



ENGLISH VERSION



## *Report by the Board of Directors Balance-sheet as at December 31<sup>st</sup> 2001*

*Dear Shareholders,*

Before starting the analysis of the assets and results acquired by the "Bank" during 2001, we believe it necessary to give a synthetic picture of the changes and events taking place in the Company institutional orders while supplying you with an analysis of the main features of the economical-credit filed on which the Bank has dealt.

### CHANGES IN THE INSTITUTIONAL ORDERS

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During 2001 following changes were recorded with regard to the composition of the "Bank" Board of Directors:

- on 29 June 2001 Mr. Acc. Giorgio Olivato, "Banca Monte dei Paschi di Siena Spa" expression adviser has resigned and assigned to other tasks which do not allow him to take part to the Board of Directors sections of the "Bank";

- on 31 August 2001 to replace Mr. Acc. Olivato by cooptation, Mr. Acc. Roberto Menchetti was named. The above adviser, also named by "Banca Monte dei Paschi di Siena", as provided by the art.2386 of the civil code, will be in charge until next meeting.

We also wish to inform you that, starting by 1 February 2001, the business relationship with the General Assistant Manager, Dott. Gino Poli was over.

We believe it is really due to express a sincere and informal thanks to the retiring Adviser and Manager of whom we wish to underline the professionalism and devotion with which they have always carried their functions on.

We also wish to address the new Director a welcoming greeting and a wish for a good working while expressing our convinced trust in a qualified and joint engagement in the "Bank" interest.

### INTERNATIONAL ECONOMY

In 2001 the world economy has recorded a considerable slowdown in the growth that, started in the Usa, has affected in a different way a large part of the other areas. The terrorist attacks of 11 September and the following war have contributed to sharpen the trend; the increase in the world product was lower than 2% if compared with +4,7% of the previous year.

The expansion cycle of the Usa economy, started in 1991, was undergone to a reversal starting from the 2<sup>nd</sup> quarter of 2001. The negative trend has affected, at the beginning, the industrial sector and was then widespread to the other sections. The unemployment rate got next to 6% and remarkable sector crises arose. The low commodity prices and the expansion economical policy were meant to counteract the worsening of the situation.

"FED" repeatedly intervened, by lowering the reference interest rate (from 6,5% as per the year start to 1,75%) and the government has presented a remarkable measure package to stimulate demand. The



benchmark yield curve has clearly shown a responsive decrease in the interest rates in a short period of time and a substantial change in the inclination and form. At the end of the year the curve showed the next interruption of the monetary slackening and expectations for a recovery in the economy.

In Japan deflationary trends got stronger. The recession was linked with the domestic demand trend and the international economic trend does not make it possible for exports to give the necessary contribution to the recovery.

In Latin America, due to the deterioration of the economic outlooks, the financial crises of Argentina was triggered off which has led then to the non payment of the interests ripen on the foreign public debt. This situation directly involves also Italian savers (that hold about 15% of the Argentinian public debt) and some national banks (totally debts incurred for almost € 4 billion, as per "BRI").

The Euro area has followed, with a certain delay and less intensity, the Usa economy evolution. Some differences are however to be shown and not negligible between the main countries; France and Italy have in fact demonstrated a bigger solidity capability if compared with Germany.

The new currency, successfully introduced in the retailer's circuit at the beginning of 2002, could stay during the year within a floating range of 0,85-0,9 in comparison with the dollar.

The inflation rate fall was intense in the second half of the year (from the +3,4% peak in May to the +2,1% in December), in a picture of relative weakness of the demand and of a return of tensions with regard to raw materials.

The BCE that, also due to institutional reasons, do keep a different attitude from the Fed one, until May has had a waiting attitude. The decisive interventions have further taken the reference rate from 4,75% to 3,25% of last December. The increase in the inclination of the curve of yields reflects the less restrictive attitude of the monetary policy.

2001 was closed with a negative balance-sheet for the quotations of the main stock markets. The phase characterized by the deterioration of the expectations with regard to macroeconomic picture, was followed by the fall due to the 11 September events, to which the markets could react in a positive way. NewYork (-12% -DowJones) has hold better than Europe (-18% -Stoxx index) and than Japan (-23,5%).

In Europe, the Italian Stock Exchange had the worst performance (-25%), while the Spanish market was less negative (-7,8%); within the sectors, hit above all the technological ones (-43%), the automobile (-1,3%) and the alimentary ones could hold (-3%), while the bank stocks have sagged almost 10%. The direct capital collection by the domestic companies has doubled in comparison with 2000.

## DOMESTIC ECONOMY

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The world economy slackening has been transmitted to Italy and was partially limited by the coming into force of measures to support the income. The minor dynamics of the domestic demand, above all with regard to the investments in machinery, was joined with the net deceleration in the exportations. The betterment of exchange reasons has only partially attenuated the negative effects of the re-dimensioned evolution of world commerce. The industrial production was reduced by 1%; turnover and order had a decrease of more than 5%.

The yearly variation in consumption prices was stated equal to 2,7% in terms of yearly recordings (+2,6% of the previous year); the inflation push deriving from the oil price trailed off but some tension became evident with regard to alimentary and some services.

After the first four months of substantial steadiness, the decrease in the interest rates was rather clear, above all on the segment at short term, more responsive to the monetary policy manoeuvres. On the Inter-bank market, the 1-month Euribor passed from levels around 4,8% of the 1<sup>st</sup> quarter to 3,35% at the end of the year; last December the TB yield fell under 3% (from 4,5% at the year start). The medium and long term rates have recorded a non-uniform trend; after a rather contained fall until August (lower than 30bp on the 5-year expiry), September International events have drawn in a meaningful measure so causing a decrease of about 50bp;



afterwards, the operators recovering trust have taken the rates back to levels which are quite close to the ones had before 11 September (4,5% on the five-year one).

## REGIONAL AND LOCAL ECONOMY

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To speak about a 2001 final balance and outlooks inevitably means, to face the topic as to the effects by September events on the world economy and following actions taken to face the international situation arising. The prevailing opinion in the analysis made by the main Banks can be so summarized: last September the world economy was slackening due to the concomitance of negative trends in most areas of the world; the cycle should have reached its minimum point exactly during the second half of 2001, and already towards the end of the year a recovery would be started.

While accepting this analysis, the 11 September events should have had the effect to prevent a recovery that seemed to be close while keeping the economic growth profile low, at least until at least the second half of 2002. Consequence of this is that in 2001 the growth will state to be on levels slightly lower than the ones shown in the last forecasts, while the main repercussions will take place in 2002 (especially during the first semester). Starting from then the economy will be back to grow in a vigorous way with results to be fully evident in 2003.

In the reality the first indications about Tuscany in 2001 do agree in showing a difficult situation. In particular, it is the evolution of the accumulation process to arouse the main perplexities so revealing negative expectations on the economy future.

The employment trend, after a continuous growth starting from 1999, shows a decrease for two consecutive quarters. Exports, on the contrary, after a light decrease in the first quarter start to grow again, with a yearly average growth (4,4%) in line with the domestic one. So, after one year, the year 2000, during which Tuscan economy, more than the other regions, could take advantage of the favorable circumstances deriving from the international cycle, in 2001 the growth went down again so going back to similar levels, if not lower than the average domestic ones.

The GDP increase should be in fact around 1,7%, due to a 1,8% increase in the industrial added value and to a 1,6% in the tertiary: if, in fact, the secondary sector is affected by the slackening in the domestic and international demand, the tertiary is involved by the difficulties in the domestic, private and public consumption. Within the industrial sector a bigger dynamism of the mechanical sector is confirmed, even if its growth is decreased in comparison with its good performances over the last few years.

The employment, which is substantially stationary in terms of number of people employed will be undergone to a further growth in terms of working units, augmentation exclusively focused on the sector producing services. In any case, the especially positive dynamics of the last two years will stop.

If the stagnation of the world inter-exchange, started towards last year's end and strengthened by the Twin Towers attack, will remain until at least the second half of 2002, this will show successful results for an economy, like the Tuscan one, which is especially open to inter-exchange with abroad and above all with the one with the far-off countries of Northern America as well as of Asia. In fact, facing a medium average weight on Italy of 7,8% , exports towards the U.S. countries weigh almost 13%.

The tourism, in addition to the world demand slackening might also be affected by the direct effects that the terrorist attack has introduced into the international climate, especially in activities like long-distance flights and art tourism in big towns. On the other hand, if it is true that also for the tourism, Tuscany does hold a high specialization in the North-American tourism and generally speaking in the one outside Europe, it is also true that it is above all the European component the one showing the biggest dynamism.

In short, like in the present phase, in which tourism should have been affected by the world crises more than the reduction in the purchasing power, so in the following recovery it might enjoy a "rebound" effect which is especially evident, typical of more unnecessary goods. For this reason, generally speaking, it is possible



to state that the critical phase started last Autumn, considered by most of the observers as the minimum peak of the world economic cycle has postponed of some months a recovery that many really believe will take place in the final part of the year 2001.

After this synthetic premise of general character we believe it necessary to pass to analyze in short the evolution connected with the business situation that have characterized, in the year, the activity branches which are typical in the provinces of the operational reference area of the " Bank".

**Florence.** The international crises has literally blocked the travel market in the last part of the year. A phenomenon that for the Florence province, which is an irremissible destination for international tourism has already transformed into a remarkable economic loss. The crises was perceived at the Vespucci airport, at travel agencies, at hotels and business facilities. However the tourist sector is only one of the segments stroke by the international crises. The local production district in fact exports as a average goods equal to 33% of the turnover and the repercussions were generalized starting from the fashion field which is more addressed towards the foreign markets. The setting of the province business situation shows a slackening in the production activity due to the minor use of the plants (dropped to 76%), to the flexion of the average production (-1,5% if compared with the previous year) and to the turnover shrinkage.

**Prato.** The demand shrinkage has not saved the Prato-located industrial district. The market negative reaction to the crises was shown by the postponing of purchases and by the re-dimensioning of investment programs, but there has not been the so much feared fall in the orders of the Tuscan textile-clothing stronghold. The September crises outbreak has stopped the re-sorting wave started by the cold weather in Northern Europe at the end of August, and compromised any remaining holding possibility of the campaign for next Spring/Summer. Yet, the basis of the economic system do remain quite sound so confirming a recovery opportunity already in 2002. The real danger that hangs over the whole production cycle of the district is the price bear run adopted by the entrepreneurs to maintain the turnover. This would be a serious problem, above all for the small companies and for the whole sector of people working on behalf of third parties that, in a situation of this kind, would be seriously damaged.

**Pistoia.** The report of the current business situation as per "Assindustria" shows production levels distributed in a spotted way within the single sections and with halved growth rates if compared with the second half of 2000, with an average descent of 1,6%. The driving sector of the local industry is still the furniture one ranking on the seventh place of the national place-list with a strong dynamism connected with the commerce with foreign countries that records a turnover equal to 50% of the regional section exports. In 2001, a particularly meaningful role was played by those companies dealing with fish-breeding and floriculture as well as by the companies of the shoe manufacturing district, to be found in the Montecatini area that exported a big portion of their production. Substantially unchanged is, on the contrary, the trend of companies connected with tourism, with regard both to spa and mountain facilities: the province can totally attract, yearly, a tourist flow of around two million people.

**Lucca.** The Lucca province economy has slackened the growth of the last few years and to compensate the turnover and order shrinkage, the companies have often and often resort to the redundancy fund. This phenomenon has affected above all the chemical-plastic, building and textile sectors. Generally speaking, things went not well even for the other segments where the economic cycle is unfavorable and the margins become thin. The only section in countertrend is the alimentary one (bread, pasta, oil) that after the stagnation of the first part of 2001 has recorded positive performances towards the year's end with a 5% increase in the orders and a 2,5% in production. The alimentary sector ranks on fifth place in the province place-list after the shoe factory, the metal and mechanical one, the stone and wood ones.

**Pisa.** The picture of the Pisa district current business trend is almost completely negative. According to the report by "Assindustria" the production had already decreased by 8% during the first part of the year and the turnover by 7%. The braking of local economy is also evidently shown by the decrease in the orders, by the



shrinkage in the employment settlement, by the drop in the use of plants (to 69%). Interior difficulties must be added to all the international tensions that have caused repercussions on the countless Pisa-located companies that have close relationships with the United States and with companies supplying that market. The demand shrinkage and the decrease in the consumption have determined a decrease in the volumes made in the whole provincial area starting from the metal mechanical section with decreases in the production and in the turnover of around 13%. Also the sector of the means of transport was undergone to strong difficulties (-16%) and the skin and leather section (-8%). Also the chemical and plastic trend shows negative signs. In countertrend, but stable, are the sectors of footwear, wood, furniture and pharmaceutical industry. Positive signs on the contrary are to be found regarding the glass and ceramic activities and in the building sector even if less evident.

**Leghorn.** The mechanical industry, above all the one for car components, along with the chemical, petrochemical and steel and iron industries makes the "diamond point" of the Leghorn district industry. The district is featured by a strong presence of industries, around which an integrated system of small and medium companies has developed as sub-suppliers in the sectors of precision mechanics and high technology. Recently, and also over the last year, many high-tech companies were born – in some cases they are university spin-off – above all specialized in the informatics, robotics and airspace sections, to which some companies added at the source of the production cycle so supplying environmental services for the waste disposals with innovative solutions in conformity with the recent legislation on the matter. The Leghorn industry recovery signs of the last four years are exactly due to the birth of new forces that work next to the traditional sectors of the local economy. The inclination towards investments is in fact grown and the trend has not shown any evident slackening even after the 11 September events. The international crises has however taken to a more reflective business situation that let perceive its effects on the working market, that notwithstanding it has kept up with the expectations of a progressive growth of the market operators, still shows a high unemployment rate (8,5% in 2001 – data by ISTAT: Central Statistics Institute), above all recorded within young people.

**Massa Carrara.** The production system of the Massa Carrara province is strictly connected with the marble industry, driving sector of the economy, the company fragmentation of which has however revealed to be a double-edged weapon: if, at first, this let the sector enjoy the advantages and benefits of the artisan activity, nowadays, in front of the international crises and the competitors' challenges, has not had the necessary evolution towards a real industrial structure, so braking the investments, with difficulties in rationalizing the mining activities, with lack in skilled labor. The data on labor and unemployment rate have been stressing this problem for years that yet, in the year 2001, showed some turning point signs. A remarkable contribution to give push and vitality to the province economy again came from the coast area where 70% of the inhabitants is to be found and where most of the regional tourist activity is concentrated. The tertiary absorbs about 45thousand operators while the industry gives work to only 20thousand. On the Apuana Riviera, tourism is also characterized by a prevalence of extra-hotel facilities of private kind that record a presence number in holidays homes twelve times higher than the ones recorded in hotels and pensions. The Massa Carrara province has exported goods amounting to more than 1 billion Euro, mainly derived from the marble extraction and from derived products. Another section that has taken advantage of a remarkable money flow is the building one, the only one that can compete in the regional GDP place-list with a capitalization of around 3 billion Euro.

**Siena.** Tourism, furniture and crystal handicraft, building and pharmaceutical section do make the main economical resources of the Siena province. During the first semester the business situation has shown a strong liveliness in the production sector and a renewed inclination towards the investments by the companies. The dynamism of the Siena province economy is to be seen in the increase of the companies recorded at the Chamber of Commerce over the first semester and in the export expansion driven by the sales outside the district borders of the campers where 80% of the Italian production is concentrated. In the last part of the year, however, the business situation evolution has inverted the trend with a sudden braking above all as to the services connected with tourism, with 20-30% drops. Difficulties have also run into a good deal of the local activities, above all the ones connected with the agroindustrial one where the beef breeding, the Chianina race,



the oil and wine production and the saffron cultivation exported all over the world thanks to its extraordinary characteristics. Also the spa sector is undergoing difficulties above all Chianciano Terme where a privatization of the management and a hotel facilities modernization are taking place.

## THE BANKING SYSTEM

The context within the banks have operated was not a favorable one. The decrease in the "managed saving" flows, the less credit dynamics and the pressures on costs were faced by expansion and diversifying the operativeness, by increasing the offer quality and by rationalizing the production and distribution features.

During the year the bank collection has recorded a progressive acceleration (make comparison with table), that has affected above all the most liquid components (current accounts and "pcts"); in yearly average terms, the aggregate growth is however slightly progressed in comparison with the previous year (from +4% to +4,4%). The uncertainty on the economic outlooks and the financial markets volatility have in fact pushed – above all starting from September – the demand for currency due to precautionary reasons so favouring the re-composition of the private portfolios towards instruments which are easily unfrozen and/or with a guaranteed yield. The "Cd" decrease went on (around –21% per year), like the one of saving deposit (about –6%); bonds on the contrary passed to +7% (considered net from bond subordinated loans).

Also in the Euro area an acceleration in the dynamics of the "at sight collection" was recorded (from +6,4% at the end of 2000 at around +10% of the last 2001 quarter); more or less stable at around 5% is the yearly bond increase.

The development of saving administered by the banks puts into evidence a progressive acceleration, due to the recovery in the demand for Government securities and bonds.

The difficulties of financial markets have affected the sector of the managed saving, so affecting both the saving increase in value and the net collection.

The savers have privileged liquid instruments (liquidity mutual funds) and less subject to market trends (traditional life policies and/or granted yield ones).

The mutual fund net collection resulted to be negative even if in a contained measure. After eight months, total net inflows were almost null, the 'flight' that took place during the month of September was, in fact, recovered. The patrimony managed at the end of the year results into a drop of about 6% if compared with December 2000, due to the negative performances of share markets; positive are the yield of liquidity and bond funds (+3,5%).

The "bancassicurazione" (insurance bank services) has recorded, over the last quarter, a remarkable reactivation in the rebate collections that increases in the year by more than 20% if compared with 2000. This positive result is to be attributed above all to a higher sale of traditional products with a unique rebate. Also the 2000 yield of the main separated management (more than 5%) have contributed to increase trust in the insurance product that in 2001, conveys on itself, flows from the managed saving market. The composition of the prices collected is characterised by the presence of around 30% of traditional products and by 22% of granted "units"; the incidence by the classical "units" almost reaches 20%, the remainder is made by "index".

The amount of the patrimony managed by the banks within the GPM (Movable Property Management) underlines (the last available figure regards October) a drop of about 20% per year.

Bank investments have attenuated their growth profile (compare with table), this especially referring to the short component (passed, from December 2000 and the end of 2001, from +18,6% per year to +5,2% about); more solid is (slightly under 10%) the dynamics of medium and long-term loans. The slackening in the credit evolution does reflect the worsening in the macroeconomic scene and because some factors missed (like the boom in the company takeover bid operations) so causing a strong demand expansion by some industrial sectors; also the increasing replaceability between the bank credit and direct recurring to the market have contributed to the aggregate deceleration. The support to the medium and long-term bank financing came



from favorable credit cost conditions and from flexible policies by the offer as well as from the trend of loans to buy houses, (which have average increased by about 15% per year).

For almost the whole year, the growth profile of credits to the private sector has hold, within the Euro area, near three percentage points under the Italian one.

Starting from June the overdue drop was interrupted; during the second half of the year consistencies have increased by more than 2%. This phenomenon affected, in a more or less exclusive way, non financial companies and, in a more moderated way, the consumers' families. The yearly decrease rate remains however high (slightly under -20%), affected in a sensitive way by the credit card-making. The ratio between net overdue figures and investments decreased from 2,78% in December 2000 to 2,4%.

As to bank rate dynamics, the deposit average showed a drop of more than 70 hundredths, from 2,2% in December 2000 to 1,48%. The mark-down (reckoned with regard to 1-month-360 day Euribor) has remarkably decreased, passing from 2,76 to less two percentage points; The opportunity-cost of bank deposit detention was so decreased. The average rate fall on the bank collection is almost of the same amount (deposits, bonds and "pct"), fell from 3,29% to 2,58%.

The rate decrease on the short-term investments (fell under 6% at the end of the year) was of bigger intensity if compared with the one of the deposit cost, and "touched" 90 hundredths. The mark-up reached 2,6 percentage points so surpassing in a clear way the figures around the two points at the year's start.

As a consequence of these trends, the spread (short-term assets rate- deposit costs) fell from 4,69% to 4,46%; if we consider the yearly average, the spread is on the contrary on the up grade if compared with the year 2000, from 4,42% to 4,56%.

The contained growth of interest margin, above all caused by the brokered volume bending dynamics, and the remarkable reduction in the commissions and in the profits from financial transactions are the effects of a scene which is not especially favorable for the bank profitability. Notwithstanding the accentuation of the policies to control operational costs, the increase in the management result might do not make the system "Roe" improvement be possible, also in the presence of allocations to cover some risks.

## STRATEGIC LINES, COMPANY POLICY AND MANAGEMENT TREND

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During the last year, the Italian bank system has further accelerated the transformation processes, principally induced by the joint operating of two important factors, which can be summarized in this way:

- In the Euro starting that has changed into a significant way the reference market in all the business of financial nature;
- In the acceleration of the bank operativeness diversification that has accelerated the restoration projects of bank enterprise institutional assets, also through some operations of privatization and concentration.
- The transformation taking place imposes to redefine the business areas where to act, to activate changeover and strategic repositioning processes towards high added value business and, in the end, to give life to strong innovations in the product and in the process.

Also in the year 2001 our bank has to evolve in compliance with a sector transformation context that might be summarized as the passing to the quality of the relationship with customer shown through the *internet banking*, the *phone banking* and the *private banking*, the capability to catch the opportunity offered by the technologic innovation and channel ones, to pass from a marketing approach based on transactions to the one based on relationships. This approach is based on the orientation to make customer "stick" to the "Bank", on continuous contacts, on customer service meant as value, on the quality of the personnel managing the relationship.

Under the operational point of view, the bank made remark a good growth in the investment volumes



with a higher increase than the one recorded in the system thanks to better performances obtained on medium and long-term aggregates to families and companies, with a substantial credit containment under contentious, that net from depreciation, confirms to be lower if compared with the previous year.

Direct collection also shows a positive figure, with a growth had in the expiry-section (bonds and "prompt cash against term") if compared with the hold recorded for the one at sight.

Lower than the starting expectations results to be the trend of indirect collection where the comparison is influenced by the managed saving market price increase in value criterion, which is affected in a determining way by the stock bear runs of the disturbance period after the attacks in the USA. In this section patrimony management records in fact a decrease if compared with the previous year figures, notwithstanding the development had in the "GPF" and in the Private Managements. The most marked decrease is remarked in the Mutual Fund section where the value of the quotas, directly kept by the clients, fell to 30%. The decrease is partially due to the transformation of the different "GPF" custody relations.

On the other hand, to record also a hold by the administered component managed due to direct investments by the clients on the bond and Government securities markets, which are representing again a good shelter while waiting for the recovery in the stock indexes and for further better times as to rates.

The consistencies of insurance and financial products placed at the clients have reached an amount close to 150 billion, with an order yearly increase of 180%.

The analysis of the profit and loss account margin highlights an increase in the interest margin due to the spread recovery (clients and total spread) especially over the last quarter of the accounting period, along with the growth of brokered volumes in the economic investments to clients and along with a bettered liquidity situation in the inter-bank deposits. The spread expansion phenomenon, started over the first quarter of the year, came back in during the second and the third quarter so showing, at the end of the year, a trend to growth and to a consequent stabilization of the values reached.

The brokering margin is confirmed to be on values higher than the ones of previous year notwithstanding the less contribution by the financial section activity subsequent to the above explained reasons, penalized in a special way in the commissions deriving from the negotiation activity and of the stock and mutual securities collocation, while the profits deriving from negotiation into stocks, exchange and its derived even in a year which was distinguished by some disturbances on the financial markets, result to be less lower than the 2000 figure.

Regarding costs, it was operated within the logic of containing the real growth, in the presence of a yearly average inflation rate of 2,8%. This action which was made by absorbing, in the year, the opening of five new counters, three of which are part of the expansion intervention in the province of Leghorn and two are new settlement in the province of Massa-Carrara.

The recovery in the interest margin has favored the growth in the management gross result that is to be placed above the one had in the previous year (+13,6%) and, at the same moment, the recovery in the profitability as to net profit (around +50%) was reached after having made scrupulous evaluations in the year end's accounting period credit adjustments on credits while respecting the indications by the norms concerning taxation.

The development of the "real bank", this year, was partially affected by the difficulties connected with the critical phase of financial markets and to the slackening in the economic activity in general. The customer patrimony was however increased by 6%, while the most remarkable increases were recorded by the "Pos" installed, credit cards and insurance policies. Slightly negative is the trend of commercial flows connected with the companies' work that was affected, in a direct way, by the slackening in the business present situation cycle of some traditional sections in the economic settlement districts of our clients (leather- footwear- textile). Remarkable increase percentages have regarded the on-line relationship with the clients both with regard to the call center and to the internet-banking, with a remarkable growth also in the arrangement transactions managed with those innovating instruments.



Let's make now a synthetic and short picture of the most significant areas of company activities also by means of a series of tables in which the figures, where not differently stated, result to be expressed in million of Lira.

## THE COLLECTION

The consistency of the total collection (direct and indirect) from clients, at the year's end, has reached an amount equal to 6.963 billion, with an increase, if compared with 31 December 2000, of 78 billion equal to 1,14%. This figure was significantly affected by the increase in value of the indirect collection component that was affected by the financial market unfavorable trend over the last accounting period.

The described evolution had a dynamics which is distinguished between its components and non-aggregate technical forms (as it results to be more in detail in the previous tables).

In a special way, under the quality/quantity point of view, the above listed data clearly show the most important elements which are:

- the aggregate "Direct collection from clients", excluded operations of "cash payments against term", shows at the accounting period's end a total value of about 2.606 billion, with an increase of about 327 billion (in absolute value) and 14,38 percentage points if compared with 31 December 2000.

- The item "Saving Deposit " shows a further re-dimensioning, passing from itl. 219.457 million in 2000 to itl. 207.677 million in 2001, with a drop, if compared with 31 December 2000, of itl.11,780 million in absolute value and of 5,37 percentage points. This trend, in an analogue way to what happened in the system, can be explained through the low net remuneration taken by the clients on those instruments, that differently from the current accounts do not permit to use the various forms of bank services to cash and pay.

- The "Certificates of Deposits" in lira and currency show a total contraction of itl. 150.132 million (the added value at the end of 2000 was of itl.157.959 million), with a decrease in their consistency of itl. 7.827 million in absolute value and of 4,96 percentage points if compared with 31 December 2000.

- The "Deposits in current account " result to have achieved a figure equal to itl. 1.330.591 million (the result of the end of 2000 was of itl. 1.267.527 million) corresponding to a percentage increase equal to 4,98% if compared with 31.12.2000. In addition to the positive impact due to the opening of some new relations, above all at the most recently settled branches, certainly we have to indicate the shifting of liquidity coming from temporary financial activity divestments that took place in the last part of the year which, regarding the savers' choices, was due to the market evolution.

- In the year 2001 much increased was the activity of location of Bond Loans issued by the "Bank" , so to meet the clients' needs and address their need towards direct collection products which were less penalized under the fiscal point of view and more interesting also with regard to the potential yield. The aggregate, if compared with the year 2000, showed a punctual value increase to be quantified in 284.200 million in absolute value and 44,82 point percentage. A more stable strong increase in the collection component further to meet the clients' needs was the fruit of a bank strategic research to balance the high trend of loans to privates and companies with the aim of maintaining a correct relation in the management "assets and liabilities" posts by expiry.

In order to meet the clients' needs, in the year, an attentive product diversification policy was continued, especially with issues at fixed and variable rate, gauged according to the evolution that was being recorded in the market rates and with "structured" issues addressed to the clients with a higher risk/yield profile.

The aggregate "Cash payments against Term" let us record 165 billion in absolute value and a remarkable decrease on the punctual value equal to about 165 billion in absolute value and of 32,08 percentage points so to be the proof of the change in the financial product placing offer at the clients, in the last part of the year, and, at the end of December, was equal to itl.350.147 million.

Under the point of view of the collection distribution as to economic activity sectors, the family and private



social institution centrality seems to be evident (together they stand for 63% of deposits) and it is necessary to highlight that this survey does not include products like bonds, which are essentially addressed to such a clients' segment, but, in the last year, the producing company and family weigh was increased (+3,5%).

In fact, with the increase in the current account weigh within the "deposits" aggregate, with a loss for the saving deposits and certificates of deposit, the producing family and company volume incidence grows along with the the one of public administrations that usually hold their liquid amounts on the accounts.

With regard to the "Indirect collection", at the end of the accounting period, a decrease equal to itl. 83.879 million in absolute value and 2,05 percentage points was recorded if compared with 31 December 2000. The result is certainly lower than what expected, even if it is necessary to underline that the comparison is negatively and significantly affected by the counter-increase in value of the components of indirect collection subject to the financial market unfavorable trend during the year 2001: in total the whole capitalization of the Milan Stock Exchange at the end of 2001 resulted to be equal to 1.146.852 billion Lira, about 435.000 billion lira less in comparison with the end of 2000 (1.584.450 billion lira), so marking a contraction of 30%. To evidence also the presence of liquidity deposits on Movable Property Management accounts and of investments in "Ready against term" so to avoid duplications, that are included in the direct collection: the table summarizing the composition and the evolution of this section, permits to report that at the end of the accounting period, the value of financial activities managed and administered on behalf of clients resulted to be equal to itl. 4.006 billion. Especially significant concerning this, seems to be the weigh of Managed Collection (Investment Mutual Funds, Movable Patrimony management and Bank-Insurance Products) that, at the end of the period reached the amount of 1.934 billion, even if the same represents a negative comparison if compared with 31 December 2000 (-5,20%) for the above explained reasons. Meanwhile, in the last part of the year, there was certainly some divestment phenomena by the clients that taking place at the same moment as the stock exchange price fall where addressed towards portfolio diversification with a higher prevailing by the administered and liquid component characterised by a more careful risk/yield profile.

This comes out also from the saving type sharing as shown in the previous table where it is possible to see how the clients' indirect collection quota addressed to managed saving was reduced in favour of the administered saving, that, yet still totally stands for 48% of the aggregate total amount.

We remind you that the aggregate (including also stocks of patrimony management) from 1999 is affected by the reduction in the deposit stocks under the name of the Company Grifogest S.p.A., for which the "Bank" performed the service of deposit bank.

The "Bank" collection activity was also performed within the insurance area, so receiving a new push from marketing policies which were distributed within the integrative security project as agreed upon with the Company Ticino Vita belonging to the "MPS Group". This activity, along with the placing of some products by international management primary companies, at the end of the year, has shown a price collection stock equal to itl. 148 billion.

In order to better estimate the operativeness within the "Provision" aggregate, it is so necessary, at this point, to also analyse the deposit inter-bank market.

The resorting to the inter-bank provision made by our bank recorded an increase of about 18 billion in absolute value and 5,9 percentage points in comparison with 31 December 2000, while the "assets" position, at the end of the 2001 accounting period, shows an increase of about 273 billion in absolute value and 242,6 percentage points at 31 December 2000.

The settlement figure of the treasury at the year's end was placed at around 65 billion of "assets" unbalance, fruit of an assets position on Lira of 174 billion and of a borrowing position on currency of 109 billion (compare table that follows for a synthetic examination of the section composition and evolution). The passage from the liabilities to the assets in the treasury unbalance during the accounting period was the consequence of the choices made by the bank to better take advantage of the asset - liabilities allocation



opportunity, that involved a lightening in the stock portfolio also in the immobilised component, as the more detailed information reported at the Addendum in the Section 2.1.

## ECONOMIC INVESTMENTS

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*Dear Shareholders,*

At the end of 2001 the economic investment aggregate reached 2.472 billion (the technical distribution of credits towards clients and of the other data connected expressed at accountant values stands out from the Addendum issued according to the criteria as provided for by the norm in force), with a 6,29% increase in comparison with 31 December 2000.

The following table makes it possible to measure, in a synthetic way, the contribution to the aggregate formation with respect to the component in lira and the one in currency as well as it puts into evidence the section evolution in the short term in comparison with the medium and long term.

The evolution rhythm of the section during the year was featured by a decrease in the short-term segment that, especially in the second semester was affected by the territory general business situation dynamics served by the "Bank", and showed a certain recovery only towards the year's end while the medium-long term sections recorded a growth performance (+23,52%) higher than the system datum. If we look at the medium-term data, the investments, as a whole, only grew by 11,63% if compared with the previous year.

All this permitted to the "Bank" to play the institutional role for which it is in charge with, addressed to the economic and financial supporting of the local production system and to meeting the financial needs of the families that showed to have especially appreciated the loans, also innovative ones, offered by the "Bank".

Further information result to be supplied by the examination of the previous table that exactly proposes the different trend of the economic investment between the sections at short and medium-long term.

Even if natural, it is compulsory to tell that the financial support to the territory economic operators as operational traditional reference, was conceded to the "Bank" not only through "credits by cash" but also through the concession of "credits by signature". At the end of the accounting period, their consistency reached a value of about 357 billion with an increase of 61 billion equal to 20,46% if compared with December 2000.

The given data result rather clear by themselves and confirm however that the Company credit policy was, during the accounting period, further set towards a balanced distribution between the investment between the different goods sections that are characteristic of the "Bank" settling territory with a bigger weigh taken by the consumers' family component that stands for 22% of the total credit granted, thanks to the development of hypothecary loans.

In order to complete the analysis of the brokering activity we believe it necessary to briefly refer to some financing operations brokered with specialized companies or assisted by "Consorti Fidi" that in 2001 were further increased both in the number of total files and as amounts financed. In details, an increase was to be recorded in the operativeness of the land credit, in the leasing and in the credit assisted by "Consorti Fidi" granted through various types of technical forms.

Further evaluation elements comes out from the analysis regarding the risk concentration; last but not the least what the Company shows as investment concentration levels that as a whole meets the demands required by the norm concerning "big risks".

With regard to the quality of credit portfolios, it is possible to remark that the steady control made on the investment riskiness, made it possible to restrict the "contentious" phenomenon in the accounting period under examination.

During 2001 in fact, some files amounting to itl. 18.068 million were passed to overdue and recovery for itl. 12.927 million were made. The contentious settlement on 31.12.2001, gross from value adjustments, resulted to be equal to itl. 234.940 million (+ 1,60 %), of which itl. 190.920 million in capital line; itl. 44.020 million in interest line while the presumable realization value of those credits (as net from depreciation equal



to itl. 135.929 million), was equal to itl. 99.011 million. For this reason, in a significant way, the amount of "net" overdue was reduced, that being equal to about 99 billion shows a decrease on a yearly basis of 9,5 billion (-8,8%).

As to "run aground" lots, at the end of the accounting period, they result to amount to itl. 55.094 million with a decrease of 6,18% if compared with the 2000 figures. Of this amount 11.977 million are made of by loans while in comparison with the aggregate total 17% is made of by the "stranded" lots under management and 83% by the "stranded" lots being back. At the end of the accounting period, the "stranded" lots are loaded with doubts resulted to be equal to itl.16.383 million (like it results more in details in the special part included in the Addendum). During 2001 the monitoring and the control of risky positions was improved and as usual, each single position was depreciated as analyzed along with the branch in charge with it, so that the present doubts resulted to be shared on about 916 positions if compared with the total amount equal to 1.038.

It is also to be informed how, in the year, the percentage weigh of the "stranded" lots, on lots higher than 1 billion, passed from 22,3% to 15,5% at the end of the accounting period.

During the year the handling of the "stranded" lots took place remarkably and especially during the last quarter, countless resulted to be the not yet solved files. With regard to the amount of new settlements they were equal to 41,0 billion, the files resolved were equal to 31,5 billion, while 12,1 billion "stranded" lots passed to overdue. The percentage of gross "stranded" lots on "living credits" stated to be, at the year's end, at 2,09% and the "in bonis" return trend was kept on the same levels as the previous year. The "stranded" lots covering index, made of by hypothecary guarantees and funds for resulted doubts, amounts to 51,3% of the lots total amount.

With regard to the incidence by the overdues on the total amount of the investments, it is necessary to highlight that the ratio between the two sizes as expressed net from depreciations is placed at 4,24 % (a figure which is well under the attention threshold established by the new "Statute and Regulation of the Inter-bank to protect Deposits", which was besides decreasing if compared with the previous accounting period in which the indicator resulted to be equal to 4,93%.

In defense of any eventual loss connected with the guarantees released there is, then, the "Fund for Guarantees and Engagements", equal to 2.143 million.

In the end, at the Balance Sheet liabilities, is posted the "Provision accounts on Credits" equal to itl.26.103 million (itl. 29.518 million on 31 December 2000). This security entirely covers the overdue interests, which are still to be cashed, and believed as due and for this reason, not playing any correction function it is destined to face only eventual credit risks.

With reference to the arrangements as per the Decree dated December 29th 2000, no.394 as to non subsidized loans with fixed rate, the "Bank" has always respected, time by time, the norms in force and especially the ones regarding usury, while making it clear that our loans typology has always made the whole conformity with the norm to be possible, and for this reason there are not special effects to be shown both on the income of the accounting period closed on 31.12.2001, and on the following one. In a similar way, from the estimates made by the Constitutional Court judgement no. 425 on 9.10.2000, through which the art.25, third comma, of law decree no.344 dated 4.8.1999 regarding interests ripen on interests was declared non legitimate, one only outstanding appeal is to be indicated which however does not involve any remarkable effect on the profit and loss account.

## PROFIT AND LOSS ACCOUNT

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As it is usual, the comment on the accounting period economic result is accompanied by some pictures of a "paying off account" reclassified as "compared" that permits to catch the fundamental evolution lines of the economic management as well as, through the intermediate results being put into evidence, the following



formation levels as to the management result.

The comparison with similar figures of the year 2000 makes it possible to also show the area data in which the period profit and the variations have formed if compared with the previous accounting period, data which can eventually be deeply analyzed by taking advantage of information to be found in the special lists of the Enclosures to Balance –Sheet and Addendum.

By taking into consideration the single margins, it is suitable to list:

- The interest margin was increased by 8,39% so being equal to 125.373 million, against 115.670 million of the previous year. This figure was affected by the spread going up in the brokering of money with clients, the re-composition of the employment volumes on clients belts which are certainly more profitable and the position on the inter-bank market which became certainly positive;

- The brokering margin reached 205.109 million, with an increase of 5,98%, thanks to the good trend of some income components included in the revenues from services.

Passing to the analysis of the two aggregate single components it is possible to estimate the contribution by the various sections to their formation.

Regarding to "assets interests" (226.387 million, against 195.323 million in the previous accounting period), the distribution seems to be articulated as it follows:

- 168.008 million (equal to a 74,2% incidence) result to fall within the ordinary clients' competence;
- 49.651 million (equal to a 21,9% incidence) regard stocks;
- 6.694 million (equal to a 3,0% incidence) refer to inter-bank relations;
- 2.035 million (equal to a 0,9% incidence) refers to cover profits;

As to black interests (102.549 million, against 81.501 million in the 2000 accounting period) it results:

- 79.375 million (equal to a 77,4% incidence) result to fall within the ordinary clients' competence;
- 23.174 million (equal to a 22,6% incidence) refer to inter-bank relations.

Regarding the "service" component, as a whole, the section result was equal to 79.736 million against 77.867 million of the previous year. Within this area it results: a less contribution by the financial activities that amounts to 1.720 million (in comparison with an amount of 2.201 million in 2000) and the total growth of "assets" commissions and other incomes that together reach the amount of itl. 81.816 million, with a betterment of 242 million if compared with 31 December 2000, notwithstanding the minor contribution by the finance section.

Going on with the analysis of "operational costs" it is first of all necessary to establish the amount concerning the expenses for the personnel that totally amount to itl. 89.377 million, with a 3.361 million growth in the absolute value and of 3,91 % if compared with 2000.

As a whole the "administrative expenses", equal to itl. 147.147 million, show a variation if compared with the previous accounting period equal to 5,2 percentage points due to the trend of the " other administrative expenses" which, with a minimum figure of itl. 57.719 million, show an increase of itl. 3.908 million (+7,26%). Further to the allocation of the above "administrative expenses" and of the adjustments on the capital expenditures value, amounting to 12.406 million because of the investments and development costs connected with the organization changes, the branch opening and the diversification in sale channels resulted to be as to Management Result equal to itl. 45.556 million (+13,59% if compared with 40.106 million in the year 2000).

After some prudent allocations, adjustments and value recoveries, the establishment of incomes and extraordinary dues, in addition to the necessary for the taxes due shows a net accounting period profit of itl. 14.384 million with a positive variation of 4.813 million if compared with the correspondent datum in 2000 (+50,29%).

The official rate changed structure as well as the market ones, consequent to the international economic cycle trend and to the sharpening of recession risks subsequent to the September terrorist attacks, have determined, towards the end of the year, an inversion in the up-going trend of yield and cost. At our company,



however, a spread expansion took place as to the yearly medium rates in the relationship with clients equal to 15 hundredths.

Because of the re-composition of the volumes between assets and liabilities activities, the brokering average spread was decreased even if in a more contained measure than the previous year's figure and settled at 3,07 as it results from the previous table with a 0,08 point decrease.

#### FINANCIAL INTERMEDIATION

In the world economic cycle weak contest which first involved the United States and then the other world areas, the 11 September attacks represented a further burden on the world economy future and of financial markets.

In 2001 the main Central Banks had already intervened with expansion monetary policy to support the growth slackening:

- The Federal Reserve, with a very aggressive monetary policy, cut its guide rates by 475 hundredths, taking the rate on Federal Funds to 1,75% .
- The European Central Bank, while following a more cautious policy, cut its guide rates by 150 hundredths, so taking the minimum rate on re-financing transactions to 3,25%.
- The Bank of Japan continued to grant a big liquidity, so taking the discount rate to 0,1%.

The year 2001 was characterized by a strong market volatility that had its peak in the high price oscillations of the various financing activities after the 11 September events and further to the worsening of the situation in Argentina; the consequence to this was a decrease in the savers' inclination towards the detention of activities at risk followed by a renewed interest for the investment in debenture instruments.

The activity of the year 2001 was focused on the increase in the collection made through the issue of bond loans, both classical and connected with equity facilities. This activity was performed with the contemporaneous target of making the loan average expiry date be longer: punctual data, at the year's end, underline how the amount of CRSM bond loans circulating passed from a stock of about 634 billion lira at the end of 2000 to about 918 billion lira at the end of 2001. During the year the average expiry of issues was increased through the agency marketing of 80 billion bonds with expiry date beyond the 5 years and of more than 40 billion with decennial expiry date.

The financial risks to be found inside the activity of issuing "structured" bonds with fixed rate, connected with the market trend, were entirely covered through Interest Rate Swap transactions.

During the year 2001 the agency marketing of index linked policy with a high financial content was started, this in cooperation with main insurance companies that brought a total collection flow equal to 66 billion lira.

The property portfolio management was still led while aiming at obtaining a considerable return in the interest margin in a contest of market risk control.

The securities hold in a portfolio to be mobilized were undergone to a substantial reduction (about 230 billion) so following the decreasing stock trend in transactions of prompt cash/term started with the clients.

Investments still privileged the variable rate that also represents the portfolio biggest component (about 97%) while the already marginal presence of share instruments was remarkably reduced (by about 6 billion)

As to managed saving, in 2001 continued the transformation process from ordinary GPM into GPF (management in funds) and into "Gprivate" (Private Management Lines). At present these last categories stand for almost 60% of all the positions. More in details the main figures are following:

- The counter-value of the total managed patrimony (including the liquidity and the investments in products of direct collection by the bank), notwithstanding the difficulties of the stock markets, resulted to be equal to 1.538 billion lira with a decrease of 125,7 billion equal to 7,55% if compared with the previous year.
- The total number of the managed positions passed from 5.853 to 6.098 with a 4,2% increase.
- The amount invested in mutual funds and sicav resulted to be equal to 811,3 billion lira.



As it is known, within the "Bank" Financial Area, starting from 2000, the Private Office has been operating and in 2001 performed its activity at full régime. The office activity is carried on as a "360 degrees" service addressed to a high standing clientele segment with very complex needs. This service not only offers consultant services regarding the Asset Management, but also fiscal, legal, social security, insurance, property, inheritance assistance as well as the one relevant to art too, along with the management of some company issues. The capability to find solutions with a sensibility and complete overview, characteristic of this service, is of vital strategic importance due to the growth and expansion of this market segment which is especially interesting for the "Bank". The service is reserved to clients with special features; among the latter: an investment availability starting from 500.000 Euro and an evident inclination to address to a professional and specialized financial consultant service.

The service was organized with territory seats, completely separated from the branch so that they can supply the clients with on time answers; after the ones in San Miniato and Florence, at the end of 2001 also the Pisa one was given a start. At present this Office employs 12 people and 10 of them are totally devoted to the clients.

Each Private Banking operator is the customer's personal Relationship Manager, the target of whom is the one of putting him in the system center so to obtain he totally trusts CRSM; all this thanks to its aiming at the quality product and its human resources and to the capability to propose innovative solutions so to help the customer to meet his own specific needs.

High standing clientele could exploit products especially studied both for the managed saving and for the administered one in addition to the facilities made as per the clients' characteristics and special needs.

To grant this high standing clientèle the outmost quality in the performances, CRSM has established an inter-functional unit made of skilled personnel, (Patrimony Engineering Committee), putting their professionalism at the clients' disposal for any special consultant interventions.

As at 01/01/2001, the Private Office had on its list 502 clients equal to a managed counter-value of 518 billion lira and an administered counter-value of 214 billion lira for a total amount of 732 billion lira. As at 31/12/2001 the customer number increased to 670 and the consequent managed value stated to be of 595 billion lira, the administered one of 337 billion lira and the total one of 932 billion lira.

Still in 2001 the Office made about three thousand visits, including the "development" ones so recording an average visit number per customer/year of about five.

## SHAREHOLDINGS

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In this paragraph we wish to summarize the "Bank" initiatives during the year 2001 with regard to the shareholding portfolio, the quantity and quality of which is more and more substantial if we consider the new company strategies and the profitability logic. For detailed information on individual shareholding and on the financial relation with the corporate we ask you to please consult the specific analysis contained in the Addendum and in the table which is part of the Balance-Sheet Enclosures. In particular, as to the details regarding costs and profits, please refer to the Addendum; we wish to state precisely that the latter are the consideration of the "Bank" ordinary activities and were adjusted as usual as to market conditions.

In compliance with Consob communications we wish to tell that, regarding the operativeness with the correlated parts, some non-typical and unusual transactions were not performed, neither they result to be existing at the accounting period's end, that is the ones alien to the company ordinary management or in a position to remarkably affect the company's economic, patrimony, financial situation.

Here we shall only report brief information regarding the relations with the controlled companies and the ones under considerable influence.

We wish to notify that as at 31 December 2001 the company's shareholding, after income statement adjustments equal to itl. 818 million, reached the total amount of 43.314 million, after having taken into



consideration value recoveries equal to 172 million.

In the end, we shall now proceed to describe the main transactions (that, in addition, also show a quantity recovery in the specific part of the Addendum) occurred in the "Bank" portofolio during the accounting period, and while taken into account that the company policy within this section mainly aimed at divesting Parabank company shareholding, no more believed as strategic further to some re-organization processes, were; it also aimed at the shareholding acquisition or expansion in existing companies or of new settlement ones which above all operate on the Tuscan territory within the field of innovating services for companies and for the regional economy.

Here following please find reported the most important variations in shareholding during this accounting period:

#### *Gal Garfagnana Ambiente e Sviluppo*

In February 2001 the Board of Directors has deliberated on the joining of Gal, a co-operative managing the Community financing in the Garfagnana, Media Valle, Alta Versilia areas with a profit-sharing of 14,28%, equal to itl. 19.500.000. We are the only Credit Institute in the company and we were given a seat in the Deliberating Body.

#### *Sat – Societa' Autostrada Tirrenica S.p.A.*

In March 2001 no. 21.486 shares of the "Cassa di Risparmio della Spezia" were bought in pre-emption equal to a counter-value of itl. 8.594.400.

#### *Axioma Spa*

In April 2001 a quota of the 0,83% of Axioma company was bought; in Italy, it is one of the leading operators in the company applications in open environments for the medium-sized company. The company has, as its main object, the making of software products and e-business solutions, and is also in charge with supplying support informatics services. One of our representatives is part of the Board of Directors.

#### *San Genesis Real estate Spa*

On 27 April 2001 the Meeting approved the transformation of the company into "Spa" (Limited company) along with some Corporate changes which were consequent or necessary. On that occasion the Social Capital was converted into Euro (Euro 2.989.000), while increasing the capital itself by itl. 511.030 through the partial use of the corporate reserve. The payment social capital was also increased from Euro 2.989.000 to Euro 3.434.000, with the renunciation by the "Bank" to the right of pre-emption so to permit the entering of another shareholder ("Fondazione CRSM").

#### *Kore Spa*

In May 2001 the "Bank", invited by the Consorzio Etruria Srl, shared the newly-established Kore Spa company, with a quota equal to 12% and a "Bank" representative in the Board of Directors. The Company has, as its object, the building of public and/or private cemeteries, including the relevant services. In November the remaining seven hundredths of the social capital were retired (subscribed capital was called for)

#### *Inso Spa*

On 19 June 2001 the extraordinary Meeting has deliberated to convert the social capital into Euro by rounding up and also to increase the capital itself free of charge (itl. 432.195.600) by means of the whole facultative remaining reserve for in advance depreciations (itl. 712.514.941), to increase the payment of the quota by difference (itl. 268.766.559), with contemporaneous subscription and payment by all the partners so confirming the original proportions. The transformation into Limited company was so deliberated by subdividing the capital into no. 5.800.000 shares equal to 1 Euro each and Charter was adapted to the new company form details.

#### *Set – Servizio Esazione Tributi Spa*

Further to the non adhesion by us to the social capital reconstitution, beaten down to equalize the loss regarding the 2000 accounting period, the shareholding was cancelled starting from 30 June 2001.



### *Credito Fondiario Toscano Spa*

Profit-sharing divestment because from 1 August 2001 the company was broken up due to the merger with C.R. Firenze Spa. Because of this we were assigned no. 2.525.667 ordinary shares of C.R. Firenze itself, having a nominal value of itl. 1.000 each.

### *Cassa Di Risparmio Di Firenze Spa*

Further to the merger of the Credito Fondiario Toscano Spa with the C.R. Firenze Spa we were assigned no. 2.525.667 ordinary shares of the C.R. Firenze itself, having a nominal value of itl.1.000 each.

### *Cft Finanziaria Spa*

On 19 September 2001 the Meeting has deliberated the assignment in block of the credit portfolio at a price which will be equal to around 90% of the total net accountant value as at May 31 2001 of the credits assigned.

### *Ecofor Spa*

At the beginning of 2001 the renting of the waste-disposal company branch of GEA Spa was deliberated for the period from 1 March to 31 December 2001; this act was necessary while waiting for the merger being completed. The 15 October 2001 the Meeting deliberated the merger of GEA waste-disposal branch with an increase in the capital of no. 2.600 A category (Public Bodies) shares with a nominal value of itl. 1.000 to be destined to the GEA Spa partners; business name was changed into GEOFOR SPA.

### *Technodeal*

On 22 October 2001 the remaining seven hundredths of the social capital were retired (subscribed capital was called for).

### *Citypost Spa*

During October 2001 the "Bank" has acquired a shareholding of 7,69% of the Citypost Spa, a recently established company (April 2000) with the mission to handling data (correspondence) on behalf of its clients, by using an especially evolved software. Citypost strength point lies in fact in the capability to elaborate, handle, print- also in colors- and send the data received through telematic way by its clients without any intervention on the software of the latter.

### *Sammezzano Castle Spa*

In November 2% of the capital of Sammezzano Castle Spa was acquired; this company had a big building in the Reggello Commune, called Castello di Sammezzano. The "Bank" was asked to finance the acquisition of the shareholding by the Etruria Group and both the Etruria Group and the other components of the Sammezzano Castle Spa CS have shown to be open to our purchasing the 2% of the social capital.

### *Eurobic - Centro Europeo Impresa E Innovazione Toscana Sud*

The 2 February 2001 Meeting has approved the corporate changes necessary for the foreseen transformation of the Company from "Scri" into "Srl". On 5 December 2001 the Meeting has provided for the transformation of the capital into Euro, for the transformation into limited Company under the new business name of EUROBIC TOSCANA SUD SPA, for the new Charter text approval, for the nominations and increase in the social capital. This will be carried out in various phases, at the end of which the new capital, also by taking into account some adjustments further to the new currency denomination, should result to be equal to Euro 760.048, while the present profit-sharing owned by the partners should remain unchanged. The "Bank" did not subscribe (the disbursement at our charge would have been of about Euro 10.893).

### *Banca Di Lucca di Credito Cooperativo Scri*

On 28 December 2001 a 1,06% shareholding of the "Istituto di Credito" (Credit Institute) was acquired. Between the "Bank" and the "Banca di Lucca" an agreement had been previously made perfect: this concerns the marketing of the "Bank" financial products for the clients; in order to strengthen this agreement, a sharing in the capital of the "Banca di Lucca" itself was granted.



## THE FOREIGN DEPARTMENT

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In compliance with the evolution of the "Bank" reference economic contest the profitability of the foreign sector, achieved good results under the profitability point of view, budget targets were fully reached, even with some folding in the volumes connected with business transactions.

As regard to this, some precise strategic addresses by the Headquarters and the steady monitoring on the economic conditions applied to services to clients, made it possible to avoid losses in the profitability connected with the reduction in operational volumes.

The operational volumes consistency includes payments, bank transfers, documented payments, documentary credits, guarantees, pre-payments/financing in currency, term transactions, as at the end of the year, is recorded to be at around 105.000 transactions equal to a total flow of around 10.750 billion lira the incomes of which were equal to 5.200 billion lira and disbursements amounting to 5.300 billion lira. In this contest the comparison datum with the previous year was recorded at a flow of around 12.700 billion lira so underlining a decrease equal to 16,46%.

On 31 December the datum regarding the consistency of the existing pre-payments and financing, also decreasing by 22% if compared with the previous year recorded to be on following figures: Pre-payments/Financing import/export named in Euro 116 billion lira; Pre-payments/Financing import/export named in currencies out 95 billion lira.

## THE TECHNICAL AND ORGANIZATIONAL SECTOR

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During the year 2001 the company made a lot of efforts towards all those activities required to pass to the European sole currency for which it had already started to work in March. Just to make some examples: among these activities are to be listed the analyses to quantify the Euro banknotes and coins to reserve for the front-loading, the ATM equipment adaptations, the POS terminals one and the one of the cash checking and management devices at the bank branches, the supplying of "training interventions" to the "Euro referent people" and to the branch operators, the arrangement of the communications to the clients by means of the June and Decembre statement of accounts along with the publication of the "Euro Facile" leaflet, which was distributed to the branches, the organization of the Euro delivery procedure and the Lira withdrawal from the branches along with all those activities to supply the competent authorities with data.

During the year 2001, on the Territory areas of Florence, Lucca, Leghorn and Carrara the experimenting of the new branch organization model was started; this was thought in function of the clientèle segmentation and of the offer diversification for the specific market segments. The branch network re-organization project will be completed during the first semester of 2002. The reorganization of the suburban network provides for the branch diversification as per market segment by introducing the Retail Agencies, branches made in such a way as to follow the Retail segment (Private Clients placed in Affluent and Basic segments and Companies-Clients placed in the Small Business segment), the Agencies – where in addition to the Retail Segment also its own clients belonging to the Corporate Segment are directly managed and the Branches on which the management will be focused of all the Territory Area Large Corporate clients as well as the Retail Agencies Corporate belonging to the same Territory Area. In the Branch, a Retail module will be present, organized by using a mirroring way as the Retail Agency, a Corporate module, devoted to the management of the group's Large Corporate and of the Corporate of the Branch and of the Retail Agencies along with a management module for the performing of all those support activities which are required to the unitary management of the Branch and of the Agencies depending on the same.

Within the new suburban network organization model some new professional characters are to be found; they are skilled on those market segments making the company interface of the clients, for any need they may have, both it is a financing, an investment, an insurance one or a demand for services. The network



organization review also involves, under an organization point of view too, the Branch procedures reorganization, that, in some cases, ranges from a going off from the sales point (like for example the Body Treasury procedure and the correspondence management) with a focusing around the Headquarter, while in some other cases it provides for a different distribution of the responsibilities and of the autonomies with an approaching of the decision-making moment from the Headquarters to the Branches.

In 2001 the company, in addition, has renewed part of its own informatics procedures by making following interventions:

- Migration of the sources of income and suppliers procedures to the new procedure that, by using the innovating practical qualities offered by the present technologies, makes the purchase integrated management, the warehouse and the company facility provisions be possible.
- Adoption of the new Condition procedure that permits the unit management of the conditions of each customer while rationalizing in the mean time the whole authorization procedure and of internal authorization.
- Activation of the on-line placing system, through web, of "Cattolica" insurance products.
- Activation of the procedure for the management of Derived Products.
- Employment of the automatic control of the adequacy of the transactions in stocks with the investment targets as declared by the clients.

The Innovations taking place within the Institute, also during 2001, regarded the whole facility; the interventions aimed at spreading the "Internet culture" in the Company went on so distributing to all the branch working-stations a centralized connection to the Internet network.

In a parallel way the Intranet channel was developed; this is more and more used as a production and communication instrument; the procedures that lay upon this technology result in fact to be easy to be distributed and to be used.

Thanks to these features, in the next years too, more and more procedures will migrate towards this technology so permitting to be able, in a close future, to operate from any working station entirely through the only use of a simple browser.

## TERRITORIAL ORGANIZATION AND COMMERCIAL ACTIVITY

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Within the aim of an expansion of the territory reference focus, the year 2001 was characterized by a strong expansion that saw the "Bank" be present in some other areas of Tuscany. During this year, the "Bank" with the opening of the Leghorn 1, Leghorn 2, Castiglioncello, Massa e Carrara branches, has included in its operativeness area two new provinces; these branches were placed in densely populated areas, rich in small and medium-sized companies with evident very good commercial opportunities for a bank like ours, which is strongly oriented towards those clients typologies.

This counter expansion is also a confirmation of the determination with which our company goes on, with the aim of being present all over the Tuscan province; this program will be completed within the year 2002, and is featured so as a bank of "regional" character. A route is being completed: this will take our bank to the full appreciation of the so-called "Wide Area", an entity which was strongly wished by the Region Public Administrations. It is a Tuscan territory belt on the Tyrrhenian Sea that represents a fundamental portion for the regional economy with a high density of production activities and a strong vocation towards tourism. After having consolidated in the last years its positions along the Florence-Pisa guideline while playing a role of local bank, nowadays the "Bank" wishes to re-propose as a reference point to the whole Region territory even if while maintaining a light, flexible and efficient structure with short-answer times and with the opportunity to supply the families and the small and medium-sized companies with a valid support, they representing the bearing axis of the economy of our regions.

What has significantly distinguished the year which is just over, is the Commercial policy carried on by the



“Bank”, which was evidently oriented towards the marketing of some products within a multi-brand logic.

In this contest we wish to highlight the very good results got by the “Bank” section, which were reached thanks to a strategy following a separated management with high financial content.

The building of products in conformitive with the market expectations, along with a widespread and coordinated commercial pressure has had remarkable results both in terms of developed flows and of placing and maintaining commissions.

The cooperation relationship with main Insurance companies, during 2001, has made the launching and commercialization of four index linked policy typologies be possible; they are made in such a way as to meet the needs expressed by the clients in a situation of market disturbance.

Very good results were also reported by the placing of unit linked policies both with regard to absolute terms (increase of 147,43% of the CONF if compared with the year 2000) and with regard to the system data.

As to the product section, the year 2001 was characterized by the launching of the new modular current account named “SelfConto”. SelfConto is in line with a current account with five different packages that correspond to the same number of condition levels: if compared with the products owned, they are improving.

The reference products, which can be let refer to saving categories, to financing, innovation products, payment instruments and insurance section were found out by the Management on the basis of an evaluation both economical and of commercial strategy.

Through the marketing of this product, the “Bank”, aims at improving the cross selling index and the retention degree of private clients through a better commercial incisiveness that permits on one side a rationalization of the offer for current accounts with special conditions, and on the other one, to be coherent in going on with the aims of some budgets assigned to the network.

The year 2001 resulted to be an important year also regarding the coin section; this was distinguished by the acquisition by the “Bank”, as main partner, of the Visa Electron international licensee: a prestigious brand, accepted all over the world.

By taking into consideration that the consumers’ purchasing habits have changed, the wide spreading of the card and the imminent passing to the Euro, through this initiative, the “Bank”, has created the presuppositions to launch the new multiple-function payment card called “Carta Carismi” which will be marketed starting from the year 2002.

Good are also the results regarding the credit card allocation recording an increase of more than 100% as to new issues if compared with the previous year.

Because of its knowledge of the territory and of its potentialities, in 2001, the “Bank” made an investment oriented towards the diversification, not only from a territory point of view but also with regard to the economic sector.

From the cooperation with the “Axioma Group”, a national company leading in the tourism sector, an innovating business solution was born; this is addressed to the Tuscan hotel and tourism operators with the aim of promoting and sell the “Tuscan” tourism in Italy and abroad.

At the end of 2001, “Attiva Business Carismi” was introduced for Hotel and Tourism Operators: it is a vertical marketplace combining the on-line reservation management with the relevant payment procedure.

This service represents only the first one of a series of projects linked to the various activities that the “Bank” wishes to develop within some Tuscany economic typical sectors (footwear, leather, paper, furniture and others).

## INNOVATING CHANNELS

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Through the Innovating Bank Office, in 2001, the Cassa di Risparmio di San Miniato S.p.A. continued to go on looking for innovations aimed at products expansion and betterment in those channels named “innovating”.

Other novelties went also on within the inside facilities, especially with regard to implementations to



Intranet contents and to the making of new applications, also Web Based. Special training courses were arranged for the staff members; they were directly held by the Innovating Bank Office operators.

The main news regarding Internet channels saw the introduction of a new platform of financial information within the Digihome service with four distinguished profile levels and the opportunity to consult, in addition to the basic contents, historical quotations, intraday, historical and simulation tables, in the most complete profiles the book was introduced, or better the view of the market depth on a definite stock through the analysis of the best five quotations Money and Letter. Still in the Digihome platform, during the first semester, the on-line subscription of the Investment Mutual Funds of Ducato Gestioni was activated.

Thanks to the easiness in the use and to the present practical features, the product has been developed all over the year, both with regard to users and to transactions carried on through this channel. At the beginning of the second semester's the number of stock exchange bank orders already transited, for over than 50%, through the Digihome platform (see table no. 2) without eroding the number of orders transited through the branches.

During the second semester we presented Digitravel, a new product belonging to the Digibanca line.

Digitravel is a vertical marketplace devoted to the tourist reception facilities.

Through this new product it will be possible, for the hotels or farm-holiday operators, to put their facilities available on a platform used by more than 5.300 travel agencies with which there is an agreement; in this way, the consumer will be given the opportunity to consult the availability of the receptive facilities through the CRSM or by going to one of the travel agencies with which there is an agreement. He will be so in a position to check the facility availability in the place he is interested in and make the reservations directly through the WEB. Through this service the "Cassa di Risparmio di San Miniato" wishes to offer a growth opportunity to a sector that is nowadays more and more important for Tuscany: all this thanks to its facilities.

In November another new product was released: "Digicorporate Web".

Digicorporate Web is the evolution of Digicorporate, or better an Internet Banking service that permits to Companies to operate with the "Cassa di Risparmio di San Miniato" and with all the other banks they work with, directly from their seat.

The service shows interesting news: they are above all linked to the opportunity to use this instrument completely through Internet, so practically reducing to zero the maintenance costs and so permitting to get continuous product evolutions. Thanks to the interface of WEB kind, this system is very easy to be used if compared with the traditional home banking products, while maintaining in the mean time the the digital certificate system and the 128 Bit cryptography security systems.

Starting from the year 2001 the "Cassa di Risparmio di San Miniato" gave life to a modern Contact Center. The facility uses sophisticated technological solutions and issues, through an interface totally integrated with the clientèle data base; it is a modern service, with telephone bank service too, that counts around 8.000 users.

The Contact Center is also a reference point for all the clients, both private or companies using the Internet Banking service and offers to them a "360 degrees" assistance service.

Innovating channels represent now an established reality inside the company and they make remarkable work volumes; it is just sufficient to think that 55/60% of the stock exchange total orders, transits, in a steady way, through these innovating channels. Remarkable is also the volume of other typologies of transactions performed through these channels: from the bank transfer to the RI.BA. payment, up to the mobile phone recharging.

Besides, not to underestimate, the information function performed by innovating channels which is so translated into a better service for the clients and in a subsequent lightening of the branch operativeness. A lot of clients have their needs for information met by steadily availing themselves of telematic channels without engaging any Branch operators.

As per the last available report, the month data, as at November 2001, let us estimate the increasing use



of innovating transactions:

- about 27.000 inquiry transactions on the current account last transactions;
- about 7.000 demands regarding the situation about the stock files;
- about 11.000 demands for results relevant to the Stock Exchange;

The above reported data refer to the Digihome (Internet Banking essentially addressed to private) and Digicenter (Telephone Bank) services and consequently do not include the work done by the companies through the Digicorporate service.

The Contact Center also manages the development of business campaigns aimed at promoting bank products; especially relevant was the role played by the facility in making credit cards become popular: both with regard to private clients and to companies. For this kind of products, the sale operation was completed by performing all the necessary procedures to have the paper reached each customer's address. The results are appreciable: in the year 2001, the number of credit cards issued has more than doubled.

Important resulted to be also the supporting action towards the new Branches or towards the newly started ones, made through some campaigns regarding the potential clients.

Totally speaking, the business campaigns made, involved more than 100.000 calls to be made.

## CORPORATE BANKING

The 2001 accounting period has recorded the progressive starting of the Corporate Banking activities. The changed market conditions and the new fields within which the "Bank" could operate have imposed the starting of a service like the Corporate Banking, aimed at assisting the companies in transactions on the capital, in issuing bond loans, in acquisition and joint transactions, in the elaboration of hypothesis of Project Financing along with financial transactions of "structured" and innovative kind in general.

To effectively answer the clients' expectations, the "Cassa di Risparmio di San Miniato" was among the promoters and signers of a Fund for Closed Movable Investment, Quadrivio SGR S.p.A., in partnership with the main financing institutions among which the BEI - The European Bank for Investments.

The "Cassa di Risparmio di San Miniato" could obtain, sole among all the other signers of this Fund, the establishment of a Technical Committee, presided over by its own General Manager that checks all the investment proposals made to Tuscan companies or to those that mainly perform their activity in Tuscany. The result of this collaboration is the subscription, at the beginning of 2002, of a letter of intention to enter the "Quadrivio Fund" by a Tuscan company, a transaction that was completed thanks to the direct assistance and involving of the "Cassa di Risparmio di San Miniato".

Another remarkable aspect of our Bank's Corporate Banking activity is the close relationship with the "Scuola Superiore di Studi Universitari e di Perfezionamento Sant'Anna" in Pisa, to favor technological transfer from the University research centers to the entrepreneurial world.

The first result of this collaboration was the establishment of Technodeal S.r.l., a company executing two technological "diligences" on behalf of main investment companies, business banks and public agencies.

Recently, Technodeal S.r.l., so confirming its double vocation - to be, on one side a service, consultant company for the most technologically advanced sectors and from the other side, a development motor for the new entrepreneurial initiatives of our area- entered the social capital of Finev S.p.A., a financing company for local development, promoted by the Peccioli Commune, with the aim of planning a new industrial re-qualification program of the whole "Valdera" and to attract new entrepreneurial initiatives to innovating sectors.

At present, some intervention on new spin off of the "Scuola Superiore di Studi Universitari e di Perfezionamento Sant'Anna di Pisa" are being evaluated.

In the accounting period we are examining, also the relation with Simest S.p.A. -, that is with the Italian Society for Companies abroad" became closer: some intervention opportunities in Tuscan companies were



presented to the above company, for their internationalization.

In the end, also during the last year, the "Cassa di Risparmio di San Miniato" could definitely share the Social Capital of Citypost S.p.A., a company operating in the companies post handling; of Kore S.p.A., a company that, within the opportunities offered by the "Merloni Law", manages cemetery facilities in various Tuscan Communes, of Axioma S.p.A., a leading company in Italy in the supplying of company management integrated systems, of AEP - Agenzia Energetica Provincia di Pisa S.r.l., with the aim to favor the development of interventions aimed at the energy saving and, as last matter, the "Cassa di Risparmio di San Miniato" has taken part to the establishment of an ATI ("Associazione Temporanea di Impresa") in partnership with main local operators so to be nominated to the acquisition of 60% of the social capital of the company STU, ("Società di Trasformazione Urbana"), being established, this promoted by the Grosseto Commune.

## PERSONNEL

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As to the company human resources, in 2001 the management policy was addressed towards a better and more efficient use of the personnel, coherent with the most general company strategy of profit maximization and of reduction in the facility costs.

Under this point of view, the event which mainly characterized the relationship with of our company with Trade Unions and the personnel management during the 2001 accounting period, can be said to be represented by the implementation of a process that first led to quantify no.70 workers as redundant and to the further individuation of the right instruments to manage this surplus, as agreed with the Company Trade Unions Organizations.

The right now quoted procedure starts from a deep revise of the company organization structure and especially of the suburban network, aimed at the recovery of some efficiency, at the reduction of operational costs and at a subsequent improvement in some bank indexes.

Further to the individuation and quantification of the workers being redundant, a large comparison with the Company Trade Union Organizations followed that, after a phase of contract comparison and further to the starting of the procedures as per the law regarding the personnel reduction procedures, resulted into the subscription of the Trade Union agreement on 28/11/2001. The above quoted agreement, coherently with the forecasts by the National Trade Union agreements and by the relevant actuation decrees, provides to recur to extraordinary performances paid by the sector "Excess Fund" in addition to the pensioning of they who already have the qualities to retire at AGO charge.

Still in reference with the company Trade Union relation, to be recorded is the subscription, during March 2001, of an Agreement Protocol that is the definitive completing of the implementation process, at the company seat, of the innovating forecasts introduced by the category National Contract dated July 1999.

As to the personnel management, to indicate the continuing which is almost a definitive completing (at least regarding the most quantity-consistent part) of the process regarding the recovery of "holiday day in arrears", which had been already started last year on the basis of a specific agreement with the Company Trade Union Organizations. During 2001, to go more in details, the holiday days recovered amount to 6532.

To the recovery of "holidays in arrears" must be added also the constant and punctual action of the monitoring regarding the extraordinary work performances, that permitted to contain the phenomenon from no. 52.010 hours in 2000 to no. hours 30.473 recorded in 2001.

As to the resources, to be shown the activity by an inter-functional group of working aimed at the introduction of an estimate system of the present coherent with the forecasts by CCNL 11/07/99, and innovating if compared with the previous contract instruments provided.

Meaningful is in a special way the way to make the project that, on one side, provides for the presence of a Guide Group (mainly made of representatives of the General managing) with the task to set the criteria, aims



and inspiration principles of the project and from the other side the real activity by an "Operational Group" in charge with translating the indications supplied by the Guide Group into coherent instruments of managing nature.

The new performance estimate system is based on the individuation of professional skills and is oriented towards the taking part of what esteemed to the whole process as well as to the making a ripen and "structured" comparison between the cooperator and the direct head (responsible for the estimation). The instrument – which will be partially used, even if not a definite one, to make an estimation of the performance relevant to the year 2001 – will make it possible to make an estimation of the personnel performance with reference to specific organizational roles and behaviors linked with it, so making it possible to find some address and orientation elements.

In addition, the estimation card, offers the employee, the opportunity to show his own personal position as to growth and professional development this regarding some actions to improve his own knowledge and tasks, etc.

An operational way similar to the one given for the estimation system was used with reference to the other project with multi-functional feature also studied during 2001, and made by the creation and application of a Personnel prize-giving System. The System -named CRSM P.R.E.M.I.A. – provides for the supplying of economic prizes to the personnel belonging to those Organization Units, that, within a complex positive accounting period, could reach the quantity and quality targets as they were assigned at the beginning of the accounting period itself.

The CRSM P.R.E.M.I.A. system provides also for the assignment of further prizes in case of topping the budget targets as set in advance, at the year's start, by the Company in its whole and by the single Organization Units.

The CRSM P.R.E.M.I.A. System is also featured and designed in such a way so to make it be suitable to operate in compliance with some basic principles shown by the Guide Group, like target reaching, tension of result, team spirit, efficiency and sense of belonging.

The CRSM P.R.E.M.I.A. System- which is already network working for the 2001 accounting period – will be completed and will become than operational also for the Headquarter during 2002.

Another project that has featured the company operating with regard to the professional development is the one made of the continuation and completion of the process for a better allocation of the company resources and the following re-qualification of the personnel going out of the Headquarters or of the traditional suburban network, thus mainly favoring the newly opened Branches.

The "Bank" territory expansion has in fact made it necessary, in addition to the tracing on the market of single specific characters with responsibility, also to train company resources in a position to hold organizational offices in realities decentralized from the traditional reference territory; in this case too, the individuation of the resources was performed while trying to recover some efficiency – which was the inspiration reason of the complex human resources management policy in 2001 – this involved interventions of horizontal mobility, of development mobility, more in general, in addition to some specific interventions regarding training.

As to training activities, the main interventions were about:

- **Skilled Training:** in this contest the most remarkable training projects were two: the "Finance Section Training Project" (to complete the activities already started in the year 2000) and the "EURO Project" (due to the introduction of the new currency starting from 1/01/02). Regarding this last initiative, to be highlighted that, in order to grant – in addition to the training activities made at due time (1998) – to all the personnel and above all to those characters (that because of their tasks were not involved in specific training activities) a homogeneous information on the EURO issue, it was necessary to recur to the "Remote Training" system and for this reason ABI bought the "EUROCHANGE OVER Self-instruction course". This licensee was made available on our company INTRANET.

- **Obligatory Training:** in this contest all the activities were planned, which were in compliance with what



provided in the document for (issued on 12/01/01) "Operating Instructions to individuate suspicious transactions" commonly called "The Bank of Italy Decalogue", through which the Vigilance Body, with the aim to supply a common line of behavior in finding suspicious transactions and decrease the uncertainties on the matter, very often due to subjective interpretations of the law, have assigned the intermediaries the task to grant to all their personnel and especially to they who operate directly with the clients, a continuous training/updating activity as to "anti-recycling".

- **Various Training types:** in this area, on demand by the competent facilities, some training interventions were planned with regard to new products/services marketed by the Company as well as on the basis of the activation of new procedures.

- **Operational stages:** in this area it is shown how in the past years, to meet some special needs, it was necessary to provide for some "Operational Stages" of various kind (cash, accountancy, etc.) at the Suburban Network and/or Operational units of the Headquarters.

In addition to what described and in conformity with what made over the last years, we have essentially recurred to some outside training courses made by specialized companies for personnel from the Headquarters on the basis of the activities performed and of the needs had from time to time,

The cost for the personnel in the year 2001, except what due for the Company retirement Fund, amounts to itl. 87.097 (in million lira). If compared with the high cost of 2000 an increase in the absolute value is to be recorded equal to itl. 3.280 million corresponding to a percentage increase of 3,91%.

Among the relevant elements that contributed to make the cost of personnel be changed, if compared with the previous year, we can list:

- salary increases as a consequence of the CCNL application;
- Higher charges disbursed in an extraordinary way for indemnities linked with the anticipated work relationship resolution;
- Physiological increases due to the increase in the seniority, as well as to the régime cost of some phenomena (employments/promotions/terminations);
- Higher expenditure forecasts for the prize assignment as per the CRSM P.R.E.M.I.A. System;
- Lower costs for remuneration regarding extraordinary work and additional performances by the Managerial Staff of first and second grade.

Lastly it is to be shown that the cost recoveries for "branch" personnel have increased further to the matter that 2 resources were removed from the San Genesio Srl company and no. 5 resources were temporarily removed from the MPS Group Operating consortium, they belonging to the Task Force BAM (in addition to the 3 resources for the whole year).

## EVOLUTION OF THE REAL ESTATE AND INVESTMENTS IN SECURITY SYSTEMS

The 2001 accounting period has seen the realization of the first act of the foreseen real estate divestment procedure towards the controlled Society San Genesio Real estate SpA which had been studied for some time and had been preceded by a series of sales on the market already made over the previous two accounting periods.

Especially during 2001 this transaction affected auxiliary and non auxiliary goods for an amount equal to itl. 19.380 million, with a balance value of about itl. 18.897 million.

In addition to this, also some real estate direct-on-the market sales were accomplished for a balance value equal to about itl. 1.483 million, that have brought to a total negative investment of about itl. 20.380 million and to total capital gains, as result from the unbalance between plus and capital losses, of about 833 million lira.



Under an accountant point of view, we have provided to relocate a relevant portion of the building in San Miniato Piazza Bonaparte within the non auxiliary ones, which had been previously totally in the auxiliary goods; while considering the use by third parties of the above building already taking place or in a short period of time.

Within the auxiliary goods, only remains the part used as auditorium.

To highlight also that as per the articles from no. 10 to no. 16 of the 21 November 2000 Law, no.342 as to the "norms on fiscal matters", the "Bank" has made the re-estimation of real estate both with regard to the auxiliary sources of income and to the non auxiliary ones, so making it possible to adapt the accountant figuring of those buildings to the effective values. For the estimations, a prudential criterion aligned with the market average values of the single markets was kept into consideration and the values, so determined, were believed as adequate as per the amount of the estimates carried out by the "Bank" inside functions that resulted confirmed by an outside sworn expert's report .

As to realizations, the year has seen a company especially engaged in the ambitious program of opening some new branches so completing the making of new five branches in places which, were acquired in location along with the expansion of the Viareggio branch. Regarding the buildings of property, in addition to the usual ordinary maintenance works, to highlight: the "Private" room arrangement at the Branches of San Miniato Basso and Pisa 1 and the further interventions on the buildings in Piazza Bonaparte and of the "Centro Studi I Cappuccini" .

In the end, remarkable was the building adaptation program to get a higher safety in the working areas so to follow the adaptation plans as issued as per the 626/94 Law decree.

From the security point of view, we have started an experiment to implement the passive security levels already existing. For this reason, a pilot branch was individuated from which it will be possible to get the necessary information to estimate the spreading opportunity of those tricks to the whole suburban network.

The balance value of the buildings of property as to 31.12.2001, net from depreciations, is equal to itl. 88.891 million, 70.557 of which stand for sources of income functional to the company accounting period.

The value adjustments as to the accounting period amount to itl. 3.858 million.

The complete list of the buildings of company property is listed in the special enclosure to the Balance-Sheet while regarding the increases in the restoration or extraordinary maintenance we ask you to read what specifically reported in the Addendum.

## INSPECTION AND INTERNAL AUDITING ACTIVITY

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During the accounting period under consideration, the activities in question was mainly connected with the scrupulous fulfillment of the institutional tasks assigned to the Auditing Service, which diligently and frequently carried out inspections at the Branches and the Headquarters Services, while maintaining a high level of control over the activity of the Company and its personnel.

During 2001 the normal inspection and verification activity of the Auditing Service started again. Indeed, an increase has been registered in the fulfillment related to dealing with items of business for the non-delivery of securities and documents remitted for collection through the Operative Syndicate of MPS Group, as well as other items of business opened in the course of the year.

In addition to handling the encoding and decoding of messages sent to and received from correspondents, to the setting, changing and restoring of passwords, control keys and secret codes of various procedures and to the auditing, the Service provided also assistance in syndicate audit, in the installation of people in charge for Branches and Services. Furthermore the Service performed investigations on the occasion of robberies, conducted central inspections and produced reports for the Headquarters and written remarks for the Central Offices and Branches, made six-month and annual reports for the Board of Directors concerning claims and verifications.



The Service performed also external activities by informing the Ministry of Treasury about negotiable cheques exceeding itl. 20 million, under article 3 of Law 197 of 5/7/1991, handling clients' claims and drawing up the following annual reports: a) report for the Claim Department of ABI (Italian Banker's Association); b) report to the CONSOB in compliance with Law Decree 415/96; c) report for the CONSOB on Financial Services procedures (resolution 11255).

From the yearly information report to the Board of Directors emerged that high attention was paid to the inspections over the whole bank activity.

## MAJOR FACTS OCCURRED AFTER THE CLOSING OF THE ACCOUNTING PERIOD AND EXPECTED DEVELOPMENTS IN THE MANAGEMENT

In accordance with what provided by article 3, paragraph d) of Law Decree no.87 of 27 January 1992, which requires the report of the major facts occurred after the closing of the accounting period, we highlight what follows: during the first weeks of the year 2002 the main signs coming from the international economic-business situation cannot be read in an univocal way. The improvement signs of quality indicators tell us that the bottom was reached. If, however, we consider that the indicator levels in October-November was made false because towards the decrease, we have to deduct from it that the December-January betterment is a simple return of emotional factors that have distorted the statistic level during the previous months: yet we cannot deny that for countries for which the relevant data regarding production indexes are available, as to short-term trends, in December it is possible to outline some ideas for a recovery in the economic activity, also supported by the recent decisions of the position taken up by the USA and EU Central Banks regarding a stop to slackening monetary policies and of rate decreasing. In Italy, outlooks during the first months of 2002 tend to a cycle stabilization, even if it is still too early to talk about coming trend inversions. Quality indicators go back to the levels of 2001 August end and there is a rebound also in the order trend as to the first quarter of 2002, in the sector of investment goods too. The consumer's trust go up again, that show a higher optimism towards the work market outlooks and make the expenditure intention for durable goods become higher, while the car market is stagnating. Generally speaking, the family indicator picture is better than the companies one even if a acknowledgement in the consumption dynamics is to be expected.

As to credit aggregates, 2002 opened under the ban on an acceleration as from the collection (+7,57% in January) and a job rhythm which keeps up well steady (+13,7% on a yearly base). High rhythm also for the demand for credits and substantially stable its yearly growth rate (+7,8%). From the analysis made by ABI it results that they are above all the collection short-term instruments to be accelerated while the trend of medium and long ones (certificates of deposits and bonds) record more contained growth rates (+5,3%). In January a light trend towards slow down both with regard to assets rate and to black ones was recorded.

In the first days of January the Board of Directors adopted the budget for year 2002 that envisages a further recovery of the economic margins of our bank. The target of increasing the net result as forecast by our Bank in the present budget underlines, in fact, a remarkable recovery in comparison with the figures recorded a final balance in the previous years, and the percentage variations is much higher than the average one expected for the system does confirm the need to take the bank back to profitability levels more in line than the sector average ones.

The hypothesis of Budget for 2002 was drawn up in accordance with the activity scenarios as provided by the Monte dei Paschi di Siena Bank and by Prometeia, by taking into account, for some aggregates, of the special features of the "Cassa di Risparmio di San Miniato".

More in details, more stressed dynamics are to be expected than the ones foreseen as to the medium and long-term volume system intermediate with clients (loans and bonds) due to the continuation of a re-allocation policy of "assets and liabilities" posts by expiry. More in general, the development of investment and collection volumes will be also affected by a higher contribution by the newly opened branches that will progressively



start working at full régime.

The priorities set in the outlooks formulation shown are essentially following:

- Go on with the expansion in profitability by aiming at a 6,4% ROE. The increase of this indicator, which is the expression of the qualifying synthesis of the management profitability, will lead to a parallel growth of the value creation for the shareholders.

- Have as primary object the reduction of the incidence of operational costs on the intermediation margin through a cost containing policy, followed along with the above described actions on the income side. The Cost/Income ratio is foreseen to fall under 70,7%.

- Pay constant attention to the increase in interest margin particularly referring to the customer section and on the growth of proceeds from services with following influencing the intermediation margin dynamic.

- Aim at the clients' patrimony expanding by backing the potentialities connected with the different clients' segments even through re-organization actions of the distribution arrangement aiming at the development of activities in the retail, private and corporate different components.

- Keep on with the expanding and strengthening of innovative distribution channels by accelerating the foreseen plan of territory development on regional guidelines which are believed to be of commercial interest with the opening of eight branches in 2002. This must lead to an to the expansion of market shares in recently opened branches and in frontier areas.

- Keep on with the steady development of the most dynamic components of proceeds from services, with particular reference to saving management, aiming at more profitable innovating instruments and products, and to the sector of services and, of payment systems for privates and of the new financial and consultant services for companies

- Achieve important results from the financial activity with clients, by proceeding, in particular with a strong development in the "private" sector, in order to supply a high standing clientèle with a qualified service in the Asset Management along with a fiscal, legal, social security, insurance, real estate, inheritance assistance as well as the one regarding art until being able to manage also some company issues

- Continue the policy of development and value enhancement of human resources, boosting the stimulus to selling and the care for results through the link with the Budget of the CRSM P.R.E.M.I.A. system and the product-aimed campaigns.

- Improve the management and the use of resources in view of a rationalization, also at organizational level, of branches and of their territorial competence as well as the relative operative segments with the aim to increase the facilities effectiveness and the commercial specialization as to the different customer typologies.

- Keep high the attention paid to the evaluation of risks, both for credit sector and in the management of portfolio and financial activity. In the "credit" sector, especially, the strategy must provide for behaviors and instruments aimed at preventing the formation of stranded lots and the passing to overdues, also through an adequate pricing of the credit risk.

The Gross Profits target is expected to increase by about 62 billion lira, by more than 36% whereas the ROA (ratio between management result and brokered funds) should be approximately 1,12%.

A considerable increase by about 32% equal to around 19 billion is expected also for the Net Profits target. This should enable the ROE (ratio between net profits and owned means) to reach 6,4%, an objective in keeping with the multiyear strategy aimed at the recovery of the profitability.

In order to improve profitability, as explained above, some specific strategies for the accounting period have been developed, such as plans for the strengthening of the distribution system, improvement of some organizational aspects, various commercial initiatives and activities for the development and value enhancement of human resources. These plans form the necessary support to strengthen the territorial rooting of the "Bank" in order to attain the hoped recovery of market shares in areas of recent settlement.

**The Sales Network** – Regarding the traditional network, the year 2002 will be characterized by two main



events:

• The completing within Spring of the three-year counter-opening with the opening of the Branch in Lucca, Grosseto and Agliana. Over the last three years we have opened 18 new branches (+36%) all in settling areas characterized by high inhabitant density or by a strong PMI presence, areas where our way of being a bank result to be highly interesting. Besides, in a close future, the new plan for the coming three year-period 2002-2004 will be made formal this giving us the opportunity to open further 4 branches in the second part of the year and so reaching a total number of 72 branches.

• During the month of May, the new branch organizational model will be taken to all the suburban facilities through a "roll-out team". This model is featured by following points:

- Orientation towards the customer
- Articulation of sales network on three counter operating levels: Branches, Agencies and Retail
- Agencies
- Lightening of the minor units accountant tasks and focusing on the commercial activity
- Rationalization of the branch procedures with the aim of increasing the efficiency of the suburban facilities and the specialization of the facilities and resources on certain customer segments.
- Product redesigning as to packaging to give complete solutions to the various customer segments so to reach a higher cross-selling degree.

**Direct Collection** – From the new suburban facilities (mainly belonging to the Retail agencies type) we do expect a good contribution as to the figure from direct collection, a balance-sheet item that must represent the main growth component in the new operational units. Their commercial action will be supported by our Call Center that, after one year's activity has reached a good professional level, this resulting in an effective outbound action, both towards the private clients and towards the company segment.

During the present year, the new issue of bond loans will be the strategic product for our bank to which address the clients collection. To this aim a strategy aimed at issuing and allocating our bank bond loans will be adopted, loans which will also have innovating forms, especially appreciated by the clients.

The bonds represent so the direct collection growth "driver" which will be accompanied by a deposit physiological growth, all this in a coherent way with the still lasting phase of Financial Market unsteadiness and volatility. As already happened last year, our sales network will use the product in a convenient way also as alternative form of saving investment if compared with the short-term certificates of deposit and transactions of cash against term.

**Indirect Collection** – The assignment of customer portfolios to the branch managers as per the new territory network organizational model and the subsequent manager's being made responsible for the branch budget will have to always grant for the widest sharing of the targets believed as strategic for the "Bank". Consequently the conversion action of administered collection into managed saving will be specially boosted and the resource specialization on the various customer segments as well as on the single products will be made easier.

In this section, the commercial force action will be made more incisive also by the Personal Financial Planning application being adopted that should grant an optimization of the sale proactive phase and should qualify the consultant activities so permitting to propose new solutions which are more and more responding to each single need so increasing each customer's inclination to let his own investments be managed.

The opening of some new branches and the new network organizational model should permit to the aggregate of the administered collection to establish the levels got and to record a light increase. The international economy recovery should make a growth in the investment activity within the shares section be possible, supported in this by the telematic channels existing (Callcenter - Digicenter) for the relation handling. In 2002, the missing of fiscal drags on Government securities if compared with corporate bonds has increased the potential investors' area for those financial instruments, should produce an additional demand for those securities.



The company target within the direct collection section continues to privilege managed saving products (with higher added value and a more unit profitability) also with the presumption that in 2002 there will be again the savers' interest towards these atypical forms of investment. It is however evident that the aggregate growth is also based on:

- An expected financial market inversion trend, during 2002, (shares and bonds);
- On the commercial products promoting and restyling action.
- On the reconversion of the managed saving of all those clients that have temporarily oriented towards forms of short-term administered saving.

**Investments** – It is aimed at a strong growth in personal loans and above all in loans in compliance with the positive trend on the building market and with a revising of the range of products offered so to adapt it to each clients segment. Also in the loans, there will also be introduced, some automatic credit evaluation techniques (scoring) in keeping with the most advanced solutions to be found in the sector.

The Retail loans section is undergone to a redesigning phase both with regard to the creation of new products, that will better suit to this clientèle segment, and to the simplification of sales procedures. The engagement by a special working team, made of Headquarters and branch personnel, will grant the sales network a wide range of competitive products that along with the some simplified procedures being adopted, justifies the expectations from this special section.

Also a cross selling and up selling activity will be consolidated, which will be managed both through the traditional channels and through the Contact Center.

**Products and services** – It is aimed at a “one stop shopping” logic in which the customer, through a package selling formula, buys more products together so meeting more needs with competitive products and services. The total economic return of each transaction will be higher both in terms of interest margin resulting from the various products and to commissions derived from combined services. The whole impact, in addition to an economic return, also make the clients “stick” to the “Bank” due to a higher “portfolio” portion held by the “Bank” if compared with the customer’s himself total potentialities.

The package-selling logic will make a higher cross-selling and up-selling level be possible, that, by re-routing a part of the Bancomat transactions to the Visa Elektron circuit will grant us a higher profitability on commercial transactions.

**Clients' patrimony** - The Branches opened in 2001 along with the four branches which will be opened at the end of May 2002 as well as the four branches opening during the second half of the year, should contribute in a determining way to the results expected.

This network development should grant for a growth as forecast in the number of the bank private clients while the creation of some new specific products for this customer segment should make the retention degree become higher. As to companies, the product named Digitravel is under releasing which is addressed to Tuscan tourist hotel facilities, an absolutely innovating and original product which will expand our number basis in this important customer segment.

The traditional channel strengthening combined with the telematic and telephone channel potentiality will result into a multiplication effect in full multi-channel asset as it is required from a modern, future-oriented bank.

**Activities in the financial area** – It is forecast that the bonds in hand should decrease due to the action containment in the “prompt cash against term” with clients and not to run excessive position risks. The property bond stock decrease will lighten the very difficult Euro Treasury position.

At the present levels of investment/collection consistencies, the bond portfolio management should permit to us to take the trendy position of “liquidity givers”

The facilities of the Financial Area will operate both on what derived both from the stock, bond and currency markets so to not run too many financial risks.

All these projects, given their great importance, are constantly supervised by the Headquarters.



Before closing this Report it is necessary to inform you that also in 2001 our Bank continued to assist the Financial Police and the Judicial Authorities in the production and dispatch of the required documentation as per the norm in force.

Furthermore, our due support and research activity to the Italian Exchange Office was given and all the required documentation following suspicious indications given by our bank during the year 2001 and in previous years was produced to it.

*Dear Shareholders,*

in closing this Report, we have pleasure in expressing our warmest gratitude to the General Manager for the qualified activity he performed and the efforts he made in fulfilling his functions.

We would also like to thank the Board of Auditors for the professional advice provided on numerous occasions.

Special thanks are due to the Managers, the Executives and all the Personnel for their cooperation in the implementation of the company's plans and in the attainment of the results previously described, in a year that required everyone a complete dedication and a generous effort.

We also feel obliged to the Central and Local Offices of the Control Authority and to the Bankers' Associations for their assistance and advice given on all the occasions, to the Local Authorities and Entrepreneurs' Associations for their friendly and profitable cooperation, and to all the clients for the trust they put in our Bank.

Lastly, we wish to express our deepest gratitude to the auditing and certification company Deloitte & Touche for the highly qualified and professional support provided.

The Board of Directors

San Miniato, 22 March 2002

# Tutte le carte in regola per vivere bene con l'Euro.

In così poco spazio un mondo di vantaggi.

## Carta Carissimi

Molto più che un semplice Bancomat:

- VISA Electron, acquisti sicuri in tutto il mondo, con salita di addebito 10 giorni dopo l'acquisto;
- Prelievo contante presso tutti gli sportelli automatici ATM in Italia e all'estero con un unico PIN;
- FASTpay per pedaggi sulla rete autostradale con addebito il mese successivo;
- Operazioni self-service (informazioni, disposizioni, prelievi, ricariche telefoniche ecc.).

Validità: triennale, rinnovabile alla scadenza.

Costo: quota annuale di euro 10,33.

Costo operazioni: nessun costo per le operazioni effettuate in Italia.

## EuroPrima Card

È una carta "usa e getta" il cui valore risiede proprio nei suoi limiti. Ideale per essere portata in vacanza, da regalare ai figli o per fare spese con un budget limitato.

- Operazioni PagoBANCOMAT con limite di utilizzo stabilito dal titolare al momento del ritiro in banca;
- È al portatore;
- Da la certezza di non superare la cifra limite stabilita;
- Non è riutilizzabile una volta esaurita.

Validità: fino all'esaurimento della cifra definita dal titolare.

Costo: gratuita

Costo operazioni: nessuno

## Fiorino Card

Dedicata a Firenze ed ai suoi estimatori

- Per acquistare nei negozi convenzionati MNLbay;
- Per pagare comodamente tutti i servizi comunali (mense e refezione scolastica, certificazioni, multe, ecc.);
- Per viaggiare in autobus (ATAF) con un bonus di validità di 10';
- Per pagare i parcheggi pubblici cittadini con uno sconto del 10%.

Validità: illimitata

Costo: gratuita

Costo operazioni: nessuno



Abbiamo presente il valore del futuro.

CASSA DI RISPARMIO  
DI SAN MINIATO

SpA



## ASSETS AND LIABILITIES STATEMENTS (IN LIRA)

	Assets	31/12/2001	31/12/2000
10.	Cash in hand and current assets at central banks and post offices	32.097.581.557	27.600.292.635
20.	Treasury securities and assimilated value admissible for refinancing at central banks	146.818.712.504	136.071.151.631
30.	Credits towards banks	525.357.482.305	111.937.405.224
	<i>a)</i> on sight	152.409.499.733	32.948.981.366
	<i>b)</i> other credits	372.947.982.572	78.988.423.858
40.	Credits towards clients	2.337.041.967.210	2.218.278.879.638
50.	Debentures and other bonds	657.325.846.820	963.545.457.266
	<i>a)</i> from public issuers	322.133.171.741	571.160.600.461
	<i>b)</i> from banks	210.557.442.102	178.536.903.177
	of which :		
	-own securities	8.772.170.298	4.112.022.847
	<i>c)</i> from financial bodies	122.939.141.665	213.091.313.183
	<i>d)</i> from other issuers	1.696.091.312	756.640.445
60.	Shares, quotas and other capital securities	44.587.364.294	11.629.941.419
70.	Investments	43.314.074.465	41.997.691.712
80.	Investments in companies of the group	0	0
90.	Intangible fixed assets	4.872.176.727	5.652.212.105
100.	Tangible fixed assets	94.755.220.498	108.261.715.172
130.	Other operations	247.029.512.711	195.829.001.023
140.	Accrued earnings and deferred charges	24.467.868.303	28.333.738.167
	<i>a)</i> accrued earnings	23.575.767.141	27.399.605.471
	<i>b)</i> deferred charges	892.101.162	934.132.696
	<b>Total</b>	<b>4.157.667.807.394</b>	<b>3.849.137.485.992</b>



	<b>Liabilities</b>	<b>31/12/2001</b>	<b>31/12/2000</b>
10.	Debts towards banks	396.617.171.699	301.586.162.623
	a) on sight	1.518.347.100.690	90.833.086.112
	b) on expiry or notice	384.489.874.644	210.753.076.511
20.	Debts towards clients	1.868.587.261.621	2.000.614.797.514
	a) on sight	801.465.170.344	1.483.630.638.777
	b) on expiry or notice	350.240.160.931	516.984.158.737
30.	Debts represented by securities	980.534.243.695	764.070.338.108
	a) bonds	801.465.170.344	574.057.004.373
	b) certificates of deposit	150.357.387.346	158.168.998.966
	c) other securities	28.711.686.005	31.844.334.769
50.	Other liabilities	292.113.552.544	222.159.071.178
60.	Accrued charges and deferred income	30.030.803.317	25.712.519.344
	a) accrued charges	27.401.117.064	22.917.920.986
	b) deferred income	2.629.686.253	2.794.598.358
70.	Employee termination indemnity	41.378.354.267	41.673.856.365
80.	Risks and Charges Fund	85.782.716.539	90.144.578.801
	a) funds for severance payments and similar obligations	46.950.442.081	49.274.607.031
	b) funds for taxes and dues	27.166.314.059	27.581.400.947
	c) other funds	11.665.960.399	13.288.570.823
90.	Funds for credit risks	26.102.464.213	29.517.660.967
100.	Funds for general banking risks	6.100.000.000	4.900.000.000
110.	Subordinate liabilities	118.088.100.000	74.000.000.000
120.	Capital	151.029.060.000	150.000.000.000
140.	Reserves	57.145.424.313	55.203.512.753
	a) legal reserves	25.006.674.859	24.528.126.281
	c) statutory reserves	32.057.085.547	30.636.191.933
	d) other reserves	81.663.907	39.194.539
150.	Revaluation reserves	89.774.624.849	79.984.016.779
170.	Operating income (loss)	14.384.030.337	9.570.971.560
	<b>Total</b>	<b>4.157.667.807.394</b>	<b>3.849.137.485.992</b>

## GUARANTEES AND LIABILITIES

	<b>Entries</b>	<b>31/12/2001</b>	<b>31/12/2000</b>
10.	Granted guarantees of which:	357.240.697.970	296.553.428.739
	of which:		
	- acceptances	3.990.000.000	4.790.000.000
	- other guarantees	353.250.697.970	291.763.428.739
20.	Liabilities	171.369.302.375	127.412.718.076

The Chief Accountant  
Enrico Provedi

The General Manager  
Luigi Minischetti

The Chairman  
Crescenzo Franci

The Auditors  
Marco Boldrini  
Carlo Carli Maltinti  
Duccio Neri



## PROFIT AND LOSS ACCOUNT (IN LIRA)

	ITEMS	31/12/2001	31/12/2000
10.	Interest earned and assimilated proceeds	226.387.887.155	195.323.492.381
	on:		
	- credits towards clients	167.946.292.505	139.415.906.005
	- fixed interest securities	49.650.719.557	48.800.740.322
20.	Interest paid and assimilated charges	102.549.354.175	81.501.231.062
	on:		
	- debts towards clients	41.645.453.915	37.348.720.101
	- debts represented by securities	37.733.448.394	29.596.007.828
30.	Dividends and other proceeds	1.535.013.637	1.848.095.065
	a) on shares, quotas and other dividend-bearing securities	264.759.896	73.377.801
	b) on investments	1.270.253.741	1.774.717.264
	c) on investments in companies of the group	0	0
40.	Earned commissions	57.193.946.207	58.955.193.712
50.	Paid commissions	2.927.971.136	3.729.728.994
60.	Profit (Losses) from financial operations	1.719.786.259	2.201.293.760
65.	Costs for investments of severance funds and similar obligations	4.730.481.892	0
70.	Other operation proceeds	24.621.722.497	22.619.313.342
80.	Administration expenses	75.995.198	72.214.850
	a) personnel expenses	89.376.813.898	86.016.073.036
	on:		
	- wages and salaries	64.013.699.711	60.787.101.851
	- social security	16.286.809.064	16.154.570.630
	- employee termination indemnity	3.314.026.899	5.074.443.731
	- severance pay and similar obligations	3.954.459.374	2.145.163.160
	b) other administration expenses	57.770.408.733	53.811.373.602
85.	Covering of costs for investments of severance funds and similar obligations	4.730.481.892	0
90.	Value adjustments on tangible and intangible fixed assets	12.405.891.316	13.603.565.920
100.	Appropriations for risks and charges	770.000.000	2.283.000.000
110.	Other operation expenses	871.954.610	2.179.008.062
120.	Value adjustments on credits and appropriations for guarantees and liabilities	28.481.050.869	18.246.839.214
130.	Recovery of value on credits and appropriations for guarantees and liabilities	6.955.307.229	3.896.299.877
140.	Appropriations to the Risks on Credit Funds	0	0
150.	Value adjustments on financial fixed assets	817.666.677	316.446.762
160.	Value recovery on financial fixed assets	172.102.249	276.722.352
170.	<b>Profit (Loss) from Ordinary Assets</b>	<b>22.614.653.819</b>	<b>23.433.143.837</b>
180.	Extraordinary proceeds	12.928.491.317	4.887.357.135
190.	Extraordinary charges	4.880.320.306	2.331.162.757
200.	<b>Extraordinary Profit (loss)</b>	<b>8.048.171.011</b>	<b>2.556.194.378</b>
210.	Variation of fund for general bank risk	1.200.000.000	500.000.000
220.	Income tax	15.078.794.493	15.918.366.655
230.	<b>Operating income</b>	<b>14.384.030.337</b>	<b>9.570.971.560</b>

**BANK SHAREHOLDING**

Denomination	Our quota %	Nominal value	Balance-Sheet Value
AXIOMA SPA - CINISELLO BALSAMO (MI)	0,8280	5.330.551	500.000.000
BANCA DI LUCCA DI CREDITO COOPERATIVO SCRL - LUCCA	1,0604	69.992.288	69.992.288
BANCA D'ITALIA - ROMA	0,2173	652.000	12.609.436.861
CASSA DI RISPARMIO DI FIRENZE SPA - FIRENZE	0,2325	2.525.667.000	6.786.296.057
CENTRALE DEI BILANCI S.R.L. - TORINO	0,2778	29.044.050	37.500.000
CENTRALE RISCHI FINANZIARIA SPA - BOLOGNA	0,5949	13.662.000	29.572.020
CENTRO FACTORING SPA - FIRENZE	1,6417	801.042.644	925.636.555
CENTRO LEASING SPA - FIRENZE	1,4112	2.735.116.139	3.171.282.299
CFT FINANZIARIA SPA - FIRENZE	5,6658	2.577.925.000	2.776.226.923
CITYPOST SPA - PISA	7,6923	53.247.425	1.002.019.725
CONSORZIO OPERATIVO GRUPPO M.P.S. - SIENA	0,0822	151.114.610	151.114.610
ECOFOR SPA - PONTEDERA (PI)	1,6923	44.000.000	495.000.000
ELSAG BANKLAB SPA - ROMA	0,0033	452.000	452.000
EUROBIC TOSCANA SUD SPA - POGGIBONSI (SI)	2,3805	13.847.000	13.847.000
EUROCASSE S.I.M. SPA - MILANO	0,0486	2.089.081	1
FIDI TOSCANA SPA - FIRENZE	1,4729	1.465.622.369	1.470.681.472
> FIDUCIA SPA - SAN MINIATO (PI)	100,0000	251.715.100	235.909.206
GAL GARFAGNANA AMBIENTE E SVILUPPO - LUCCA	15,0000	19.500.000	19.500.000
I.C.C.R.I. BANCA FEDERALE EUROPEA SPA - ROMA	0,0990	1.030.400.000	1.787.908.363
INFORMATICA CASSE TOSCANI SPA - LUCCA	10,0000	1.000.000.000	409.557.049
INSO SPA - FIRENZE	5,0000	561.518.300	839.759.839
IST. PER L'ENCICLOPEDIA DELLA BANCA E DELLA BORSA SPA - ROMA	0,1003	1.806.056	1.482.611
KORE SPA - MONTELUPO FIORENTINO (FI)	12,0000	23.235.240	23.235.240
NAVICELLI DI PISA SPA - PISA	4,4183	60.000.000	60.000.000
PROFESSIONAL DUCATO SERVIZI SPA - PISA	14,6571	1.033.038.770	920.761.065
PUBLISERVIZI SPA - EMPOLI (FI)	0,3247	100.000.000	100.000.000
S.A.L.T. SPA - LIDO DI CAMAIORE (LU)	0,7737	1.797.768.607	2.355.551.232
S.I.A. SPA - MILANO	0,0148	5.208.204	6.158.442
S.W.I.F.T. - BRUXELLES	0,0092	1.936.270	10.816.787
SAMMEZZANO CASTLE SPA - FIRENZE	2,0000	4.000.000	4.000.000
> SAN GENESIO IMMOBILIARE SPA - SAN MINIATO (PI)	87,0413	5.787.511.030	5.841.328.191
SERVIZI INTERBANCARI SPA - ROMA	0,1447	75.630.576	62.416.703
SI.TE.BA. SPA - ROMA	0,1290	6.449.000	6.449.000
SOCIETA' AEROPORTO TOSCANO SPA - PISA	2,3633	373.431.142	346.006.534
SOCIETA' AUTOSTRADA TIRRENICA SPA - GROSSETO	0,2811	133.129.212	190.826.527
SOCIETA' PER I SERVIZI BANCARI SPA - MILANO	0,0346	7.210.127	5.331.539
TECHNODEAL SRL - VICOPISSANO (PI)	8,1333	2.440.000	2.491.020
• TIRRENA PROFESSIONAL FACTOR SPA - PISA	22,6055	452.110.000	45.527.306
<b>TOTAL</b>		<b>23.216.841.791</b>	<b>43.314.074.465</b>

> Subsidiary companies • Associated companies



## SEDE CENTRALE - HEADQUARTERS

	telefono	Telefax	e-mail
<b>Direzione Generale</b>			
56027 San Miniato (PI) Via IV Novembre, 45 Telex 500145 CARISM I	05714041	0571404310	
Servizio Personale <i>Personnel</i>	0571404611	0571404509	a.bonistalli@crsm.it
Servizio Auditing <i>Auditing</i>	0571404618	0571404504	a.melai@crsm.it
Ufficio Legale e Consulenza <i>Legal</i>	0571404279	0571404235	d.costa@crsm.it
Ufficio Contenzioso <i>Cases</i>	0571404254	0571404290	m.andreini@crsm.it
Ufficio Qualità del Credito <i>Credit Quality</i>	0571404392	0571404215	g.carrai@crsm.it
Ufficio Segreteria e Comunicazione <i>Management Offices and Communication</i>	0571404346	0571404269	a.cirri@crsm.it
Servizio Retail <i>Retail</i>	0571404751	0571405269	g.paoli@crsm.it
Customer Care Center	0571405369	0571405269	r.guerrini@crsm.it
<b>Area Amministrazione</b>			
Servizio Ragioneria <i>Accounts</i>	0571405201	0571405255	g.landì@crsm.it
Servizio Attività Centralizzate <i>Centralized Activities</i>	0571405282	0571405266	ml.mariani@crsm.it
Ufficio Amministrazione Titoli <i>Security Administration</i>	0571405209	0571405262	m.cicconi@crsm.it
Ufficio Fiscale <i>Fiscal</i>	0571405250	0571405255	s.giacomelli@crsm.it
Ufficio Pianificazione e Controllo di Gestione <i>Planning and Control</i>	0571405280	0571405255	s.lazzerini@crsm.it
Ufficio Statistiche di Vigilanza <i>Supervision Statistics</i>	0571405244	0571405255	p.pomponi@crsm.it
<b>Area Finanza</b>			
Servizio Finanza Operativa <i>Operative Finance</i>	0571405335	0571405338	m.puccini@crsm.it
Servizio Attività Finanziarie <i>Financial Activities</i>	0571405419	0571405306	a.belli@crsm.it
Ufficio Private <i>Private</i>	0571405406	0571405338	b.romiti@crsm.it
<b>Area Rete</b>			
Servizio Affari Generali <i>General Business Area</i>	0571404672	0571404615	e.ricci@crsm.it
Ufficio Andamento Rete <i>Branches</i>	0571405432	0571405288	a.pucci@crsm.it
Ufficio Banca Innovativa <i>New Technologies</i>	0571405259	0571405288	d.panchetti@crsm.it



Ufficio Organizzazione <i>Organization</i>	0571405277	0571405288	m.boldrini@crsm.it
<b>Area Corporate</b>			
Servizio Crediti <i>Credit</i>	0571404268	0571404717	r.bruni@crsm.it
Servizio Estero <i>Foreign</i>	0571404580	0571404555	r.papa@crsm.it
Ufficio Corporate <i>Corporate</i>	0571404478	0571404340	a.tamalio@crsm.it
Laboratorio Fidi <i>Credit Secretary</i>	0571404238	0571404280	
<b>Centro Studi "I Cappuccini"</b>			
56027 San Miniato (PI) Via di Calenzano	0571418216	0571418216	



## DIPENDENZE - BRANCHES

Filiali	Indirizzo			Telefono	Telefax
AMBROGIANA	Via I° Maggio, 2	50056	AMBROGIANA (FI)	0571-541696	0571-542950
CAPANNE	Via Nazionale, 152	56020	CAPANNE (PI)	0571-468352	0571-468352
CAPANNOLI	Via Volterrana, 149	56033	CAPANNOLI (PI)	0587-609002	0587-607230
CARRARA	Viale XX Settembre, 83	54033	CARRARA	0585-842676	0585-844056
CASCIANA TERME	Piazza Martiri della Libertà, 17	56034	CASCIANA TERME (PI)	0587-646430	0587-645317
CASTELFIORENTINO	Piazza Kennedy, 1	50051	CASTELFIORENTINO (FI)	0571-61936	0571-61402
CASTELFRANCO DI SOTTO	Via Calatafimi, 64	56022	CASTELFRANCO DI SOTTO (PI)	0571-470630	0571-489810
CASTELNUOVO GARFAGNANA	Via Prov.le loc. Piano Pieve	55032	CASTELNUOVO GARFAGNANA	0583-641369	0583-641372
CASTELVECCHIO PASCOLI	Via Pascoli, 37	55020	CASTELVECCHIO PASCOLI	0583-766400	0583-766394
CASTIGLIONCELLO	Via Aurelia, 486	57012	CASTIGLIONCELLO (LI)	0586-751737	0586-743438
CERRETO GUIDI	Via Dei Fossi, 10	50050	CERRETO GUIDI (FI)	0571-55776	0571-558807
CERTALDO	Corso Matteotti, 9	50052	CERTALDO (FI)	0571-667833	0571-664434
EMPOLI 1	Via Cavour, 37	50053	EMPOLI (FI)	0571-735430	0571-77883
EMPOLI 2	Via delle Olimpiadi, 154	50053	EMPOLI (FI)	0571-993305	0571-993308
FAUGLIA	Corso della Repubblica, 72	56043	FAUGLIA (PI)	050-650433	050-650327
FIRENZE 1	Via De Rondinelli, 4	50123	FIRENZE	055-2391001	055-2391039
FIRENZE 2	Via G. Marconi, 69/B	50131	FIRENZE	055-2391007	055-5000848
FIRENZE 3	Via del Palazzo Bruciato, 7	50134	FIRENZE	055-2391003	055-461520
FIRENZE 4	Via di Novoli, 79/A	50127	FIRENZE	055-2391004	055-413802
FIRENZE 5	Via Cecioni, 64	50142	FIRENZE	055-2391005	055-701906
FUCECCHIO	Viale B. Buozzi, 132	50054	FUCECCHIO (FI)	0571-243430	0571-261872
GAMBASSI TERME	Via Vittorio Veneto, 76	50050	GAMBASSI TERME (SI)	0571-638000	0571-639008
LA ROTTA	Piazza Garibaldi, 1/a	56020	LA ROTTA (PI)	0571-484816	0571-483180
LA SCALA	Piazza Trieste, 20	56020	LA SCALA (PI)	0571-400254	0571-400254
LASTRA A SIGNA	Via Livornese, 134/b	50055	LASTRA A SIGNA (FI)	055-8723197	055-8723642
LIMITE SULL'ARNO	Piazza Vittorio Veneto, 32	50050	LIMITE SULL'ARNO (FI)	0571-979292	0571-979292
LIVORNO 1	Via Scali delle Pietre, 25	57123	LIVORNO	0586-211973	0586-211876
LIVORNO 2	Piazza Dante, 8	57121	LIVORNO	0586-404291	0586-404719
LUCCA	Via Pesciatina, 219	55010	LUCCA	0583-996415	0583-998496
MARLIA	Via Paolinelli, 44	55014	MARLIA (LU)	0583-407137	0583-407559
MASSA	Viale Stazione, 203-205	54100	MASSA	0585-251841	0585-252171
MONTOPOLI VAL D'ARNO	Via San Giovanni, 65	56020	MONTOPOLI V/ARNO (PI)	0571-466904	0571-466446
ORENTANO	Via della Chiesa, 2	56020	ORENTANO (PI)	0583-23001	0583-23189
PALAIÀ	Via A. Di Mino, 7	56036	PALAIÀ (PI)	0587-622126	0587-622550
PIAZZA AL SERCHIO	Piazza Giovanni XXIII, 4	55035	PIAZZA AL SERCHIO (LU)	0583-60370	0583-60413
PISA 1	Lungarno Gambacorti, 21	56125	PISA	050-49669	050-49669
PISA 2	Via del Chiassatello, 1	56122	PISA	050-501543	050-501679
PISTOIA	Via Macallè	51100	PISTOIA	0573-23463	0573-25421
POGGIBONSI	Viale Marconi, 55	53036	POGGIBONSI (SI)	0577-935459	0577-933310
PONSACCO	Piazza della Repubblica, 22	56038	PONSACCO (PI)	0587-737630	0587-732551
PONTE A CAPPIANO	Viale Colombo, 270	50050	PONTE A CAPPIANO (FI)	0571-295103	0571-295108
PONTE A EGOLA	Via C. Pisacane, 3	56024	PONTE A EGOLA (PI)	0571-484730	0571-498859
PONTE A ELSA	Via Senese Romana, 2	50057	PONTE A ELSA (FI)	0571-931014	0571-931790
PONTEDEERA 1	Via I° Maggio, 17	56025	PONTEDEERA (PI)	0587-210530	0587-212336
PONTEDEERA 2	Via Roma, 110/b	56025	PONTEDEERA (PI)	0587-291877	0587-291313
POZZALE	Via Poggio per S. Donato, 1	50053	POZZALE (FI)	0571-922475	0571-924400
PRATO 1	Via Ferrucci, 97	50047	PRATO	0574-574554	0574-592864
PRATO 2	Via Spontini, 45	50047	PRATO	0574-604602	0574-604626
SAN FREDIANO A SETTIMO	Via Tosco Romagnola 1176	56026	SAN FREDIANO A SETTIMO (PI)	050-741784	050-740333
SAN MINIATO	Via A. Conti, 40	56027	SAN MINIATO (PI)	0571-400902	0571-400428
SAN MINIATO BASSO	Viale G. Marconi, 22	56028	SAN MINIATO BASSO (PI)	0571-401730	0571-43022
SAN ROMANO	Via G. Matteotti, 26	56020	SAN ROMANO (PI)	0571-450630	0571-450566
S. CROCE S/A 1	Piazza del Popolo, 35	56029	SANTA CROCE S/ARNO (PI)	0571-368810	0571-30741
S. CROCE S/A 2	Via P. Francesca Sud, 90	56029	SANTA CROCE S/ARNO (PI)	0571-34775	0571-34716
SANTA MARIA A MONTE	Via delle Grazie, 1	56020	SANTA MARIA A MONTE (PI)	0587-707007	0587-705166
SCANDICCI	Piazza Matteotti, 9	50018	SCANDICCI (FI)	055-2578887	055-2578890
SIENA	Piazza A. Gramsci, 25	53100	SIENA	0577-41765	0577-42065
SIGNA	Piazza E. Berlinguer, 11	50058	SIGNA (FI)	055-875855	055-876053
SPICCHIO SOVIGLIANA	Via Togliatti, 22	50053	SPICCHIO SOVIGLIANA (FI)	0571-903030	0571-501167
STABBIA	Via Bercilli, 22	50050	STABBIA (FI)	0571-586962	0571-586577
STAFFOLI	Piazza Panattoni, 4/b	56020	STAFFOLI (PI)	0571-37010	0571-37557
UZZANO	Via P. Lucchese, 266	51010	UZZANO (PT)	0572-453194	0572-453210
VIAREGGIO	Piazza Manzoni, 15	55049	VIAREGGIO (LU)	0584-49793	0584-48399
VINCI	Via R. Fucini, 31	50059	VINCI (FI)	0571-56644	0571-56383

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Tesorerie Comunali	Indirizzo			Telefono	Telefax
CAPANNOLI	Via Volterrana, 149	56033	CAPANNOLI (PI)	0587-609002	0587-607230
CASCIANA TERME	Piazza Martiri della Libertà, 17	56034	CASCIANA TERME (PI)	0587-646430	0587-645317
CASTELFRANCO DI SOTTO	Via Calatafimi, 64	56022	CASTELFRANCO DI SOTTO (PI)	0571-470660	0571-489810
CERRETO GUIDI	Via Dei Fossi, 10	50050	CERRETO GUIDI (FI)	0571-55776	0571-558807
CERTALDO	Corso Matteotti, 9	50052	CERTALDO (FI)	0571-667833	0571-664434
FAUGLIA	Corso della Repubblica, 72	56043	FAUGLIA (PI)	050-650433	050-650327
GAMBASSI TERME	Via Vittorio Veneto, 76	50050	GAMBASSI TERME (SI)	0571-638000	0571-639008
LIMITE SULL'ARNO	Piazza Vittorio Veneto, 32	50050	LIMITE SULL'ARNO (FI)	0571-979292	0571-57188
MONTOPOLI VAL D'ARNO	Via San Giovanni, 65	56020	MONTOPOLI V/ARNO (PI)	0571-466904	0571-466446
PONSACCO	Piazza della Repubblica, 22	56038	PONSACCO (PI)	0587-737660	0587-732551
SAN MINIATO	Via Conti, 40	56027	SAN MINIATO (PI)	0571-400902	0571-400428
SANTA CROCE SULL'ARNO	Piazza del Popolo, 35	56029	SANTA CROCE S/ARNO (PI)	0571-368810	0571-30741
SANTA MARIA A MONTE	Via delle Grazie, 1	56020	SANTA MARIA A MONTE (PI)	0587-707007	0587-705166
UZZANO	Via P. Lucchese, 266	51010	UZZANO (PT)	0572-453194	0572-453210
VINCI	Via R. Fucini, 31	50059	VINCI (FI)	0571-56644	0571-56383
PALAIÀ	Via A. Di Mino, 7	56036	PALAIÀ (PI)	0587-622126	0587-622550

  

Aziende A.S.L.	Indirizzo			Telefono	Telefax
Azienda A.S.L. n° 11 EMPOLI	Via Cavour, 37/41	50053	EMPOLI (FI)	0571-735460	0571-77883
Azienda A.S.L. n° 5 PISA	Lungarno Gambacorti, 21	56125	PISA	050-915460	050-49669
Presidio Ospedaliero PONTEDEERA	c/o Ospedale Civile F. Lotti	56025	PONTEDEERA (PI)	0587-291598	
Azienda Ospedaliera SENESE	Piazza Gramsci, 25	53100	SIENA	0577-41765	0577-42065

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#### ...e trasparenti

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- > Facoltà periodica e predefinita di estinguere il mutuo senza penali
- > Esito in 24 ore

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- > SEI SINGLE
- > METTER SU FAMIGLIA
- > LA FAMIGLIA CRESCE
- > LA FAMIGLIA INVESTE
- > LA SECONDA GIOVINEZZA



**CASSA DI RISPARMIO DI SAN MINIATO**

Sp.A.

Abbiamo presente il valore del futuro.