

BERKSHIRE HILLS BANCORP, INC.

BERKSHIRE BANK

AUDIT COMMITTEE

CHARTER

Purpose

The purpose of the Audit Committee (the “Committee”) of the Boards of Directors (collectively, the “Board”) of Berkshire Bank and Berkshire Hills Bancorp, Inc. (collectively, the “Company”) is to assist in fulfilling the Board’s oversight responsibilities for the Company’s accounting and financial reporting processes and audits of financial statements. In order to fulfill its oversight responsibilities, the Committee shall monitor and assess the following:

- a) Quality and integrity of the Company’s financial statements, disclosures, earnings releases and regulatory submissions;
- b) Audits of the Company’s financial statements and the selection, engagement, compensation, independence, qualifications, and performance of the independent auditors;
- c) Independence, qualifications, and performance of the internal audit process;
- d) System of internal controls; and,
- e) Compliance with legal and regulatory requirements related to accounting and financial reporting and with the Company’s Code of Conduct.

Organization and Meetings

The Committee shall consist of no fewer than three (3) directors, including a Chairperson. All members of the Committee shall satisfy the independence, experience, and financial expertise requirements of (a) The New York Stock Exchange (the “NYSE”), (b) Section 36 of the Federal Deposit Insurance Act, (c) the Securities and Exchange Act of 1934 (the “SEA”), as amended by the Sarbanes-Oxley Act of 2002 (the “SOA”), and (d) any rules and regulations promulgated thereunder.

As a minimum requirement, each Committee member shall be “financially literate” as determined by the Board in accordance with NYSE listing standards or be able to do so within a reasonable period of time. Furthermore, at least one (1) member of the Committee shall be designated as the “audit committee financial expert” as defined by the Securities and Exchange Commission (the “SEC”).

Subject to any requirements of NYSE listing standards, the Committee members and Chairperson shall be appointed and replaced by the Board upon consideration of recommendations from the Corporate Governance/Nominating Committee and in accordance with the Company’s Bylaws. The Board may, at any time, change the membership of the Committee and fill vacancies, subject to the satisfaction of the above organizational requirements.

The Company does not limit the number of public company audit committees (“PCACs”) on which a Committee member may serve, but if a member serves on more than three (3) other PCACs, the Board must have determined that this simultaneous service would not impair their ability to serve on the Committee, and the Company must disclose this determination in the annual Proxy Statement.

The Committee shall meet at such times as the Board shall determine in advance and at such other times as the Chairperson or majority of the Committee members shall determine. However, there will be no less than four (4) quarterly meetings per year. The Chairperson or designee shall preside at all meetings of the Committee. In the absence of the Chairperson, the Chairperson or a majority of the Committee members shall designate another member of the Committee to serve as acting chairperson for the duly convened meeting. The Committee shall maintain minutes and records of its meetings. The Secretary of the Company shall be the Secretary of the Committee.

A majority of the members of the Committee present at any meeting in person or by telephone, by means of which all persons participating in the meeting may hear each other, shall constitute a quorum. The Committee shall take action upon the affirmative vote of a majority of the Committee members present. However, the Committee may act by unanimous written or email consent in lieu of a meeting.

The SVP, Audit Manager (the “Audit Manager”) shall meet with the Committee regularly and as appropriate. Other representatives of management can regularly assist the Committee and be called upon as needed, including the following:

- SEVP, Chief Financial Officer (“CFO”)
- SVP, Chief Accounting Officer (“CAO”)
- FVP, Controller

The Committee can also meet in executive session with other representatives of management to discuss matters that the Committee deems appropriate, including the following:

- Chief Executive Officer (“CEO”)
- President
- Chief Operating Officer
- EVP, Chief Risk Officer
- EVP, Compliance & Regulatory
- SVP, General Counsel & Corporate Secretary

Duties and Responsibilities

The duties, responsibilities, and authorities of the Committee shall be in conformance with Section 240.10A-3 of the SEA and include the following:

Financial Statements, Disclosures, and Earnings Releases

1. Prior to public distribution of financial statements, SEC filings (Forms 10-K, 10-Q, and 8-K), and earnings releases, the Committee shall review the proposed content and disclosures with the independent auditors and management to determine their satisfaction with the information. The Committee’s review of this information and the financial statements shall also include:
 - a) Appropriateness of accounting principles and financial statement presentations, including any significant changes in the selection or application of accounting principles, major issues as to the adequacy and effectiveness of internal control over financial reporting; and remedial actions adopted in light of significant deficiencies or material weaknesses;

- b) Discussions with management and the independent auditors regarding significant financial reporting issues and judgments made about the preparation of the financial statements and the reasonableness of those judgments;
 - c) Effects of regulatory and accounting initiatives, including the judgment of both management and the independent auditors about conformance to, and application of, generally accepted accounting principles (“GAAP”);
 - d) Completeness and clarity of the disclosures in the financial statements. The Committee can receive periodic reports from the Disclosure Committee to assist in this review; and,
 - e) Matters required to be communicated to the Committee by the independent auditors under the standards of the Public Company Accounting Oversight Board (the “PCAOB”).
2. The Committee shall report the results of these reviews to the Board for ratification.
 3. The Committee shall issue a report each year for inclusion in the proxy statement for the Company’s annual meeting of shareholders in accordance with the requirements of the SEC. In addition, the Committee shall review and approve all other disclosures regarding the Committee and the performance of its duties to be included in such proxy statement or in any other document or report to be filed with the SEC
 4. The Committee shall also receive periodic reports from the Disclosure Committee, which is responsible for establishing and maintaining a formal review function to ensure the accuracy and completeness of disclosures produced through the external financial reporting to the SEC.

Selection and Assessment of the Independent Auditors

5. The Committee shall annually select and retain the independent auditors. The independent auditors will report to the Committee and are directly accountable to the Committee, which has the sole authority and responsibility to select, retain, evaluate and, where appropriate, terminate and replace the independent auditors, subject, if applicable, to shareholder ratification.
6. The Committee shall approve all compensation, fees, and terms for the audit engagement and for non-audit engagements to be performed by the independent auditors. Such Committee approval shall be in advance except where such services are within the limits prescribed by the Company’s Pre-approval Policy. All such pre-approved services will be reported to the Committee by management on a quarterly basis and ratified by the Committee.
7. At least annually, the Committee shall obtain and review a report by the independent auditors and present its conclusions to the Board. The report shall describe the following:
 - a) The firm’s internal quality control procedures;
 - b) Any material issues raised by the most recent internal quality control review or peer review of the firm, or by any inquiry, inspection, or investigation by governmental or professional authorities, such as the PCAOB within the preceding five years, with respect to the independent audits carried out by the firm, and the steps taken to deal with any such issues; and,
 - c) All relationships between the independent auditors and the Company to assess the auditors’ independence.

8. The Committee shall confirm with management, the internal auditors, and the independent auditors that the independent auditors are not providing any impermissible services.
9. The Committee shall review and discuss with the independent auditors and management the following:
 - a) Proposed annual audit scope, audit testing plan, staffing, and approach;
 - b) Results of the independent auditors' analysis of significant financial reporting issues, judgments and practices, including changes in, or adoptions of, accounting principles and disclosure practices;
 - c) Development, selection, and disclosure of critical accounting estimates and analyses of alternative assumptions or estimates, and the effect of such estimates on the financial statements;
 - d) Significant litigation, contingencies, and claims against the Company;
 - e) Material accounting issues that require disclosure in the financial statements;
 - f) Information regarding any opinions sought by management from other independent auditors with respect to the accounting treatment of a particular event or transaction;
 - g) Independent auditors' judgment about the quality, not just the applicability, of accounting practices and the clarity of the financial disclosures used or proposed to be used, and particularly, the degree of aggressiveness or conservatism of the Company's accounting practices and underlying techniques, and other significant decisions made in preparing the financial statements;
 - h) Significant findings and recommendations resulting from the independent audit, as well as management's response to such findings and recommendations;
 - i) Matters related to the conduct of independent audits that are required to be communicated to the Committee under generally accepted auditing standards ("GAAS"), including topics covered by Statements on Auditing Standards ("SAS") 54, 99, and 114; and PCAOB Standards Auditing Standards ("AS") 1301 and 1305;
 - j) Accounting considerations arising from changes or potential changes in GAAP, financial reporting policies, internal controls, or the Company's operations, and the effect such changes would have on the financial statements; and,
 - k) Any difficulties encountered in the course of audit work or any material disagreements that arose or may arise between management and the independent auditors, including disclosure of any accounting adjustments that were noted or proposed by the independent auditors, but were not adopted, recorded, or reflected and/or any restrictions on the scope of activities or access to requested information.
10. The Committee shall oversee and ensure the independence of the independent auditors by:
 - a) Receiving from, reviewing and discussing with the independent auditors, on an annual basis, a formal written statement delineating all relationships between the independent auditors and the Company, consistent with PCAOB Rule 3526. If necessary, the Committee will immediately report to the Board any disclosed services or relationships that may impact the objectivity and independence of the independent auditors;
 - b) Engaging in an open dialogue with the independent auditors concerning the nature and scope of any disclosed relationships or professional services that may impact the objectivity and independence of the independent auditors and, where necessary, take appropriate action to ensure the continuing independence of the independent auditors;
 - c) Ensuring that the independent auditors have a process in place to address the rotation of the lead audit partner and other audit partners serving the account as required under the

SEC independence rules, and more specifically, that the lead audit partner and the audit partner responsible for reviewing the audit are rotated every five (5) years as required by the SOA.

- d) Taking appropriate action to monitor the Company's hiring of employees or former employees of the independent auditors who were engaged on the Company's account (recognizing that the SOA does not permit the CEO, CFO, CAO, or Controller to have participated in an audit of the Company as an employee of the independent auditors during the preceding one (1) year period).

11. The Committee shall review any reports of the independent auditors mandated by the SEA, as well as reports concerning:

- a) Critical accounting policies and practices used;
- b) Alternative treatments of financial information within GAAP that have been discussed with management, the ramifications of such alternatives, and the accounting treatment preferred by the independent auditors;
- c) Other material written communications with management; and,
- d) Information with respect to illegal acts in accordance with the SEA.

12. The Committee shall meet with the independent auditors at least quarterly in executive session without members of management present. Among the items to be discussed in these meetings are the independent auditors' evaluation of the Company's financial, accounting, and auditing personnel and an assessment of the level of cooperation that the independent auditors received during the course of any audits.

Monitoring and Assessment of the Internal Audit Process

13. The Audit Manager shall be directly accountable and shall report functionally to the Committee and administratively to the CEO. The Committee shall exercise final approval on the appointment, compensation, evaluation, oversight and replacement of the Audit Manager and/or any independent firm engaged by the Company to prepare and issue internal audits and reports. On a regular basis, the Committee shall solicit feedback from executive management, lines of business, departments, and other internal audit members on the overall effectiveness of the Audit Manager in their leadership of the internal audit function.

14. On an annual basis, or more frequently as required, the Committee shall review the performance of the internal audit function. In doing so, the Committee shall consider training needs of internal audit personnel and shall have oversight of the internal audit department's training needs and requests.

15. Annually, the Audit Manager, and/or any independent firm engaged for this purpose, shall prepare a comprehensive, internal audit plan for the Committee's review. The plan will be based on thorough information technology (IT) and non-IT risk assessments of the Company and its system of internal controls, encompassing both operational and financial issues, with concentration in areas of high risk and sensitivity. In reviewing the internal audit plan, the Committee shall specifically assess the independence of the Audit Manager to ensure that all potential independence concerns are mitigated. In addition to reviewing the audit plan, the Committee shall review with the Audit Manager the scope of activities, organizational structure, and adequate staffing of the internal audit function, giving specific consideration to the number, experience, and qualifications of the internal auditors. In reviewing the proposed

internal audit scope and approach, the Committee shall consider coordination of audit efforts between the internal and independent auditors to avoid duplication of efforts and to ensure complete coverage and any other factors that may impact the effectiveness and cost of the audit process. Upon the conclusion of its annual review, the Committee shall approve both the internal audit plan and the IT and non-IT risk assessments on which it is based.

16. On a periodic basis, the Committee will review reports from the Audit Manager on the Company's risk management processes and system of internal controls. Based on such reviews and discussions, the internal audit plan may be modified as necessary.
17. The Committee will review all internal audits and will have the opportunity to discuss audits with the Audit Manager or their designee. All findings will be summarized on a tracking matrix and will be reviewed no less than quarterly by the Committee, together with management's responses and corrective action to such findings.. The Committee may at any time request management and/or responsible individuals to attend a meeting to discuss the findings, recommendations, and/or responses.
18. The Committee shall ensure that there are no unjustified restrictions or limitations placed on the internal audit function or on access to information, and the Committee shall further ensure that all internal audit personnel are objective and independent from management. The Audit Manager will provide a report on an annual basis regarding the independence of the internal audit department staff and any known conflicts.
19. At least quarterly, the Committee shall provide the opportunity for the Audit Manager to meet with the Committee in executive session without members of management present to discuss any matters that the Committee or Audit Manager warrants discussion. The Committee may also request such an executive session with any auditors to whom the internal audit function has been outsourced.
20. At least quarterly, the Audit Manager will present a training plan for the internal audit staff that will be subject to change based on the regulatory environment and overall training needs identified throughout the year. The Audit Manager will present a summary of the training that has been completed by the internal audit staff no less than quarterly.

Outsourcing Arrangements

21. The Committee can authorize the use of outside firms to provide assistance to the Internal Audit function. These engagements are to assist internal audit staff when the Company's internal auditors lack the requisite expertise or have other scheduling issues that are preventing the completion of such audits. Such assignments are most often in specialized areas such as, but not limited to IT, fiduciary, mortgage banking, consumer compliance, stress testing, and capital markets activities.
22. Outside engagements for internal audit assistance will be performed through agreed-upon procedures and will be approved by the Committee.
23. Reports of such outside engagements will be provided to the Committee and Audit Manager upon completion and any observations will be tracked until corrective action has been implemented.

Monitoring the System of Internal Controls

24. The Committee shall consider the effectiveness of the Company's system of internal controls and management's compliance with processes, procedures, and internal controls.
25. The Committee shall discuss with management and the internal and independent auditors any recommendations for improvement of internal controls or areas in which enhanced controls and procedures should be implemented.
26. The Committee shall review the disclosures made by the CEO and CFO regarding compliance with their certification obligations for Forms 10-K and 10-Q as required under the SOA, including the Company's internal controls for financial reporting and evaluation thereof.

General Function

27. The Committee shall perform an evaluation of its performance at least annually and report this evaluation to the Board. The Committee also shall discuss with the independent auditors the accountants' observations related to the effectiveness of the Committee.
28. Review and approve such corporate and bank policies as may be delegated by the Board from time to time. The results of such reviews shall be presented at the next Board meeting.
29. Committee members are required to complete the Directors & Officers Questionnaire annually, which serves as the basis for the Board's determination of Committee independence.
30. The Committee shall establish appropriate procedures for:
 - a) The receipt, retention, and treatment of complaints from external parties regarding accounting, internal accounting controls, or auditing matters; and,
 - b) The confidential, anonymous submission by employees of the Company of concerns regarding accounting or auditing matters or internal control weaknesses.
31. At least quarterly, the Committee will review a summary of the Company's transactions with Executive Officers and Directors of the Institution and with firms that employ directors, as well as any other related party transactions. The purpose of such review is to enable the Committee to make recommendations to disinterested members of the Board that the transactions are within Company guidelines and are fair, reasonable, ratified, and approved. The terms "related person" and "transaction" shall have the meanings given to such terms in SEC Regulation S-K, as amended from time to time.
32. The Committee shall review reports received from regulators concerning any supervisory matters that might have a material effect on the Company's financial statements or the integrity of financial information and shall review corrective actions taken in response to such reports and findings.
33. The Committee shall discuss with management any financial, legal, and regulatory or compliance matters, risks, and exposures of which management has knowledge that could have a significant impact on the Company's financial statements. The Committee shall assess the steps management has taken to identify, measure, monitor, and control such matters, risks, and exposures.

34. The Committee is at all times authorized to have direct, independent, and confidential access to the independent auditors and to the Company's other directors, management, and personnel to carry out the Committee's duties and responsibilities.
35. Report its actions and recommendations to the Board after each Committee meeting.
36. At its sole discretion, the Committee is authorized to conduct investigations, assessments, or reviews into matters within its scope of responsibility and engage internal or external counsels, advisors, consultants, and accountants as deemed necessary to assist in discharging its duties. In connection therewith, appropriate funding shall be provided as solely determined by the Committee.
37. The Company will also provide for appropriate funding, as determined by the Committee, for payment of review and attest services; and for products, services, or ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties.
38. The Committee shall perform such other duties as the Board may delegate to it, or as the Committee may deem necessary or advisable, in order to perform its duties and responsibilities.

Review and Approval

The Committee shall review and reassess the adequacy of this Charter as needed, but at least every two years from approval, and recommend proposed changes to the Board. Approval of the Board is required for any changes to this Charter to take effect.

Committee Reviewed: September 20, 2018
Board Approved: September 21, 2018
Supersedes Charter Dated: April 27, 2017
Next Review Date: September 21, 2020
Committee Formed: December 19, 2012