

Berkshire Hills Bancorp

Investor Information Presentation

July 2020



Forward-Looking Statements

This document contains “forward-looking statements” within the meaning of section 27A of the Securities Act of 1933, as amended, and section 21E of the Securities Exchange Act of 1934, as amended. You can identify these statements from the use of the words “may,” “will,” “should,” “could,” “would,” “plan,” “potential,” “estimate,” “project,” “believe,” “intend,” “anticipate,” “expect,” “target” and similar expressions. There are many factors that could cause actual results to differ significantly from expectations described in the forward-looking statements. For a discussion of such factors, please see Berkshire’s most recent reports on Forms 10-K and 10-Q filed with the Securities and Exchange Commission and available on the SEC’s website at www.sec.gov.

Further, given its ongoing and dynamic nature, it is difficult to predict what continued effects the novel coronavirus (COVID-19) pandemic will have on our business and results of operations. The pandemic and the related local and national economic disruption may result in a continued decline in demand for our products and services; increased levels of loan delinquencies, problem assets and foreclosures; an increase in our allowance for loan losses; a decline in the value of loan collateral, including real estate; a greater decline in the yield on our interest-earning assets than the decline in the cost of our interest-bearing liabilities; and increased cybersecurity risks, as employees increasingly work remotely.

Accordingly, you should not place undue reliance on forward-looking statements, which reflect our expectations only as of the date of this document. Berkshire does not undertake any obligation to update forward-looking statements.

Be FIRST Values: Our Pandemic Response



Belonging • **F**ocusing • **I**nclusion
Respect • **S**ervice • **T**eamwork

BE FIRST IN EVERYTHING YOU DO

- ✓ **Be FIRST values and culture** guiding all aspects of response
- ✓ Priority is to ensure the **health, safety and economic resiliency** of employees, customers and communities
- ✓ Response focuses on both **near- and long-term impacts**

Continued COVID-19 Response



Employees

- ✓ Suspended non-essential business travel
- ✓ 86% of non-branch staff WFH, daily health screening for branch staff
- ✓ Increased cleaning and protective precautions including providing protective masks, installed protective shielding in branches and set occupancy restrictions
- ✓ Provided additional paid sick time
- ✓ Protecting pay for those employees who can't work their normal scheduled hours
- ✓ Launched You FIRST employee assistance fund to help with hardships
- ✓ Leveraging employee networks including Employee Resource Groups and Regional Cultural Councils to collect feedback, maintain culture, morale and productivity



Customers

- ✓ Providing financial flexibility to customers facing financial hardships and launched customer assistance programs:
 - ✓ Increased debit card limits, waived penalties for early CD withdrawals and waived foreign ATM fees initially
 - ✓ Providing options for loan forbearance
 - ✓ Participating in the Paycheck Protection Program processing nearly 5,000 loans for \$706MM as of 6/30/20
 - ✓ Providing mobile, telephonic and digital banking solutions and My Bankers for customers
- ✓ Phased reopening of branches to comply with CDC and state guidelines
- ✓ Implemented additional safety precautions including hand sanitizing stations and directional signage in branches
- ✓ Launched [Reevx Labs](#) online hub



Communities

- ✓ Hosting virtual community conversations with stakeholders
- ✓ Providing \$3MM to assist small businesses through The Futures Fund with BECMA and MALGBT Chamber
- ✓ Provided \$1MM+ in grants through Berkshire Bank Foundation, including \$500k in small business assistance through non-profit partners
- ✓ Offering flexibility for non-profits to redirect prior Foundation funding
- ✓ Evaluating strategic sponsorships and advertising assets for re-deployment
- ✓ Raising funds and deploying employees through virtual skills-based volunteering with a focus on financial health, job training and critical non-profit needs

Support, Recovery and Resiliency

Moving Beyond Rhetoric to Address Racial Equity

- ✓ Board committee **focused on diversity and culture**
- ✓ Diversified board consisting of **2 women and 2 Black directors**
- ✓ **Putting capital to work for Black business owners:** \$4MM+ in capital deployed through unique community and CDFI partnerships
- ✓ **Innovative products and services that build wealth:** Friends & Family Fund CD

Since Launching Be FIRST Commitment in 2019

- ✓ **69%** of employees are women, **53%** of manager roles
- ✓ **8% increase** in employees who identify as an ethnic minority
- ✓ **33% increase** in ethnic minorities in manager roles
- ✓ **100%** employee completion of annual diversity and belonging training
- ✓ **Seven** employee resource groups

Second Quarter 2020 Financial Highlights



Total Deposits	Up \$704MM, or 7%
PPP Loans Outstanding at Quarter-End	\$706MM
Loans to Deposits Ratio	Improved to 87% from 92%
Book Value per Share	\$22.79
Tangible Book Value per Share (Non-GAAP)	\$21.94
Equity / Assets Ratio	8.9%
Tangible Equity/ Tangible Assets Ratio (Non-GAAP)	8.6%
Allowance for Loan Losses <i>Excluding PPP Loans</i>	1.49% 1.61%
Annualized Net Charge-Offs / Loans	0.17%
Non-Performing Assets / Assets	0.36%

Note: Changes compared to prior quarter-end. Non-GAAP financial measures reconciled in earnings release.

Q2 Profitability Analysis

PER SHARE

GAAP EPS	\$(10.93)
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Non-Core Charges:

Goodwill Impairment	11.02
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Discontinued Operations	0.17
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Tax Benefit and Other	(0.39)
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CORE EPS	(0.13)
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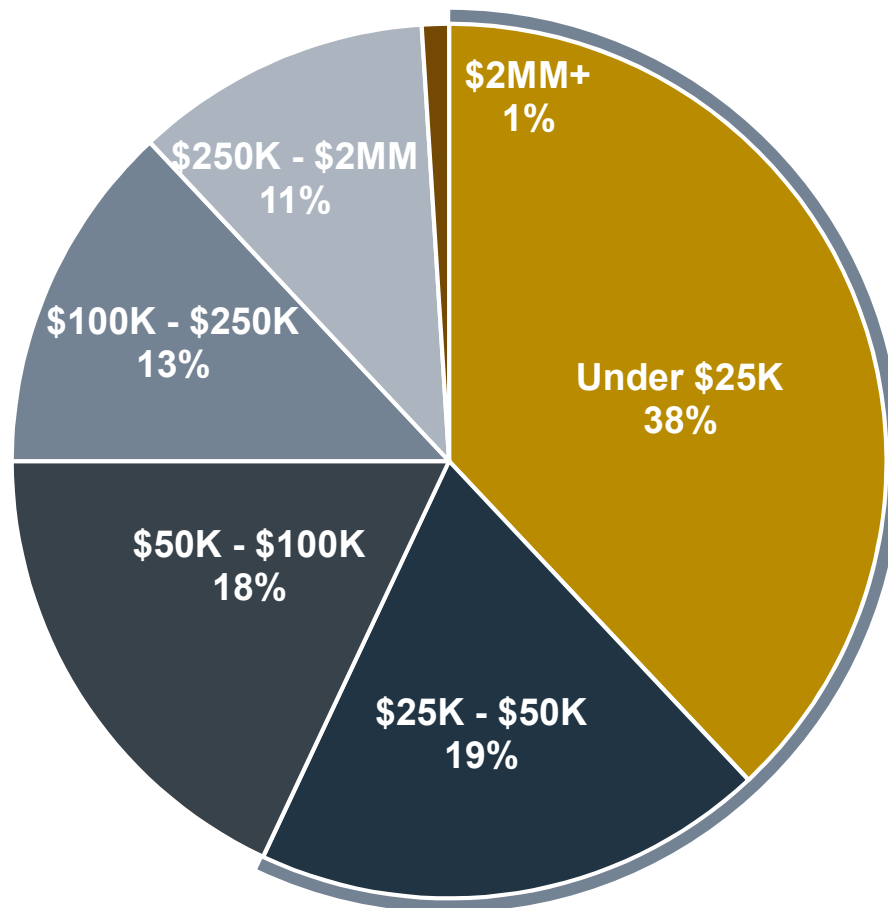
Credit Loss Provision	0.59
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Income Tax Adjustment	0.01
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CORE PPNR Per Share	\$0.47
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Note: See earnings release for discussion and reconciliation of non-GAAP financial measures.

4,810 Loans Totaling \$706MM



**More than half of loans
under \$50K**

Selected Commercial Categories

Numbers exclude PPP loans	Loan Balance	
	(\$MM)	% Total Loans
As of 6/30/20		
Hospitality	260	3.0%
Leisure	398	4.6%
Restaurants	133	1.5%
Retail	989	11.4%
Healthcare	358	4.1%
Construction	530	6.1%

Retail

- 50%+ anchored by Grocery, Pharmacy, Home Improvement or Warehouse
- 20%+ Owner-Occupied / C&I

Construction

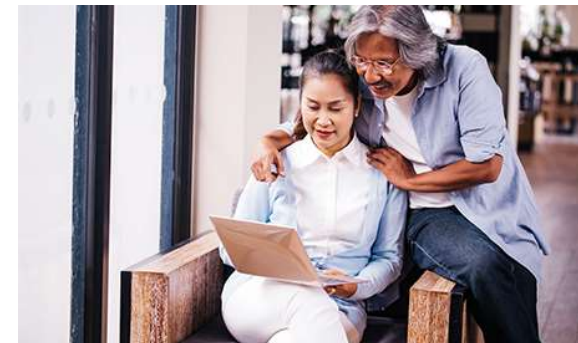
- Projects operating in all markets
- Majority of loans are in less sensitive segments: Multi-family, Office, Industrial, Education

Notes: Leisure includes recreation, amusement and Firestone, with \$260 million loan portfolio; Healthcare and construction included due to potential risks from pandemic.

- \$1.5 billion in Phase I Modifications
 - Provided important liquidity as regions entered shutdowns
- Management expects 60-70% of modifications to return to original payment schedules following Phase I based on discussions with lenders and customers
- Phase I Modifications generally 90 days or less P&I
- Phase II modifications are being approved on a case by case basis for terms of 90 days or less

Credit Disciplines

- Steady tightening of credit disciplines over last two years as recovery lengthened
 - Underwriting: debt service coverage, LTV's recourse
 - Focused business selection
 - Relationship focus
 - Granular hold limits and diversification targets
 - Pricing disciplines
- Community focus during/after pandemic
- 51% commercial commitment utilization as of 6/30/20
 - No change year over year
 - Decreased from 56% at 3/31/20



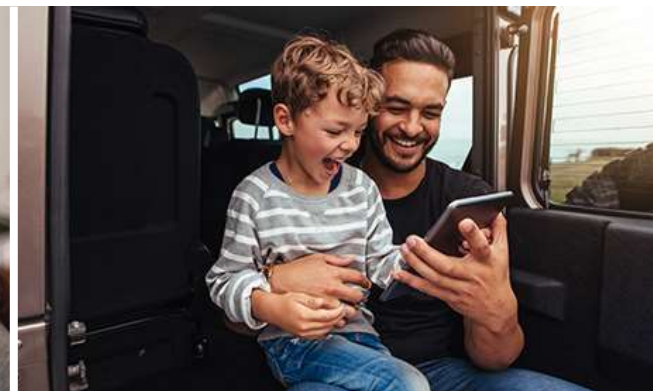
Our Strategic Vision

21st Century Community Banking

- Robust **digital platforms**
- Proprietary future-focused financial solutions that **meet community needs and drive economic mobility**
- Values based market offerings, personalized relationship management and **community driven mission**

Driven by Our Purpose and Values

- Socially responsible, trusted **community partner**
- Focus on **long-term sustainable value creation for all stakeholders**
- **Be FIRST values** guide actions





- **Created for local communities** and the people who live and work in them
- **Resources and support** for emerging entrepreneurs, artists, and small non-profit organizations
- Commitment to **banking the underbanked with dignity**
- Utilizes a **suite of socially responsible 21st century banking products and unique programs** that allow for direct contributions to local communities

Industry Awards and Recognition



Featured Articles

[Banks Urged To Foster Rise of Minority-Owned Businesses](#)

American Banker

[A Purpose-Driven CD & Other Ideas For Advancing Economic Justice](#)

American Banker

[Berkshire to Help Business Borrowers Facing Hardships](#)

Banker & Tradesman

[A Boston Bank Looks To Co-working To Reach New Communities — And Customers](#)

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Belonging • Focusing • Inclusion
Respect • Service • Teamwork

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