cassa di Risparmio della Provincia di Teramo, with head office in Teramo, Corso San Giorgio n. 36, tax code and Teramo Companies Register n. 92011020671, are given below. The data refer to the financial year which closed on 31st December 2008.

Tercas Foundation - Balance Sheet

31-Dec-08

Assets	177,809
Liabilities	22,255
Shareholders' equity	155,554
Profit of the period	9,607

Fondazione Tercas - Income Statement

31-Dec-08

Result of individual asset managements	(1,495)
Dividends and similar income	10,467
Interest and similar income	1,798
Profit for the period of instrumental companies	(2)
Charges	(1,026)
Extraordinary income	420
Extraordinary charges	(392)
Income tax for the year current	(163)
Profit of the year net of taxes	9,607

Figures in thousands of euros

ALLOCATION OF PROFITS IN ACCORDANCE WITH ART. 32 OF THE ARTICLES OF ASSOCIATION

Dear Shareholders,

The Financial Statements as of 31st December 2009 show a period profit of 24,053,688.52 euros which we propose allocating, in accordance with Art. 32 of the current Articles of Association, as follows:

Net profit at 31.12.09	24,053,688.52
Legal Reserve	0.00
Statutory Reserve (20% of net profit)	4,810,737.70
Extraordinary reserve	4,942,950.82
Special Provisions for financing activities	300,000.00
Dividends to shareholders (0.28 per 50 mln shares 0.52 each)	14,000,000.00
Total Profit at 31.12.09	24,053,688.52

Dividend: 0.28 euros per share

On the basis of the results obtained, we would propose to distribute one dividend for circulating shares, with the exclusion of own shares held in portfolio, to the amount of 0.28 euros per share. The unit dividend includes growth deriving from the dividend that would have been due to own shares and will be paid out on 14th May 2010 and regulated on 19th May 2010.

We also propose allocating the amount of dividends on the shares owned by the Bank as of the pay-out date to the reserve for dividends on own shares, which would be used for the payment of dividends in future years.

Shareholders' equity	Previous structure 31/12/2008	Incr./decr. for the year	Allocation of profits 31.12.09	Allocations/ reclass.	New structure as of 31/12/2009
Share Capital	26,000,000.00	0.00	0.00	0.00	26,000,000.00
Legal reserve	5,200,000.00	0.00	0.00	0.00	5,200,000.00
Statutory reserve	52,933,546.33	0.00	4,810,737.70	0.00	57,744,284.03
Extraordinary reserve	125,377,689.21	(8,767,406.29)	4,942,950.82	0.00	121,553,233.74
Reserve for divid. on own shares	110,828.76	476,538.72	0.00	0.00	587,367.48
FTA reserve	67,361,205.20	0.00	0.00	0.00	67,361,205.20
Evaluation reserve	5,497,502.56	3,661,230.82	0.00	0.00	9,158,733.38
Own shares reserve	9,879,331.49	8,767,406.29	0.00	0.00	18,646,737.78
Own shares held	(9,879,331.49)	(8,767,406.29)	0.00	0.00	(18,646,737.78)
Share premiums	46,091,764.15	(137,180.76)	0.00	0.00	45,954,583.39
Total	328,572,536.21	(4,766,817.51)	9,753,688.52	0.00	333,559,407.22





BALANCE SHEET LAYOUT

Notes for reading the balance sheet data

The following tables, in application of the International Accounting Standards, give a comparison between the Balance Sheet and the Income Statement for the financial year 2009 and the data relative to the previous year

BALANCE SHEET AT 31.12.09

Asset Items	31-Dec.-09	31-Dec-08	Absolute Change
10. Cash and cash equivalents	136,523,941	39,359,160	97,164,781
20. Fin. assets held for trading	140,150,702	206,508,103	(66,357,401)
30. Fin. assets measured at fair value	21,538,697	0	21,538,697
40. Fin. assets avail. for sale	74,942,794	78,217,783	(3,274,989)
50. Fin. assets held until expiry	0	0	0
60. Loans to banks	75,137,522	103,005,516	(27,867,994)
70. Loans to customers	3,113,012,771	2,979,749,876	133,262,895
80. Hedging derivatives	0	0	0
90. Adap. val. ass. fin. sub. to hedging	0	0	0
100. Shareholdings	3,154,287	3,139,491	14,796
110. Tangible assets	30,054,610	29,778,826	275,784
120. Intangible assets	212,388	224,666	(12,278)
of which:			
- goodwill	0	0	0
130. Tax assets	16,974,060	22,798,904	(5,824,844)
a) current	214,118	11,592,047	(11,377,929)
b) prepaid	16,759,942	11,206,857	5,553,085
140. Non-current assets and groups being	67,823	0	67,823
150. Other assets	49,219,956	54,853,745	(5,633,789)
Total assets	3,660,989,551	3,517,636,070	143,353,481

BALANCE SHEET AT 31.12.09

Liabilities and shareholders' equity	31-Dec.-09	31-Dec-08	Absolute Change
10. Due to banks	218,825,554	50,518,875	168,306,679
20. Due to customers	1,915,535,456	1,939,129,962	(23,594,506)
30. Securities issued	1,039,546,683	1,019,759,338	19,787,345
40. Financial liabilities for trading	2,095,870	2,458,624	(362,754)
50. Financial liabilities measured at fair value	36,368,029	35,584,132	783,897
60. Hedging derivatives	0	0	0
70. Adap. of val. Liab. Fin. sub. to hedging	0	0	0
80. Tax liabilities	4,543,991	2,210,394	2,333,597
<i>a) current</i>	<i>2,110,323</i>	<i>140,938</i>	<i>1,969,385</i>
<i>b) deferred</i>	<i>2,433,668</i>	<i>2,069,456</i>	<i>364,212</i>
90. Liab. Assoc. to Groups being disposed	0	0	0
100. Other liabilities	66,790,793	95,322,864	(28,532,071)
110. Provision for severance indemnities	13,567,247	14,875,839	(1,308,592)
120. Provisions for risks and charges	15,856,521	14,903,505	953,016
<i>a) retirement benefits and other obligations</i>	<i>2,097,506</i>	<i>2,176,903</i>	<i>(79,397)</i>
<i>b) other provisions</i>	<i>13,759,015</i>	<i>12,726,602</i>	<i>1,032,413</i>
130. Valuation reserves	9,158,733	5,497,503	3,661,230
140. Redeemable shares	0	0	0
150. Capital instruments	0	0	0
160. Reserves	261,339,140	235,148,668	26,190,472
170. Share premiums	45,954,583	46,091,764	(137,181)
180. Capital	26,000,000	26,000,000	0
190. Own shares	(18,646,738)	(9,879,331)	(8,767,407)
200. Profit (Loss) for the period	24,053,689	40,013,933	(15,960,244)
Total liabilities	3,660,989,551	3,517,636,070	143,353,481

INCOME STATEMENT AT 31 DECEMBER 2009 - COMPARISON WITH 31 DECEMBER 2008

Income statement items	31-Dec.-09	31-Dec-08	Absolute Change
10. Interest income and similar revenue	153,397,650	214,831,726	(61,434,076)
20. Interest expenses and similar charges	(40,676,118)	(86,818,385)	46,142,267
30. Interest income	112,721,532	128,013,341	(15,291,809)
40. Commission income	39,101,226	38,769,795	331,431
50. Commission expense	(1,237,980)	(1,324,598)	86,618
60. Net commission	37,863,246	37,445,197	418,049
70. Dividends and similar revenues	1,107,414	982,326	125,088
80. Net result of trading activities	9,469,011	(16,123,561)	25,592,572
90. Net result of hedging activities	0	0	0
100. Profit (loss) on the sale or repurchase of:	(1,944,904)	1,412,136	(3,357,040)
<i>a) loans</i>	(2,990,486)	0	(2,990,486)
<i>b) attività finanz. avail. for sale</i>	715,379	967,188	(251,809)
<i>c) financial assets held until expiry</i>	0	0	0
<i>d) financial liabilities</i>	330,203	444,948	(114,745)
110. Net result ass. and liab. Fin. at FV	(201,825)	522,578	(724,403)
120. Net banking income	159,014,474	152,252,017	6,762,457
130. Net write-downs for impairment of:	(33,160,812)	(16,297,687)	(16,863,125)
<i>a) crediti</i>	(31,092,213)	(16,492,789)	(14,599,424)
<i>b) attività finanziarie disp. for sale</i>	(2,306,596)	0	(2,306,596)
<i>c) financial assets held until expiry</i>	0	0	0
<i>d) other financial operations</i>	237,997	195,102	42,895
140. Net result of financial management	125,853,662	135,954,330	(10,100,668)
150. Administrative expenses:	(87,853,744)	(88,108,249)	254,505
<i>a) personnel expenses</i>	(55,430,688)	(56,026,932)	596,244
<i>b) other administrative expenses</i>	(32,423,056)	(32,081,317)	(341,739)
160. Net provisions for risks and charges	(1,685,155)	502,145	(2,187,300)
170. Value adjustments/write-backs on ass. tang.	(1,555,377)	(2,261,031)	705,654
180. Adj./wr-backs of value net on ass. intang.	(90,383)	(106,431)	16,048
190. Other operating expenses/income	5,892,589	5,524,806	367,783
200. Operating costs	(85,292,070)	(84,448,760)	(843,310)
210. Profits (losses) on shareholdings	0	0	0
220. Res. net of measurements at FV ass. tang. intang.	0	0	0
230. Value adjustments in goodwill	0	0	0
240. Profits (losses) on the disposal of investments	2,055	3,381	(1,326)
250. Income from op. curr. gross of taxes	40,563,647	51,508,951	(10,945,304)
260. Income tax for the year curr.	(16,506,582)	(19,544,759)	3,038,177
270. Income from op. curr. net of taxes	24,057,065	31,964,192	(7,907,127)
280. Profit on groups of assets being sold off	(3,376)	8,049,741	(8,053,117)
290. Profit (Loss) for the period	24,053,689	40,013,933	(15,960,244)

STATEMENT OF TOTAL INCOME

		31-Dec.-09	31-Dec-08	Absolute Change
10.	Operating profit	24,053,689	40,013,933	(15,960,244)
	Other items Income net of taxes			
20.	Financial assets avail. for sale	3,661,230	(4,289,468)	7,950,698
30.	Tangible assets	0	0	0
40.	Intangible assets	0	0	0
50.	Hedging of foreign investments	0	0	0
60.	Hedging of cash flows	0	0	0
70.	Exchange differences	0	0	0
80.	Non-current assets being disposed	0	0	0
90.	Actuarial income on plans for ben. defined	0	0	0
100.	Portion of res. from meas. Investments	0	0	0
110	Tot. Other items Income net of taxes	3,661,230	(4,289,468)	7,950,698
120	Income compl. (item 10 + item 110)	27,714,919	35,724,465	(8,009,546)

Following the review of IAS 1, also received in International Accounting Standard no. 34, the statement of total income has been prepared. This presents not only the year's income, but also all components contributing to business performance. In particular, these include changes in value of assets posted directly to the shareholders' equity reserves. As of 31st December 2009, Banca Tercas Spa presents a positive Valuation Reserve for the purposes of the statement of total income, in relation to securities classified in the 'Portfolio Available for Sale' (AFS), for a net value of 9,159 thousand euros. Total income as of 31st December 2009 presents a negative change of 8,009 thousand euros (-22.42%) on last year.

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY 01.01.08 - 31.12.08

	Changes during the period							Shareholders' equity at 31.12.2008
	Operations on shareholders' equity						Total income 2008	
	Reserve variations	New share issues	Purchase of own shares	Extraordinary dividend	Capital instrument variations	Derivatives on own shares		
Capital	26,000,000	0	0	0	0	0	0	26,000,000
a) ordinary shares	26,000,000	0	0	0	0	0	0	26,000,000
b) other shares	0	0	0	0	0	0	0	0
Share premiums	45,869,887	0	0	0	0	0	0	46,091,764
Reserves (item 160 Sp):	210,201,236	24,836,604	0	110,829	0	0	0	235,148,669
a) of profits	142,840,030	24,836,604	0	110,829	0	0	0	167,787,463
b) other	67,361,205	0	0	0	0	0	0	67,361,205
Valuation reserves	9,786,971	0	0	0	0	0	(4,289,468)	5,497,503
Capital instruments	0	0	0	0	0	0	0	0
Own shares	(9,404,336)	0	0	0	(474,995)	0	0	(9,879,331)
Profit (Loss) for the period	39,136,604	(14,300,000)	0	0	0	0	40,013,933	40,013,933
Shareholders' equity	321,590,362	0	0	110,829	(474,995)	0	35,724,465	342,872,538

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY 01/01/2009 - 31/12/2009

	Balances at 31/12/2008		Change in opening balances (+/-)	Balances at 01/01/2009		Allocation of profit last year		Changes during the period						Shareholders' equity at 31/12/2009		
	Capital	26,000,000		Reserves	Dividends and other distributions	Reserve variations	Purchase of own shares	Extraordinary dividend	Capital instrument variations	Derivatives on own shares	Stock options	Total income 2009	0			
															26,000,000	0
a) ordinary shares		26,000,000	0	0	0	0	0	0	0	0	0	0	0	0	0	26,000,000
b) other shares		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Share premiums		46,091,764	0	46,091,764	0	0	0	0	0	0	0	0	0	0	0	46,091,764
Reserves:		235,148,669	0	235,148,669	25,713,933	0	476,538	0	0	0	0	0	0	0	0	261,339,140
a) of profits		167,787,463	0	167,787,463	25,713,933	0	476,538	0	0	0	0	0	0	0	0	193,977,934
b) other		67,361,205	0	67,361,205	0	0	0	0	0	0	0	0	0	0	0	67,361,205
Valuation reserves		5,497,503	0	5,497,503	0	0	0	0	0	0	0	3,661,230	0	0	0	9,158,733
Capital instruments		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Own shares		(9,879,331)	0	(9,879,331)	0	0	0	0	(8,767,407)	0	0	0	0	0	0	(18,646,738)
Profit (Loss) for the period		40,013,933	0	40,013,933	(25,713,933)	0	0	0	0	0	0	24,053,689	0	0	0	24,053,689
Shareholders' equity		342,872,538	0	342,872,538	0	0	476,538	0	(8,767,407)	0	0	27,714,919	0	0	0	347,859,407

CASH FLOW STATEMENT

We would specify that reclassifications have been applied following clarifications provided in the latest update to the Bank of Italy Circular no. 262/2005 on the data concerning 2008. More specifically, cash flow relative to net commission and other income and expense has been reclassified.

A. OPERATIVE ASSETS	31-Dec.-09	31-Dec-08
1. Operations (+/-)	30,896,110	36,726,230
- interest collected	153,397,650	212,841,734
- interest paid (-)	(40,676,118)	(94,267,288)
- dividends and similar revenues (+)	1,107,414	982,326
- net commission (+/-)	37,863,246	36,256,563
- personnel expenses (-)	(55,430,688)	(58,560,902)
- net premiums collected	0	0
- other income/charges	5,892,589	985,202
- other costs (-) item 150 b)	(32,423,056)	(36,124,440)
- other income (writebacks due to collections +)	621,986	(74,580)
- duties and taxes paid (-)	(39,456,910)	(25,312,385)
- costs/income relative to groups of ass. being disposed	(3)	0
2. Liquid funds gen. / ass. from ass. fin. (+/-)	(47,935,329)	(44,868,853)
- financial assets held for trading	66,357,401	66,827,970
- financial assets carried at fair value	(21,538,697)	0
- financial assets available for sale	7,274,989	54,608,491
- due from customers	(133,262,895)	(154,947,521)
- bank receivables: at sight	27,867,994	(12,125,067)
- bank receivables: other receivables	0	0
- other financial assets / liabilities	5,365,879	767,274
3. Liquid funds gen. / ass. by liab. fin. (+/-)	139,245,570	20,616,353
- bank payables: at sight	168,306,679	(150,954,903)
- bank payables: other payables	0	0
- due to customers	(23,594,506)	(96,136,045)
- securities issued	19,787,345	270,762,410
- financial liabilities held for trading	(362,754)	584,056
- financial liabilities carried at fair value	783,897	5,578,022
- other liabilities	(25,675,091)	(9,217,187)
Net liquid funds gen. / ass. by ass. operative (+/-)	122,206,351	12,473,730
B. INVESTMENT		
1. Liquidity generated by (+)	2,055	18,531,241
- sale of equity investments	0	18,527,860
- dividends received from equity investments	0	0
- sale of fin. assets held until expiry	0	0
- sale of tangible assets	2,055	3,381
- sale of intangible assets	0	0
- sales of contr. companies and business units	0	0
2. Liquidity absorbed by (-)	(2,039,953)	(4,243,575)
- purchase of equity investments	(14,796)	(3,210,050)
- acquired of ass. fin. held until expiry	0	0
- purchase of tangible assets	(1,858,110)	(995,956)
- purchase of intangible assets	(167,047)	(37,569)
- acquisitions of contr. companies and business units	0	0
Net liquid funds gen. /ass. by ass. of inv.to (+/-)	(2,037,898)	14,287,666
C. STOCKS		
- issues/purchases of own shares	(8,767,406)	(474,996)
- distribution of dividends and other purposes	(14,300,000)	(14,300,000)
Net liquid funds gen. /ass. by ass. by stocks (+/-)	(23,067,406)	(14,774,996)
NET LIQUID FUNDS GEN. /ASS. IN THE YEAR	97,101,047	11,986,400

Part F - EQUITY DISCLOSURE

Section 1 - Corporate equity

A. Quality information

Understanding of the consistency and dynamics of the Bank's equity as of 31st December 2009 cannot fail to consider the interventions carried out on it for the transition to the new international accounting standards IAS/IFRS.

We would therefore hereby summarise the effects that the adoption of the new accounting standards IAS/IFRS has had on the consistency of corporate equity:

- with the adjustment as of 1st January 2004, which mainly involved the real estate sector and personnel funds, equity increased by approximately 8,354 thousand euros.
- the changes to the movements of a statutory nature of equity items made in 2004 as compared with that envisaged by current IAS/IFRS, in particular that concerning changes to the credit risk fund, the general banking risk fund and the extraordinary reserve for expenses concerning the first securitisation, in relation to non-performing loans (realised with the vehicle company Kreos Srl), have resulted in a negative change of the equity reserves equal to 8,879 thousand euros. This is offset by an increase in profits for the year IAS, of 4,978 thousand euros;
- the adaptation as of 1st January 2005 of the financial instruments as per standards IAS 32 and 39 has entailed, in terms of equity impact, a further variation of 1,574 thousand euros.

The Bank's equity, which in the financial statements approved as of 31st December 2004, amounted to 254,735 thousand euros, was therefore recalculated, as of 1st January 2005, as 260,761 thousand euros. In the financial statements for 2005, it has been 277,632 thousand euros.

As of 31st December 2009, the Individual Equity of Banca Tercas Spa stood at 347,859 thousand euros.

B. Quantity information

B.1 Corporate equity: breakdown

Items/Values	2009 value	2008 value	Change
1. Capital	26,000	26,000	0
2. Share premiums	45,955	46,091	(136)
3. Reserves	261,339	235,149	26,190
- of profits			
a) legal	5,200	5,200	0
b) statutory	52,933	44,931	8,002
c) own shares	18,647	9,879	8,768
d) other	184,559	175,139	9,420
4. Capital instruments	0	0	0
5. Own shares	(18,647)	(9,879)	(8,768)
6. Valuation reserves	9,158	5,497	3,661
- Financial assets available for sale	4,287	626	3,661
- Tangible assets	0	0	0
- Intangible assets	0	0	0
- Hedging of foreign investments	0	0	0
- Hedging of cash flow	0	0	0
- Exchange differences	0	0	0
- Non-current assets being disposed	0	0	0
- Actuarial income rel. to welfare plans with defined benefits	0	0	0
- Portions of reserves to be valued of Equity valued on SE	0	0	0
- Special revaluation laws	4,871	4,871	0
7. Profit (Loss) for the period	24,054	40,014	(15,960)
Total	347,859	342,872	4,987

B.2 Valuation reserves of financial assets available for sale: breakdown

Assets/Values	Total 2009		Total 2008	
	Positive reserve	Negative reserve	Positive reserve	Negative reserve
1. Debt securities	752	0	141	275
2. Capital securities	3,908	0	3,080	2,359
3. UCIT units	98	470	39	0
4. Loans	0	0	0	0
Total	4,758	470	3,260	2,634
Total reserves	4,288		626	

B.3 Valuation reserves of fin. assets avail. for sale: annual variations

	Securities debt	Securities capital instruments	Shares of UCIT	Financial	Total
1. Opening balances	(134)	721	39	0	626
2. Positive changes	1,000	3,187	59	0	4,246
2.1 Increases of fair value	745	1,059	59	0	1,863
2.2 Transfer to EC of Res. negative	255	2,128	0	0	2,383
<i>from write-down</i>	26	2,128	0	0	2,154
<i>from realisation</i>	229	0	0	0	229
2.3 Other changes	0	0	0	0	0
3. Negative changes	(114)	0	(470)	0	(584)
3.1 Reductions of fair value	(9)	0	(470)	0	(479)
3.2 Adjustments from write-down	0	0	0	0	0
3.3 Transfer to EC of Pos. Res.	0	0	0	0	0
3.4 Other changes	(105)	0	0	0	(105)
4. Closing balances	752	3,908	(372)	0	4,288

SECTION 2 - SHAREHOLDERS' EQUITY AND REGULATORY COEFFICIENTS

2.1 Regulatory capital

A. Quality information

In accordance with Bank of Italy Circular no. 263 dated 27th December 2006, the supervisory capital consists of the sum of tier 1 capital, admitted in the calculation without limits, and supplementary capital, which is admitted up to the maximum limit of the tier 1 capital. From these aggregates, investments, innovative capital instruments, hybrid securitisation instruments and subordinate assets held in other banks or financial companies, are deducted. In the same way, investments in insurance companies and subordinate liabilities issued by the same companies are also deducted, along with other elements connected to the calculation of equity requirements.

1. Tier 1 capital

We would specify that tier 1 capital does not include innovative or non-innovative capital instruments. It mainly consists of capital stock and reserves, net of own shares, intangible assets posted on the financial statements under item 120 of the assets and share interests.

2. Supplementary capital

Supplementary capital is completely calculable, as it does not exceed 50% of the tier 1 capital. It mainly consists of subordinate liabilities issued by the Bank and reserves in relation to special real estate revaluation laws (Law rev. 576/75 and Law 72/83). Subordinate loans issued are as follows:

- 40,000,000 euros (original nominal value) due on 27.12.2014;
- 58,200,000 euros (original nominal value) due on 21.12.2015;

We would also specify that the value of the first subordinate loan, calculable on the supplementary capital, has been calculated considering supervisory amortisation (linear, on an annual basis), determined according to Bank of Italy Circular no. 155 dated 18th December 1991.

3. Tier 3 capital

The Supervisory Capital of Banca Tercas does not include any tier 3 components both because 2nd level liabilities do not exceed 50% of tier 1 capital gross of deductions and because no level 3 subordinate liabilities have been issued.

B. Quantity information

	Total 2009	Total 2008
A. Tier 1 capital prior to the applic. of prud. filters	324,188	322,850
B. Prudential filters of tier 1 capital:		
B.1 - positive prudential filters las/lfrs (+)	0	1,309
B.2 - negative prudential filters las/lfrs (-)	0	0
C. Equity. gross core to be ded. (A + B)	324,188	321,541
D. Elements to be deducted from the tier 1 capital	(3,250)	(3,224)
E. Total tier 1 capital (TIER 1) (C-D)	320,938	318,317
F. Equity. suppl. prior to the application of prud. filters	92,332	103,071
G. Prudential filters of supplementary capital:		
G.1 - positive prudential filters las/lfrs	0	0
G.2 - negative prudential filters las/lfrs	(1,173)	0
H. Equity. suppl. core capital to be deducted (F+G)	91,159	103,071
I. Elements to be deducted from supplementary capital	(3,250)	(3,224)
L. Total supplementary capital (TIER 2) (H-I)	87,909	99,847
M. Elements to be ded. from total equity tier 1 and 2	0	0
N. Supervisory capital (F+L-M)	408,847	418,164
O. Tier 3 capital (TIER 3)	0	0
P. Supervisory capital including TIER 3 (N+O)	408,847	418,164





ATTACHMENTS TO THE **INDIVIDUAL
FINANCIAL STATEMENTS**

ATTACHMENTS INDIVIDUAL FINANCIAL STATEMENTS

Disclosure concerning fees due for activities carried out during 2009 to the independent auditing firm Deloitte & Touche Spa and companies belonging to its network in accordance with Art. 149 duo decies of Italian Legislative Decree no. 58/98.

Auditing and certification services	Subject supplying the service	Addressee	Amounts
Auditing	Deloitte & Touche Spa	Banca Tercas	74,000
Other services	Subj. supplying the service	Addressee	Amounts
Subscrib. of tax declarations	Deloitte & Touche Spa	Banca Tercas	3,000
	Total auditing and certification services		74,000
	Total auditing and other services		77,000

Companies belonging to the auditing firm network

Consulting services	Subject supplying the service	Addressee	Amounts
Tax consulting	Tax and corporate firm member of Deloitte Touche Tohmatsu	Banca Tercas	12,000

LIST OF INVESTMENTS AS OF 31/12/09

COMPANY	CAPITAL STOCK	NS. SHARES	V.N. SUBSIDIARY	BOOK VALUE	% INT
AG.EN.A	20,000.00	1,400.00	1,400.00	1,400.00	7.00
ALFA SPA	706,350.00	2,200.00	112,200.00	85,118.55	15.88
BANK OF ITALY	156,000.00	115.00	59.80	59.39	0.04
BANCA INTERREGIONALE	17,137,500.00	5,141.00	2,570,500.00	2,570,500.00	15.00
CENTRO FACTORING	25,200,000.00	2,140.00	8,560.00	12,046.92	0.03
CENTRO IPERBARICO	284,051.29	40.00	20,658.28	0.40	7.27
SVIL. ITALIA ABRUZZO SPA	4,126,886.00	2,345.00	121,119.25	121,109.12	2.93
CONS. SVIL. IND/LE TE.	20,400.06	1.00	2,582.28	-	12.66
C.S.E. S.c.a.r.l.	10,000,000.00	1.00	1,440,000.00	2,225,323.20	4.80
EUROCASSE SIM SPA	2,220,000.00	1,600.00	3,552.00	-	0.16
FI.R.A. SPA	5,100,000.00	980,000.00	499,800.00	469,518.00	9.80
FI.R.A. SERVIZI SPA	1,000,000.00	1.00	150,000.00	150,000.00	15.00
GRAN SASSO LAGA SRL	28,305.00	3,000.00	1,548.00	1,287.30	5.47
INTESA SAN PAOLO SPA	6,646,547,922.56	1,269,803.00	660,297.56	4,019,434.42	0.01
ISVEIMER SPA	62,373,801.20	75,173.00	38,338.23	0.75	0.06
MPS MERCHANT SPA	118,857,143.00	2,700.00	702.00	1,020.60	0.00
SAGA SPA	6,130,600.00	9,381.00	48,405.96	50,966.97	0.79
SIA-SSB SPA	22,091,286.62	91,501.00	11,895.13	4,082.77	0.05
SITEBA SPA	2,600,000.00	7,251.00	3,770.52	3,795.83	0.15
SWIFT (abroad)	10,845,000.00	6.00	750.00	625.00	0.01
TERCAS SICAV LUX (abroad)	55,029,480.26	3,000.00	37,290.00	37,290.00	0.07
TERFINANCE SPA	11,164,973.90	41,806.00	2,159,279.90	4,708,609.78	19.34
ASS. MILANESE SPA	8,840,000.00	1,698,300	883,116.00	19,671,910.40	9.99
TOTAL			8,775,824.91	34,134,099.40	
TERBROKER SRL	104,000.00	175,400.00	88,088.00	123,731.00	87.70
SO.GI.TER. SRL	2,000,000.00	1.00	2,000,000.00	3,030,556.00	100.00
TOTAL (ITEM 100 SP)			2,088,088.00	3,154,287.00	

STATEMENTS OF REAL ESTATE OWNED BY BANCA TERCAS S.P.A. AT 31/12/2009

Real estate 2009 - Tercas spa	Cost	Law no. 576 dated 2.12.75	Law no. 72 dated 19.03.83	Law no. 408 dated 29.12.90	Law no. 413 dated 30.12.91	Costs capitalised in 2009	Total
Teramo:							
- Central offices - C.so S. Giorgio 36	4,255,574.86	312,108.16	1,126,275.73	413,165.52	1,911,861.61	85,015.20	8,104,001.08
- ex Banco Roma - C.so S. Giorgio	1,473,241.03		135,720.63	206,582.76	265,199.13		2,080,743.55
- Via Gammarana	3,280,251.85				3,047,952.14		6,328,203.99
- Via Cona 65	25,297.78		56,627.35		93,851.39		175,776.52
- Via Cona 65	25,297.78				94,913.20		120,210.98
- Località Acquaviva	2,700.74						2,700.74
- Via Carducci (ex Papiri)	8,328.76		22,261.67		22,678.38		53,268.81
- Via per Montorio	5,681.03		20,451.69		15,198.16		41,330.88
- Viale Crispi	1,696.05		194,078.15		150,000.58	3,840.00	349,614.78
- Via Mezzanotte area ed.	-				56,862.34		56,862.34
- Via Badia - Via Pepe	597,639.37						597,639.37
- Piano della Lenta	227,060.81						227,060.81
- Via Paolucci	28,874.06						28,874.06
Alba Adriatica - Via Roma 49	31,984.50		205,364.39		238,812.34		476,161.23
Alba Adriatica - Lungomare Marconi	315,627.98						315,627.98
Ancarano - Via della Misericordia 10	16,920.80		24,402.56		50,126.98		91,450.34
Ancarano - Via della Misericordia 10	11,280.53				37,844.84		49,125.37
Arsita - P.za Umberto I n. 1	6,393.97		19,316.03		26,656.20		52,366.20
Arsita - P.za Umberto I n. 1	4,262.65				25,264.22		29,526.87
Ascoli Piceno - Via Napoli	1,191,939.34				161,601.26		1,353,540.60
Atri - Piazza Duomo 1	319,158.07		286,491.91		608,165.43		1,213,815.41
Bellante Stazione - buildable area	7,075.46				71,458.28		78,533.74
Bellante Paese - buildable area	8,824.50				412.05		9,236.55
Bellante Paese - Piazza Roma	-			58,566.21			58,566.21
Campoli - Corso Umberto 27	33,599.72		107,518.46		145,119.42		286,237.60
Campoli - Corso Umberto 27	14,399.88				76,703.94		91,103.82
Castelli - Piazza Roma	39,333.93				41,553.25		80,887.18
Castelnuovo Vomano	213,938.96						213,938.96
Castilenti - Piazza Marconi 5	61,297.57		36,925.79		128,780.21		227,003.57
Castilenti - Piazza Marconi 5	54,358.22				112,749.16		167,107.38
Colonnella - Via Roma	334,533.11				229,564.85	33,606.00	597,703.96
Controguerra - P.za del Commercio 7	85,955.53		21,081.02		147,766.02		254,802.57
Controguerra - P.za del Commercio 7	83,281.58				104,897.40		188,178.98
Corropoli - Piazza Piedicorte 22	19,115.23				51,505.75		70,620.98
Corropoli - Piazza Piedicorte 22	28,672.84		31,661.42		75,832.31		136,166.57
Corropoli Bivio	267,053.48						267,053.48
Garrufo di S.Omero	381,210.97			43,018.26	367,545.01		791,774.24
Giulianova Lido - Via Matteotti 1	177,027.59		526,300.58		697,023.30		1,400,351.47
Giulianova Lido - Via Matteotti 1	20,699.60				362,902.27		383,601.87

Real estate 2009 - Tercas spa	Cost	Law no. 576 dated 2.12.75	Law no. 72 dated 19.03.83	Law no. 408 dated 29.12.90	Law no. 413 dated 30.12.91	Costs capitalised in 2009	Total
Giulianova - Quartiere Annunziata	272,208.13						272,208.13
Giulianova Paese - ex Ciafardoni	1,242,376.68			48,821.30	71,684.90	58,682.14	1,421,565.02
Martinsicuro - Via C.Colombo 235	439,923.97		91,524.79		314,091.30		845,540.06
Martinsicuro - Via C.Colombo 235	44,400.18				152,060.81		196,460.99
Montorio al Vomano - L.go Rosciano 4	36,974.52		198,906.65		211,843.25		447,724.42
Montorio al Vomano - L.go Rosciano 4	9,243.63				103,090.73		112,334.36
Montorio al Vomano - buildable area	109,752.68						109,752.68
Mosciano S.Angelo - P.za Saliceti	-			129,254.70			129,254.70
Mosciano S.Angelo - P.za Saliceti	97,378.98						97,378.98
Nereto - Piazza Marconi	2,160,738.31						2,160,738.31
Notaresco - P.za del Mercato 8	18,451.23		86,829.21		114,643.87		219,924.31
Notaresco - P.za del Mercato 8	18,451.22				184,691.68		203,142.90
Pagliaroli di Cortino	91,655.31				103,285.66		194,940.97
Pescara - Via Conte di Ruvo 41	2,547,386.66						2,547,386.66
Pietracamela - Via XXIV Maggio 1	44,684.60		21,124.52		40,937.73		106,746.85
Pietracamela - Via XXIV Maggio 1	21,443.51				26,212.97		47,656.48
Pineto - P.za della Libertà	24,431.45		136,638.70		161,664.65		322,734.80
Pineto - P.za della Libertà	209,358.15						209,358.15
Rocca S. Maria - Strada Prov.le	8,641.45		9,453.45		22,662.53		40,757.43
Rocca S. Maria - Strada Prov.le	12,962.17				32,535.78		45,497.95
Roseto degli Abruzzi - V. Nazionale	532,611.03			77,468.53	680,858.42		1,290,937.98
Scerne di Pineto	133,269.64						133,269.64
S. Egidio alla Vibrata - C.so Adriatico	46,260.23		232,770.40	129,114.22	191,015.00		599,159.85
S. Nicolò - P.za Progresso	451,793.41						451,793.41
S.Omero - Via V. Emanuele II 9	55,143.19		55,381.74		107,940.20		218,465.13
S.Onofrio - Campli Agricultural land	2,162.00						2,162.00
S. Onofrio	-			188,139.05			188,139.05
Silvi Marina - Via A. Rossi 37	68,467.83		244,790.97		242,172.10	11,318.40	566,749.30
Torricella Sicura:							-
- Via A. De Gasperi 28	16,313.74		53,386.96		36,270.87		105,971.57
- Via A. De Gasperi 28	6,991.60				30,522.79		37,514.39
Tortoreto Lido - Via Carducci 123	42,252.32		126,430.56		189,889.80		358,572.68
Tortoreto Lido - Via Carducci 123	42,252.32				243,915.37		286,167.69
Tossicia	365,348.97				145,235.26		510,584.23
Val Vomano	68,424.30				73,169.86		141,594.16
Villa Lempa - P.za Comunale 38	68,822.23		30,147.78		126,228.70		225,198.71
Villa Lempa - P.za Comunale 38	25,454.80				30,301.23		55,756.03
Tortoreto Paese	26,245.00						26,245.00
TOTAL	23,021,865.57	312,108.16	4,101,863.11	1,294,130.55	13,057,726.88	192,461.74	41,980,156.01

REAL ESTATE FOR INVESTMENT OF STAFF WELFARE FUND

Real estate 2009 - Tercas spa	Cost	Law no. 576 dated 2.12.75	Law no. 72 dated 19.03.83	Law no. 408 dated 29.12.90	Law no. 413 dated 30.12.91	Costs capitalised in 2009	Total
Teramo:							
- Via Cona	332,179.72				297,553.22		629,732.94
- Collaterrato Basso	955,173.45				-		955,173.45
Atri - C.so Elio Adriano	5,303.86				146,783.45		152,087.31
Montorio al Vomano L.go Rosciano 4	37,691.02				357,069.53		394,760.55
Montorio al Vomano ex Giustignani	8,005.06				43,882.90	7,951.20	59,839.16
Pineto - Piazza Gramsci	2,788.85				41,061.97		43,850.82
Colonnella – Rio Moro	425,114.58				-	10,656.00	435,770.58
TOTAL	1,766,256.54	-	-	-	886,351.07	18,607.20	2,671,214.81

REAL ESTATE FOR INVESTMENT OF STAFF LIQUIDATION FUND

Pagliaroli di Cortino	21,691.19				20,253.64		41,944.83
Tossicia - P.zza Umberto	97,557.54				29,588.07		127,145.61
TOTAL	119,248.73	-	-	-	49,841.71	-	169,090.44

SUMMARY OF REAL ESTATE BANCA TERCAS SPA 2009

Real estate 2009 - Tercas spa	Cost	Law no. 576 dated 2.12.75	Law no. 72 dated 19.03.83	Law no. 408 dated 29.12.90	Law no. 413 dated 30.12.91	Costs capitalised in 2009	Total
GENERAL TOTAL	24,907,370.84	312,108.16	4,101,863.11	1,294,130.55	13,993,919.66	211,068.94	44,820,461.26

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CONSOLIDATED FINANCIAL STATEMENTS

Management Report

The following individual financial statements, in addition to those of the parent company, Banca Tercas Spa, are included in these consolidated financial statements: Terbroker Srl (held 87.70% by Banca Tercas Spa), Sogiter Srl (held 100% by the parent company), Adriatico Finance Sme Srl and Adriatico Finance Rmbs Srl. We would specify that the Parent company holds no shares in these latter two companies. They have been included in the consolidation in application of SIC 12, which envisages that when companies are set up in the exclusive interests of the parent company, they must be consolidated by it.

The 2009 scope of consolidation has not changed since 2008.

The Tercas Group - Cassa di Risparmio della Provincia di Teramo Spa, consisting of the above-listed companies, closed 2009 with an increase of assets of 1.08%, whilst profits showed a decrease due to the drop in profitability in relation to the parent company.

Summary of volume intermediated

Direct deposits	Year 2009	Year 2008	Changes 09-08	
			Absolute	Change %
Deposits, C/A, CDs and bonds	2,897	2,763	134	4.85%
<i>At sight deposits</i>	1,821	1,709	112	6.55%
<i>Deposit certificates</i>	216	118	98	83.05%
<i>Bonds</i>	860	936	(76)	(8.12%)
Repurchase agreements	93	229	(136)	(59.39%)
Total direct deposits	2,990	2,992	(2)	(0.07%)

Indirect deposits	Year 2009	Year 2008	Changes 09-08	
			Absolute	Change %
Deposits managed	447	526	(79)	(15.02%)
<i>Fund and Equity portfolio mgts and Managed Accounts</i>	11	86	(75)	(87.21%)
<i>Mutual and open end investment funds</i>	279	314	(35)	(11.15%)
<i>Insurance</i>	157	126	31	24.60%
Administered deposits	912	1,085	(173)	(15.94%)
Total indirect deposits	1,359	1,611	(252)	(15.64%)
Net loans to customers	2,968	2,901	67	2.31%
Total Financial Assets	236.63	284.83	(48.20)	(16.92%)

Examination of the main aggregates on the balance sheet shows, among other things, that with regard to the assets under administration, direct deposits reached 2,990 million euros, with a slight decrease of 0.07% compared to 2008 (2,992 million). The long-term compartment continues to show signs of lesser appreciation on the part of the customers, due to the uncertainties marking the financial markets, to the benefit of the monetary component, which shows an increase of 6.55%.

The deposit certificates sector presents an increase of 98 million euros, showing the customer's preference for more traditional instruments. Deposit repurchase agreements, all referring to the Parent Company, also presented a significant decrease (-59.39%).

Indirect deposits, which regard only the Parent Company, have decreased by 15.64%, to the complete advantage

of direct deposits. Assets management and mutual investment funds were particularly penalised by customers, and respectively down by 87.21% and 11.15%.

In the sector of customer loans, the total amount of credit support amounts, net of value adjustments at period end, to 2,969 million euros. This figure translates into growth of 2.31% on 2008. The careful risk management policy allowed for keeping down the level for the Group, although there was growth.

Financial assets have decreased to 236.63 million euros, with a significant contraction on the previous year of 29.87%, following specific investment policies adopted by the Parent Company aiming to increase liquid funds. The average rating of the portfolio as a whole is higher than a single A, and no obligations are without creditworthiness. Total risk levels remain limited.

THE OVERALL INCOME TREND

Item	Year 2009	Year 2008	Changes 09-08	
			Absolute	Change %
Interest income	112.57	127.44	(14.87)	(11.67%)
Net commission	38.01	35.41	2.60	7.34%
Net banking income	159.00	149.43	9.57	6.40%
Op. result curr. before taxes	39.62	45.65	(6.03)	(13.21%)
Year profit pert. to Group	22.88	31.18	(8.30)	(26.62%)

The interest margin presents a decrease of 11.67%, whilst net commission is up by 7.34%. The intermediation margin is up due to the positive effect of item 80 on the Income Statement of the parent company Banca Tercas 'Result of trading', which reflects the return of the financial markets after the 2008 financial crisis.

The current operative result gross of taxes recorded a 13.21% decrease in line with that of the parent company. Operating costs increased by 2.08% to 85.66million euros, mainly because of the greater allocations to the risks and charges fund made by the parent company. The item for payroll (-0.80%) suffers the elimination of incentives applied in the previous two years by the parent company. In 2009, Banca Tercas made 39 new employments and 47 terminations, whilst the subsidiaries did not change the breakdown of their staff, an item, amongst other items, that is only present in Terbroker Srl. Depreciation of tangible assets was down 29.31%.

With the crisis becoming more acute, involving the entire geographic area in which the Group operates, there has been a definite increase of adjustments applied to loans. Item 130 of the Income Statement has practically doubled since 2008 (+91.91%), which also confirms Banca Tercas's wish to more adequately control the credit impairment risk.

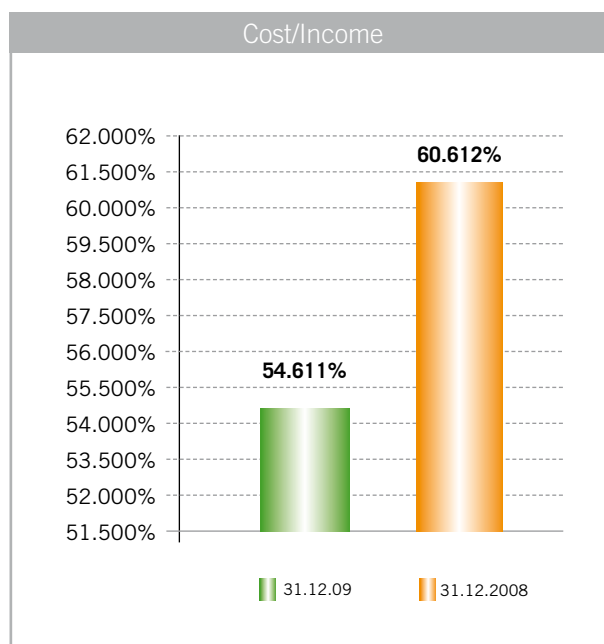
We would specify that during the year, some customer credit lines were restructured. The parent company takes suitable protective measures for problem loans, with allocations equal to 20.74% on doubtful loans, 1.26% on outstanding credit and 46.75% on non-performing loans.

After allocations of 16.708 million euros to the provision for taxes, the consolidated net profit of the Group is 22.88 million euros, with an increase of 26,62% on the previous year.

The ROE and the Ratios

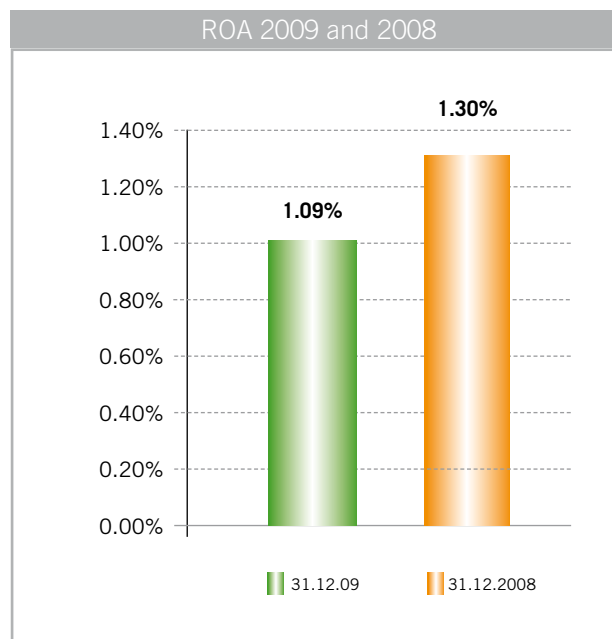


The reduction of 26.62% in the consolidated profit of 2009 followed an increase in the Shareholders' Equity (+1.08%), which benefited from allocations to the reserves of profit for 2008. There is a consequent slight fall in the consolidated ROE (2.87%) ending up at 6.99%. The index is calculated as consolidated balance sheet profit on average shareholders' equity (the average of the last two financial years including the balance sheet profit of the previous year and not considering the 2008 profit in the equity of the current year) and it represents the expected yield for the shareholders who have invested in the group.



Cost/Income is a index of management efficiency constructed as the ratio between “administrative expenses + depreciation” and “banking income + other charges and income”. It shows how much of the banking and other income from management is absorbed by administrative expenses. The index indicates a 6.00% improvement in managerial efficiency, as administrative costs are slightly down whilst the intermediation margin has been positively affected by the result of item 80 ‘ Result of trading of financial assets’. The Group’s Cost/Income ratio at 31.12.09 was 54.611%.

The ROA (return on assets) is a measure of profitability relating to the capital invested and represents the efficiency of investments on the basis of existing assets. In 2009, this index decreased, going from 1.30% in 2008 to 1.09%.



In general, we see an improvement in the Group’s managerial efficiency index, mainly determined by the increase in the intermediation margin and the substantial limitation of operative costs. It shows a decrease in profitability, ROE and ROA indexes, the logical consequences of the decreased Operating result and Net Profits.

RISK MANAGEMENT

The main risks and uncertainties for the Group

The activities carried out expose the Group to the following main risk categories: credit risk, market risk, liquidity risk, operational risk, commercial risk, strategic risk and reputation risk. Risk measuring and monitoring is carried out by the Parent Company, which is most exposed to the various risks in consideration of the volumes managed by the same as shown on the consolidated financial statement.

The credit risk is the risk that a borrower (which definition also includes counterparts of derivative operations) may not manage to fulfil its obligations or that its creditworthiness deteriorates. The assessment of the amount of the possible losses which could be suffered in the case of a single credit position and for the whole loans portfolio is an intrinsically uncertain activity and depends on many factors, including the trend of the general economic conditions or those of specific production sectors, the variation of the ratings of the single counterparts, the structural and technological changes within the borrowing companies, the worsening of the counterparts' competitive position, the possible bad management of the borrowing companies or counterparts, the increased indebtedness of families, and other external factors such as legal and regulatory requirements.

The credit policy adopted pays particular attention to risk containment by careful analysis of credit in the initial stage of issue, the request for collateral, when necessary, to guarantee loans granted, and careful control of the evolution of the credit ratio. In general, the Group mainly lends to borrowers in areas with a diversified entrepreneurial structure, thus fractioning the credit risk, spreading it over many different economic sectors.

The Group also constantly monitors its own credit portfolio, analysing the trend of the risk profile, of the credit lines and of utilisation according to economic sector, region, clientele segment and technical form. The market risks is the possibility of the Group obtaining lower profit than forecast, value losses in the balance sheet items or economic capital losses on the financial positions held, because of considerable and adverse changes in market conditions and particularly in interest rates, share terms, trading rates and the relative volatility (generic risk), or because of events that compromise the issuer's reimbursement capacity (specific risk). The market risk applies to both the trading portfolio, including financial instruments held for trading and for the treasury, and derivative instruments connected to the same, and the bank portfolio which includes the financial assets and liabilities that are not contained in the trading book.

With regard to the trading portfolio, the market risks deriving from business activities are borne by the Parent Company, Banca Tercas. In particular, the major risk factor is the interest rate, relative to the bond portfolio, composed of securities mainly at variable rate, with an extremely short term on average. The management of the risk linked to the single share or bond issuers is also very prudent. The main market risks sustained by the Group depend on its exposure to the interest rate risk and the share risk assumed within the sphere of the operations carried out on the capital markets. The exchange rate risk is also limited.

The market risk is measured by the Parent Company not only as foreseen in Title IV, Chapter III of the Supervisory Instructions, but also according to the Value at Risk (VAR). This index is calculated every day and is taken as reference to check on respect for the operating limits within which the manager of the portfolio of securities owned by the bank may act. The VAR of a portfolio represents a measurement based on probability, which can express the estimated risk of the whole portfolio in a number. It succinctly indicates maximum expected losses, over a certain

period of time and within the limits of certain interval of confidence.

In 2009, the average daily VAR, for Banca Tercas's HFT securities portfolio was 166,633 euros. This value, together with the average duration, equal to 0.303, and considering the prudential hypotheses of calculation (confidence interval 99% and time horizon of 10 days), indicates the risk profile of the assets held in securities.

The liquidity risk is the possibility of a condition of instability, deriving from the negative imbalance between entering and outgoing cash flows, which can occur in the short term, and which are not covered by liquidity reserves represented by securities that can be readily cashed in or for which the price can be advanced by the European Central Bank. The risk, which generally occurs only in the case of exceptional events such as the reduction of liquidity on the markets, can make it difficult, or even impossible, to promptly honour its payment commitments on the established maturity dates of the various technical forms of deposit. This risk is managed and mitigated through diversification of finance sources and the increase of reserves of securities that can be paid for in advance, in order to satisfy unexpected cash payments. The liquidity risk is periodically monitored by a system of limits aimed at ensuring that there is a financial surplus for a congruous period of time.

The operating risk is the possibility of sustaining losses deriving from the inadequacy or incorrect functioning of company procedures, from errors or insufficient personnel or from the internal systems or external events. It includes the legal risk, but not the strategic and reputation risks.

The main sources of operating risk include: the instability of the operating processes, insufficient IT security, an increasing use of automated processes, the outsourcing of company departments, too few suppliers, strategic changes, fraud, errors, recruitment, training, personnel loyalty, and lastly social and environmental impact.

A steadily prevalent source of operating risk cannot be identified within the companies belonging to the Group, since this risk is inherent to all company processes and activities. Because of this fact, far-reaching actions for risk mitigation and risk governance must be used, especially by transferring the risks through insurance and/or outsourcing instruments, the continual improvement in the efficiency of the processes (re-engineering and ameliorative action relative to audits) and checks on the conformity of the same to rules and regulations.

The commercial risk is the possibility of sustaining losses in terms of decreases in profit on services, because of the changing macro economic or micro economic context which, reducing volumes and/or compressing margins, attenuate the revenue capacity. In particular, the Group is exposed to the risk of the variability of commissions linked to the investment services. This risk is managed and mitigated by business policies and actions aimed at creating customer loyalty, in order to stabilise the profitability of the services rendered and to maintain a commercial offer with high added value, and which is also innovative and in line with the clientele's present needs and expectations.

The strategic risk is defined as the present and future risk of fluctuations in profits or capital deriving from changes in the competitive context, from bad strategic decisions on the part of the company, from inadequate implementation of strategic decisions, or from insufficient reactivity to variations in the competitive context. This risk can derive, for example, from a possible evolution in the reference parameters used for the strategic plan (such as the GDP, inflation, family saving, investments forecast for companies in the various economic sectors and geographic areas, etc.) which differ from market expectations, with the forecast of a positive effect on the results which, on conclusion, may not be fulfilled.

By constant monitoring of the management trend, of the most important company parameters and of all the other relevant variables, both inside and outside the Group, the company organs responsible for strategy can reduce this risk to a minimum, allowing for immediate remedial and/or corrective action in the case of change in the competitive and market contexts.

The reputation risk is defined as the present or future risk of decreases in profits and in capital, deriving from a negative perception of the Bank's image on the part of customers, counterparts, shareholders, investors or supervisory authorities, because of specific critical events concerning, for example, certain operating areas, products or processes.

OBJECTIVES AND POLICIES IN MATTERS OF ASSUMING, MANAGING AND HEDGING RISKS

The Group approaches its business on the basis of criteria of prudence and reduced exposure to risk, with regard to:

- the need for stability linked to the practice of the banking business;
- the profile of its investors.

Consistently with its risk tendency, Banca Tercas Spa and its subsidiaries pursue the following aims:

1. stable growth, featuring a limited variability of results and of corporate value;
2. the creation of value for the shareholders with financial investments involving balanced risks/yields;
3. strong fractioning of the credit risk, consistent with the aim of lending mainly to small and medium companies and families;
4. exposure to the structural interest risk at a level that is more or less equal to the best practice of the sector, to be pursued also by the progressive hedging of risks relative to at-sight positions;
5. the assumption of market risks strictly linked to commercial needs;
6. the exclusion of risks that are extraneous to the core activity, and careful assessment of the initiatives that involve new types of risk;
7. the development of risk monitoring methods that are increasingly more complete and accurate, also in order to identify internal models for supervisory purposes;
8. the active management of company risks, by using the most advanced techniques.

IMPORTANT EVENTS AFTER THE CLOSURE OF THE PERIOD

We have no important facts to report after the closure of 2009 for any of the Group companies.

THE EXPECTED TREND OF OPERATIONS

Although the most recent cyclical evolution would appear to have reversed trend, as shown by the official data on GDP growth for the fourth quarter 2009, we cannot predict that this will be reflected strongly in quantity-type indicators for next year. In this context, the Banca Tercas Group will continue to implement all strategies necessary to reaching the prefixed objectives, paying special attention to credit quality, as, from the data supplied by the Bank of

Italy on the third quarter of 2009, the severity of the recession is causing a strong, worrying thrust towards a rise in bank non-performances.

EQUITY OF THE PARENT COMPANY AND OF THE SUBSIDIARIES

The schedule below shows the equity of the Parent Company Banca Tercas and of the single subsidiaries compared with that of the consolidated group.

Equity of the Parent Company and of the subsidiaries	Operating profit	Capital and reserves	Shareholders' equity
Parent Company's balance	24,054	323,806	347,860
Balances of the completely consolidated companies	0	0	0
Consolidation adjustments:			
- book value of subsidiary consolidated	0	(3,154)	(3,154)
- valuation of shareholdings carried at nominal price	0	0	0
- reversal of dividends of companies consol. fully	0	0	0
- reversal of net value adjustments on subsidiaries cons.	0	0	0
- other adjustments	(1,173)	(12,069)	(13,242)
Consolidated balance (gross of the % of third parties)	22,881	308,583	331,464
Pertaining to third parties	0	0	0
Consolidated financial statements (portion pert. to the Group)	22,881	308,583	331,464





2009 FINANCIAL STATEMENTS **BANCA TERCAS GROUP**

Notes for reading the data

The following tables, in application of the International Accounting Standards, give a comparison between the Balance Sheet and the Income Statement for the financial year 2009 and the data relative to the previous year.

Note

The current financial statement is drawn up in accordance with the IAS-IFRS International Accounting Principles. Figures are given in thousands of euros both in the tables of the C.E. and E.C. and in the following tables

CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES

Asset items	31-Dec.-09	31-Dec-08	Differences
10. Cash and cash equivalents	136,524	39,359	97,165
20. Fin. assets held for trading	140,151	206,607	(66,456)
30. Fin. assets measured at fair value	21,539	0	21,539
40. Fin. assets avail. for sale	74,943	78,218	(3,275)
50. Fin. assets held until expiry	0	0	0
60. Loans to banks	206,284	164,676	41,608
70. Loans to customers	2,968,250	2,900,578	67,672
80. Hedging derivatives	0	0	0
90. Adap. di val. ass. until today for hedging general	0	0	0
100. Shareholdings	0	0	0
110. Res. reinsurance load techniques	0	0	0
120. Tangible assets	34,714	34,571	143
130. Intangible assets	219	232	(13)
of which:			
- goodwill			0
140. Tax assets	16,999	22,827	(5,828)
<i>a) current</i>	214	11,598	(11,384)
<i>b) prepaid</i>	16,785	11,229	5,556
150. Ass. non curr. and groups of ass. being disposed	68	0	68
160. Other assets	48,953	54,998	(6,045)
Total assets	3,648,644	3,502,066	146,578

CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES

Liabilities and shareholders' equity		31-Dec.-09	31-Dec-08	Differences
10.	Due to banks	218,826	50,519	168,307
20.	Due to customers	1,914,493	1,938,434	(23,941)
30.	Securities issued	1,039,381	1,018,364	21,017
40.	Fin. liabilities for trading	2,096	2,458	(362)
50.	Fin. liabilities measured at fair value	36,368	35,584	784
60.	Hedging derivatives	0	0	0
70.	Adap. di val. of fin. liab. sub. hedging	0	0	0
80.	Tax liabilities	4,643	2,229	2,414
	<i>a) current</i>	<i>2,210</i>	<i>160</i>	<i>2,050</i>
	<i>b) deferred</i>	<i>2,433</i>	<i>2,069</i>	<i>364</i>
90.	Liab. Ass. to ass. being disposed	0	0	0
100.	Other liabilities	62,652	87,607	(24,955)
110.	Provision for severance indemnities	13,605	14,899	(1,294)
120.	Provisions for risks and charges:	15,857	14,904	953
	<i>a) retirement benefits and other obligations</i>	<i>2,098</i>	<i>2,177</i>	<i>(79)</i>
	<i>b) other provisions</i>	<i>13,759</i>	<i>12,727</i>	<i>1,032</i>
130.	Technical reserves	0	0	0
140.	Valuation reserves	9,159	5,497	3,662
150.	Redeemable shares	0	0	0
160.	Capital instruments	0	0	0
170.	Reserves	255,275	238,083	17,192
180.	Share premiums	45,955	46,092	(137)
190.	Capital	26,000	26,000	0
200.	Own shares (-)	(18,647)	(9,879)	(8,768)
210.	Equity pertaining to minority interests (+/-)	100	93	7
220.	Profit (Loss) for the period (+/-)	22,881	31,182	(8,301)
	Total liabilities and shareholders' equity	3,648,644	3,502,066	146,578

2009 CONSOLIDATED INCOME STATEMENT

Items	31-Dec.-09	31-Dec-08	Change
10. Interest income and similar revenue	152,226	214,942	(62,716)
20. Interest expenses and similar charges	(39,658)	(87,505)	47,847
30. Interest income	112,568	127,437	(14,869)
40. Commission income	39,641	38,874	767
50. Commission expense	(1,628)	(3,463)	1,835
60. Net commission	38,013	35,411	2,602
70. Dividends and similar revenues	1,107	983	124
80. Net result of trading activities	9,469	(16,332)	25,801
90. Net result of assets to hedging	0	0	0
100. Profit (loss) on the sale or repurchase of:	(1,948)	1,412	(3,360)
<i>a) loans</i>	<i>(2,990)</i>	<i>0</i>	<i>(2,990)</i>
<i>b) financial assets avail. for sale</i>	<i>715</i>	<i>967</i>	<i>(252)</i>
<i>c) financial assets held until expiry</i>	<i>0</i>	<i>0</i>	<i>0</i>
<i>d) financial liabilities</i>	<i>327</i>	<i>445</i>	<i>(118)</i>
110. Res. net of ass. fin. valued at FV	(202)	523	(725)
120. Net banking income	159,007	149,434	9,573
130. Net adjustments/writebacks of value:			0
a) loans	(31,651)	(16,493)	(15,158)
b) financial assets avail. for sale	(2,307)	0	(2,307)
c) financial assets held until expiry	0	0	0
d) other financial operations	238	195	43
140. Res. Net of financial management	125,287	133,136	(7,849)
150. Net insurance premiums	0	0	0
160. Balance of other income/charges of insurance management	0	0	0
170. Res. net of management Financial and ass.	125,287	133,136	(7,849)
180. Administrative expenses:	(88,487)	(92,057)	3,570
<i>a) personnel expenses</i>	<i>(55,939)</i>	<i>(56,390)</i>	<i>451</i>
<i>b) other administrative expenses</i>	<i>(32,548)</i>	<i>(35,667)</i>	<i>3,119</i>
190. Alloc. net to risks funds	(1,685)	502	(2,187)
200. Adj./write-backs of value on assets tangible	(1,691)	(2,392)	701
210. Adj./Write-backs of value on intangible assets	(92)	(110)	18
220. Other operating expenses/income	6,290	6,573	(283)
230. Operating costs	(85,665)	(87,484)	1,819
240. Profits (losses) on shareholdings	0	0	0
250. Res. net of measurements at FV intangible assets	0	0	0
260. Value adjustments in goodwill	0	0	0
270. Profits (losses) on the disposal of investments	2	3	(1)
280. Income from op. curr. gross of taxes	39,624	45,655	(6,031)
290. Income tax for the year	(16,708)	(19,649)	2,941
300. Income from op. curr. net of taxes	22,916	26,006	(3,090)
310. Income of Groups of ass. being disposed	(3)	5,198	(5,201)
320. Profit (Loss) for the period	22,913	31,204	(8,291)
330. Year income pertaining to third parties	32	22	10
340. Year profit pert. to the parent company	22,881	31,182	(8,301)

STATEMENT OF TOTAL INCOME

		31-Dec.-09	31-Dec-08	Absolute Change
10.	Operating profit	22,881	31,182	(8,301)
	Other items Income net of taxes			
20.	Financial assets avail. for sale:	3,662	(4,290)	7,952
30.	Tangible assets	0	0	0
40.	Intangible assets	0	0	0
50.	Hedging of foreign investments	0	0	0
60.	Hedging of cash flows	0	0	0
70.	Exchange differences	0	0	0
80.	Non-current assets being disposed	0	0	0
90.	Profits (losses) ass. on plans with def. ben.	0	0	0
100.	Portion of res. from meas. Equity valued on SE	0	0	0
110	Tot. Other items Income net of taxes	3,662	(4,290)	7,952
120	Compl. income (items 10 + 110)	26,543	26,892	(349)
130.	Income Cons. total pert. to third parties			
140.	Income compl. to the parent company	26,543	26,892	(349)

Following the review of IAS 1, also received in International Accounting Standard no. 34, the statement of total income has been prepared. This presents not only the year's income, but also all components contributing to business performance. In particular, these include changes in value of assets posted directly to the shareholders' equity reserves.

As of 31st December 2009, the Banca Tercas Spa Group presents a Valuation Reserve for the purposes of the statement of total income, in relation to securities classified in the 'Portfolio Available for Sale' (AFS), for a net value of 9,159 thousand euros. This refers exclusively to the Parent company. Total income as of 31st December 2009 presents a negative change of 349 thousand euros (-1.30%) on last year.

STATEMENT OF CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY 01.01.2008 - 31.12.2008

	Balances at 31.12.2007	Change in opening balances (+/-)	Balances at 01.01.2008	Allocation of previous year's profit		Changes during the period							Group shareholders' equity as of 31.12.2008	Third party shareholders' equity as of 31.12.2008	
				Reserves	Dividends and other distributions	Reserve variations	New share issues	Purchase of own shares	Distrib.. extra. dividends	Change capital instruments	Derivatives on own shares	Stock options			Total income 2008
Capital	26,000	0	26,000	0	0	0	0	0	0	0	0	0	0	0	0
a) ordinary shares	26,000	0	26,000	0	0	0	0	0	0	0	0	0	0	0	0
b) other shares	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Share premiums	45,869	0	45,869	0	0	0	0	0	0	0	222	0	0	0	46,091
Reserves:	212,746	0	212,746	27,261	0	(1,923)	0	0	0	0	0	0	0	0	238,084
a) of profits	133,392	0	133,392	27,261	0	(2,398)	0	0	0	0	0	0	0	0	158,255
b) other	79,354	0	79,354	0	0	475	0	0	0	0	0	0	0	0	79,829
Valuation reserves	9,787	0	9,787	0	0	0	0	0	0	0	0	0	(4,290)	0	5,497
Capital instruments	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Own shares	(9,404)	0	(9,404)	0	0	0	0	0	(475)	0	0	0	0	0	(9,879)
Operating profit	41,561	0	41,561	(27,261)	(14,300)	0	0	0	0	0	0	0	31,182	22	31,182
P. equity pert. to Group	326,559	0	326,559	0	(14,300)	(1,923)	0	(475)	0	0	222	0	26,892	0	336,975
Shareholders' equity of third parties	913	0	913	0	0	(842)	0	0	0	0	0	0	22	0	93

STATEMENT OF CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY 01.01.2009 - 31.12.2009

	Balances at 31/12/2008	Change in opening balances (+/-)	Balances at 01/01/2009	Allocation of previous year's profit		Changes during the period							Group shareholders' equity as of 31.12.09	Third party shareholders' equity as of 31.12.09	
				Reserves	Dividends and other distributions	Reserve variations	Operations on shareholders' equity								Total income 2009
							New share issues	Purchase of own shares	Distrib.. extra. dividends	Change capital instruments	Derivatives on own shares	Stock options			
Capital	26,000	0	26,000	0	0	0	0	0	0	0	0	0	0	0	0
a) ordinary shares	26,000	0	26,000	0	0	0	0	0	0	0	0	0	0	0	0
b) other shares	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Share premiums	46,091	0	46,091	0	0	0	(136)	0	0	0	0	0	0	0	45,955
Reserves:	238,084	0	238,084	16,882	0	309	0	0	0	0	0	0	0	0	255,275
a) of profits	158,255	0	158,255	16,882	0	309	0	0	0	0	0	0	0	0	175,446
b) other	79,829	0	79,829	0	0	0	0	0	0	0	0	0	0	0	79,829
Valuation reserves	5,497	0	5,497	0	0	0	0	0	0	0	0	0	3,662	0	9,159
Capital instruments	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Own shares	(9,879)	0	(9,879)	0	0	0	0	(8,768)	0	0	0	0	0	0	(18,647)
Operating profit	31,182	0	31,182	(16,882)	(14,300)	0	0	0	0	0	0	22,881	0	0	22,881
Shareholders' equity pert. to Group	336,975	0	336,975	0	(14,300)	309	(136)	(8,768)	0	0	0	26,543	0	0	340,623
Shareholders' equity of third parties	93	0	93	0	0	(26)	0	0	0	0	0	32	0	0	99

We would specify that reclassifications have been applied following clarifications provided in the latest update to the Bank of Italy Circular no. 262/2005 on the data concerning 2008. More specifically, cash flow relative to net commission and other income and expense has been reclassified.

CONSOLIDATED CASH FLOW STATEMENT OF THE BANCA TERCAS GROUP (Direct method)

	Amount	
	31-Dec.-09	31-Dec-08
A. OPERATIVE ASSETS		
1. Operations (+/-)	30,896	26,665
- interest collected	152,227	214,019
- interest paid (-)	(39,262)	(98,471)
- dividends and similar revenues (+)	1,107	982
- net commission (+/-)	38,013	33,275
- personnel expenses (-)	(55,816)	(58,756)
- net premiums collected	5,893	0
- other insurance income/charges (+/-)	0	958
- other costs (-)	(32,569)	(40,190)
- other income (+)	964	265
- duties and taxes paid (-)	(39,658)	(25,417)
- costs/revenues rel. to groups of ass. being disposed	(3)	0
2. Liquid funds gen. /ass. from fin. assets (+/-)	(47,935)	(205,888)
- financial assets held for trading	66,357	66,828
- financial assets carried at fair value	(21,539)	0
- financial assets available for sale	7,275	54,608
- due from customers	(133,262)	(263,296)
- bank receivables: at sight	27,868	(64,795)
- bank receivables: other receivables	0	0
- other financial assets / liabilities	5,366	767
3. Liquid funds gen. / ass. by liab. fin. (+/-)	139,245	191,739
- bank payables: at sight	168,307	(100,368)
- bank payables: other payables	0	0
- due to customers	(23,595)	(96,136)
- securities issued	19,787	391,298
- financial liabilities held for trading	(363)	584
- financial liabilities carried at fair value	784	5,578
- other liabilities	(25,675)	(9,217)
Liquid. net gen. / ass. by op. assets (+/-)	122,206	12,516
B. INVESTMENT		
1. Liquidity generated by (+)	2	18,531
- sale of equity investments	0	18,528
- dividends received from equity investments	0	0
- sale of fin. assets held until expiry	0	0
- sale of tangible assets	2	3
- sale of intangible assets	0	0
- sales of contr. companies and business branches	0	0
2. Liquidity absorbed by (-)	(2,040)	(4,243)
- purchase of equity investments	(15)	(3,210)
- purchase of fin. assets held until expiry	0	0
- purchase of tangible assets	(1,858)	(996)
- purchase of intangible assets	(167)	(37)
- acq. of subsidiaries and business units	0	0
Net liquid funds gen. /ass. by ass. inv. (+/-)	(2,038)	14,288
C. STOCKS		
- issues/purchases of own shares	(8,767)	(475)
- issue/acq. instrum. capital instruments	0	0
- distribution of dividends and other purposes	(14,300)	(14,300)
Liq. net gen. /ass. from stocks (+/-)	(23,067)	(14,775)
NET LIQUID FUNDS GEN. / ASS. FOR YEAR	97,101	12,029

RECONCILIATION

Items	31-Dec.-09	31-Dec-08
Cash and equivalent at start of year	39,359	27,318
Total cash net gen. / ass. in the year	97,101	12,029
Cash and equiv.: effect of variations in exchange rates	64	12
Cash and liq. at year end	136,524	39,359





**ATTACHMENTS CONSOLIDATED
FINANCIAL STATEMENTS**

Disclosure concerning fees due for activities carried out during 2009 to the independent auditing firm Deloitte & Touche Spa and companies belonging to its network in accordance with Art. 149 duo decies of Italian Legislative Decree no. 58/98.

Auditing and certification services	Subject supplying the service	Addressee	Amounts
Auditing	Deloitte & Touche S.p.A.	Banca Tercas	74,000
Auditing	Deloitte & Touche S.p.A.	Adriatico Finance RMBS S.r.l.	14,000
Auditing	Deloitte & Touche S.p.A.	Adriatico Finance SME S.r.l.	19,000
Other services	Subject supplying the service	Addressee	-
Subscription of tax declarations	Deloitte & Touche S.p.A.	Banca Tercas	3,000
Limited power of attorney for quarterly auditing report	Deloitte & Touche S.p.A.	Adriatico Finance RMBS S.r.l.	6,000
Limited power of attorney for quarterly auditing report	Deloitte & Touche S.p.A.	Adriatico Finance SME S.r.l.	8,000
		Total auditing and certification services	107,000
		Total other services	17,000
Companies belonging to the auditing firm network			
Consulting services	Subject supplying the service	Addressee	Amounts
Tax consulting	Tax and corporate firm member of Deloitte Touche Tohmatsu	Banca Tercas	12,000

LIST OF INVESTMENTS AS OF 31.12.09

COMPANY	CAPITAL STOCK	NS. SHARES	V.N. SUBSIDIARY	BOOK VALUE	% INT
AG.EN.A	20,000.00	1,400.00	1,400.00	1,400.00	7.00
ALFA SPA	706,350.00	2,200.00	112,200.00	85,118.55	15.88
BANK OF ITALY	156,000.00	115.00	59.80	59.39	0.04
BANCA INTERREGIONALE	17,137,500.00	5,141.00	2,570,500.00	2,570,500.00	15.00
CENTRO FACTORING	25,200,000.00	2,140.00	8,560.00	12,046.92	0.03
CENTRO IPERBARICO	284,051.29	40.00	20,658.28	0.40	7.27
SVIL. ITALIA ABRUZZO SPA	4,126,886.00	2,345.00	121,119.25	121,109.12	2.93
CONS. SVIL. IND/LE TE.	20,400.06	1.00	2,582.28	-	12.66
C.S.E. S.c.a r.l.	10,000,000.00	1.00	1,440,000.00	2,225,323.20	4.80
EUROCASSE SIM SPA	2,220,000.00	1,600.00	3,552.00	-	0.16
FI.R.A. SPA	5,100,000.00	980,000.00	499,800.00	469,518.00	9.80
FI.R.A. SERVIZI SPA	1,000,000.00	1.00	150,000.00	150,000.00	15.00
GRAN SASSO LAGA SRL	28,305.00	3,000.00	1,548.00	1,287.30	5.47
INTESA SAN PAOLO SPA	6,646,547,922.56	1,269,803.00	660,297.56	4,019,434.42	0.01
ISVEIMER SPA	62,373,801.20	75,173.00	38,338.23	0.75	0.06
MPS MERCHANT SPA	118,857,143.00	2,700.00	702.00	1,020.60	0.00
SAGA SPA	6,130,600.00	9,381.00	48,405.96	50,966.97	0.79
SIA-SSB SPA	22,091,286.62	91,501.00	11,895.13	4,082.77	0.05
SITEBA SPA	2,600,000.00	7,251.00	3,770.52	3,795.83	0.15
SWIFT (abroad)	10,845,000.00	6.00	750.00	625.00	0.01
TERCAS SICAV LUX (abroad)	55,029,480.26	3,000.00	37,290.00	37,290.00	0.07
TERFINANCE SPA	11,164,973.90	41,806.00	2,159,279.90	4,708,609.78	19.34
ASS. MILANESE SPA	8,840,000.00	1,698,300	883,116.00	19,671,910.40	9.99
TOTAL			8,775,824.91	34,134,099.40	

STATEMENTS OF REAL ESTATE OWNED BY BANCA TERCAS S.P.A. AT 31/12/2009

Real estate 2009 - Tercas spa	Cost	Law no. 576 dated 2.12.75	Law no. 72 dated 19.03.83	Law no. 408 dated 29.12.90	Law no. 413 dated 30.12.91	Costs capitalised in 2009	Total
Teramo:							
- Central offices - C.so S. Giorgio 36	4,255,574.86	312,108.16	1,126,275.73	413,165.52	1,911,861.61	85,015.20	8,104,001.08
- ex Banco Roma - C.so S. Giorgio	1,473,241.03		135,720.63	206,582.76	265,199.13		2,080,743.55
- Via Gammarana	3,280,251.85				3,047,952.14		6,328,203.99
- Via Cona 65	25,297.78		56,627.35		93,851.39		175,776.52
- Via Cona 65	25,297.78				94,913.20		120,210.98
- Località Acquaviva	2,700.74						2,700.74
- Via Carducci (ex Papiri)	8,328.76		22,261.67		22,678.38		53,268.81
- Via per Montorio	5,681.03		20,451.69		15,198.16		41,330.88
- Viale Crispi	1,696.05		194,078.15		150,000.58	3,840.00	349,614.78
- Via Mezzanotte area ed.	-				56,862.34		56,862.34
- Via Badia - Via Pepe	597,639.37						597,639.37
- Piano della Lenta	227,060.81						227,060.81
- Via Paolucci	28,874.06						28,874.06
Alba Adriatica - Via Roma 49	31,984.50		205,364.39		238,812.34		476,161.23
Alba Adriatica - Lungomare Marconi	315,627.98						315,627.98
Ancarano - Via della Misericordia 10	16,920.80		24,402.56		50,126.98		91,450.34
Ancarano - Via della Misericordia 10	11,280.53				37,844.84		49,125.37
Arsita - P.za Umberto I n. 1	6,393.97		19,316.03		26,656.20		52,366.20
Arsita - P.za Umberto I n. 1	4,262.65				25,264.22		29,526.87
Ascoli Piceno - Via Napoli	1,191,939.34				161,601.26		1,353,540.60
Atri - Piazza Duomo 1	319,158.07		286,491.91		608,165.43		1,213,815.41
Bellante Stazione - buildable area	7,075.46				71,458.28		78,533.74
Bellante Paese - buildable area	8,824.50				412.05		9,236.55
Bellante Paese - Piazza Roma	-			58,566.21			58,566.21
Campoli - Corso Umberto 27	33,599.72		107,518.46		145,119.42		286,237.60
Campoli - Corso Umberto 27	14,399.88				76,703.94		91,103.82
Castelli - Piazza Roma	39,333.93				41,553.25		80,887.18
Castelnuovo Vomano	213,938.96						213,938.96
Castilenti - Piazza Marconi 5	61,297.57		36,925.79		128,780.21		227,003.57
Castilenti - Piazza Marconi 5	54,358.22				112,749.16		167,107.38
Colonnella - Via Roma	334,533.11				229,564.85	33,606.00	597,703.96
Controguerra - P.za del Commercio 7	85,955.53		21,081.02		147,766.02		254,802.57
Controguerra - P.za del Commercio 7	83,281.58				104,897.40		188,178.98
Corropoli - Piazza Piedicorte 22	19,115.23				51,505.75		70,620.98
Corropoli - Piazza Piedicorte 22	28,672.84		31,661.42		75,832.31		136,166.57
Corropoli Bivio	267,053.48						267,053.48
Garrufo di S.Omero	381,210.97			43,018.26	367,545.01		791,774.24
Giulianova Lido - Via Matteotti 1	177,027.59		526,300.58		697,023.30		1,400,351.47
Giulianova Lido - Via Matteotti 1	20,699.60				362,902.27		383,601.87

Real estate 2009 - Tercas spa	Cost	Law no. 576 dated 2.12.75	Law no. 72 dated 19.03.83	Law no. 408 dated 29.12.90	Law no. 413 dated 30.12.91	Costs capitalised in 2009	Total
Giulianova - Quartiere Annunziata	272,208.13						272,208.13
Giulianova Paese - ex Ciafardoni	1,242,376.68			48,821.30	71,684.90	58,682.14	1,421,565.02
Martinsicuro - Via C.Colombo 235	439,923.97		91,524.79		314,091.30		845,540.06
Martinsicuro - Via C.Colombo 235	44,400.18				152,060.81		196,460.99
Montorio al Vomano - L.go Rosciano 4	36,974.52		198,906.65		211,843.25		447,724.42
Montorio al Vomano - L.go Rosciano 4	9,243.63				103,090.73		112,334.36
Montorio al Vomano - buildable area	109,752.68						109,752.68
Mosciano S.Angelo - P.za Saliceti	-			129,254.70			129,254.70
Mosciano S.Angelo - P.za Saliceti	97,378.98						97,378.98
Nereto - Piazza Marconi	2,160,738.31						2,160,738.31
Notaresco - P.za del Mercato 8	18,451.23		86,829.21		114,643.87		219,924.31
Notaresco - P.za del Mercato 8	18,451.22				184,691.68		203,142.90
Pagliaroli di Cortino	91,655.31				103,285.66		194,940.97
Pescara - Via Conte di Ruvo 41	2,547,386.66						2,547,386.66
Pietracamela - Via XXIV Maggio 1	44,684.60		21,124.52		40,937.73		106,746.85
Pietracamela - Via XXIV Maggio 1	21,443.51				26,212.97		47,656.48
Pineto - P.za della Libertà	24,431.45		136,638.70		161,664.65		322,734.80
Pineto - P.za della Libertà	209,358.15						209,358.15
Rocca S. Maria - Strada Prov.le	8,641.45		9,453.45		22,662.53		40,757.43
Rocca S. Maria - Strada Prov.le	12,962.17				32,535.78		45,497.95
Roseto degli Abruzzi - V. Nazionale	532,611.03			77,468.53	680,858.42		1,290,937.98
Scerne di Pineto	133,269.64						133,269.64
S. Egidio alla Vibrata - C.so Adriatico	46,260.23		232,770.40	129,114.22	191,015.00		599,159.85
S. Nicolò - P.za Progresso	451,793.41						451,793.41
S.Omero - Via V. Emanuele II 9	55,143.19		55,381.74		107,940.20		218,465.13
S.Onofrio - Campi Agricultural land	2,162.00						2,162.00
S. Onofrio	-			188,139.05			188,139.05
Silvi Marina - Via A. Rossi 37	68,467.83		244,790.97		242,172.10	11,318.40	566,749.30
Torricella Sicura:							-
- Via A. De Gasperi 28	16,313.74		53,386.96		36,270.87		105,971.57
- Via A. De Gasperi 28	6,991.60				30,522.79		37,514.39
Tortoreto Lido - Via Carducci 123	42,252.32		126,430.56		189,889.80		358,572.68
Tortoreto Lido - Via Carducci 123	42,252.32				243,915.37		286,167.69
Tossicia	365,348.97				145,235.26		510,584.23
Val Vomano	68,424.30				73,169.86		141,594.16
Villa Lempa - P.za Comunale 38	68,822.23		30,147.78		126,228.70		225,198.71
Villa Lempa - P.za Comunale 38	25,454.80				30,301.23		55,756.03
Tortoreto Paese	26,245.00						26,245.00
TOTAL	23,021,865.57	312,108.16	4,101,863.11	1,294,130.55	13,057,726.88	192,461.74	41,980,156.01

REAL ESTATE FOR INVESTMENT OF STAFF WELFARE FUND

Real estate 2009 - Tercas spa	Cost	Law no. 576 dated 2.12.75	Law no. 72 dated 19.03.83	Law no. 408 dated 29.12.90	Law no. 413 dated 30.12.91	Costs capitalised in 200	Total
Teramo:							
- Via Cona	332,179.72				297,553.22		629,732.94
- Collaterrato Basso	955,173.45				-		955,173.45
Atri - C.so Elio Adriano	5,303.86				146,783.45		152,087.31
Montorio al Vomano L.go Rosciano 4	37,691.02				357,069.53		394,760.55
Montorio al Vomano ex Giustignani	8,005.06				43,882.90	7,951.20	59,839.16
Pineto - Piazza Gramsci	2,788.85				41,061.97		43,850.82
Colonnella - Rio Moro	425,114.58				-	10,656.00	435,770.58
TOTAL	1,766,256.54	-	-	-	886,351.07	18,607.20	2,671,214.81

REAL ESTATE FOR INVESTMENT OF STAFF LIQUIDATION FUND

Pagliaroli di Cortino	21,691.19				20,253.64		41,944.83
Tossicia - P.zza Umberto	97,557.54				29,588.07		127,145.61
TOTAL	119,248.73	-	-	-	49,841.71	-	169,090.44

SUMMARY OF REAL ESTATE BANCA TERCAS SPA 2009

Real estate 2009 - Tercas spa	Cost	Law no. 576 dated 2.12.75	Law no. 72 dated 19.03.83	Law no. 408 dated 29.12.90	Law no. 413 dated 30.12.91	Costs capitalised in 2009	Total
GENERAL TOTAL	24,907,370.84	312,108.16	4,101,863.11	1,294,130.55	13,993,919.66	211,068.94	44,820,461.26

STATEMENT OF PROPERTY OWNED BY SO.G.I.TER SRL AS OF 31.12.2009

Property 2009 Sogiter Srl	Cost	Law no. 576 dated 2.12.75	Law no. 72 dated 19.03.83	Law no. 408 dated 29.12.90	Rev. at cost of purchase for consolidated financial statements	Costs capitalised in 2009	Total
Teramo:							
- via G. D'Annunzio n. 35	83,054.74	0.00	0.00	0.00	0.00		83,054.74
- via G. D'Annunzio n. 33	3,260,040.00	0.00	0.00	0.00	0.00		3,260,040.00
- via Scarselli n. 1	355,510.00	0.00	0.00	0.00	0.00		355,510.00
- via Scarselli n. 1	255,112.94	0.00	0.00	0.00	0.00		255,112.94
Pescara:							
- via Bovio 93/1	323,091.00	0.00	0.00	0.00	0.00		323,091.00
Lanciano:							
- via F. Filzi n. 14	94,386.04	0.00	0.00	0.00	943,882.72		1,038,268.76
TOTAL	4,371,194.72	0.00	0.00	0.00	943,882.72	0.00	5,315,077.44





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