

# **Berkshire Hills Bancorp**

**Update On Customer  
Loan Payment Deferrals  
September 24, 2020**



# COVID-19 Loan Payment Deferral Update

## August 31, 2020



- **\$525 million in loans with active outstanding deferrals – 6.1% of total loans**
- Down from \$1.5 billion deferrals reported in second quarter
- In line with management guidance of \$450-600 million in third quarter
- Most commercial deferrals concentrated in small number of industries with risk management focus
- Most expired deferrals have returned to regular payment schedules and are pass rated loans
- Delinquent loans remain within medium/low range at 8/31/20

# Deferrals by Loan Category

\$ Millions	Portfolio Balance 6/30/20	Active Deferrals 8/31/20	% of Portfolio With Loan Deferrals
<b>Commercial Real Estate</b>	\$3,996	\$308	7.7%
<b>Commercial &amp; Industrial</b>	1,516	141	9.3%
<b>Total Commercial</b>	5,512	449	8.1%
<b>Residential Mortgage</b>	2,320	69	3.0%
<b>Consumer</b>	<u>832</u>	<u>7</u>	0.8%
<b>Total Loans</b>	\$8,664	\$525	6.1%

NOTES: Balances exclude PPP loans totaling \$706 million. Commercial & Industrial includes Firestone Financial equipment loans. Excluding Firestone, Commercial and Industrial deferrals are 5.1% of the portfolio. Modifications based on active modifications which have not yet reached the due date of the last deferred payment.

# Deferrals by Specific Industry

\$ Millions	Portfolio Balance 6/30/20	Active Deferrals 8/31/20	% Deferrals/ Loans
<b>Hospitality</b>	\$325	\$138	42%
<b>Firestone Financial</b>	260	77	30%
<b>Restaurants</b>	133	29	22%
<b>Retail</b>	989	77	8%
<b>Healthcare</b>	<u>358</u>	<u>36</u>	10%
<b>Subtotal</b>	\$2,065	\$357	17%
<b>All Other Commercial</b>	<u>3,447</u>	<u>92</u>	3%
<b>Total Commercial</b>	\$5,512	\$449	8%

NOTES: Hospitality includes \$65 million previously reported as part of construction portfolio. Balances exclude PPP loans.

- **Hospitality** – 58% normal payment schedule; 42% deferred. Top exposures had approximately 60% weighted average LTV prior to pandemic, most of these are established national flag brands and operating.
- **Firestone** – 70% normal payment schedule; 30% deferred. 95% of deferred in four industry groups: Fitness, Location Based Entertainment, Amusement, and Carnivals/Parks. Equipment loans to diversified borrowers & regions.
- **Restaurant** – 78% normal payment schedule; 22% deferred. All deferrals pass rated and most operating.
- **Retail** – 92% normal payment schedule; 8% deferred. 80% of deferrals are to regional shopping centers anchored by grocery or Costco; all of these pass rated.
- **Healthcare** – 90% normal payment schedule; 10% deferred. Deferrals are concentrated in a few loans. One is independent living with pass rating and 85% occupancy. The others are skilled nursing in workout prior to the pandemic, and are mostly acquired in a recent merger and were subject to purchase accounting.

# Helping Customers With Loan Accommodations

- Short term payment deferrals to help customers impacted by COVID-19 restrictions
- Most commercial deferrals granted as 90 day deferrals of scheduled payments of principal and interest. Most 8/31/20 commercial deferrals consisted of a second 90 day deferral.
- Mortgage/consumer accommodations generally conform to state customer relief guidelines
- Most deferrals targeted to conform to CARES Act or Interagency guidelines and therefore may not be designated as troubled debt restructurings.