

Form 5500 Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Annual Return/Report of Employee Benefit Plan This form is required to be filed for employee benefit plans under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and sections 6047(e), 6057(b), and 6058(a) of the Internal Revenue Code (the Code). <p style="text-align: center;">▶ Complete all entries in accordance with the instructions to the Form 5500.</p>	OMB Nos. 1210-0110 1210-0089 2012 This Form is Open to Public Inspection
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Part I	Annual Report Identification Information
For calendar plan year 2012 or fiscal plan year beginning <u>01/01/2012</u> and ending <u>12/31/2012</u>	
A This return/report is for:	<input type="checkbox"/> a multiemployer plan; <input type="checkbox"/> a multiple-employer plan; or <input checked="" type="checkbox"/> a single-employer plan; <input type="checkbox"/> a DFE (specify) ____
B This return/report is:	<input type="checkbox"/> the first return/report; <input type="checkbox"/> the final return/report; <input type="checkbox"/> an amended return/report; <input type="checkbox"/> a short plan year return/report (less than 12 months).
C If the plan is a collectively-bargained plan, check here.	<input type="checkbox"/>
D Check box if filing under:	<input checked="" type="checkbox"/> Form 5558; <input type="checkbox"/> automatic extension; <input type="checkbox"/> the DFVC program; <input type="checkbox"/> special extension (enter description)

Part II	Basic Plan Information —enter all requested information				
1a Name of plan <u>THE BERKSHIRE BANK 401(K)/PROFIT SHARING PLAN</u>	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">1b Three-digit plan number (PN) ▶</td> <td style="width: 20%; text-align: center;"><u>001</u></td> </tr> <tr> <td colspan="2">1c Effective date of plan <u>08/01/1994</u></td> </tr> </table>	1b Three-digit plan number (PN) ▶	<u>001</u>	1c Effective date of plan <u>08/01/1994</u>	
1b Three-digit plan number (PN) ▶	<u>001</u>				
1c Effective date of plan <u>08/01/1994</u>					
2a Plan sponsor's name and address; include room or suite number (employer, if for a single-employer plan) <u>THE BERKSHIRE BANK</u> <u>4 EAST 39TH ST</u> <u>NEW YORK, NY 10016</u>	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">2b Employer Identification Number (EIN) <u>13-3509921</u></td> </tr> <tr> <td>2c Sponsor's telephone number <u>212-802-1000</u></td> </tr> <tr> <td>2d Business code (see instructions) <u>522110</u></td> </tr> </table>	2b Employer Identification Number (EIN) <u>13-3509921</u>	2c Sponsor's telephone number <u>212-802-1000</u>	2d Business code (see instructions) <u>522110</u>	
2b Employer Identification Number (EIN) <u>13-3509921</u>					
2c Sponsor's telephone number <u>212-802-1000</u>					
2d Business code (see instructions) <u>522110</u>					

Caution: A penalty for the late or incomplete filing of this return/report will be assessed unless reasonable cause is established.

Under penalties of perjury and other penalties set forth in the instructions, I declare that I have examined this return/report, including accompanying schedules, statements and attachments, as well as the electronic version of this return/report, and to the best of my knowledge and belief, it is true, correct, and complete.

SIGN HERE	Filed with authorized/valid electronic signature. Signature of plan administrator	09/18/2013 Date	DAVID LUKENS Enter name of individual signing as plan administrator
SIGN HERE	Filed with authorized/valid electronic signature. Signature of employer/plan sponsor	09/18/2013 Date	MOSES KRAUSZ Enter name of individual signing as employer or plan sponsor
SIGN HERE	Signature of DFE	Date	Enter name of individual signing as DFE
Preparer's name (including firm name, if applicable) and address; include room or suite number. (optional)			Preparer's telephone number (optional)

3a Plan administrator's name and address <input type="checkbox"/> Same as Plan Sponsor Name <input type="checkbox"/> Same as Plan Sponsor Address THE BERKSHIRE BANK 4 EAST 39TH ST NEW YORK, NY 10016		3b Administrator's EIN 13-3509921 3c Administrator's telephone number 212-802-1000
4 If the name and/or EIN of the plan sponsor has changed since the last return/report filed for this plan, enter the name, EIN and the plan number from the last return/report: a Sponsor's name		4b EIN 4c PN
5 Total number of participants at the beginning of the plan year		5 147
6 Number of participants as of the end of the plan year (welfare plans complete only lines 6a , 6b , 6c , and 6d).		
a Active participants.....	6a	120
b Retired or separated participants receiving benefits.....	6b	0
c Other retired or separated participants entitled to future benefits.....	6c	40
d Subtotal. Add lines 6a , 6b , and 6c	6d	160
e Deceased participants whose beneficiaries are receiving or are entitled to receive benefits.....	6e	0
f Total. Add lines 6d and 6e	6f	160
g Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item).....	6g	136
h Number of participants that terminated employment during the plan year with accrued benefits that were less than 100% vested.....	6h	5
7 Enter the total number of employers obligated to contribute to the plan (only multiemployer plans complete this item)		7
8a If the plan provides pension benefits, enter the applicable pension feature codes from the List of Plan Characteristics Codes in the instructions: 2E 2F 2G 2J 2K 2R 2T 3D		
b If the plan provides welfare benefits, enter the applicable welfare feature codes from the List of Plan Characteristics Codes in the instructions:		
9a Plan funding arrangement (check all that apply) (1) <input type="checkbox"/> Insurance (2) <input type="checkbox"/> Code section 412(e)(3) insurance contracts (3) <input checked="" type="checkbox"/> Trust (4) <input type="checkbox"/> General assets of the sponsor		9b Plan benefit arrangement (check all that apply) (1) <input type="checkbox"/> Insurance (2) <input type="checkbox"/> Code section 412(e)(3) insurance contracts (3) <input checked="" type="checkbox"/> Trust (4) <input type="checkbox"/> General assets of the sponsor
10 Check all applicable boxes in 10a and 10b to indicate which schedules are attached, and, where indicated, enter the number attached. (See instructions)		
a Pension Schedules (1) <input checked="" type="checkbox"/> R (Retirement Plan Information) (2) <input type="checkbox"/> MB (Multiemployer Defined Benefit Plan and Certain Money Purchase Plan Actuarial Information) - signed by the plan actuary (3) <input type="checkbox"/> SB (Single-Employer Defined Benefit Plan Actuarial Information) - signed by the plan actuary		b General Schedules (1) <input checked="" type="checkbox"/> H (Financial Information) (2) <input type="checkbox"/> I (Financial Information – Small Plan) (3) <input type="checkbox"/> A (Insurance Information) (4) <input checked="" type="checkbox"/> C (Service Provider Information) (5) <input checked="" type="checkbox"/> D (DFE/Participating Plan Information) (6) <input type="checkbox"/> G (Financial Transaction Schedules)

SCHEDULE C (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Service Provider Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA). ► File as an attachment to Form 5500.	OMB No. 1210-0110
		2012
		This Form is Open to Public Inspection.

For calendar plan year 2012 or fiscal plan year beginning 01/01/2012 and ending 12/31/2012

A Name of plan <u>THE BERKSHIRE BANK 401(K)/PROFIT SHARING PLAN</u>	B Three-digit plan number (PN) <u>001</u>
C Plan sponsor's name as shown on line 2a of Form 5500 <u>THE BERKSHIRE BANK</u>	D Employer Identification Number (EIN) <u>13-3509921</u>

Part I Service Provider Information (see instructions)

You must complete this Part, in accordance with the instructions, to report the information required for **each person** who received, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of monetary value) in connection with services rendered to the plan or the person's position with the plan during the plan year. If a person received **only** eligible indirect compensation for which the plan received the required disclosures, you are required to answer line 1 but are not required to include that person when completing the remainder of this Part.

1 Information on Persons Receiving Only Eligible Indirect Compensation

a Check "Yes" or "No" to indicate whether you are excluding a person from the remainder of this Part because they received only eligible indirect compensation for which the plan received the required disclosures (see instructions for definitions and conditions)..... ☐ Yes ☒ No

b If you answered line 1a "Yes," enter the name and EIN or address of each person providing the required disclosures for the service providers who received only eligible indirect compensation. Complete as many entries as needed (see instructions).

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

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2. Information on Other Service Providers Receiving Direct or Indirect Compensation. Except for those persons for whom you answered "Yes" to line 1a above, complete as many entries as needed to list each person receiving, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of value) in connection with services rendered to the plan or their position with the plan during the plan year. (See instructions).

(a) Enter name and EIN or address (see instructions)

FIDELITY INVESTMENTS INSTITUTIONAL

04-2647786

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
64 37 65 71 60	RECORDKEEPER	6689	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	0	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes <input type="checkbox"/> No <input type="checkbox"/>	Yes <input type="checkbox"/> No <input type="checkbox"/>		Yes <input type="checkbox"/> No <input type="checkbox"/>

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes <input type="checkbox"/> No <input type="checkbox"/>	Yes <input type="checkbox"/> No <input type="checkbox"/>		Yes <input type="checkbox"/> No <input type="checkbox"/>

2. Information on Other Service Providers Receiving Direct or Indirect Compensation. Except for those persons for whom you answered "Yes" to line 1a above, complete as many entries as needed to list each person receiving, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of value) in connection with services rendered to the plan or their position with the plan during the plan year. (See instructions).

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes <input type="checkbox"/> No <input type="checkbox"/>	Yes <input type="checkbox"/> No <input type="checkbox"/>		Yes <input type="checkbox"/> No <input type="checkbox"/>

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes <input type="checkbox"/> No <input type="checkbox"/>	Yes <input type="checkbox"/> No <input type="checkbox"/>		Yes <input type="checkbox"/> No <input type="checkbox"/>

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes <input type="checkbox"/> No <input type="checkbox"/>	Yes <input type="checkbox"/> No <input type="checkbox"/>		Yes <input type="checkbox"/> No <input type="checkbox"/>

Part I Service Provider Information (continued)

3 If you reported on line 2 receipt of indirect compensation, other than eligible indirect compensation, by a service provider, and the service provider is a fiduciary or provides contract administrator, consulting, custodial, investment advisory, investment management, broker, or recordkeeping services, answer the following questions for (a) each source from whom the service provider received \$1,000 or more in indirect compensation and (b) each source for whom the service provider gave you a formula used to determine the indirect compensation instead of an amount or estimated amount of the indirect compensation. Complete as many entries as needed to report the required information for each source.

(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
FIDELITY INVESTMENTS INSTITUT	60	0
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	
DREYFUS 144 GLENN CURTISS BLVD 8TH FLOOR UNIONDALE, NY 11556	0.40%	
(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	
(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	

Part II Service Providers Who Fail or Refuse to Provide Information

4 Provide, to the extent possible, the following information for each service provider who failed or refused to provide the information necessary to complete this Schedule.

(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide

Part III **Termination Information on Accountants and Enrolled Actuaries (see instructions)**
(complete as many entries as needed)

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

SCHEDULE D (Form 5500) <small>Department of the Treasury Internal Revenue Service</small> <small>Department of Labor Employee Benefits Security Administration</small>	DFE/Participating Plan Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA). ► File as an attachment to Form 5500.	OMB No. 1210-0110 <div style="text-align: center; font-size: 1.2em; font-weight: bold;">2012</div> This Form is Open to Public Inspection.
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For calendar plan year 2012 or fiscal plan year beginning 01/01/2012 and ending 12/31/2012

A Name of plan <u>THE BERKSHIRE BANK 401(K)/PROFIT SHARING PLAN</u>	B Three-digit plan number (PN)	<u>001</u>
C Plan or DFE sponsor's name as shown on line 2a of Form 5500 <u>THE BERKSHIRE BANK</u>	D Employer Identification Number (EIN) <u>13-3509921</u>	

Part I	Information on interests in MTIAs, CCTs, PSAs, and 103-12 IEs (to be completed by plans and DFEs)
(Complete as many entries as needed to report all interests in DFEs)	

a Name of MTIA, CCT, PSA, or 103-12 IE: <u>MIP CL 1</u>		
b Name of sponsor of entity listed in (a): <u>FIDELITY MANAGEMENT TRUST COMPANY</u>		
c EIN-PN <u>04-3022712-024</u>	d Entity code <u>C</u>	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) <u>235639</u>
a Name of MTIA, CCT, PSA, or 103-12 IE:		
b Name of sponsor of entity listed in (a):		
c EIN-PN	d Entity code	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)
a Name of MTIA, CCT, PSA, or 103-12 IE:		
b Name of sponsor of entity listed in (a):		
c EIN-PN	d Entity code	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)
a Name of MTIA, CCT, PSA, or 103-12 IE:		
b Name of sponsor of entity listed in (a):		
c EIN-PN	d Entity code	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)
a Name of MTIA, CCT, PSA, or 103-12 IE:		
b Name of sponsor of entity listed in (a):		
c EIN-PN	d Entity code	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)
a Name of MTIA, CCT, PSA, or 103-12 IE:		
b Name of sponsor of entity listed in (a):		
c EIN-PN	d Entity code	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)
a Name of MTIA, CCT, PSA, or 103-12 IE:		
b Name of sponsor of entity listed in (a):		
c EIN-PN	d Entity code	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
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code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)

Part II Information on Participating Plans (to be completed by DFEs)

(Complete as many entries as needed to report all participating plans)

a Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
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plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN

SCHEDULE H (Form 5500) <small>Department of the Treasury Internal Revenue Service</small> <small>Department of Labor Employee Benefits Security Administration</small> <small>Pension Benefit Guaranty Corporation</small>	Financial Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA), and section 6058(a) of the Internal Revenue Code (the Code). ► File as an attachment to Form 5500.	OMB No. 1210-0110 <div style="border: 1px solid black; padding: 5px; font-size: 1.2em; font-weight: bold;">2012</div> This Form is Open to Public Inspection
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For calendar plan year 2012 or fiscal plan year beginning 01/01/2012 and ending 12/31/2012		
A Name of plan THE BERKSHIRE BANK 401(K)/PROFIT SHARING PLAN	B Three-digit plan number (PN) ►	001
C Plan sponsor's name as shown on line 2a of Form 5500 THE BERKSHIRE BANK	D Employer Identification Number (EIN) 13-3509921	

Part I Asset and Liability Statement			
1 Current value of plan assets and liabilities at the beginning and end of the plan year. Combine the value of plan assets held in more than one trust. Report the value of the plan's interest in a commingled fund containing the assets of more than one plan on a line-by-line basis unless the value is reportable on lines 1c(9) through 1c(14). Do not enter the value of that portion of an insurance contract which guarantees, during this plan year, to pay a specific dollar benefit at a future date. Round off amounts to the nearest dollar. MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 1b(1), 1b(2), 1c(8), 1g, 1h, and 1i. CCTs, PSAs, and 103-12 IEs also do not complete lines 1d and 1e. See instructions.			
Assets		(a) Beginning of Year	(b) End of Year
a Total noninterest-bearing cash	1a		
b Receivables (less allowance for doubtful accounts):			
(1) Employer contributions	1b(1)		
(2) Participant contributions	1b(2)		
(3) Other.....	1b(3)		
c General investments:			
(1) Interest-bearing cash (include money market accounts & certificates of deposit)	1c(1)	1571860	1418879
(2) U.S. Government securities.....	1c(2)	0	45076
(3) Corporate debt instruments (other than employer securities):			
(A) Preferred	1c(3)(A)		
(B) All other.....	1c(3)(B)	0	46509
(4) Corporate stocks (other than employer securities):			
(A) Preferred	1c(4)(A)	28365	64061
(B) Common	1c(4)(B)	113646	8138
(5) Partnership/joint venture interests	1c(5)		
(6) Real estate (other than employer real property)	1c(6)		
(7) Loans (other than to participants)	1c(7)		
(8) Participant loans	1c(8)	150475	116532
(9) Value of interest in common/collective trusts.....	1c(9)	212006	235639
(10) Value of interest in pooled separate accounts.....	1c(10)		
(11) Value of interest in master trust investment accounts	1c(11)		
(12) Value of interest in 103-12 investment entities	1c(12)		
(13) Value of interest in registered investment companies (e.g., mutual funds).....	1c(13)	3698951	4410330
(14) Value of funds held in insurance company general account (unallocated contracts).....	1c(14)		
(15) Other	1c(15)		

1d Employer-related investments:

		(a) Beginning of Year	(b) End of Year
(1) Employer securities	1d(1)		
(2) Employer real property	1d(2)		
e Buildings and other property used in plan operation	1e		
f Total assets (add all amounts in lines 1a through 1e)	1f	5775303	6345164

Liabilities

g Benefit claims payable	1g		
h Operating payables	1h		
i Acquisition indebtedness	1i		
j Other liabilities	1j		
k Total liabilities (add all amounts in lines 1g through 1j)	1k	0	0

Net Assets

l Net assets (subtract line 1k from line 1f)	1l	5775303	6345164
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Part II Income and Expense Statement

2 Plan income, expenses, and changes in net assets for the year. Include all income and expenses of the plan, including any trust(s) or separately maintained fund(s) and any payments/receipts to/from insurance carriers. Round off amounts to the nearest dollar. MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 2a, 2b(1)(E), 2e, 2f, and 2g.

Income

		(a) Amount	(b) Total
a Contributions:			
(1) Received or receivable in cash from: (A) Employers	2a(1)(A)	117279	
(B) Participants	2a(1)(B)	397712	
(C) Others (including rollovers)	2a(1)(C)	62100	
(2) Noncash contributions	2a(2)		
(3) Total contributions. Add lines 2a(1)(A) , (B) , (C) , and line 2a(2)	2a(3)		577091
b Earnings on investments:			
(1) Interest:			
(A) Interest-bearing cash (including money market accounts and certificates of deposit)	2b(1)(A)	5127	
(B) U.S. Government securities	2b(1)(B)	1003	
(C) Corporate debt instruments	2b(1)(C)	493	
(D) Loans (other than to participants)	2b(1)(D)		
(E) Participant loans	2b(1)(E)	9737	
(F) Other	2b(1)(F)		
(G) Total interest. Add lines 2b(1)(A) through (F)	2b(1)(G)		16360
(2) Dividends: (A) Preferred stock	2b(2)(A)	2223	
(B) Common stock	2b(2)(B)	1827	
(C) Registered investment company shares (e.g. mutual funds)	2b(2)(C)	116643	
(D) Total dividends. Add lines 2b(2)(A) , (B) , and (C)	2b(2)(D)		120693
(3) Rents	2b(3)		
(4) Net gain (loss) on sale of assets: (A) Aggregate proceeds	2b(4)(A)	322466	
(B) Aggregate carrying amount (see instructions)	2b(4)(B)	312931	
(C) Subtract line 2b(4)(B) from line 2b(4)(A) and enter result	2b(4)(C)		9535
(5) Unrealized appreciation (depreciation) of assets: (A) Real estate	2b(5)(A)		
(B) Other	2b(5)(B)	3742	
(C) Total unrealized appreciation of assets. Add lines 2b(5)(A) and (B)	2b(5)(C)		3742

		(a) Amount	(b) Total
(6) Net investment gain (loss) from common/collective trusts	2b(6)		4260
(7) Net investment gain (loss) from pooled separate accounts	2b(7)		
(8) Net investment gain (loss) from master trust investment accounts	2b(8)		
(9) Net investment gain (loss) from 103-12 investment entities	2b(9)		
(10) Net investment gain (loss) from registered investment companies (e.g., mutual funds).....	2b(10)		381876
c Other income.....	2c		
d Total income. Add all income amounts in column (b) and enter total.....	2d		1113557

Expenses

e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers	2e(1)	537037	
(2) To insurance carriers for the provision of benefits	2e(2)		
(3) Other	2e(3)		
(4) Total benefit payments. Add lines 2e(1) through (3)	2e(4)		537037
f Corrective distributions (see instructions)	2f		
g Certain deemed distributions of participant loans (see instructions).....	2g		
h Interest expense.....	2h		
i Administrative expenses: (1) Professional fees	2i(1)		
(2) Contract administrator fees	2i(2)		
(3) Investment advisory and management fees	2i(3)		
(4) Other	2i(4)	6659	
(5) Total administrative expenses. Add lines 2i(1) through (4)	2i(5)		6659
j Total expenses. Add all expense amounts in column (b) and enter total.....	2j		543696

Net Income and Reconciliation

k Net income (loss). Subtract line 2j from line 2d	2k		569861
l Transfers of assets:			
(1) To this plan.....	2l(1)		
(2) From this plan	2l(2)		

Part III Accountant's Opinion

3 Complete lines 3a through 3c if the opinion of an independent qualified public accountant is attached to this Form 5500. Complete line 3d if an opinion is not attached.

a The attached opinion of an independent qualified public accountant for this plan is (see instructions):

(1) ☐ Unqualified (2) ☐ Qualified (3) ☒ Disclaimer (4) ☐ Adverse

b Did the accountant perform a limited scope audit pursuant to 29 CFR 2520.103-8 and/or 103-12(d)? ☒ Yes ☐ No

c Enter the name and EIN of the accountant (or accounting firm) below:

(1) Name: BENCIVENGA WARD AND CO. CPA'S, P.C.

(2) EIN: 13-3274930

d The opinion of an independent qualified public accountant is **not attached** because:

(1) ☐ This form is filed for a CCT, PSA, or MTIA. (2) ☐ It will be attached to the next Form 5500 pursuant to 29 CFR 2520.104-50.

Part IV Compliance Questions

4 CCTs and PSAs do not complete Part IV. MTIAs, 103-12 IEs, and GIAs do not complete lines 4a, 4e, 4f, 4g, 4h, 4k, 4m, 4n, or 5. 103-12 IEs also do not complete lines 4j and 4l. MTIAs also do not complete line 4l.

During the plan year:

a Was there a failure to transmit to the plan any participant contributions within the time period described in 29 CFR 2510.3-102? Continue to answer "Yes" for any prior year failures until fully corrected. (See instructions and DOL's Voluntary Fiduciary Correction Program.).....

b Were any loans by the plan or fixed income obligations due the plan in default as of the close of the plan year or classified during the year as uncollectible? Disregard participant loans secured by participant's account balance. (Attach Schedule G (Form 5500) Part I if "Yes" is checked.).....

	Yes	No	Amount
4a		X	
4b		X	

	Yes	No	Amount
c Were any leases to which the plan was a party in default or classified during the year as uncollectible? (Attach Schedule G (Form 5500) Part II if "Yes" is checked.)		X	
d Were there any nonexempt transactions with any party-in-interest? (Do not include transactions reported on line 4a. Attach Schedule G (Form 5500) Part III if "Yes" is checked.).....		X	
e Was this plan covered by a fidelity bond?.....	X		2000000
f Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty?		X	
g Did the plan hold any assets whose current value was neither readily determinable on an established market nor set by an independent third party appraiser?		X	
h Did the plan receive any noncash contributions whose value was neither readily determinable on an established market nor set by an independent third party appraiser?		X	
i Did the plan have assets held for investment? (Attach schedule(s) of assets if "Yes" is checked, and see instructions for format requirements.).....	X		
j Were any plan transactions or series of transactions in excess of 5% of the current value of plan assets? (Attach schedule of transactions if "Yes" is checked, and see instructions for format requirements.).....		X	
k Were all the plan assets either distributed to participants or beneficiaries, transferred to another plan, or brought under the control of the PBGC?.....		X	
l Has the plan failed to provide any benefit when due under the plan?		X	
m If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.).....		X	
n If 4m was answered "Yes," check the "Yes" box if you either provided the required notice or one of the exceptions to providing the notice applied under 29 CFR 2520.101-3.		X	

5a Has a resolution to terminate the plan been adopted during the plan year or any prior plan year?

If "Yes," enter the amount of any plan assets that reverted to the employer this year..... ☐ Yes ☒ No Amount:

5b If, during this plan year, any assets or liabilities were transferred from this plan to another plan(s), identify the plan(s) to which assets or liabilities were transferred. (See instructions.)

5b(1) Name of plan(s)

	5b(2) EIN(s)	5b(3) PN(s)

Part V Trust Information (optional)

6a Name of trust

6b Trust's EIN

SCHEDULE R (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Retirement Plan Information This schedule is required to be filed under section 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6058(a) of the Internal Revenue Code (the Code). ▶ File as an attachment to Form 5500.	OMB No. 1210-0110 2012 This Form is Open to Public Inspection.
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For calendar plan year 2012 or fiscal plan year beginning 01/01/2012 and ending 12/31/2012

A Name of plan <u>THE BERKSHIRE BANK 401(K)/PROFIT SHARING PLAN</u>	B Three-digit plan number (PN) ▶ <u>001</u>
C Plan sponsor's name as shown on line 2a of Form 5500 <u>THE BERKSHIRE BANK</u>	D Employer Identification Number (EIN) <u>13-3509921</u>

Part I	Distributions
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All references to distributions relate only to payments of benefits during the plan year.

1 Total value of distributions paid in property other than in cash or the forms of property specified in the instructions.....	1	<u>0</u>
2 Enter the EIN(s) of payor(s) who paid benefits on behalf of the plan to participants or beneficiaries during the year (if more than two, enter EINs of the two payors who paid the greatest dollar amounts of benefits): EIN(s): <u>04-6568107</u>		
Profit-sharing plans, ESOPs, and stock bonus plans, skip line 3.		
3 Number of participants (living or deceased) whose benefits were distributed in a single sum, during the plan year.....	3	

Part II	Funding Information (If the plan is not subject to the minimum funding requirements of section 412 of the Internal Revenue Code or ERISA section 302, skip this Part)
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4 Is the plan administrator making an election under Code section 412(d)(2) or ERISA section 302(d)(2)?	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> N/A
If the plan is a defined benefit plan, go to line 8.			
5 If a waiver of the minimum funding standard for a prior year is being amortized in this plan year, see instructions and enter the date of the ruling letter granting the waiver. Date: Month _____ Day _____ Year _____ If you completed line 5, complete lines 3, 9, and 10 of Schedule MB and do not complete the remainder of this schedule.			
6 a Enter the minimum required contribution for this plan year (include any prior year accumulated funding deficiency not waived)	6a		
b Enter the amount contributed by the employer to the plan for this plan year	6b		
c Subtract the amount in line 6b from the amount in line 6a. Enter the result (enter a minus sign to the left of a negative amount).....	6c		
If you completed line 6c, skip lines 8 and 9.			
7 Will the minimum funding amount reported on line 6c be met by the funding deadline?	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> N/A
8 If a change in actuarial cost method was made for this plan year pursuant to a revenue procedure or other authority providing automatic approval for the change or a class ruling letter, does the plan sponsor or plan administrator agree with the change?.....	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> N/A

Part III	Amendments
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9 If this is a defined benefit pension plan, were any amendments adopted during this plan year that increased or decreased the value of benefits? If yes, check the appropriate box. If no, check the "No" box.....	<input type="checkbox"/> Increase	<input type="checkbox"/> Decrease	<input type="checkbox"/> Both	<input type="checkbox"/> No
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Part IV	ESOPs (see instructions). If this is not a plan described under Section 409(a) or 4975(e)(7) of the Internal Revenue Code, skip this Part.
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10 Were unallocated employer securities or proceeds from the sale of unallocated securities used to repay any exempt loan?.....	<input type="checkbox"/> Yes	<input type="checkbox"/> No
11 a Does the ESOP hold any preferred stock?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
b If the ESOP has an outstanding exempt loan with the employer as lender, is such loan part of a "back-to-back" loan? (See instructions for definition of "back-to-back" loan.).....	<input type="checkbox"/> Yes	<input type="checkbox"/> No
12 Does the ESOP hold any stock that is not readily tradable on an established securities market?	<input type="checkbox"/> Yes	<input type="checkbox"/> No

Part V Additional Information for Multiemployer Defined Benefit Pension Plans

13 Enter the following information for each employer that contributed more than 5% of total contributions to the plan during the plan year (measured in dollars). See instructions. *Complete as many entries as needed to report all applicable employers.*

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

- 14** Enter the number of participants on whose behalf no contributions were made by an employer as an employer of the participant for:

a The current year	14a	
b The plan year immediately preceding the current plan year	14b	
c The second preceding plan year	14c	

- 15** Enter the ratio of the number of participants under the plan on whose behalf no employer had an obligation to make an employer contribution during the current plan year to:

a The corresponding number for the plan year immediately preceding the current plan year	15a	
b The corresponding number for the second preceding plan year	15b	

- 16** Information with respect to any employers who withdrew from the plan during the preceding plan year:

a Enter the number of employers who withdrew during the preceding plan year	16a	
b If line 16a is greater than 0, enter the aggregate amount of withdrawal liability assessed or estimated to be assessed against such withdrawn employers	16b	

- 17** If assets and liabilities from another plan have been transferred to or merged with this plan during the plan year, check box and see instructions regarding supplemental information to be included as an attachment. ☐

Part VI Additional Information for Single-Employer and Multiemployer Defined Benefit Pension Plans

- 18** If any liabilities to participants or their beneficiaries under the plan as of the end of the plan year consist (in whole or in part) of liabilities to such participants and beneficiaries under two or more pension plans as of immediately before such plan year, check box and see instructions regarding supplemental information to be included as an attachment ☐

- 19** If the total number of participants is 1,000 or more, complete lines (a) through (c)

a Enter the percentage of plan assets held as:
 Stock: _____% Investment-Grade Debt: _____% High-Yield Debt: _____% Real Estate: _____% Other: _____%

b Provide the average duration of the combined investment-grade and high-yield debt:
☐ 0-3 years ☐ 3-6 years ☐ 6-9 years ☐ 9-12 years ☐ 12-15 years ☐ 15-18 years ☐ 18-21 years ☐ 21 years or more

c What duration measure was used to calculate line 19(b)?
☐ Effective duration ☐ Macaulay duration ☐ Modified duration ☐ Other (specify): _____



BENCIVENGA WARD & COMPANY, CPA's, P.C.
A Registered Professional Services Firm

**THE BERKSHIRE BANK 401(k)/PROFIT SHARING PLAN
FINANCIAL STATEMENTS AND SUPPLEMENTAL
SCHEDULE AS OF DECEMBER 31, 2012 AND 2011
AND FOR THE YEAR ENDED
DECEMBER 31, 2012
TOGETHER WITH REPORT
OF INDEPENDENT AUDITORS**

**THE BERKSHIRE BANK 401(k)/PROFIT SHARING PLAN
INDEX TO FINANCIAL STATEMENTS AND SCHEDULE**
December 31, 2012

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* Other supplemental schedules required by Section 2520.103-10 of the Department of Labor Rules and Regulations for Reporting and Disclosure under Employee Retirement Income Security Act of 1974, have been omitted because they are not applicable.



BENCIVENGA WARD & COMPANY, CPA's, P.C.

A Registered Professional Services Firm

Report of Independent Auditors

To the Participants and Plan Administrator of
The Berkshire Bank 401(k)/Profit Sharing Plan:

Report on the Financial Statements

We were engaged to audit the accompanying financial statements of The Berkshire Bank 401(k)/Profit Sharing Plan (the "Plan"), which comprise the statements of net assets available for benefits as of December 31, 2012 and 2011, the related statement of changes in net assets available for benefits for the year ended December 31, 2012, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Plan management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on conducting our audit in accordance with auditing standards generally accepted in the United States of America. Because of the matter described in the Basis for Disclaimer of Opinion paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for Disclaimer of Opinion

As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the Plan Administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the information summarized in Note 8, which was certified by Fidelity Management Trust Company, the trustee of the Plan, except for comparing the information with the related information included in the financial statements. We have been informed by the Plan Administrator that the trustee holds the Plan's investment assets and execute investment transactions. The Plan Administrator has obtained a certification from the trustee as of December 31, 2012 and 2011, and for the year ended December 31, 2012, that the information provided to the Plan Administrator by the trustee is complete and accurate.

Disclaimer of Opinion

Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, we have not been able to obtain sufficient, appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on these financial statements.

Report of Independent Auditors (Continued)**Other Matter**

We were engaged for the purpose of forming an opinion on the financial statements as a whole. The supplemental Schedule H, Part IV, line 4i – Schedule of Assets (Held at End of Year) as of December 31, 2012, is required by the Department of Labor's ("DOL") Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 is presented for the purpose of additional analysis and is not a required part of the financial statements. Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, we do not express an opinion on the supplemental schedule.

Report on Form and Content in Compliance With DOL Rules and Regulations

The form and content of the information included in the financial statements and supplemental schedule, other than that derived from the information certified by the trustee, have been audited by us in accordance with auditing standards generally accepted in the United States of America and, in our opinion, are presented in compliance with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974.

Bencivenga Ward & Company, CPA's, P.C.

BENCIVENGA WARD & COMPANY, CPA's, P.C.

Valhalla, New York

September 13, 2013

THE BERKSHIRE BANK 401(k)/PROFIT SHARING PLAN
STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS
December 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
ASSETS		
Investments, at fair value	\$ 6,228,283	\$ 5,624,479
Notes receivable from participants	<u>116,532</u>	<u>150,475</u>
Net assets available for benefits, at fair value	6,344,815	5,774,954
Adjustment from fair value to contract value for fully-benefit responsive wrap contracts	<u>(6,743)</u>	<u>(5,229)</u>
Net assets available for benefits	<u>\$6,338,072</u>	<u>\$ 5,769,725</u>

The accompanying notes are an integral part of this statement.

THE BERKSHIRE BANK 401(k)/PROFIT SHARING PLAN
STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
Year Ended December 31, 2012

Additions:

Contributions:

Employer	\$ 117,279
Participants	397,712
Rollover	<u>62,100</u>
Total contributions	<u>577,091</u>

Investment income:

Net appreciation in fair value of investments	397,899
Interest and dividend income - investments	127,316
Notes receivable repayment interest	<u>9,737</u>
Total investment income	<u>534,952</u>

Total additions	<u>1,112,043</u>
------------------------	------------------

Deductions:

Benefits paid to participants	537,037
Administrative expenses	<u>6,659</u>
Total deductions	<u>543,696</u>

Increase in net assets	568,347
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Net assets available for benefits:

Beginning of year	5,769,725
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End of year	<u>\$ 6,338,072</u>
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The accompanying notes are an integral part of this statement.

**THE BERKSHIRE BANK 401(k)/PROFIT SHARING PLAN
NOTES TO FINANCIAL STATEMENTS**

December 31, 2012

1. Plan Description

The following description of The Berkshire Bank 401(k)/Profit Sharing Plan (the "Plan") provides only general information. Participants should refer to the Plan document for a more complete description of the Plan's provisions.

General

The Plan is a defined contribution plan covering all employees of The Berkshire Bank (the "Company"). The Plan provides for Company non-discretionary matching contributions to employees who make contributions and have completed twelve months of service. It is subject to the provisions of the Employee Retirement Income Security Act of 1974 ("ERISA"). Fidelity Management Trust Company, Inc. ("FMTC") is the trustee and record keeper of the Plan.

Eligibility

All employees are eligible to participate in the Plan on the first day of the month following their date of employment.

Contributions

Generally, each year participants may contribute up to 60% of their pre-tax salary, not to exceed \$16,500 in 2012. Participants may also contribute to the Plan rollover amounts representing distributions from other qualified plans. Participants who are considered "highly compensated" may be limited in the amounts they contribute to the Plan. Company contributions are made each payroll period to eligible participants. The Company makes a basic Matching Employer Contribution as defined in the Plan on behalf of each participant, in an amount equal to 50% of the first 5% of a participant's contribution, subject to maximum limitations. Contributions are invested according to each participant's investment elections and are subject to certain limitations. In addition, participants who have attained the age of 50 before the close of the Plan year may make catch-up contributions in accordance with the Internal Revenue Code ("IRC"). The maximum amount of catch-up contributions was \$5,500 for 2012.

Participant Accounts

Each participant's account is credited with the participant's contribution and allocations of (a) the Company's contribution and (b) Plan earnings, and is charged with administrative fees. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

**THE BERKSHIRE BANK 401(k)/PROFIT SHARING PLAN
NOTES TO FINANCIAL STATEMENTS**

December 31, 2012

1. Plan Description (continued)

Vesting

Participants are immediately vested in their contributions, including earnings thereon. Vesting in the Company's matching contribution, including earnings thereon, is based on graduated rates commensurate with years of service, as defined in the Plan. Participants become fully vested in Company contributions after five years of service.

Forfeitures

Amounts that are forfeited may be used to reduce the employer contributions or expenses.

Notes Receivable from Participants

The Plan provides for loan and hardship withdrawals. Eligible individuals can obtain loans from their qualifying account balances, as defined by the Plan. Loans must be repaid within five years. However, the term may not extend beyond the participant's employment with the Company. The loans are secured by the balance in the participants' account and bear interest at rates established by the executive administrators of the Plan, determined at the beginning of each quarter. The interest rate is set at the beginning of the loan and remains fixed for the term of the loan. At December 31, 2012, interest rates were 7.25%.

Payment of Benefits

Upon termination of service, hardship as defined, or attaining age 59 ½, a participant may elect to receive either a lump-sum amount or distributions under a systematic withdrawal plan, equal to the value of the participant's vested interest in his or her account.

Investment Options

Participants direct the investment of their account balances from among various investment options offered under the Plan.

2. Summary of Significant Accounting Policies

The following accounting policies, which conform with generally accepted accounting principles generally accepted in the United States of America, have been used consistently in the preparation of the Plan's financial statements:

2. **Summary of Significant Accounting Policies (continued)**

Basis of Accounting

The financial statements of the Plan are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("GAAP").

Investment contracts held by a defined-contribution plan are required to be reported at fair value. However, contract value is the relevant measurement attribute for that portion of the net assets available for benefits of a defined-contribution plan attributable to fully benefit-responsive wrap contracts because contract value is the amount participants would receive if they were to initiate permitted transactions under the terms of the Plan. The Statements of Net Assets Available for Benefits presents the fair value of the investment contracts as well as the adjustment of the fully benefit-responsive wrap contract from fair value to contract value. The Statement of Changes in Net Assets Available for Benefits is prepared on a contract value basis.

Use of Estimates

The preparation of financial statements in conformity with accounting principles in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein, and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

Investment Valuation and Income Recognition

The Plan's investments are stated at fair value. 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. Purchases and sales of investments are recorded on a trade-date basis. Interest income is accrued when earned. Dividend income is recorded on the ex-dividend date. Net depreciation includes the Plan's gains and losses on investments bought and sold as well as held during the year.

Notes Receivable from Participants

Notes receivable from participants are measured at their unpaid principal balance plus any accrued but unpaid interest. Delinquent participant loans are reclassified as distributions based upon the terms of the Plan document.

2. Summary of Significant Accounting Policies (continued)

Recent Accounting Pronouncements

In May 2011, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update 2011-04, Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and International Financial Reporting Standards (ASU 2011-04). ASU 2011-04 was issued to provide a consistent definition of fair value and common requirements for measurement of, and disclosure about, fair value between U.S. GAAP and International Financial Reporting Standards. It also expands the disclosures for fair value measurements that are estimated using significant unobservable (Level 3) inputs. This pronouncement was effective for periods beginning after December 15, 2011. The adoption of this pronouncement did not have a material effect on the Plan's financial statements.

Fully Benefit-Responsive Wrap Contracts

The investment in Fidelity Managed Income Portfolio "FMIP" includes short-term bonds, other fixed income securities, derivative instruments and third-party wrap contracts. The average return for FMIP was 1.3% for 2012 and 2011.

Payment of Benefits

Benefits are recorded when paid.

Expenses

Administrative expenses of the Plan are paid by the Plan, as provided for in the Plan Document, to the extent not paid by the Company.

Subsequent Events

The Plan's management evaluated subsequent event's through September 13, 2013, the date the financial statements were available to be issued and no additional disclosures were required.

**THE BERKSHIRE BANK 401(k)/PROFIT SHARING PLAN
NOTES TO FINANCIAL STATEMENTS**

December 31, 2012

3. Fair Value Measurements

That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows: Level 1 inputs consist of unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access; Level 2 inputs include quoted prices for similar assets or liabilities in active markets, quoted prices in markets that are not active or other inputs that are derived principally from, or corroborated by, observable market data by correlation or other means. If the asset or liability has a specific (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability. Level 3 inputs are unobservable and reflect the entity's own assumptions that market participants would use in pricing the asset or liability.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2012 and 2011.

Level 1 — the fair value of mutual and self-directed funds is based on quoted net asset values or quoted prices for an identical asset in an active market.

Level 2 — FMIP, a commingled pool, invests primarily in short term-investments, other fixed income investments and derivative instruments. FMIP is valued based on the fair value of the underlying assets using other observable inputs.

The preceding methods described may produce a fair value calculation that might not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

THE BERKSHIRE BANK 401(k)/PROFIT SHARING PLAN
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

3. Fair Value Measurements (continued)

The following tables sets forth by level, within the fair value hierarchy, the Plan's assets at fair value as of December 31, 2012 and 2011.

	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
As of December 31, 2012-	Total		
Mutual Funds-			
Stock funds	\$ 1,910,636	\$ 1,910,636	\$ -
Balanced and self directed funds	2,438,912	2,438,912	-
Money market fund	1,283,280	1,283,280	-
Bond funds	359,816	359,816	-
Commingled pool	235,639	-	235,639
	<u>\$ 6,228,283</u>	<u>\$ 5,992,644</u>	<u>\$ 235,639</u>
As of December 31, 2011-			
Mutual Funds-			
Stock funds	\$ 1,717,457	\$ 1,717,457	\$ -
Balanced and self directed funds	2,041,742	2,041,742	-
Money market fund	1,282,227	1,282,227	-
Bond funds	371,047	371,047	-
Commingled pool	212,006	-	212,006
	<u>\$ 5,624,479</u>	<u>\$ 5,412,473</u>	<u>\$ 212,006</u>

4. Party-In-Interest Transactions

The Plan invests in shares of mutual funds and a commingled pool managed by an affiliate of FMTC. FMTC acts as trustee for only those investments as defined by the Plan. Transactions in such investments qualify as party-in-interest transactions, which are exempt from the prohibited transaction rules. There have been no known prohibited transactions with parties-in-interest.

5. Plan Termination

Although it has not expressed any intent to do so, the Company has the right to terminate the Plan subject to the provisions of ERISA and the terms of the Plan.

THE BERKSHIRE BANK 401(k)/PROFIT SHARING PLAN
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

6. Investments

The following is a schedule of investments that represent 5% or more of total net assets available for benefits.

	December 31,	
	2012	2011
Fidelity Retirement Money Market Portfolio	\$ 1,283,280	\$ 1,282,227
Brokeragelink Fund	548,378	504,215
Fidelity Low-Priced Stock	463,816	420,521
Fidelity Freedom 2030	384,530	305,080
Fidelity Blue Chip Growth	336,226	*
Fidelity Freedom 2040	334,345	*

*This investment did not represent 5% or more of the Plan's net assets available for benefits at December 31, 2011.

During 2012, the Plan's investments (including gains and losses on investments bought and sold, as well as held during the year) appreciated in value by \$397,899 of which \$393,639 was attributable to mutual funds and self-directed investments and \$4,260 to the commingled pool investment.

7. Income Tax Status

The Plan is a Prototype Non-standardized Safe Harbor Profit Sharing Plan with CODA ("Prototype Plan") from Fidelity Management & Research Co. The Prototype Plan has received an opinion letter from the Internal Revenue Service ("IRS") stating that Plan sponsors who adopt this Prototype Plan may rely on the opinion letter with respect to the qualification of the Plan under IRC section 401(a).

U.S. GAAP requires Plan management to evaluate tax positions taken by the Plan and recognize a tax liability (or asset) if the Plan has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS. The Plan Administrator has analyzed the tax positions taken by the Plan, and has concluded that as of December 31, 2012, there are no uncertain positions taken, or expected to be taken, that would require recognition of a liability (or asset) or disclosure in the financial statements. The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

THE BERKSHIRE BANK 401(k)/PROFIT SHARING PLAN
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

8. Information Certified by Trustee (Unaudited)

In accordance with 29 CFR 2520.103.5 of the Department of Labor Rules and Regulations for Reporting under ERISA, FMTC, the Plan's trustee, has certified the following information, which has not been subject to audit by independent accountants, to be accurate and complete:

- a. Investment balances at fair value included in the Statements of Net Assets Available for Benefits at December 31, 2012 and 2011.
- b. Investment income, including interest and dividends and net appreciation in the fair value of investments in registered investment companies included in the Statement of Changes in Net Assets Available for Benefits for the year ended December 31, 2012.
- c. Investment balances at current value included in the Schedule of Assets (Held at End of Year) as of December 31, 2012.

9. Administrative Expenses

All expenses, excluding the participant's quarterly administrative fee, incurred in connection with the administration of the Plan are paid by the Plan, unless paid by the Company. During 2012, the Plan paid certain administrative expenses, excluding expenses paid by the Company, and those relating to individual participants' transactions, which were deducted from the respective participant's account.

10. Risks and Uncertainties

The Plan invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks and overall market volatility. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect participants' account balances and the amounts reported in the Statements of Net Assets Available for Benefits.

THE BERKSHIRE BANK 401(k)/PROFIT SHARING PLAN
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

11. Reconciliation of Financial Statements to Form 5500

The following is a reconciliation of net assets available for benefits per the financial statements to the IRS Form 5500 as of December 31, 2012.

Net assets available for benefits per financial statements	\$ 6,338,072
Adjustment from fair value to contract value for fully-benefit responsive wrap contracts	6,743
Other	349
Net assets available for benefits per IRS Form 5500	<u>\$ 6,345,164</u>

**ADDITIONAL INFORMATION
REQUIRED FOR FORM 5500**

THE BERKSHIRE BANK 401 (k) PROFIT SHARING PLAN
FORM 5500, SCHEDULE H, PART IV, LINE 4i
SCHEDULE OF ASSETS (HELD AT END OF YEAR)
December 31, 2012

The Berkshire Bank 401 (k) Profit Sharing Plan, EIN 13-3509921, PN001

(c) DESCRIPTION OF INVESTMENT
INCLUDING MATURITY DATE, RATE OF
INTEREST, COLLATERAL, PAR OR

(a) (b) IDENTITY OF ISSUE	MATURITY VALUE	(d) COST	(e) FAIR VALUE
* Fidelity Retirement Money Market Portfolio	Mutual Fund	**	\$ 1,283,280
* Fidelity Low-Priced Stock	Mutual Fund	**	463,816
* Fidelity Freedom 2030	Mutual Fund	**	384,530
* Fidelity Blue Chip Growth	Mutual Fund	**	336,226
* Fidelity Freedom 2040	Mutual Fund	**	334,345
* Fidelity Puritan	Mutual Fund	**	281,476
* Fidelity Freedom 2020	Mutual Fund	**	219,190
* Fidelity Freedom 2035	Mutual Fund	**	188,104
* Fidelity Investment Grade Bond	Mutual Fund	**	176,118
* Fidelity Growth Strategy	Mutual Fund	**	174,406
* Fidelity Intermediate Bond	Mutual Fund	**	156,351
* Fidelity Freedom 2015	Mutual Fund	**	153,296
* Fidelity Growth Company	Mutual Fund	**	150,789
* Fidelity Diversified International	Mutual Fund	**	139,362
* Fidelity Dividend Growth	Mutual Fund	**	111,730
* Fidelity Freedom 2000	Mutual Fund	**	109,420
* Fidelity Equity Income	Mutual Fund	**	92,624
* Fidelity Value	Mutual Fund	**	81,394
* Fidelity Freedom 2050	Mutual Fund	**	72,106
* Fidelity Freedom 2025	Mutual Fund	**	69,603
* Spartan Total Market Index	Mutual Fund	**	61,038
* Fidelity Large Cap Stock	Mutual Fund	**	58,217
* Fidelity Small Cap Discovery	Mutual Fund	**	51,047
* Fidelity Fund	Mutual Fund	**	49,166
* Fidelity Fifty	Mutual Fund	**	39,052
* Fidelity Freedom 2010	Mutual Fund	**	34,487
* Fidelity Freedom 2045	Mutual Fund	**	30,517
* Fidelity Equity Income II	Mutual Fund	**	28,860
* Fidelity Short Term Bond	Mutual Fund	**	27,347
* Fidelity Over The Counter Portfolio	Mutual Fund	**	24,329
* Fidelity Mid Cap Stock	Mutual Fund	**	21,446
* Fidelity Overseas	Mutual Fund	**	21,204
* Fidelity Freedom Income	Mutual Fund	**	12,946
* Fidelity Value Strategies	Mutual Fund	**	6,278
* Fidelity Freedom 2005	Mutual Fund	**	166
* Fidelity MGD Inc Port	Commingled Pool	**	235,639
Brokeragelink Fund	Self-Directed Investments	**	548,378
Total investments			<u>6,228,283</u>
Notes receivable from participants	Interest rate at 7.25%		<u>116,532</u>
Total assets			<u>\$ 6,344,815</u>

* Party-in-Interest

** Cost information is not required for participant-directed investments and, therefore, is not included.

See accompanying Report of Independent Auditors.



BENCIVENGA WARD & COMPANY, CPA's, P.C.
A Registered Professional Services Firm

**THE BERKSHIRE BANK 401(k)/PROFIT SHARING PLAN
FINANCIAL STATEMENTS AND SUPPLEMENTAL
SCHEDULE AS OF DECEMBER 31, 2012 AND 2011
AND FOR THE YEAR ENDED
DECEMBER 31, 2012
TOGETHER WITH REPORT
OF INDEPENDENT AUDITORS**

**THE BERKSHIRE BANK 401(k)/PROFIT SHARING PLAN
INDEX TO FINANCIAL STATEMENTS AND SCHEDULE**
December 31, 2012

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* Other supplemental schedules required by Section 2520.103-10 of the Department of Labor Rules and Regulations for Reporting and Disclosure under Employee Retirement Income Security Act of 1974, have been omitted because they are not applicable.



BENCIVENGA WARD & COMPANY, CPA's, P.C.

A Registered Professional Services Firm

Report of Independent Auditors

To the Participants and Plan Administrator of
The Berkshire Bank 401(k)/Profit Sharing Plan:

Report on the Financial Statements

We were engaged to audit the accompanying financial statements of The Berkshire Bank 401(k)/Profit Sharing Plan (the "Plan"), which comprise the statements of net assets available for benefits as of December 31, 2012 and 2011, the related statement of changes in net assets available for benefits for the year ended December 31, 2012, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Plan management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on conducting our audit in accordance with auditing standards generally accepted in the United States of America. Because of the matter described in the Basis for Disclaimer of Opinion paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for Disclaimer of Opinion

As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the Plan Administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the information summarized in Note 8, which was certified by Fidelity Management Trust Company, the trustee of the Plan, except for comparing the information with the related information included in the financial statements. We have been informed by the Plan Administrator that the trustee holds the Plan's investment assets and execute investment transactions. The Plan Administrator has obtained a certification from the trustee as of December 31, 2012 and 2011, and for the year ended December 31, 2012, that the information provided to the Plan Administrator by the trustee is complete and accurate.

Disclaimer of Opinion

Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, we have not been able to obtain sufficient, appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on these financial statements.



BENCIVENGA WARD & COMPANY, CPA's, P.C.

A Registered Professional Services Firm

Report of Independent Auditors (Continued)

Other Matter

We were engaged for the purpose of forming an opinion on the financial statements as a whole. The supplemental Schedule H, Part IV, line 4i – Schedule of Assets (Held at End of Year) as of December 31, 2012, is required by the Department of Labor's ("DOL") Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 is presented for the purpose of additional analysis and is not a required part of the financial statements. Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, we do not express an opinion on the supplemental schedule.

Report on Form and Content in Compliance With DOL Rules and Regulations

The form and content of the information included in the financial statements and supplemental schedule, other than that derived from the information certified by the trustee, have been audited by us in accordance with auditing standards generally accepted in the United States of America and, in our opinion, are presented in compliance with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974.

Bencivenga Ward & Company, CPA's, P.C.

BENCIVENGA WARD & COMPANY, CPA's, P.C.

Valhalla, New York

September 13, 2013

THE BERKSHIRE BANK 401(k)/PROFIT SHARING PLAN
STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS
December 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
ASSETS		
Investments, at fair value	\$ 6,228,283	\$ 5,624,479
Notes receivable from participants	<u>116,532</u>	<u>150,475</u>
Net assets available for benefits, at fair value	6,344,815	5,774,954
Adjustment from fair value to contract value for fully-benefit responsive wrap contracts	<u>(6,743)</u>	<u>(5,229)</u>
Net assets available for benefits	<u>\$6,338,072</u>	<u>\$ 5,769,725</u>

The accompanying notes are an integral part of this statement.

THE BERKSHIRE BANK 401(k)/PROFIT SHARING PLAN
STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
Year Ended December 31, 2012

Additions:

Contributions:

Employer	\$ 117,279
Participants	397,712
Rollover	<u>62,100</u>
Total contributions	<u>577,091</u>

Investment income:

Net appreciation in fair value of investments	397,899
Interest and dividend income - investments	127,316
Notes receivable repayment interest	<u>9,737</u>
Total investment income	<u>534,952</u>

Total additions	<u>1,112,043</u>
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Deductions:

Benefits paid to participants	537,037
Administrative expenses	<u>6,659</u>
Total deductions	<u>543,696</u>

Increase in net assets	568,347
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Net assets available for benefits:

Beginning of year	5,769,725
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End of year	<u>\$ 6,338,072</u>
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The accompanying notes are an integral part of this statement.

**THE BERKSHIRE BANK 401(k)/PROFIT SHARING PLAN
NOTES TO FINANCIAL STATEMENTS**

December 31, 2012

1. Plan Description

The following description of The Berkshire Bank 401(k)/Profit Sharing Plan (the "Plan") provides only general information. Participants should refer to the Plan document for a more complete description of the Plan's provisions.

General

The Plan is a defined contribution plan covering all employees of The Berkshire Bank (the "Company"). The Plan provides for Company non-discretionary matching contributions to employees who make contributions and have completed twelve months of service. It is subject to the provisions of the Employee Retirement Income Security Act of 1974 ("ERISA"). Fidelity Management Trust Company, Inc. ("FMTC") is the trustee and record keeper of the Plan.

Eligibility

All employees are eligible to participate in the Plan on the first day of the month following their date of employment.

Contributions

Generally, each year participants may contribute up to 60% of their pre-tax salary, not to exceed \$16,500 in 2012. Participants may also contribute to the Plan rollover amounts representing distributions from other qualified plans. Participants who are considered "highly compensated" may be limited in the amounts they contribute to the Plan. Company contributions are made each payroll period to eligible participants. The Company makes a basic Matching Employer Contribution as defined in the Plan on behalf of each participant, in an amount equal to 50% of the first 5% of a participant's contribution, subject to maximum limitations. Contributions are invested according to each participant's investment elections and are subject to certain limitations. In addition, participants who have attained the age of 50 before the close of the Plan year may make catch-up contributions in accordance with the Internal Revenue Code ("IRC"). The maximum amount of catch-up contributions was \$5,500 for 2012.

Participant Accounts

Each participant's account is credited with the participant's contribution and allocations of (a) the Company's contribution and (b) Plan earnings, and is charged with administrative fees. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

**THE BERKSHIRE BANK 401(k)/PROFIT SHARING PLAN
NOTES TO FINANCIAL STATEMENTS**

December 31, 2012

1. Plan Description (continued)

Vesting

Participants are immediately vested in their contributions, including earnings thereon. Vesting in the Company's matching contribution, including earnings thereon, is based on graduated rates commensurate with years of service, as defined in the Plan. Participants become fully vested in Company contributions after five years of service.

Forfeitures

Amounts that are forfeited may be used to reduce the employer contributions or expenses.

Notes Receivable from Participants

The Plan provides for loan and hardship withdrawals. Eligible individuals can obtain loans from their qualifying account balances, as defined by the Plan. Loans must be repaid within five years. However, the term may not extend beyond the participant's employment with the Company. The loans are secured by the balance in the participants' account and bear interest at rates established by the executive administrators of the Plan, determined at the beginning of each quarter. The interest rate is set at the beginning of the loan and remains fixed for the term of the loan. At December 31, 2012, interest rates were 7.25%.

Payment of Benefits

Upon termination of service, hardship as defined, or attaining age 59 ½, a participant may elect to receive either a lump-sum amount or distributions under a systematic withdrawal plan, equal to the value of the participant's vested interest in his or her account.

Investment Options

Participants direct the investment of their account balances from among various investment options offered under the Plan.

2. Summary of Significant Accounting Policies

The following accounting policies, which conform with generally accepted accounting principles generally accepted in the United States of America, have been used consistently in the preparation of the Plan's financial statements:

2. **Summary of Significant Accounting Policies (continued)**

Basis of Accounting

The financial statements of the Plan are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("GAAP").

Investment contracts held by a defined-contribution plan are required to be reported at fair value. However, contract value is the relevant measurement attribute for that portion of the net assets available for benefits of a defined-contribution plan attributable to fully benefit-responsive wrap contracts because contract value is the amount participants would receive if they were to initiate permitted transactions under the terms of the Plan. The Statements of Net Assets Available for Benefits presents the fair value of the investment contracts as well as the adjustment of the fully benefit-responsive wrap contract from fair value to contract value. The Statement of Changes in Net Assets Available for Benefits is prepared on a contract value basis.

Use of Estimates

The preparation of financial statements in conformity with accounting principles in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein, and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

Investment Valuation and Income Recognition

The Plan's investments are stated at fair value. 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. Purchases and sales of investments are recorded on a trade-date basis. Interest income is accrued when earned. Dividend income is recorded on the ex-dividend date. Net depreciation includes the Plan's gains and losses on investments bought and sold as well as held during the year.

Notes Receivable from Participants

Notes receivable from participants are measured at their unpaid principal balance plus any accrued but unpaid interest. Delinquent participant loans are reclassified as distributions based upon the terms of the Plan document.

2. Summary of Significant Accounting Policies (continued)

Recent Accounting Pronouncements

In May 2011, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update 2011-04, Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and International Financial Reporting Standards (ASU 2011-04). ASU 2011-04 was issued to provide a consistent definition of fair value and common requirements for measurement of, and disclosure about, fair value between U.S. GAAP and International Financial Reporting Standards. It also expands the disclosures for fair value measurements that are estimated using significant unobservable (Level 3) inputs. This pronouncement was effective for periods beginning after December 15, 2011. The adoption of this pronouncement did not have a material effect on the Plan's financial statements.

Fully Benefit-Responsive Wrap Contracts

The investment in Fidelity Managed Income Portfolio "FMIP" includes short-term bonds, other fixed income securities, derivative instruments and third-party wrap contracts. The average return for FMIP was 1.3% for 2012 and 2011.

Payment of Benefits

Benefits are recorded when paid.

Expenses

Administrative expenses of the Plan are paid by the Plan, as provided for in the Plan Document, to the extent not paid by the Company.

Subsequent Events

The Plan's management evaluated subsequent event's through September 13, 2013, the date the financial statements were available to be issued and no additional disclosures were required.

**THE BERKSHIRE BANK 401(k)/PROFIT SHARING PLAN
NOTES TO FINANCIAL STATEMENTS**

December 31, 2012

3. Fair Value Measurements

That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows: Level 1 inputs consist of unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access; Level 2 inputs include quoted prices for similar assets or liabilities in active markets, quoted prices in markets that are not active or other inputs that are derived principally from, or corroborated by, observable market data by correlation or other means. If the asset or liability has a specific (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability. Level 3 inputs are unobservable and reflect the entity's own assumptions that market participants would use in pricing the asset or liability.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2012 and 2011.

Level 1 — the fair value of mutual and self-directed funds is based on quoted net asset values or quoted prices for an identical asset in an active market.

Level 2 — FMIP, a commingled pool, invests primarily in short term-investments, other fixed income investments and derivative instruments. FMIP is valued based on the fair value of the underlying assets using other observable inputs.

The preceding methods described may produce a fair value calculation that might not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

THE BERKSHIRE BANK 401(k)/PROFIT SHARING PLAN
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

3. Fair Value Measurements (continued)

The following tables sets forth by level, within the fair value hierarchy, the Plan's assets at fair value as of December 31, 2012 and 2011.

	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
As of December 31, 2012-	Total		
Mutual Funds-			
Stock funds	\$ 1,910,636	\$ 1,910,636	\$ -
Balanced and self directed funds	2,438,912	2,438,912	-
Money market fund	1,283,280	1,283,280	-
Bond funds	359,816	359,816	-
Commingled pool	235,639	-	235,639
	<u>\$ 6,228,283</u>	<u>\$ 5,992,644</u>	<u>\$ 235,639</u>
As of December 31, 2011-			
Mutual Funds-			
Stock funds	\$ 1,717,457	\$ 1,717,457	\$ -
Balanced and self directed funds	2,041,742	2,041,742	-
Money market fund	1,282,227	1,282,227	-
Bond funds	371,047	371,047	-
Commingled pool	212,006	-	212,006
	<u>\$ 5,624,479</u>	<u>\$ 5,412,473</u>	<u>\$ 212,006</u>

4. Party-In-Interest Transactions

The Plan invests in shares of mutual funds and a commingled pool managed by an affiliate of FMTC. FMTC acts as trustee for only those investments as defined by the Plan. Transactions in such investments qualify as party-in-interest transactions, which are exempt from the prohibited transaction rules. There have been no known prohibited transactions with parties-in-interest.

5. Plan Termination

Although it has not expressed any intent to do so, the Company has the right to terminate the Plan subject to the provisions of ERISA and the terms of the Plan.

THE BERKSHIRE BANK 401(k)/PROFIT SHARING PLAN
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

6. Investments

The following is a schedule of investments that represent 5% or more of total net assets available for benefits.

	December 31,	
	2012	2011
Fidelity Retirement Money Market Portfolio	\$ 1,283,280	\$ 1,282,227
Brokeragelink Fund	548,378	504,215
Fidelity Low-Priced Stock	463,816	420,521
Fidelity Freedom 2030	384,530	305,080
Fidelity Blue Chip Growth	336,226	*
Fidelity Freedom 2040	334,345	*

*This investment did not represent 5% or more of the Plan's net assets available for benefits at December 31, 2011.

During 2012, the Plan's investments (including gains and losses on investments bought and sold, as well as held during the year) appreciated in value by \$397,899 of which \$393,639 was attributable to mutual funds and self-directed investments and \$4,260 to the commingled pool investment.

7. Income Tax Status

The Plan is a Prototype Non-standardized Safe Harbor Profit Sharing Plan with CODA ("Prototype Plan") from Fidelity Management & Research Co. The Prototype Plan has received an opinion letter from the Internal Revenue Service ("IRS") stating that Plan sponsors who adopt this Prototype Plan may rely on the opinion letter with respect to the qualification of the Plan under IRC section 401(a).

U.S. GAAP requires Plan management to evaluate tax positions taken by the Plan and recognize a tax liability (or asset) if the Plan has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS. The Plan Administrator has analyzed the tax positions taken by the Plan, and has concluded that as of December 31, 2012, there are no uncertain positions taken, or expected to be taken, that would require recognition of a liability (or asset) or disclosure in the financial statements. The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

THE BERKSHIRE BANK 401(k)/PROFIT SHARING PLAN
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

8. Information Certified by Trustee (Unaudited)

In accordance with 29 CFR 2520.103.5 of the Department of Labor Rules and Regulations for Reporting under ERISA, FMTC, the Plan's trustee, has certified the following information, which has not been subject to audit by independent accountants, to be accurate and complete:

- a. Investment balances at fair value included in the Statements of Net Assets Available for Benefits at December 31, 2012 and 2011.
- b. Investment income, including interest and dividends and net appreciation in the fair value of investments in registered investment companies included in the Statement of Changes in Net Assets Available for Benefits for the year ended December 31, 2012.
- c. Investment balances at current value included in the Schedule of Assets (Held at End of Year) as of December 31, 2012.

9. Administrative Expenses

All expenses, excluding the participant's quarterly administrative fee, incurred in connection with the administration of the Plan are paid by the Plan, unless paid by the Company. During 2012, the Plan paid certain administrative expenses, excluding expenses paid by the Company, and those relating to individual participants' transactions, which were deducted from the respective participant's account.

10. Risks and Uncertainties

The Plan invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks and overall market volatility. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect participants' account balances and the amounts reported in the Statements of Net Assets Available for Benefits.

THE BERKSHIRE BANK 401(k)/PROFIT SHARING PLAN
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

11. Reconciliation of Financial Statements to Form 5500

The following is a reconciliation of net assets available for benefits per the financial statements to the IRS Form 5500 as of December 31, 2012.

Net assets available for benefits per financial statements	\$ 6,338,072
Adjustment from fair value to contract value for fully-benefit responsive wrap contracts	6,743
Other	349
Net assets available for benefits per IRS Form 5500	<u>\$ 6,345,164</u>

**ADDITIONAL INFORMATION
REQUIRED FOR FORM 5500**

THE BERKSHIRE BANK 401 (k) PROFIT SHARING PLAN
FORM 5500, SCHEDULE H, PART IV, LINE 4i
SCHEDULE OF ASSETS (HELD AT END OF YEAR)
December 31, 2012

The Berkshire Bank 401 (k) Profit Sharing Plan, EIN 13-3509921, PN001

(c) DESCRIPTION OF INVESTMENT
INCLUDING MATURITY DATE, RATE OF
INTEREST, COLLATERAL, PAR OR

(a) (b) IDENTITY OF ISSUE	MATURITY VALUE	(d) COST	(e) FAIR VALUE
* Fidelity Retirement Money Market Portfolio	Mutual Fund	**	\$ 1,283,280
* Fidelity Low-Priced Stock	Mutual Fund	**	463,816
* Fidelity Freedom 2030	Mutual Fund	**	384,530
* Fidelity Blue Chip Growth	Mutual Fund	**	336,226
* Fidelity Freedom 2040	Mutual Fund	**	334,345
* Fidelity Puritan	Mutual Fund	**	281,476
* Fidelity Freedom 2020	Mutual Fund	**	219,190
* Fidelity Freedom 2035	Mutual Fund	**	188,104
* Fidelity Investment Grade Bond	Mutual Fund	**	176,118
* Fidelity Growth Strategy	Mutual Fund	**	174,406
* Fidelity Intermediate Bond	Mutual Fund	**	156,351
* Fidelity Freedom 2015	Mutual Fund	**	153,296
* Fidelity Growth Company	Mutual Fund	**	150,789
* Fidelity Diversified International	Mutual Fund	**	139,362
* Fidelity Dividend Growth	Mutual Fund	**	111,730
* Fidelity Freedom 2000	Mutual Fund	**	109,420
* Fidelity Equity Income	Mutual Fund	**	92,624
* Fidelity Value	Mutual Fund	**	81,394
* Fidelity Freedom 2050	Mutual Fund	**	72,106
* Fidelity Freedom 2025	Mutual Fund	**	69,603
* Spartan Total Market Index	Mutual Fund	**	61,038
* Fidelity Large Cap Stock	Mutual Fund	**	58,217
* Fidelity Small Cap Discovery	Mutual Fund	**	51,047
* Fidelity Fund	Mutual Fund	**	49,166
* Fidelity Fifty	Mutual Fund	**	39,052
* Fidelity Freedom 2010	Mutual Fund	**	34,487
* Fidelity Freedom 2045	Mutual Fund	**	30,517
* Fidelity Equity Income II	Mutual Fund	**	28,860
* Fidelity Short Term Bond	Mutual Fund	**	27,347
* Fidelity Over The Counter Portfolio	Mutual Fund	**	24,329
* Fidelity Mid Cap Stock	Mutual Fund	**	21,446
* Fidelity Overseas	Mutual Fund	**	21,204
* Fidelity Freedom Income	Mutual Fund	**	12,946
* Fidelity Value Strategies	Mutual Fund	**	6,278
* Fidelity Freedom 2005	Mutual Fund	**	166
* Fidelity MGD Inc Port	Commingled Pool	**	235,639
Brokeragelink Fund	Self-Directed Investments	**	548,378
Total investments			<u>6,228,283</u>
Notes receivable from participants	Interest rate at 7.25%		<u>116,532</u>
Total assets			<u>\$ 6,344,815</u>

* Party-in-Interest

** Cost information is not required for participant-directed investments and, therefore, is not included.

See accompanying Report of Independent Auditors.