

PUBLIC DISCLOSURE

December 16, 2013

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

THE PITTSFIELD CO-OPERATIVE BANK

26393

**70 SOUTH STREET
PITTSFIELD, MA 01201**

**Division of Banks
1000 Washington Street, 10th Floor
Boston, Massachusetts 02118**

**Federal Deposit Insurance Corporation
350 Fifth Avenue, Suite 1200
New York, New York 10118**

NOTE: This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate- income neighborhoods, consistent with safe and sound operation of the institution. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the Division of Banks or the Federal Deposit Insurance Corporation concerning the safety and soundness of this financial institution.

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GENERAL INFORMATION

The Community Reinvestment Act (“CRA”) requires the Massachusetts Division of Banks (“Division”) and the Federal Deposit Insurance Corporation (“FDIC”) to use their authority when examining financial institutions subject to their supervision, to assess the institution's record of meeting the needs of its entire assessment area, including low- and moderate-income neighborhoods, consistent with safe and sound operations of the institution. Upon conclusion of such examination, the agencies must prepare a written evaluation of the institution's record of meeting the credit needs of its assessment area.

This document is an evaluation of the CRA performance of **The Pittsfield Co-operative Bank (or the “Bank”)**, prepared by the Division and the FDIC, the institution's supervisory agencies as of **December 16, 2013**. The agencies evaluate performance in the assessment area as it is defined by the institution, rather than individual branches. This assessment area evaluation may include visits to some, but not necessarily all of the institution’s branches. The Division and FDIC rate the CRA performance of an institution consistent with the provisions set forth in 209 CMR 46.00 and in Appendix A to 12 CFR Part 345.

INSTITUTION'S CRA RATING:

This institution is rated “High Satisfactory” by the Division and “Satisfactory” by the FDIC.

Please note that while the FDIC and the Division agree on the Bank’s overall performance, the FDIC’s rating matrix does not provide for a “High Satisfactory” rating.

Based on the Small Institution CRA evaluation procedures, The Pittsfield Co-operative Bank’s overall CRA performance is based on the following:

- The Bank’s loan-to-deposit (LTD) ratio is reasonable at 86.0 percent, given the institution’s size, financial condition and assessment area credit needs.
- A substantial majority (93.9 percent) of the Bank’s residential loans and small business loans are inside the Bank’s assessment area.
- The distribution of borrowers reflects, given the demographics of the assessment area, reasonable penetration among individuals of different income levels (including low and moderate-income) and businesses of different sizes.
- The geographic distribution of loans reflects reasonable dispersion throughout the assessment area.
- The Bank has not received any CRA-related complaints since the prior CRA evaluation.

SCOPE OF EXAMINATION

This evaluation was conducted jointly by the Division and the FDIC using Small Bank evaluation procedures. These procedures evaluated the Bank's CRA performance pursuant to the following criteria: LTD ratio, assessment area concentration, borrower profile, geographic distribution, and response to CRA complaints. The CRA evaluation considered activity since the Bank's prior CRA evaluation dated September 17, 2008.

This evaluation focused on home mortgage and small business lending. For purposes of this evaluation, greater emphasis is placed on the Bank's residential lending performance as it was the Bank's primary lending focus throughout the evaluation period. The Bank's most recent Consolidated Report of Condition and Income (Call Report) as of September 30, 2013, shows that the most significant portion of the Bank's loan portfolio is composed of residential real estate loans, at 65.9 percent. Consumer and small farm loans were not considered in the evaluation as each loan type represents only a small percentage of the loan portfolio.

Home mortgage lending data was analyzed from January 1, 2012 through September 30, 2013 (YTD 2013). Information related to residential mortgage lending was derived from the Loan Application Registers (LARs) maintained by the Bank pursuant to the Home Mortgage Disclosure Act (HMDA). The LARs contain data about home purchase and home improvement loans, including refinancing, of one-to-four family and multi-family properties (five or more units). The evaluation emphasized the Bank's home mortgage lending performance in 2012, as this is the most recent year for which aggregate lending data is available for comparison purposes. Aggregate lending data reflects the lending activity of all HMDA reporting lenders that originated or purchased at least one home mortgage in the Bank's designated assessment area. The Bank's home mortgage lending performance was also compared with demographic data. Home mortgage lending data for YTD 2013 is referenced in the narrative to illustrate trends in the Bank's lending data.

Small business lending data was also analyzed. For the purposes of this evaluation, small business loans are defined as commercial real estate loans and commercial and industrial loans with original balances of \$1 million or less. The Bank's small business loan data was derived from a sample of small business loans originated in 2012. As a small bank, the Bank is not required to collect and report small business loan data. Therefore, the Bank's small business lending activity was compared to demographic data and not compared to small business aggregate data.

Demographic information is used from the 2010 U.S. Census data when evaluating the lending data. Financial data was derived from the September 30, 2013 Call Report.

PERFORMANCE CONTEXT

Description of Institution

The Pittsfield Co-operative Bank is a Massachusetts state-chartered mutual savings bank that opened for business on January 8, 1889. Its main office is located in a low-income census tract at 70 South Street in Pittsfield. In addition, the Bank operates three branch offices; one in Pittsfield located in a moderate-income census tract; and, one each in Dalton and Great Barrington, both of which are located in middle-income census tracts. All branches are equipped with drive-up teller services and 24-hour walk-up automated teller machines (ATMs). In addition, the Great Barrington and Pittsfield branches have 24-hour drive-up ATM services. A 24-hour remote ATM is located in the Town of Hinsdale.

The Bank is a full-service financial institution that offers a variety of products and services. The Bank offers various residential mortgage loan products, including fixed- and adjustable-rate mortgages to purchase, improve or refinance a home, a first-time homebuyers program, loans for non-owner occupied properties, home equity lines of credit and home equity loans. Unsecured personal loans, new and used car loans, passbook loans, and other lines of credit are also offered. The Bank offers a variety of commercial loans for business purposes such as equipment purchases, working capital, and real estate development.

In addition, the Bank offers deposit products and services, including checking accounts, business checking accounts, savings accounts, business savings accounts, money market accounts, certificates of deposit, Individual Retirement Accounts (IRAs), ATM and debit cards. Other services include bank-by-phone, online banking, Internet bill-pay and e-statements. Business services include CO-OP direct deposit services, online banking, bank-by-phone, Internet bill-pay and e-statements.

As of September 30, 2013, the Bank had total assets of \$249.5 million and total deposits of \$189.6 million. Total loans were \$190.8 million, which represented 76.5 percent of total assets. Since the last CRA evaluation, the Bank's assets increased 5.4 percent, deposits grew 4.9 percent and net loans increased 26.1 percent.

Table 1 illustrates the distribution of the Bank's loan portfolio as of September 30, 2013. As Table 1 shows, the Bank is primarily a residential lender, with a majority of the loan portfolio secured by residential properties. Total real estate loans account for 90.2 percent of total loans. In addition, approximately 65.9 percent of the loans are secured by residential properties, including one-to-four and multi-family (five or more units) properties, followed by commercial real estate loans at 21.8 percent and commercial and industrial loans at 8.5 percent.

Table 1 Loan Portfolio Distribution as of September 30, 2013		
Loan Type	Dollar Amount \$(‘000s)	Percent of Total Loans
1-4 family residential construction loans	2,345	1.2
Other construction loans and all land development and other land loans	1,902	1.0
Secured by farmland	471	0.3
Revolving, open-end loans secured by 1-4 family residential properties and extended under lines of credit	14,783	7.7
Closed-end loans secured by 1-4 family residential properties: secured by first liens	105,026	55.0
Closed-end loans secured by 1-4 family residential properties: secured by junior liens	979	0.5
Secured by multi-family (5 or more) residential properties	5,126	2.7
Loans secured by owner-occupied nonfarm residential properties	31,413	16.5
Loans secured by other nonfarm residential properties	10,075	5.3
Total Real Estate Loans	172,120	90.2
Commercial and industrial loans	16,156	8.5
Other revolving credit cards	53	0.0
Automobile loans	1,145	0.6
Other consumer loans	559	0.3
Loans to nondepository financial institutions	623	0.3
Other loans	136	0.1
Total Loans	190,792	100.0

Source: Report of Condition and Income (Call Report) September 30, 2013

There are no apparent financial or legal impediments that would limit the Bank’s ability to help meet the credit needs of its assessment area. The prior CRA evaluation, conducted jointly by the Division and the FDIC as of September 17, 2008, resulted in a “Satisfactory” rating.

Description of Assessment Area

The CRA requires financial institutions to define an assessment area within which its CRA performance will be evaluated. The Bank’s assessment area, as currently defined, meets the technical requirements of the CRA regulation since it: (1) consists of one or more political subdivisions; (2) includes the geographies where the Bank has its main office, branches, and deposit-taking ATMs, as well as the surrounding geographies in which the institution originated a substantial portion of its loans; (3) consists of whole census tracts; (4) does not extend substantially beyond state boundaries (unless permitted otherwise by the regulation); (5) does not reflect illegal discrimination; and, (6) does not arbitrarily exclude low- and moderate-income areas.

The Bank defined its assessment area to include 26 towns located within Berkshire County. The towns are: Alford, Becket, Cheshire, Dalton, Egremont, Great Barrington, Hancock, Hinsdale, Lanesborough, Lee, Lenox, Monterey, Mt. Washington, New Ashford, New Marlborough, Otis, Peru, Pittsfield, Richmond, Sandisfield, Sheffield, Stockbridge, Tyringham, Washington, West Stockbridge, and Windsor. All are located in the Pittsfield Metropolitan Statistical Area (MSA). The Bank’s defined assessment area has not changed since the previous evaluation. Table 2 illustrates select demographics of the assessment area.

Table 2 Demographic Information					
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #
Geographies (Census Tracts)	28	3.6	7.1	67.9	21.4
Population by Geography	98,126	3.5	8.7	69.0	18.8
Owner-Occupied Housing by Geography	29,563	0.8	4.0	73.0	22.2
Businesses by Geography	10,707	9.4	6.1	64.4	20.1
Family Distribution by Income Level	25,322	20.9	16.6	22.8	39.7
Median Family Income 2012		\$69,800	Median Housing Value		\$245,047
Median Family Income 2013		\$56,400	Unemployment Rate		8.3%
Households Below Poverty Level		11.8%	(2010 U.S. Census Data)		
Families Below Poverty Level		7.8%			

Sources: 2010 US Census Data, 2012 FFIEC-updated MFI, 2012 Business Geo-demographic Data, 2012 Bureau of Labor Statistics.

Geographies

As the data in Table 2 shows, the Bank's assessment area consists of 28 census tracts, of which there is 1 low-income census tract (3.6 percent); 2 moderate-income census tracts (7.1 percent); 19 middle-income census tracts (67.9 percent); and 6 upper-income census tracts (21.4 percent). The low- and moderate-income census tracts are all located in the City of Pittsfield.

Families and Income Levels

The assessment area has a total population of 98,126, including 25,322 families. Of all families in the area, 20.9 percent are low-income; 16.6 percent are moderate-income; 22.8 percent are middle-income; and, 39.7 percent are upper-income. In addition, 7.8 percent are families below the poverty level (a sub-set of the low-income category). Low-income individuals or families, particularly those below the poverty threshold, would likely have difficulty qualifying for a mortgage under conventional underwriting standards. This demographic information suggests limited opportunity for lending to borrowers of this income level.

Housing

The assessment area contains 53,089 total housing units, of which 29,563 or 55.7 percent are owner-occupied; 12,576 or 23.7 percent are rental units; and, 10,950 or 20.6 percent are vacant. The large percentage of vacant units is partly due to the fact that many properties are seasonal second/vacation homes. Of the 29,563 owner-occupied housing units, 242 or 0.8 percent are in low-income tracts, and 1,186 or 4.0 percent are moderate-income census tracts. Recent figures from the Bankers and Tradesman show that the assessment area's median home prices in 2012 ranged from a low of \$112,250 in Peru to \$325,000 in Monterey. YTD 2013 data show that the median price ranged from a low of \$140,000 in Peru to \$428,500 in Monterey.

Business Data

Data obtained from Dun & Bradstreet (D&B) show that there are 10,707 businesses in the assessment area, of which 70.8 percent have gross annual revenues of \$1 million or less, 4.6 percent have gross annual revenues greater than \$1 million, and the remaining 24.6 percent have unknown revenues. Of total businesses in the assessment area, 9.4 percent are in low-income census tracts; 6.1 percent are in moderate-income census tracts; 64.4 percent are in middle-income tracts; and 20.1 percent are in upper-income tracts.

The highest proportion of these businesses is engaged in the services industry (43.7 percent). Businesses involved in non-classifiable establishments (14.0 percent), retail trade (13.8 percent), and construction (8.4 percent) make up a significant share of the establishments. In terms of employees, approximately 64.6 percent of the area's businesses employ four or fewer people.

Unemployment

According to the Bureau of Labor Statistics, the unemployment rate for Massachusetts was 6.7 percent in 2012. Demonstrating a relatively consistent trend, the Massachusetts rate of unemployment was 6.6 percent as of November 2013. The November 2013 unemployment rates in the municipalities comprising the Bank's assessment area ranged from a low of 4.8 percent in Lenox to a high of 8.3 percent in Hinsdale.

Competition

The Bank faces strong competition from other financial institutions that originated loans within the assessment area. These institutions range in size from small credit unions and mortgage companies with single office locations to the largest banks in New England. Per Bank management, among the more prominent lenders competing with the Bank are Greylock Federal Credit Union, Lee Bank, and Academy Mortgage.

Market share data for 2012 shows 167 lenders originated 3,991 residential mortgage loans in the Bank's assessment area. The Pittsfield Co-operative Bank ranked 5th with a 3.0 percent market share. The top four lenders in the assessment area consisted of Greylock Federal Credit Union with 26.6 percent market share; Lee Bank with 13.6 percent; Berkshire Bank with 13.2 percent; and, Wells Fargo Bank with a 6.1 percent market share.

Community Contact

As part of the evaluation process, third parties active in the assessment area are contacted to assist in assessing the credit and community development needs of the community. The information obtained helps to determine whether local financial institutions are responsive to the credit and community development needs of the communities, and what credit and community development opportunities, if any, are available.

Examiners conducted an interview with a contact from a non-profit, all volunteer organization working to alleviate the shortage of housing for low- and moderate-income families and to provide decent, safe, and affordable housing for people in need. The contact stated the Pittsfield area lacks livable-wage paying jobs and has a limited public transportation system. Furthermore, there is a lack of affordable housing. The contact stated there is a need for credit products and programs that offer low-and moderate-income individuals a greater ability to purchase homes and vehicles. The contact indicated local financial institutions have been responsive to the area's credit needs, overall.

The assessment area has no one primary credit need. The area's residents need a variety of retail loan products to meet personal needs and an array of home financing programs for the purchase, construction, improvement, or refinance of a residence. The area's business base also requires numerous commercial credit options to meet a wide variety of financing purposes.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

1. LOAN-TO-DEPOSIT ANALYSIS

This performance criterion determines what percentage of the Bank's deposit base is reinvested in the form of loans. The Bank's net LTD ratio is reasonable given the institution's size, financial condition and the assessment area's credit needs.

The Bank's net LTD ratio is 99.7 percent as of September 30, 2013. A review was conducted of the Bank's quarterly net LTD ratios for the last 21 quarters since the prior CRA evaluation. The quarters reviewed include those ending September 30, 2008 through September 30, 2013. These ratios are based on total loans, net of unearned income and net of the allowance for loan and lease losses, as a percentage of total deposits.

The Bank's average net LTD ratio over the period reviewed was 86.0 percent. The net LTD ratio has fluctuated over the last 21 quarters, from a low of 77.1 percent (as of September 30, 2009) to a high of 99.7 percent (as of September 30, 2013). Bank management stated that the LTD's rising trend is due to the popularity of new residential loan products and the expansion of the Bank's commercial lending.

For comparison purposes, the Bank's average net LTD ratio was compared against the average net LTD ratios of three similarly situated institutions for the same time period. These three institutions are similar in terms of asset size and loan portfolio composition.

Table 3		
Peer Group Loan-to-Deposit Comparison		
Bank Name	Total Assets (‘000) as of 9/30/13	Average Net LTD Ratio 9/30/08 through 9/30/13
Northampton Cooperative Bank	\$163,935	67.0%
The Pittsfield Cooperative Bank	\$249,512	86.0%
Lee Bank	\$275,310	123.0%
Greenfield Cooperative Bank	\$333,026	70.6%

Source: FFIEC Report of Condition and Income (Call Report - September 30, 2013)

As shown in Table 3, the three other institutions' average quarterly net LTD ratios ranged from 67.0 percent to 123.0 percent. At 86.0 percent, the Bank's average net LTD is toward the middle of the overall range.

2. ASSESSMENT AREA CONCENTRATION

This performance criterion evaluates whether the Bank is meeting the credit needs within its assessment area. The analysis includes both residential and small business loans.

Based on a review of home loan and small business data, a substantial majority, (93.9 percent) of the Bank's lending activity occurred within the assessment area. Table 4 illustrates the Bank's record of extending residential and small business loans inside and outside the assessment area by number and dollar amount during the evaluation period.

**Table 4
Distribution of Loans Inside and Outside of the Assessment Area**

Loan Category or Type	Number of Loans					Dollar Volume (\$000)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
2012										
Home Purchase	38	95.0	2	5.00	40	8,473	91.2	821	8.8	9,294
Refinance	64	90.1	7	9.9	71	9,182	90.9	919	9.1	10,101
Home Improvement	14	87.5	2	12.5	16	1,992	93.0	149	7.0	2,141
Total	116	91.3	11	8.7	127	19,647	91.2	1,889	8.8	21,536
YTD2013										
Home Purchase	50	98.0	1	2.0	51	10,057	98.2	188	1.8	10,245
Refinance	56	94.9	3	5.1	59	9,891	96.2	390	3.8	10,281
Home Improvement	8	100.0	0	0.0	8	1,217	100.0	0	0.0	1,217
Total	114	96.6	4	3.4	118	21,165	97.3	578	2.7	21,743
Total Residential Loans	230	93.9	15	6.1	245	40,812	94.3	2,467	5.7	43,279
Small Business Loans										
2012	32	94.1	2	5.9	34	7,902	95.1	405	4.9	8,307
Grand Total	262	93.9	17	6.1	279	48,714	94.4	2,872	5.6	51,586

Source: 2012 and YTD2013 HMDA LARs and a Sample of the Bank's 2012 Small Business Loans

Residential Lending

As shown in Table 4, the Bank originated 230 home loans totaling approximately \$40.8 million inside the assessment area during the evaluation period. This represents 93.9 percent of the total number of residential loans originated by the Bank and 94.3 percent by dollar amount.

Small Business Lending

Of the 34 sampled loans, 32 or 94.1 percent were originated inside the assessment area. By dollar volume, the Bank originated 95.1 percent of sampled small business loans inside the assessment area.

3. BORROWER PROFILE

This performance criterion evaluates the distribution of the Bank's residential and small business loans based on borrower characteristics. Analysis was conducted of the Bank's residential mortgage loans inside the assessment area based on borrower income and the Bank's small business loans inside the assessment area based on size of business. For residential lending, emphasis is placed on loans to low- and moderate-income borrowers, and for small business lending, emphasis is placed on loans to businesses with gross annual revenues (GARs) of \$1 million or less.

The distribution of borrowers reflects, given the demographics of the assessment area, reasonable penetration of loans to borrowers of different income levels (including low- and moderate-income) and businesses of different sizes. The following sections detail the Bank's performance under this criterion by loan type.

Residential Lending

The Bank's record of residential lending reflects reasonable penetration of loans to borrowers of different income levels, including those of low- and moderate-income. Table 5 illustrates the Bank's home loans by borrower income level as compared to applicable demographic and aggregate lending data.

Median Family Income Level	% Families	Aggregate Lending Data 2012	Bank 2012		Bank YTD2013	
		%	#	%	#	%
Low	20.9	6.3	6	5.2	4	3.5
Moderate	16.6	16.8	26	22.4	17	14.9
Middle	22.8	21.2	18	15.5	25	21.9
Upper	39.7	47.8	50	43.1	55	48.3
N/A	0.0	7.9	16	13.8	13	11.4
Total	100.0	100.0	116	100.0	114	100.0

Source: 2012 and YTD2013 HMDA LARs, 2012 Aggregate Data and 2010 U.S. Census Data

In 2012, the Bank's percentage of lending to low-income borrowers was slightly lower than aggregate data and significantly below demographic data. However, low-income families, with incomes below \$34,900 in 2012 based on FFIEC-adjusted MFI data, would likely have difficulty qualifying for a home loan using conventional underwriting standards. It is further noted that families with incomes below the poverty threshold comprise 7.8 percent of total families in the assessment area, and are a sub-set of the low-income category. This demographic data suggest limited opportunity for lending to low-income families, overall. In 2012, The Bank ranked 9th, with a market share of 2.4 percent, among all lenders that originated at least one loan to a low-income borrower in the assessment area. Greylock Federal Credit Union ranked 1st, claiming a market share of 38.7 percent, and was followed by Lee Bank with a 9.7 percent market share, and Berkshire Bank with a 9.3 percent. Furthermore, the Bank's level of lending to low-income borrowers in the first three quarters of 2013 demonstrated a slightly decreasing trend.

In 2012, the Bank originated 22.4 percent its home mortgage loans to moderate-income borrowers, which exceeded both aggregate and demographic data. Market share data for 2012 shows the Bank ranked 6th in lending to moderate-income borrowers, with a market share of 3.8 percent. Similar to the trend of lending to low-income borrowers, the percentage of loans to moderate-income borrowers decreased slightly in the first three quarters of 2013. These apparent decreases may be attributed, in part, to the decrease in the FFIEC-adjusted MFI levels for the Pittsfield, MA MSA from \$69,800 in 2012 to \$56,400 in 2013. This represents a decrease of 19.2 percent.

Overall, the 2012 market share report pertaining to loans made to low- and moderate-income borrowers in the assessment area shows the Bank ranked seventh with a market share of 3.5 percent. Greylock Federal Credit Union ranked number one with a market share of 35.8 percent, Berkshire Bank ranked second with a market share of 11.0 percent, and Lee Bank ranked third with a market share of 10.3 percent.

Small Business Lending

The Bank's small business lending activity reflects reasonable penetration of loans among businesses of different sizes, particularly to those with GARs of \$1 million or less. Table 6 details the Bank's distribution of lending to businesses of different sizes compared to the distribution of businesses by GAR level throughout the assessment area.

Table 6			
Distribution of Small Business Loans by GAR Level			
Gross Annual Revenues (000s)	% of Businesses	2012	
		#	%
≤ \$1,000	70.8	22	68.8
> \$1,000	4.6	10	31.2
Revenue Not Reported	24.6	0	0.0
Total	100.0	32	100.0

Source: Internal Bank Records, and 2012 D&B Data

The Bank originated 68.8 percent of the sampled small business loans to businesses with GARs of \$1 million or less in 2012, which was relatively consistent with the percentage of businesses that have GARs of \$1 million or less, at 70.8 percent. The Pittsfield Co-operative Bank is an approved Small Business Administration (SBA) lender. SBA programs offer financing for qualified businesses that may not be eligible for traditional bank financing. During the evaluation period, the Bank originated five SBA loans totaling \$563,000, which contributed to the Bank’s performance of lending to small businesses during the evaluation period.

4. GEOGRAPHIC DISTRIBUTION

This criterion evaluates the distribution of the Bank’s residential and small business loans within the assessment area by census tract income level. Emphasis is placed on lending in low- and moderate-income census tracts. The distribution of home mortgage and small business loans reflects reasonable penetration of loans throughout the assessment area, particularly in low- and moderate-income census tracts. The following sections detail the Bank’s performance under this criterion by loan type.

Residential Lending

The distribution of home mortgage loans reflects reasonable penetration of loans throughout the assessment area, particularly in low- and moderate-income census tracts. Table 7 illustrates the distribution of the Bank’s residential mortgage loans by census tract income level in 2012 and the first three quarters of 2013. Demographic and aggregate data are also presented for comparison purposes.

Table 7						
Distribution of HMDA Loans by Census Tract Income Level						
Census Tract Income Level	% Owner-Occupied Housing Units	Aggregate Lending Data 2012	Bank 2012		Bank YTD2013	
			%	#	%	#
Low	0.8	0.8	5	4.3	2	1.8
Moderate	4.0	2.9	4	3.5	6	5.3
Middle	73.0	73.3	78	67.2	86	75.4
Upper	22.2	23.0	29	25.0	20	17.5
Total	100.0	100.0	116	100.0	114	100.0

Source: 2012 and YTD2013 HMDA LARs, 2012 Aggregate Data and 2010 U.S. Census Data

In 2012, the Bank originated 4.3 percent of its loans in low-income census tracts, which exceeded aggregate data at 0.8 percent and demographic data also at 0.8 percent. Market share reports for 2012 also suggest limited demand for home mortgages in low-income census tracts of

the assessment area, as only 34 home mortgages were made in this income level of geography that year. The Pittsfield Co-operative Bank ranked 2nd, with a market share of 11.7 percent. The top originator was Greylock Federal Credit Union with a 26.5 percent market share. It is further noted that the Bank's level of lending in low-income tracts decreased in the first three quarters of 2013.

In 2012, the Bank originated 3.5 percent of its residential loans in moderate-income census tracts, which slightly exceeded the aggregate performance of 2.9 percent, but was slightly lower than demographic data. Market share reports for 2012 show the Bank ranked 6th in lending in moderate-income tracts, with a market share of 3.4 percent. The top three originators were Greylock Federal Credit Union with a market share of 37.6 percent, Wells Fargo Bank with an 11.1 percent market share, and Hoosac Bank with a 10.3 percent market share. The Bank's performance of lending in moderate-income tracts increased from 2012 levels, to 5.3 percent in the first three quarters of 2013.

Small Business Lending

The distribution of small business loans reflects reasonable dispersion of loans throughout census tracts of all income levels, particularly low- and moderate-income. Table 8 illustrates the distribution of the Bank's small business loans and businesses in the assessment area by income level of census tract.

Table 8			
Distribution of Small Business Loans by Census Tract Income Level			
Census Tract Income Level	% of Businesses	Bank 2012	
		#	%
Low	9.4	4	12.5
Moderate	6.1	5	15.6
Middle	64.4	17	53.1
Upper	20.1	6	18.8
Total	100.0	32	100.0

Source: Internal Bank Records, 2012 D&B Data

The Bank originated 12.5 percent of its small business loans in low-income census tracts, which exceeded the percentage of businesses in this tract income level of 9.4 percent. In addition, the Bank originated 15.6 percent of small business loans in the moderate-income census tracts, which far exceeded the percentage of businesses of 6.1 percent.

5. RESPONSE TO CRA-RELATED COMPLAINTS

The Pittsfield Co-operative Bank has not received any CRA related complaints since the last evaluation. The Bank maintains complaint response procedures in the event a complaint is received.

APPENDIX A
Division of Banks
Fair Lending Policies and Practices

The Bank's fair lending performance was reviewed to determine how it conforms to the guidelines established by Regulatory Bulletin 1.3-106, the Division's Community Reinvestment and Fair Lending Policy. A review of the Bank's residential loan application files was conducted to check for fair lending issues. There was no disparate treatment evident in the file review.

The Bank takes a pro-active approach to fair lending. All employees are provided with fair lending training appropriate to their job description and responsibilities. The Bank has a written fair lending policy. All denied loans are subject to a second review.

MINORITY APPLICATION FLOW

According to the 2010 U.S. Census Data, the Bank's assessment area contained a total population of 98,126, of which 9.7 percent is minority. The assessment area's minority population consists of 2.8 percent Black/African American; 1.1 percent Asian; 0.1 percent American Indian; 0.1 percent Hawaiian/Pacific Islander; 3.7 percent Hispanic or Latino; and, 1.9 percent in the category of "other."

For 2012 and YTD 2013, the Bank received 287 HMDA reportable loan applications from within its assessment area. Of these applications, 4 or 1.4 percent were received from minority applicants, all of which resulted in originations. For the same time period, the Bank received 5 applications, or 1.7 percent, from Hispanic/Latino applicants, of which 4 or 80.0 percent resulted in originations.

The Bank's level of lending was compared with aggregate data for the most recent year for which data was available, the year 2012. The comparison of this data assists in deriving reasonable expectations for the rate of applications the Bank received from minority residential loan applicants. Aggregate data shows, for 2012, 3 percent of all applications in the assessment area were received from racial minorities and 2.1 percent of applications were received from applicants identifying as Hispanic or Latino. In comparison, for 2012, the Bank received only one application (.7 percent) from a racial minority applicant and one application (.7 percent) from an Hispanic or Latino applicant.

In the first three quarters of 2013, the Bank increased the level of applications from minority applicants by race to 2.1 percent, and increased its level of applications from Hispanic/Latino applicants to 2.8 percent. As the overall lending volume is relatively low, a small increase in the number of applications will affect the percentage of lending significantly.

The Bank's minority application flow, when compared to aggregate data and the assessment area demographics, is adequate given the relatively overall low volume of lending and the increasing trend.

PERFORMANCE EVALUATION DISCLOSURE GUIDE

Massachusetts General Laws Chapter 167, Section 14, as amended, and the Uniform Interagency Community Reinvestment Act (CRA) Guidelines for Disclosure of Written Evaluations, and Part 345 of the Federal Deposit Insurance Corporation's Rules and Regulations, require all financial institutions to take the following actions within 30 business days of receipt of the CRA evaluation of their institution:

- 1) Make its most current CRA performance evaluation available to the public;
- 2) At a minimum, place the evaluation in the institution's CRA public file located at the head office and at a designated office in each assessment area;
- 3) Add the following language to the institution's required CRA public notice that is posted in each depository facility:

"You may obtain the public section of our most recent CRA Performance Evaluation, which was prepared by the Massachusetts Division of Banks at 70 South Street, Pittsfield, MA 01201."

- 4) Provide a copy of its current evaluation to the public, upon request. In connection with this, the institution is authorized to charge a fee which does not exceed the cost of reproduction and mailing (if applicable).

The format and content of the institution's evaluation, as prepared by its supervisory agencies, may not be altered or abridged in any manner. The institution is encouraged to include its response to the evaluation in its CRA public file.