

The Co-operative Central Bank

Annual Report



FOR THE YEAR ENDED AUGUST 31, 2009

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“SECTION 1. All the co-operative banks now established under the laws of the commonwealth and subject to the provisions of chapter one hundred and seventy of the General Laws, hereinafter referred to as member banks, are hereby constituted a corporation under the name of The Co-operative Central Bank, hereinafter referred to as the central bank, and every co-operative bank hereafter so established shall thereupon become a member bank thereof. It shall be the purpose of the central bank to promote the elasticity and flexibility of the resources of the co-operative banks of the commonwealth by centralizing their reserve funds. The assets of the corporation shall be divided into two separate and distinct funds, as follows — (a) the Reserve Fund, which shall consist of all assessment collected under section six, as amended, and all investments therein and all income thereon; and (b) the Share Insurance Fund, established by chapter seventy-three of the acts of nineteen hundred and thirty-four, as amended.”

A part of SECTION 1 from the *Act Establishing The Co-operative Central Bank, Including the Reserve Fund, Chapter 45 of the Acts of 1932*. (As amended)

“SECTION 1. The Co-operative Central Bank, established by chapter forty-five of the acts of nineteen hundred and thirty-two, hereinafter referred to as the corporation, shall in the manner herein provided establish a fund for the insurance of shares in co-operative banks established under the laws of the commonwealth, hereinafter referred to as member banks.”

A part of SECTION 1 from the *Act Establishing the Share Insurance Fund, Chapter 73 of the Acts of 1934*. (As amended)

THE CO-OPERATIVE CENTRAL BANK

SEVENTY-EIGHTH ANNUAL REPORT
FOR THE YEAR ENDED AUGUST 31, 2009

OPERATED AND WHOLLY OWNED BY ALL 59
MASSACHUSETTS CO-OPERATIVE BANKS, SOLELY FOR THE
MUTUAL BENEFIT OF ALL OF THEIR DEPOSITORS, AS A
SOURCE OF CASH RESERVES AND TO PROVIDE INSURANCE
IN FULL OF DEPOSITS UNDER MASSACHUSETTS LAW.



75 PARK PLAZA, BOSTON, MASSACHUSETTS 02116

Elizabeth P. Jones Chairman
 Edward M. Pratt Vice Chairman
 Peter A. Conrad President and Chief Executive Officer
 Annemarie Lee Vice President
 Phillip J. Kimball Vice President and Comptroller

BOARD OF DIRECTORS

Term Expires

Christopher J. Barrett, Partner	Rucci, Bardaro & Barrett, PC	2009
Michael D. Goodman, Director	UMass Donahue Institute	2009
John S. Hamilton, President & CEO	Charles River Bank	2009
Janice T. Houghton, President & CEO	StonehamBank	2010
Elizabeth P. Jones, President & CEO	Everett Co-operative Bank	2010
Jeffrey D. Jones, President & CEO	Melrose Co-operative Bank	2010
Francis J. McCormack, Director	North Shore Bank	2010
John W. McGeorge, President	Needham Bank	2009
Jonathan W. Pierce, President & CEO	Avon Co-operative Bank	2011
Edward M. Pratt, President & CEO	Mayflower Bank	2011
Andrew J. Raczka, President & CEO	Abington Bank	2011
Karen Schwartzman	Polaris Public Relations	2011
Edwin G. Silver, CEO	Wellesley Bank	2009
Matthew S. Sosik, President & CEO	Hometown Bank	2011
William T. Stapleton, President & CEO	Northampton Co-operative Bank	2009
Joseph M. Vinard, President & CEO	Chelsea-Provident Co-operative Bank	2009
Darnell L. Williams, President & CEO	Urban League of Eastern Massachusetts	2011

HONORARY DIRECTOR

Andrew J. Calamare, President & CEO Life Insurance Association of Massachusetts

The Economy

Our fiscal year began at the height of the sub-prime mortgage crisis. Equity markets were in free-fall and credit markets had frozen shut. Fannie Mae and Freddie Mac were under conservatorship, Lehman Brothers had failed and AIG needed an initial \$85 billion of federal assistance to avoid bankruptcy. Several large banks had been closed and rumors were circulating as to who might be next.

Monetary and fiscal authorities opened the floodgates in an attempt to prevent a liquidity crisis and to avoid repeating some of the mistakes made before the Great Depression. By the middle of December, the Federal Open Market Committee had cut the overnight lending rate to 0%-to-.25% where it remains today. The Federal Reserve ballooned its balance sheet from \$900 billion to \$2.2 trillion. Congress passed the \$700 billion Troubled Asset Relief Program. The FDIC increased its coverage to \$250,000 and offered unlimited insurance on non-interest bearing transaction accounts. All these efforts and more were designed to calm fears and restore stability to financial and real estate markets.

The measures seem to have worked. Fears receded and risk appetites returned. The year ended with equity markets more than 40% above their lows, credit spreads at significantly reduced levels, residential real estate prices improving for the first time in three years and the overall economy poised to grow.

Although we avoided another depression, we did endure what's been called the "Great Recession." Real GDP fell a post-war record 3.9% in the four quarters ended June 2009. Unemployment rose steadily to 9.7% as more than 7 million jobs disappeared. Total personal income declined and over \$14 trillion (21%) of household wealth vanished. Foreclosures climbed to a twenty-year high and to date over 125 banks throughout the country have failed since the recession began.

As the new fiscal year begins, Fed Chairman Bernanke has stated that the recession is likely over. However, the economy is hardly on solid ground. It still faces a number of challenges and a great deal of uncertainty. Replacing lost jobs will take time. Even when incomes start to grow and wealth rebuilds, consumers may remain reluctant to spend. Unwinding the monetary and fiscal stimulus will be difficult and reducing projected trillion-dollar annual deficits will require making difficult choices. The road to full recovery will probably be long and uneven. However, our worries at the end of this year are significantly less than our fears at the beginning.

Our Member Banks

The recession took its toll on the banking industry and our membership was no exception. It would have been virtually impossible to be a lender over the past few years and not have experienced some measure of increased delinquencies, elevated loss provisions and at least some asset write-downs. These factors affected all of our members, but they weighed more heavily on some than on others.

Asset quality was the biggest concern and while it had the greatest impact on diminished profitability, there were other reasons as well. The industry's net interest margin stayed below 3.00% with lower deposit costs being offset by increased non-performing assets and reduced loan demand. Operating expenses continued to grow above the stated rate of inflation and they were further increased during the year by both

regular and special FDIC insurance assessments. Still, even during one of the most challenging years in memory, the co-operative bank industry remained profitable, earning an annualized ROA of .11% through June 30th.

Membership declined slightly during the year from 61 to 59 banks but the assets stayed in the family as Marlborough merged with Butler and Commonwealth merged with Hyde Park. Both a credit union and a savings and loan joined our ranks with Northeast Community Credit Union merging into Haverhill Bank and Lafayette Federal Savings combining with Mechanics Cooperative Bank. By year-end, industry assets had grown 6.2 % to \$14.6 billion and deposits had jumped almost 13% to \$11.5 billion as consumers emphasized safety of principal while rebuilding their balance sheets. Capital grew by 2.4% and equaled 10.20 % of the industry's assets at August 31st.

Reserve Fund

The Co-operative Central Bank was formed in 1932 to create a liquidity fund for Massachusetts chartered co-operative banks. The Reserve Fund has been responsible for this function ever since. The Fund made a total of 19 loans and there was \$8.0 million outstanding during the year. By year-end, all of these loans had been repaid. The Reserve Fund continues to maintain its lines of credit with NCB and other secured lenders in order to maximize its ability to advance funds to its members.

The Fund maintained its highly marketable portfolio of short duration investments in order to have funds readily available to lend and to pay interest on deposits in line with existing short-term rates. The average rate paid on deposits in 2009 was 2.125%: 2.50% in the first half of the year and 1.75% in the second. Fed funds averaged .40% over this same period of time.

Share Insurance Fund

For the first time in sixteen years, the Share Insurance Fund provided capital assistance to one of its member banks in fiscal 2009. On January 28th the Co-operative Central Bank invested \$3.0 million in the form of preferred stock in Lowell Co-operative Bank as part of that bank's supervisory conversion and recapitalization.

It was a lengthy but rewarding process that created a deep appreciation for those who had the foresight seventy five years ago to expand the duties of the Central Bank by establishing the Share Insurance Fund. Their overriding motivation at the time was to create a state fund to be used exclusively for the benefit of Massachusetts co-operative banks that "would be immediately available without the necessity of awaiting action through federal channels." Special thanks are due them and also to the Massachusetts Division of Banks, the regional office of the FDIC and to the new management team at Lowell for all their efforts in helping to preserve one of our members.

Due to the increase in FDIC coverage to \$250,000 and to most of our members participating in the Transactions Account Guarantee Program, excess deposits actually declined during the year. As of June 30th, they totaled \$1.3 billion equaling 11.8% of the industry's deposits. At fiscal year end, the Fund's coverage ratio was a healthy 6.50%. One year ago the Share Insurance Fund insured almost \$2.5 billion or 24.5% of the industry's deposits and the coverage ratio stood at 3.6%.

The Fund increased its contingency loss reserve by \$3.0 million during the year by taking a similar charge against earnings. This increased the loss reserve to slightly more than \$5.0 million, an amount which management and the Board of Directors believe adequately reflects the Fund's current loss exposure. In light of the high degree of economic uncertainty however, we did not request the payment of a dividend this year.

Parent, McLaughlin & Nangle, Certified Public Accountants, has audited the individual funds and combining statements of financial condition, the individual funds and combining statements of operations and retained earnings, comprehensive income (loss), and cash flows within this report. The schedules of Reserve Fund Investment Securities and Share Insurance Fund Investment Securities were subjected to the auditing procedures applied in the audit of the basic financial statements.

The financial statements were prepared in conformity with generally accepted accounting principles and include, as necessary, best estimates and judgments by management. To ensure the integrity, objectivity and fairness of the information in these financial statements, management has established and maintains internal controls designed to provide reasonable assurance that assets are safeguarded and transactions are executed, recorded and reported in accordance with management's intentions and authorizations, and to comply with applicable laws and regulations. To enhance the reliability of internal controls, management employs highly qualified personnel and maintains sound risk management practices.

Respectfully submitted,
By Order of the Board of Directors



Peter A. Conrad
President & Chief Executive Officer

THE CO-OPERATIVE CENTRAL BANK

SHARE INSURANCE FUND

EXCESS DEPOSIT INSURANCE COVERAGE RATIO

August 31, 2009

Share Insurance Fund Equity	\$93,920,097
Plus: Accrued Loss Contingency	5,000,058
Less: Capital Assistance	3,000,000
Less: Restricted or Unavailable Assets — Other Assets	<u>6,943,770</u>
Available for Insurance Purposes	<u>\$88,976,385</u>
Insurance Coverage Ratio	6.5%

THE CO-OPERATIVE CENTRAL BANK

RESERVE FUND AND SHARE INSURANCE FUND

FISCAL YEAR END COMBINED ASSETS

<i>August 31st</i>	<i>Reserve Fund</i>	<i>Share Insurance Fund</i>	<i>Combined Total</i>
2009	\$ 49,857,447	\$ 98,985,155	\$148,842,602
2008	54,873,028	94,649,968	149,522,996
2007	70,955,336	92,263,073	163,218,409
2006	70,536,846	90,005,321	160,542,167
2005	70,605,261	88,038,030	158,643,291
2004	74,966,389	87,876,363	162,842,752
2003	92,420,098	87,691,686	180,111,784
2002	94,192,561	95,186,733	189,379,294
2001	86,145,281	92,107,128	178,252,409
2000	79,102,798	84,258,033	163,360,831
1999	94,339,539	82,394,839	176,734,378
1998	94,768,657	83,833,715	178,602,372
1994	108,750,383	77,315,394	186,065,777
1990	88,823,320	74,212,980	163,036,300
1986	77,043,460	154,677,159	231,720,619
1982	47,908,523	103,600,484	151,509,007
1978	41,045,827	75,889,045	116,934,872
1974	31,061,630	53,307,780	84,369,410
1970	21,411,441	38,165,393	59,576,834
1966	17,190,948	27,506,170	44,697,118
1962	12,790,124	19,287,103	32,077,137
1958	10,752,634	13,723,828	24,476,462
1954	9,854,273	9,740,615	19,594,888
1950	9,461,424	6,923,455	16,384,879
1946	5,802,585	4,595,557	10,398,142
1942	4,239,619	2,492,193	6,731,812
1938	1,819,930	2,955,693	4,775,623
1934	4,149,520	1,175,198	5,324,718

INDEPENDENT AUDITOR'S REPORT



BOARD OF DIRECTORS
THE CO-OPERATIVE CENTRAL BANK
Boston, Massachusetts

We have audited the accompanying individual funds and combining statements of financial condition of The Co-operative Central Bank as of August 31, 2009, and the related individual funds and combining statements of operations and retained earnings, comprehensive income (loss), and cash flows for the year then ended. These financial statements are the responsibility of the Bank's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the Bank's 2008 financial statements, and in our report dated October 29, 2008, we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the 2009 financial statements referred to above present fairly, in all material respects, the financial position of the individual funds and the combined financial position of The Co-operative Central Bank as of August 31, 2009, and the results of operations of the individual funds and the results of operations of the combined funds and the cash flows of the individual funds and the cash flows of the combined funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedules of Reserve Fund Investment Securities and Share Insurance Fund Investment Securities are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements, and in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

A handwritten signature in cursive script, reading 'Parent, McLaughlin & Nangle'.

Certified Public Accountants, Inc.

October 29, 2009

Parent, McLaughlin & Nangle
Certified Public Accountants, Inc.

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THE CO-OPERATIVE CENTRAL BANK

COMBINING STATEMENTS OF FINANCIAL CONDITION

<i>August 31,</i>	<i>2009</i>			<i>2008</i>
	<i>Reserve Fund</i>	<i>Share Insurance Fund</i>	<i>Combined</i>	<i>Combined</i>
ASSETS				
Cash and cash equivalents:				
Cash	\$ 1,011,505	\$ 1,529,489	\$ 2,540,994	\$ 1,062,684
Repurchase agreements (approximates market)	—	—	—	6,500,000
Total cash and cash equivalents	1,011,505	1,529,489	2,540,994	7,562,684
Investment securities:				
Securities available-for-sale	47,290,734	86,485,789	133,776,523	129,727,930
Total investment securities	47,290,734	86,485,789	133,776,523	129,727,930
Capital Assistance	—	3,000,000	3,000,000	—
Loans to Member Banks	—	—	—	3,000,000
Accrued interest receivable	366,841	1,026,107	1,392,948	1,551,116
Other assets	1,188,367	6,943,770	8,132,137	7,681,266
Total Assets	<u>\$ 49,857,447</u>	<u>\$ 98,985,155</u>	<u>\$ 148,842,602</u>	<u>\$ 149,522,996</u>
LIABILITIES AND EQUITY				
Deposits by member banks	\$ 38,052,805	\$ —	\$ 38,052,805	\$ 38,052,805
Securities sold under agreements to repurchase	—	—	—	5,000,000
Interest payable	332,962	—	332,962	765,639
Accrued expenses and other liabilities	293,542	65,000	358,542	346,757
Accrued loss contingency	—	5,000,058	5,000,058	2,000,058
Total Liabilities	38,679,309	5,065,058	43,744,367	46,165,259
Retained earnings	10,628,906	90,981,688	101,610,594	101,949,106
Accumulated other comprehensive income	549,232	2,938,409	3,487,641	1,408,631
Total Equity	11,178,138	93,920,097	105,098,235	103,357,737
Total Liabilities and Equity	<u>\$ 49,857,447</u>	<u>\$ 98,985,155</u>	<u>\$ 148,842,602</u>	<u>\$ 149,522,996</u>

See notes to financial statements.

THE CO-OPERATIVE CENTRAL BANK

COMBINING STATEMENTS OF OPERATIONS AND RETAINED EARNINGS

<i>Year ended August 31,</i>	<i>2009</i>			<i>2008</i>
	<i>Reserve Fund</i>	<i>Share Insurance Fund</i>	<i>Combined</i>	<i>Combined</i>
Interest Income:				
Investment securities	\$ 1,412,077	\$ 3,969,309	\$ 5,381,386	\$ 6,407,323
Capital assistance	—	35,342	35,342	—
Loans	3,159	—	3,159	4,983
Total Interest Income	1,415,236	4,004,651	5,419,887	6,412,306
Interest Expense:				
Deposits	808,622	—	808,622	1,379,414
Borrowed funds	6,667	—	6,667	135,950
Total Interest Expense	815,289	—	815,289	1,515,364
Net Interest Income	599,947	4,004,651	4,604,598	4,896,942
Operating Expenses	555,189	1,399,124	1,954,313	1,919,166
Income Before Gain (Loss) on Sales of Investment Securities and Contingency Loss Provision	44,758	2,605,527	2,650,285	2,977,776
Gain (Loss) on Sales of Investment Securities	10,243	960	11,203	(101,160)
Income Before Contingency Loss Provision	55,001	2,606,487	2,661,488	2,876,616
Contingency Loss Provision (Note C)	—	(3,000,000)	(3,000,000)	—
Net Income (Loss)	55,001	(393,513)	(338,512)	2,876,616
Retained Earnings, at beginning of year	10,573,905	91,375,201	101,949,106	100,572,490
Dividend Paid	—	—	—	(1,500,000)
Retained Earnings, at end of year	\$ 10,628,906	\$ 90,981,688	\$ 101,610,594	\$ 101,949,106

See notes to financial statements.

THE CO-OPERATIVE CENTRAL BANK

COMBINING STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

<i>Year ended August 31,</i>	2009			<i>2008</i>
	<i>Reserve Fund</i>	<i>Share Insurance Fund</i>	<i>Combined</i>	<i>Combined</i>
Net Income (Loss)	\$ 55,001	(\$ 393,513)	(\$ 338,512)	\$ 2,876,616
Other Comprehensive Income:				
Unrealized holding gains on available-for-sale securities arising during the period	391,104	1,656,380	2,047,484	1,384,438
Reclassification adjustment for gains (losses) included in net income	15,206	16,320	31,526	(122,449)
Other Comprehensive Income	\$ 406,310	\$ 1,672,700	2,079,010	\$ 1,261,989
Comprehensive Income	<u>\$ 461,311</u>	<u>\$ 1,279,187</u>	<u>\$ 1,740,498</u>	<u>\$ 4,138,605</u>

See notes to financial statements.

THE CO-OPERATIVE CENTRAL BANK

COMBINING STATEMENTS OF CASH FLOWS

<i>Year ended August 31,</i>	2009			2008
	<i>Reserve Fund</i>	<i>Share Insurance Fund</i>	<i>Combined</i>	<i>Combined</i>
Cash flows from operating activities:				
Interest received	\$ 1,825,510	\$ 3,778,780	\$ 5,604,290	\$ 6,482,842
Interest paid	(1,247,966)	—	(1,247,966)	(1,738,111)
Cash paid for operating expenses	(687,582)	(1,343,124)	(2,030,706)	(2,032,353)
Net cash provided (used) by operating activities	<u>(110,038)</u>	<u>2,435,656</u>	<u>2,325,618</u>	<u>2,712,378</u>
Cash flows from investing activities:				
Proceeds from sales and maturities of available-for-sale securities	27,038,190	24,000,960	51,039,150	66,835,183
Purchases of available-for-sale securities	(30,805,590)	(22,580,868)	(53,386,458)	(50,658,239)
Principal payments on G.N.M.A. mortgage-backed securities	—	—	—	40,618
Principal collected on loans	7,875,000	—	7,875,000	4,530,000
Principal disbursed for loans	(4,875,000)	—	(4,875,000)	(7,530,000)
Capital assistance provided to member bank by purchase of perpetual preferred stock	—	(3,000,000)	(3,000,000)	—
Net cash provided (used) by investing activities	<u>(767,400)</u>	<u>(1,579,908)</u>	<u>(2,347,308)</u>	<u>13,217,562</u>
Cash flows from financing activities:				
Deposit assessments (repayments), net	—	—	—	(997,858)
Net decrease in securities sold under agreements to repurchase	(5,000,000)	—	(5,000,000)	(15,000,000)
Dividend paid	—	—	—	(1,500,000)
Net cash used by financing activities	<u>(5,000,000)</u>	<u>—</u>	<u>(5,000,000)</u>	<u>(17,497,858)</u>

See notes to financial statements.

THE CO-OPERATIVE CENTRAL BANK

COMBINING STATEMENTS OF CASH FLOWS (Continued)

Year ended August 31,	2009			2008
	<i>Reserve Fund</i>	<i>Share Insurance Fund</i>	<i>Combined</i>	<i>Combined</i>
Net increase (decrease) in cash and cash equivalents	(\$ 5,877,438)	\$ 855,748	(\$ 5,021,690)	(\$ 1,567,918)
Cash and cash equivalents at beginning of year	6,888,943	673,741	7,562,684	9,130,602
Cash and cash equivalents at end of year	<u>\$ 1,011,505</u>	<u>\$ 1,529,489</u>	<u>\$ 2,540,994</u>	<u>\$ 7,562,684</u>

Reconciliation of Net Income (Loss) to Net Cash Provided (Used) by Operating Activities

Net Income (Loss)	\$ 55,001	(\$ 393,513)	(\$ 338,512)	\$ 2,876,616
Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities:				
Decrease in accrued interest receivable	97,255	60,913	158,168	239,620
(Increase) decrease in other assets	(88,178)	—	(88,178)	226
Decrease in interest payable	(432,677)	—	(432,677)	(222,747)
Increase (decrease) in accrued expenses and other liabilities	(44,215)	56,000	11,785	(113,413)
(Gain) loss on sales of investment securities	(10,243)	(960)	(11,203)	101,160
Increase in cash surrender value	—	(362,693)	(362,693)	(120,000)
Increase in accrued lost contingency	—	3,000,000	3,000,000	—
Amortization and accretion on investments, net	313,019	75,909	388,928	(49,084)
Total adjustments	<u>(165,039)</u>	<u>2,829,169</u>	<u>2,664,130</u>	<u>(164,238)</u>
Net cash provided (used) by operating activities	<u>(\$ 110,038)</u>	<u>\$ 2,435,656</u>	<u>\$ 2,325,618</u>	<u>\$ 2,712,378</u>

Supplemental Schedule of Non-Cash Investing Activities

Total increase in unrealized gain/decrease in unrealized loss on available-for-sale securities	<u>\$ 406,310</u>	<u>\$ 1,672,700</u>	<u>\$ 2,079,010</u>	<u>\$ 1,261,989</u>
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See notes to financial statements.

NOTES TO COMBINING FINANCIAL STATEMENTS

(Years Ended August 31, 2009 and 2008)

A. ORGANIZATION

The Co-operative Central Bank (The Bank) was established by an Act of the Massachusetts legislature in 1932, as amended. The Bank is comprised of two separate and distinct funds.

The Reserve Fund was established in 1932 for the purpose of centralizing reserve funds to promote elasticity and flexibility of resources. Member banks maintain deposit balances with the Reserve Fund and may borrow from the Fund on a demand basis from time to time for liquidity or other short term purposes.

The Share Insurance Fund was established in 1934 for the insurance of all deposits in Massachusetts Co-operative Banks. The Share Insurance Fund insures all deposits in excess of the federal limit for its member banks which are also members of the Federal Deposit Insurance Corporation's Deposit Insurance Fund (DIF).

B. SUMMARY OF
SIGNIFICANT
ACCOUNTING
POLICIES

The following items comprise the significant accounting policies which The Bank follows in preparing and presenting its financial statements.

Method of accounting

The financial statements are prepared on a modified accrual basis, which produces essentially the same results as the accrual basis.

Use of estimates in preparation of financial statements

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities on the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Recognition of income

Income on investments and loans is recognized when earned; income on advances, subordinated debentures, and capital certificates to member banks is recognized when received.

Investment securities

Gains and losses on the sale of investment securities are determined using the specific-identification method.

Declines in the fair value of individual held-to-maturity and available-for-sale securities below their cost that are other than temporary, if any, result in write-downs of the individual securities to their fair value. The related write-downs are included in earnings as realized losses.

Premiums and discounts are recognized in interest income using a method which approximates the interest method over the period to maturity.

Held-to-maturity securities

Bonds, notes, and mortgage-backed securities for which the Bank has the positive intent and ability to hold to maturity are reported at cost, adjusted for premiums and discounts that are recognized in interest income using a method which approximates the interest method over the period to maturity.

NOTES TO COMBINING FINANCIAL STATEMENTS (Continued)

(Years Ended August 31, 2009 and 2008)

B. SUMMARY OF
SIGNIFICANT
ACCOUNTING
POLICIES
(Continued)

Available-for-sale securities

Available-for-sale securities consist of certain debt securities not classified as trading securities nor as held-to-maturity securities.

Unrealized holding gains and losses on available-for-sale securities are reported as accumulated other comprehensive income (loss).

At August 31, 2009, the Bank had no outstanding commitments to sell loans or securities.

Property and equipment

Expenditures for property and equipment are charged to expense in the year of purchase, rather than being capitalized and depreciated over the estimated useful lives of the asset. This practice does not have a material effect on the total assets or net income.

Contingency loss provision

An accrued loss contingency is established through a contingency loss provision charged to operations. The accrued loss contingency is an amount that management reasonably believes will be adequate to absorb possible excess deposit insurance losses, net of recoveries and adjustments, if any, from the final disposition of any member banks that have or may fail due to the current economic climate in Massachusetts, especially as it relates to banking and real estate lending. The estimated loss provision or recovery has been determined based upon reviews of financial statements and regulatory examination reports of member banks and consultations with bank regulators.

Income taxes

The Bank is exempt from federal income taxes under the provisions of Section 501(c)14 of the Internal Revenue Code. The Financial Accounting Standards Board has deferred in FSP FIN 48-3, the effective date of FASB Interpretation No. 48, *Accounting for Uncertainty in Income Taxes for Non-Public Enterprises*, to the annual financial statements for fiscal years beginning after December 15, 2008. The Bank has elected to defer the application of Interpretation No. 48 in accordance with FSP FIN 48-3.

Cash equivalents

For purposes of the statements of cash flows, The Bank considers all highly liquid debt instruments, with an initial maturity of three months or less, when purchased, to be cash equivalents which, at August 31, 2008, included repurchase agreements.

Comparative financial information

The financial statements include certain prior-year comparative information in total but not by fund class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended August 31, 2008, from which the summarized information was derived.

Comprehensive income

Accounting principles generally require that recognized revenue, expenses, gains and losses be included in net income. Although certain changes in assets and liabilities, such as unrealized gains and losses on available-for-sale securities, none of which have related tax effects, are reported as a separate component of the equity section of the Combining Statements of Financial Condition, such items, along with net income, are components of comprehensive income.

NOTES TO COMBINING FINANCIAL STATEMENTS (Continued)

(Years Ended August 31, 2009 and 2008)

C. CONTINGENCIES Various legal claims may arise from time to time in the normal course of business which, in the opinion of management, have no material effect on the financial position of The Bank.

The Bank may be a party to various financial instruments and agreements with off balance sheet risk in the normal course of business to meet its financial assistance obligations within the Share Insurance Fund.

The accrued loss contingency balance of \$5,000,058 at August 31, 2009 is considered by management to meet any anticipated losses in fulfilling insurance responsibilities for its member banks over the next twelve to eighteen months.

D. CAPITAL ASSISTANCE AND SUBORDINATED DEBT

Since 1987, The Bank has executed financial or capital assistance agreements with various member banks under Sections 3A, 3B and 4 of Chapter 73 of the Acts of 1934, as amended. The capital assistance has taken the form of subordinated debentures, mutual capital certificates, capital certificates and perpetual preferred stock. All of the aforementioned instruments are subordinated to depositors' accounts and liabilities of equal or higher priority.

Principal and interest on these instruments are required when earnings and capital levels of the assisted bank exceed certain minimum requirements. All payments of principal and/or interest are subject to the prior consent or approval of the Federal Deposit Insurance Corporation (FDIC) or the Office of the Thrift Supervision (OTS). The additional prior approval of the Commissioner of Banks for the Commonwealth of Massachusetts is also required.

As of August 31, 2009, there was \$3,000,000 of capital assistance outstanding in the form of 300,000 shares of preferred stock.

E. INVESTMENT SECURITIES

The amortized cost and approximate fair values of investment securities are summarized as follows as of August 31, 2009:

	<i>Amortized Cost</i>	<i>Gross Unrealized Gains</i>	<i>Gross Unrealized Losses</i>	<i>Fair Value</i>
<i>Available-for-sale securities</i>				
Reserve Fund				
Federal agency obligations	\$ 46,741,501	\$ 550,043	(\$ 810)	\$ 47,290,734
Share Insurance Fund				
Federal agency obligations	83,547,380	2,946,695	(8,286)	86,485,789
Combined	<u>\$ 130,288,881</u>	<u>\$ 3,496,738</u>	<u>(\$ 9,096)</u>	<u>\$ 133,776,523</u>

Combined proceeds from sales of available-for-sale securities during 2009 were \$5,039,150 with gross gains of \$11,203 realized on those sales.

NOTES TO COMBINING FINANCIAL STATEMENTS (Continued)

(Years Ended August 31, 2009 and 2008)

E. INVESTMENT
SECURITIES

(Continued)

The amortized cost and approximate fair values of investment securities are summarized as follows as of August 31, 2008:

	<u>Amortized Cost</u>	<u>Gross Unrealized Gains</u>	<u>Gross Unrealized Losses</u>	<u>Fair Value</u>
<i>Available-for-sale securities</i>				
Reserve Fund				
Federal agency obligations	\$ 43,276,878	\$ 229,030	(\$ 86,108)	\$ 43,419,800
Share Insurance Fund				
Federal agency obligations	85,042,421	1,433,820	(168,111)	86,308,130
Combined	<u>\$ 128,319,299</u>	<u>\$ 1,662,850</u>	<u>(\$ 254,219)</u>	<u>\$ 129,727,930</u>

Combined proceeds from sales of available-for-sale securities during 2008 were \$9,736,029 with gross gains of \$12,140 and gross losses of \$113,300 realized on those sales.

The gross unrealized losses and approximate fair values of investment securities are summarized as follows as of August 31, 2009:

	<u>Less Than Twelve Months</u>		<u>Twelve Months or Greater</u>	
	<u>Gross Unrealized Losses</u>	<u>Fair Value</u>	<u>Gross Unrealized Losses</u>	<u>Fair Value</u>
<i>Available-for-sale securities</i>				
Reserve Fund				
Federal agency obligations	\$ 810	\$ 1,999,190	\$ —	\$ —
Share Insurance Fund				
Federal agency obligations	8,286	1,991,438	—	—
Combined	<u>\$ 9,096</u>	<u>\$ 3,990,628</u>	<u>\$ —</u>	<u>\$ —</u>

NOTES TO COMBINING FINANCIAL STATEMENTS (Continued)

(Years Ended August 31, 2009 and 2008)

E. INVESTMENT
SECURITIES
(Continued)

The amortized cost and approximate fair values of debt securities at August 31, 2009, by contractual maturity, are shown below. Expected maturities will differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

	<i>Available-for-sale securities</i>			
	Reserve Fund		Share Insurance Fund	
	<i>Amortized Cost</i>	<i>Fair Value</i>	<i>Amortized Cost</i>	<i>Fair Value</i>
Due in one year or less	\$ 23,054,184	\$ 23,328,299	\$ 23,974,568	\$ 24,520,310
Due after one year through five years	<u>23,687,317</u>	<u>23,962,435</u>	<u>59,572,812</u>	<u>61,965,479</u>
	<u>\$ 46,741,501</u>	<u>\$ 47,290,734</u>	<u>\$ 83,547,380</u>	<u>\$ 86,485,789</u>

Management periodically reviews the investment portfolio to evaluate securities for other-than-temporary impairment. The investments in the fixed-income portfolio as of August 31, 2009 consisted of highly-rated debt securities issued by government sponsored enterprises (GSE's). As of August 31, 2009, two of the GSE securities had unrealized losses with an aggregate depreciation of approximately .2%. These losses are attributable to changes in market interest rates. As The Bank has the ability to hold these securities until maturity, no declines are deemed to be other-than-temporary.

F. RESERVE FUND
LOANS TO
MEMBER BANKS

Member banks may borrow from the Reserve Fund to meet their liquidity needs. Such loans are payable on demand at an interest rate of 50 basis points above the target federal funds rate as maintained by the Federal Reserve Bank, adjusted periodically. There were no loans outstanding as of August 31, 2009.

NOTES TO COMBINING FINANCIAL STATEMENTS (Continued)

(Years Ended August 31, 2009 and 2008)

G. LINE OF CREDIT A line of credit totaling \$5,000,000 is maintained with a banking institution. At August 31, 2009 no borrowed funds under this line were outstanding. The bank had also made short term borrowing arrangements, not to exceed 35 days, with this banking institution for \$7,500,000 on a competitive basis. The total unadvanced borrowing capacity with the banking institution was \$12,500,000 at August 31, 2009. In addition, at August 31, 2009, The Bank held 60,114 shares of Class B and C capital stock of the National Cooperative Bank (at a no cost basis), accumulated from stock dividends received to date, including 500 shares held as a qualifying requirement under the related line of credit.

H. SECURITIES SOLD UNDER AGREEMENTS TO REPURCHASE Securities sold under agreements to repurchase generally mature within one to one hundred and twenty days from transaction date. The securities underlying the agreement were delivered to a third party custodian as required by our arrangements with the broker.

There were no securities sold under agreements to repurchase as of August 31, 2009.

I. OPERATING EXPENSES Operating expenses consisted of the following for the years ended August 31, 2009 and 2008:

	<i>Reserve Fund</i>	<i>Share Insurance Fund</i>	<i>Combined</i>	
	<u>2009</u>	<u>2009</u>	<u>2009</u>	<u>2008</u>
Salaries and benefits	\$ 306,291	\$ 650,700	\$ 956,991	\$ 1,105,496
Legal	21,112	273,307	294,419	138,980
Occupancy	69,099	146,700	215,799	201,390
Bank Fees	17,452	5,100	22,552	17,847
Other	141,235	323,317	464,552	455,453
	<u>\$ 555,189</u>	<u>\$ 1,399,124</u>	<u>\$ 1,954,313</u>	<u>\$ 1,919,166</u>

J. PENSION, RETIREMENT AND OTHER EMPLOYEE BENEFIT PLANS The Bank participates in the Co-operative Banks Employees Retirement Association's pension plans. The Bank has a defined contribution pension plan covering all eligible officers and employees. Under the plan, contributions by employees are doubled by The Bank, up to a maximum of 10% of each employee's salary. The Bank also participates in a multi-employer defined benefit plan which covers all eligible employees, and is funded currently. The Bank's contributions to the plans were \$77,039 in 2009 and \$85,023 in 2008.

In order to provide key executives with supplemental retirement benefits, The Bank has purchased insurance contracts on behalf of certain past executives. The Bank, by assignment, is entitled to the cash surrender value at policy termination, not to exceed the cumulative premiums paid (first contract) or the single premium plus accrued interest (additional contracts). The remaining insurance proceeds would accrue to the beneficiaries of the insured executives. Of the total annual premiums paid, the portion representing the increase in cash surrender value of the policy has been recorded in Other Assets, and the remainder of the premium has been expensed. At August 31, 2009, the cash surrender value totaling \$1,024,113 in the Reserve Fund and \$6,943,770 in the Share Insurance Fund is included in Other Assets. Non-interest income is recognized in amounts not to exceed the annual increase in cash surrender values of the policies. The financial statements reflect recognition of \$362,693 in 2009 and \$120,000 in 2008, respectively.

The Bank also provides postretirement medical benefits to certain retired employees and spouses, where applicable, until age 65. Employees who have reached the age of 62 and have met the bank's minimum service requirements, become eligible for medical benefits under the voluntary early retirement program. The Bank has accrued the expected cost of providing these benefits.

NOTES TO COMBINING FINANCIAL STATEMENTS (Continued)

(Years Ended August 31, 2009 and 2008)

K. LEASE COMMITMENT The Bank is obligated under a non-cancelable lease agreement extension, expiring June 30, 2015, for the office space it occupies. Under the agreement the fixed and minimum annual rent is \$193,800 from July 1, 2008 through June 30, 2011, and \$209,100 from July 1, 2011 through June 30, 2015. Net rent expense charged to operations was \$193,800 and \$189,550 for the years ended August 31, 2009 and 2008, respectively.

L. FAIR VALUE OF FINANCIAL INSTRUMENTS The carrying amounts for cash and cash equivalents, capital assistance, loans to member banks, deposits by member banks, and securities sold under agreements to repurchase approximate fair value. Fair values of investment securities are based on quoted market prices, where available. If quoted market prices are not available, fair values are based on recent quoted market prices of comparable instruments.

M. FAIR VALUE MEASUREMENTS: The Bank is subject to the provisions of Statement of Financial Accounting Standards No. 157, *Fair Value Measurements* (FAS No. 157). FAS No. 157 defines fair value, establishes a framework for measuring fair value, and establishes a fair value hierarchy which prioritizes the inputs to valuation techniques. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value measurement assumes that the transaction to sell the asset or transfer the liability occurs in the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market. Valuation techniques that are consistent with the market, income or cost approach, as specified by FAS No. 157, are used to measure fair value.

The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that The Bank has the ability to access.

Level 2 inputs are inputs (other than quoted prices included within level 1) that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for the asset or liability and rely on management's own assumptions about the assumptions that market participants would use in pricing the asset or liability.

Fair values of financial instruments measured on a recurring basis at August 31, 2009 are as follows:

	<i>Quoted Prices in Active Market for Identical Assets (Level 1)</i>	<i>Significant Other Observable Inputs (Level 2)</i>	<i>Significant Unobservable Inputs (Level 3)</i>	<i>Total</i>
<u>August 31, 2009</u>				
Available-for-sale securities	\$ —	\$ 133,776,523	\$ —	\$ 133,776,523

THE CO-OPERATIVE CENTRAL BANK

RESERVE FUND INVESTMENT SECURITIES

August 31, 2009

<i>Description</i>	<i>% Coupon</i>	<i>Maturity</i>	<i>Par Value</i>	<i>Amortized Cost</i>	<i>Fair Value</i>
Available-for-sale					
Federal Agency Obligations					
Federal Farm Credit Banks	5.000	10/23/09	\$ 2,000,000	\$ 2,007,005	\$ 2,013,296
Federal Farm Credit Banks	1.600	01/12/11	3,000,000	3,008,055	3,036,717
Federal Farm Credit Banks	2.000	01/17/12	2,000,000	2,015,983	2,027,502
Federal Home Loan Banks	2.500	09/11/09	2,000,000	2,000,000	2,001,288
Federal Home Loan Banks	3.875	02/12/10	2,000,000	2,014,186	2,031,986
Federal Home Loan Banks	2.750	03/12/10	2,000,000	2,002,374	2,025,566
Federal Home Loan Banks	4.875	03/12/10	1,000,000	1,009,638	1,024,038
Federal Home Loan Banks	2.375	04/30/10	3,000,000	2,995,993	3,039,438
Federal Home Loan Banks	3.000	06/11/10	2,000,000	1,995,458	2,039,770
Federal Home Loan Banks	3.500	07/16/10	2,000,000	2,004,881	2,052,760
Federal Home Loan Banks	3.375	08/13/10	3,000,000	3,016,766	3,081,483
Federal Home Loan Banks	3.000	09/10/10	2,000,000	2,022,116	2,050,212
Federal Home Loan Banks	3.375	09/10/10	2,000,000	2,002,430	2,057,872
Federal Home Loan Banks	3.375	10/20/10	2,000,000	2,006,000	2,062,612
Federal Home Loan Banks	2.625	03/11/11	2,000,000	2,026,199	2,054,182
Federal Home Loan Banks	3.250	03/11/11	2,000,000	2,046,425	2,073,154
Federal Home Loan Banks	1.625	07/27/11	2,000,000	2,008,065	2,021,172
Federal Home Loan Banks	2.000	07/27/12	2,000,000	2,000,000	1,999,190
Federal Home Loan Banks	2.150	08/10/12	2,000,000	2,000,000	2,004,334
Federal Home Loan Banks	2.125	08/13/12	2,000,000	2,000,000	2,003,064
Federal Home Loan Mortgage Corporation	4.125	11/30/09	2,000,000	2,007,884	2,019,484
Federal Home Loan Mortgage Corporation	3.500	05/05/11	1,500,000	1,548,947	1,561,773
Federal National Mortgage Association	1.500	09/16/10	1,000,000	1,003,096	1,009,841
Total Federal Agency Obligations			<u>\$ 46,500,000</u>	<u>\$ 46,741,501</u>	<u>\$ 47,290,734</u>

Weighted Average Yield on Available-for-Sale Portfolio 2.300% at August 31, 2009.

SHARE INSURANCE FUND INVESTMENT SECURITIES

August 31, 2009

<i>Description</i>	<i>% Coupon</i>	<i>Maturity</i>	<i>Par Value</i>	<i>Amortized Cost</i>	<i>Fair Value</i>
Available-for-sale					
Federal Agency Obligations					
Federal Farm Credit Banks	5.000	09/21/09	\$ 2,000,000	\$ 1,999,915	\$ 2,005,114
Federal Farm Credit Banks	4.850	11/20/09	2,000,000	1,999,800	2,019,544
Federal Farm Credit Banks	5.200	04/19/10	2,000,000	2,000,000	2,060,498
Federal Farm Credit Banks	4.780	05/03/10	2,000,000	1,999,246	2,058,526
Federal Farm Credit Banks	5.250	07/16/10	2,000,000	2,000,802	2,084,030
Federal Farm Credit Banks	4.500	09/13/10	2,000,000	1,999,226	2,083,038
Federal Farm Credit Banks	4.700	10/20/10	1,000,000	999,319	1,047,073
Federal Farm Credit Banks	4.800	10/26/10	1,000,000	997,513	1,048,774
Federal Farm Credit Banks	4.800	04/25/11	2,000,000	2,001,791	2,127,872
Federal Farm Credit Banks	4.150	12/19/11	2,000,000	2,001,887	2,126,754
Federal Farm Credit Banks	3.300	02/13/12	2,000,000	2,001,371	2,088,542
Federal Farm Credit Banks	3.250	04/09/12	2,000,000	1,997,573	2,085,634
Federal Farm Credit Banks	3.450	05/16/12	2,000,000	1,983,948	2,095,552
Federal Farm Credit Banks	3.950	07/23/12	2,000,000	1,998,582	2,122,572
Federal Farm Credit Banks	2.600	03/04/13	2,000,000	1,998,004	2,023,796
Federal Farm Credit Banks	2.200	04/08/13	2,000,000	1,999,724	1,991,438
Federal Farm Credit Banks	2.800	06/03/13	2,000,000	2,002,780	2,026,220
Federal Farm Credit Banks	2.700	08/19/13	2,000,000	2,006,748	2,007,714
Federal Home Loan Banks	5.000	10/02/09	2,000,000	1,999,835	2,008,292
Federal Home Loan Banks	4.750	12/11/09	2,000,000	1,999,830	2,025,270
Federal Home Loan Banks	4.875	03/12/10	2,000,000	1,999,455	2,048,076
Federal Home Loan Banks	5.250	06/11/10	2,000,000	2,001,144	2,074,682
Federal Home Loan Banks	4.125	08/13/10	2,000,000	1,984,173	2,068,526
Federal Home Loan Banks	4.750	12/10/10	2,000,000	1,999,272	2,103,010
Federal Home Loan Banks	4.625	02/18/11	2,000,000	1,993,407	2,111,236
Federal Home Loan Banks	5.000	03/11/11	2,000,000	2,004,581	2,126,272
Federal Home Loan Banks	4.250	06/10/11	1,000,000	1,008,327	1,057,432
Federal Home Loan Banks	3.375	06/24/11	1,000,000	1,005,529	1,042,525
Federal Home Loan Banks	3.625	07/01/11	2,000,000	2,048,839	2,094,616
Federal Home Loan Banks	5.000	09/09/11	2,000,000	2,060,407	2,154,570
Federal Home Loan Banks	3.375	10/14/11	1,000,000	1,026,845	1,045,281
Federal Home Loan Banks	4.875	11/18/11	2,000,000	2,072,014	2,156,862
Federal Home Loan Banks	3.250	03/09/12	2,000,000	1,997,150	2,085,506
Federal Home Loan Banks	3.500	03/09/12	2,000,000	2,011,603	2,097,914
Federal Home Loan Banks	3.500	03/09/12	2,000,000	2,014,568	2,097,914
Federal Home Loan Banks	3.625	06/08/12	2,000,000	2,000,000	2,103,448
Federal Home Loan Banks	4.500	09/14/12	2,000,000	2,029,555	2,153,178
Federal Home Loan Banks	4.625	10/10/12	2,000,000	2,070,573	2,162,022
Federal Home Loan Banks	3.625	10/18/13	2,000,000	2,077,682	2,092,446
Federal Home Loan Mortgage Corporation	4.750	01/18/11	2,000,000	1,997,796	2,109,748
Federal Home Loan Mortgage Corporation	4.000	06/12/13	2,000,000	2,079,493	2,124,720
Federal National Mortgage Association	4.300	01/19/10	2,000,000	1,994,905	2,030,954
Federal National Mortgage Association	4.300	02/17/10	2,000,000	1,995,563	2,036,798
Federal National Mortgage Association	4.750	11/19/12	2,000,000	2,086,605	2,171,800
Total Federal Agency Obligations			<u>\$ 83,000,000</u>	<u>\$ 83,547,380</u>	<u>\$ 86,485,789</u>

Weighted Average Yield on Available-for-Sale Portfolio 3.963% at August 31, 2009.

THE CO-OPERATIVE CENTRAL BANK

CO-OPERATIVE BANK INDUSTRY SUMMARY

AGGREGATE STATEMENT OF FINANCIAL CONDITION (unaudited)

(In Thousands)

	<i>December</i>		<i>December</i>	
	<i>2008</i>		<i>2007</i>	
ASSETS				
Cash and Due from Banks	\$ 283,620	2.0%	\$ 291,025	2.2%
Investments	2,652,607	19.0%	2,675,440	20.5%
Loans, Net	10,446,354	74.2%	9,588,258	73.2%
Other Assets	681,093	4.8%	535,705	4.1%
Total Assets	<u>\$14,063,674</u>	<u>100.0%</u>	<u>\$13,090,428</u>	<u>100.0%</u>
LIABILITIES AND RETAINED EARNINGS				
Deposits	\$ 10,520,336	74.8%	\$ 9,835,840	75.1%
Borrowed Money	2,004,951	14.3%	1,737,916	13.2%
Other Liabilities	76,478	0.5%	69,471	0.6%
Retained Earnings	1,461,909	10.4%	1,447,201	11.1%
Total Liabilities and Retained Earnings	<u>\$ 14,063,674</u>	<u>100.0%</u>	<u>\$13,090,428</u>	<u>100.0%</u>
Member Banks	<u>59</u>		<u>62</u>	

Unaudited: Aggregate information for the Co-operative Bank industry.

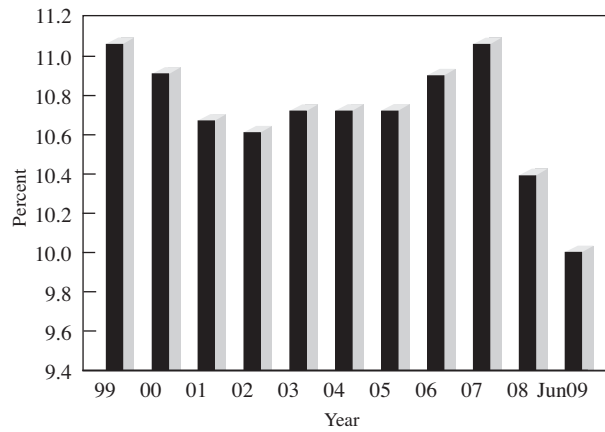
CO-OPERATIVE BANK INDUSTRY SUMMARY

SUMMARY DATA

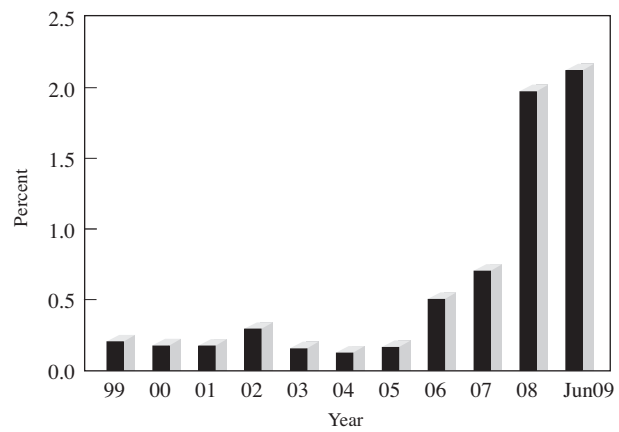
(In thousands)

		<i>Total</i>		<i>Capital/Surplus</i>		<i>Non-performing Assets</i>		<i>Operating Expenses</i>	
		<i>Assets</i>	<i>on Assets</i>	<i>Amount</i>	<i>% to Assets</i>	<i>Amount</i>	<i>% to Assets</i>	<i>Amount</i>	<i>% to Assets</i>
December	1999	8,759,498	0.867	968,510	11.06	17,843	0.20	220,642	2.52
	2000	9,735,332	0.889	1,061,770	10.91	16,800	0.17	240,457	2.47
	2001	10,711,804	0.889	1,142,870	10.67	18,445	0.17	263,237	2.46
	2002	11,699,037	0.908	1,241,108	10.61	33,619	0.29	285,370	2.44
	2003	12,595,222	0.814	1,350,432	10.72	18,780	0.15	315,114	2.50
	2004	12,602,729	0.723	1,351,388	10.72	15,506	0.12	316,625	2.51
	2005	12,735,220	0.724	1,364,755	10.72	20,877	0.16	317,427	2.49
	2006	13,182,679	0.601	1,436,494	10.90	66,500	0.50	325,382	2.47
	2007	13,090,428	0.404	1,447,201	11.06	91,058	0.70	331,030	2.53
December	2008	14,063,674	0.061	1,461,909	10.39	276,592	1.97	358,949	2.55
June	2009	14,520,249	0.109	1,451,652	10.00	308,327	2.12	388,982	2.68

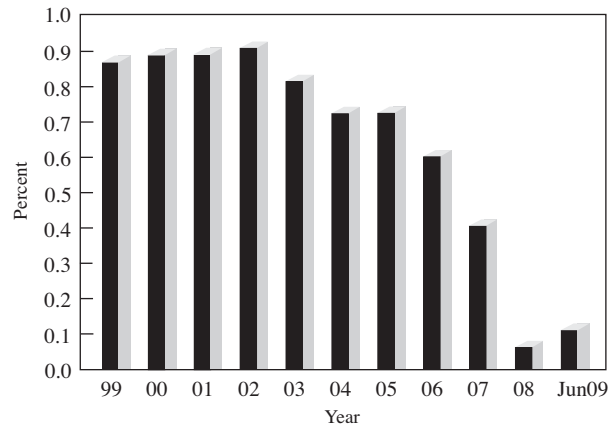
**TOTAL CAPITAL
% TO TOTAL ASSETS**



**NON-PERFORMING ASSETS
% TO TOTAL ASSETS**



**RETURN ON ASSETS
% TO TOTAL ASSETS**



MEMBER BANKS

Abington Bank	Lowell Co-operative Bank
Adams Co-operative Bank	Mansfield Bank
Athol-Clinton Co-operative Bank	Mayflower Bank
Avon Co-operative Bank	Mechanics Cooperative Bank
Bank of Easton	Meetinghouse Bank
Bank of Fall River	Melrose Cooperative Bank
Bank Gloucester	Methuen Co-operative Bank
Beverly Cooperative Bank	Mt. Washington Bank
Braintree Cooperative Bank	Needham Bank
Butler Bank	North Cambridge Co-operative Bank
Canton Co-operative Bank	North Shore Bank
Cape Cod Cooperative Bank	Northhampton Cooperative Bank
Central Bank	Norwood Bank
Charles River Bank	Patriot Community Bank
Chelsea-Provident Co-operative Bank	Pilgrim Bank
Colonial Co-operative Bank	Pittsfield Co-operative Bank
Commonwealth Cooperative Bank	Reading Co-operative Bank
The Community Bank	Saugusbank
The Cooperative Bank	Savers Bank
Dean Bank	S Bank
Economy Co-operative Bank	StonehamBank
Equitable Co-operative Bank	Stoughton Co-operative Bank
Everett Co-operative Bank	The Village Bank
FamilyFirst Bank	Wakefield Co-operative Bank
Fidelity Bank	Walpole Co-operative Bank
Framingham Co-operative Bank	Wellesley Bank
Greenfield Co-operative Bank	Weymouth Bank
Haverhill Bank	Winchester Co-operative Bank
Holbrook Cooperative Bank	Wrentham Co-operative Bank
Hometown Bank	



THE CO-OPERATIVE CENTRAL BANK

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Deposits in every Massachusetts co-operative bank are insured in full. On May 20, 2009, the temporary increase to \$250,000 per depositor in FDIC insurance was extended until December 31, 2013. All amounts above that are insured by the Share Insurance Fund of The Co-operative Central Bank.

