

FDIC

Federal Deposit Insurance Corporation
Washington, DC 20429

Division of Supervision

October 23, 1997

CERTIFIED RETURN RECEIPT REQUESTED

Board of Directors
City Savings Bank of Pittsfield
116 North Street
Pittsfield, Massachusetts 01292-1148

Dear Board of Directors:

The notice to effect a mutual holding company reorganization with City Savings Bank of Pittsfield, Pittsfield, Massachusetts, (the "Bank") converting a de novo state-chartered mutual savings bank to a state-chartered mutual holding company, the organization of a de novo stock savings bank owned by the holding company, and the merger of the Bank with the de novo stock savings bank have been reviewed by the Federal Deposit Insurance Corporation ("FDIC") pursuant to 12 C.F.R. § 303.15 and other pertinent FDIC regulations. Based on the information and representations presented, we do not object to the proposal. Additionally, the Order addresses the application of the Bank to merge the stock savings bank, City Savings Bank, Pittsfield, Berkshire County, Massachusetts, with First National Bank of the Berkshires, Lee, Berkshire County, Massachusetts, an insured national bank, under the charter of and with the title of City Savings Bank and to establish three branches.

Acting on behalf of the Board of Directors of the Corporation under delegated authority, I have approved the application in conjunction with the Bank's Notice of Mutual Holding Company Reorganization and the application for merger subject to the conditions included in the attached Order and Basis.

Please advise the Boston Regional Office in writing when the proposed transaction has been consummated. If an extension of the time limitation included in the Order is required, a letter requesting a specific extension of the limitation including reasons therefore should be submitted to the Boston Regional Office.

Sincerely,

/s/

Keith W. Seibold
Acting Associate Director

Enclosure

cc: Mr. George W. Tetler, III
Bowditch & Dewey, LLP
Attorneys
311 Main Street
Worcester, Massachusetts 01608-7636

FEDERAL DEPOSIT INSURANCE CORPORATION

RE: City Savings Bank Pittsfield, Massachusetts

Application for Federal Deposit Insurance and for Consent to Merge

ORDER AND BASIS FOR CORPORATION APPROVAL

Pursuant to Section 5 and 18(c) and other provisions of the Federal Deposit Insurance Act ("the Act"). applications have been filed on behalf of CSB Interim Savings Bank, . Pittsfield, Massachusetts, a newly-formed, Bank Insurance Fund member, state-chartered mutual savings bank and City Savings Bank, Pittsfield, Massachusetts, a newly-formed. Bank Insurance Fund member, state-chartered stock savings bank for federal deposit insurance and for the Corporation's consent to merge the City Savings Bank, Pittsfield, Massachusetts with City Savings Bank of Pittsfield, Pittsfield. Massachusetts, a Bank Insurance Fund member, state- chartered mutual savings bank with total resources of \$270,584,000 and total deposits of \$230,951,000, as of March 31, 1997.

This transaction is the result of the City Savings Bank of Pittsfield's plan of reorganization which, solely to facilitate this undertaking, includes:

The formation of a de novo mutual savings bank to be named CSB Interim Savings Bank.

The immediate reorganization of CSB Interim Savings Bank as a state-chartered mutual holding company to be named Mutual Bancorp of the Berkshires. Inc.. Pittsfield, Massachusetts.

The formation by Mutual Bancorp of the Berkshires, Inc. of a new stock savings bank subsidiary, which will be named City Savings Bank.

The merger of the City Savings Bank of Pittsfield and City Savings Bank, with the resultant institution retaining the charter and by-laws of the City Savings Bank.

An application has also been filed for the Corporation's consent to merge City Savings Bank, under the its charter and title, with First National Bank of the Berkshires, Lee, Berkshire County, Massachusetts, a national bank and BIF member with total resources of \$60,044,000 and total IPC deposits of \$48,914,000 as of March 31, 1997, and to establish three offices of First National Bank of the Berkshires as branches of the resultant bank. Notice of the proposed transaction, in a form approved by the Corporation. has been published pursuant to the FDI Act.

This conversion transaction is the result of the City Savings Bank of Pittsfield's plan of reorganization from a mutual savings bank to a mutual holding company, Mutual Bancorp of the Berkshires. Inc. City Savings Bank of Pittsfield will transfer substantially all of its assets and all of its liabilities to City Savings Bank. which will be a wholly owned subsidiary of Mutual Bancorp of the Berkshires, Inc. The principal office will be at 116 North Street, Pittsfield, Massachusetts. the present location of the City Savings Bank of Pittsfield.

A review of available information, including the Community Reinvestment Act (the "CRA") Statements of the proponent, discloses no inconsistencies with the purposes of the CRA. The post-merger institution is expected to continue to meet the credit needs of its entire community, consistent with the safe and sound operation of the institution.

In connection with the merger application, the Corporation has also taken into consideration the financial and managerial resources and future prospects of the proponent banks and the resultant bank, and the convenience and needs of the community to be served. Having found favorably un these statutory factors

and having considered other relevant information, including any reports on the competitive factors furnished by the Comptroller of the Currency, the Board of Governors of the Federal Reserve System, the Director of the Office of Thrift Supervision and the Attorney General, it is the Corporation's judgement that the application should be and hereby is approved.

Favorable findings have been accorded to all factors required to be considered pertinent to each application. Accordingly, it is the Corporation's judgment that the applications should be and hereby are approved subject to the following conditions:

1. That federal deposit insurance shall not become effective unless and until the applicant has been established as a stock savings bank by the State authority and its mutual holding company, Mutual Bancorp of the Berkshires, Inc. has received approval to become a mutual holding company from the Massachusetts Banking Commissioner;
2. That the City Savings Bank shall not issue minority shares without prior written notification to and non-objection from the FDIC;
3. That Mutual Bancorp of the Berkshires, Inc. shall provide written notification to the Corporation prior to its conversion to stock form and provide the Corporation with copies of all documents filed with state and federal banking and securities regulators in connection with any proposed conversion of the mutual holding company to stock form;
4. That, should any shares of stock be issued to persons other than Mutual Bancorp of the Berkshires, Inc. any dividends waived by Mutual Bancorp of the Berkshires, Inc. must be retained by the City Savings Bank and segregated, earmarked, or otherwise identified on its books and records; such amounts must be taken into account in any valuation of the City Savings Bank and Mutual Bancorp of the Berkshires, Inc. and factored into the calculation used in establishing a fair and reasonable basis for exchanging bank shares for holding company shares in any subsequent conversion of Mutual Bancorp of the Berkshires, Inc. to stock form; such amounts shall not be available for payment to or the value thereof transferred to minority shareholders of the bank by any means, including through dividend payments or at liquidation;
5. That the transaction shall not be consummated sooner than fifteen calendar days after the date of this Order nor later than six months after the date of this Order unless such period is extended for good cause by the Corporation; and
6. That until the conditional commitment herein granted becomes effective, the Corporation shall have the right to alter, suspend, or withdraw the said commitment should any interim development be deemed to warrant such action.

The merger transaction shall not be consummated before the fifteenth calendar day following the date of this Order or later than six months after the date of this Order, unless such period is extended for good cause by the Corporation. Until the proposed transaction becomes effective, the Corporation shall have the right to alter, suspend or withdraw its approval should any interim development be deemed to warrant such action.

By Order of the Director of the Division of Supervision, acting pursuant to delegated authority of the Board of Directors of the Corporation.

Dated at Washington, D.C., this 23rd day of October, 1997

Keith W. Seibold
Acting Associate Director