

Berkshire Hills Bancorp

Investor Information Presentation

May 2020



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 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 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.



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**



Employees

- ✓ Suspended non-essential business travel
- ✓ 86% of non-branch staff WFH
- ✓ Temporarily limiting branch hours
- ✓ Increased cleaning and protective precautions
- ✓ Providing protective masks to front line staff
- ✓ Providing additional paid sick time
- ✓ Protecting pay for those employees who can't work their normal scheduled hours
- ✓ Launching 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 by launching customer assistance programs:
 - ✓ Increased debit card limits, waived penalties for early CD withdrawals and waived foreign ATM fees
 - ✓ Providing options for loan forbearance
 - ✓ Participating in the Paycheck Protection Program processing 3,800 loans for \$650M as of 4/21/20
 - ✓ Providing mobile, telephonic and digital banking solutions and My Bankers for customers
 - ✓ Operating most branches with drive-up and in-branch appointments
 - ✓ Connecting consumers with additional community resources



Communities

- ✓ Hosting virtual community conversations with stakeholders
- ✓ Providing \$3 million to assist small businesses through The Futures Fund with BECMA and MALGBT Chamber
- ✓ Providing \$1M in grants through Berkshire Bank Foundation, including \$500,000 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

FINANCIAL HIGHLIGHTS

- \$0.40 GAAP net loss per share, including \$0.69 pre-tax non-cash credit loss provision
- \$0.61 Core PPNR per share (non-GAAP financial measure)
- 3.02% net interest margin
- 1.22% credit loss allowance/loans
- 92% loans/deposits
- 8.8% tangible equity/tangible assets (non-GAAP financial measure)
- \$33.72 book value per common share; \$21.82 tangible book value per common share (non-GAAP financial measure)

COVID-19 RESPONSE

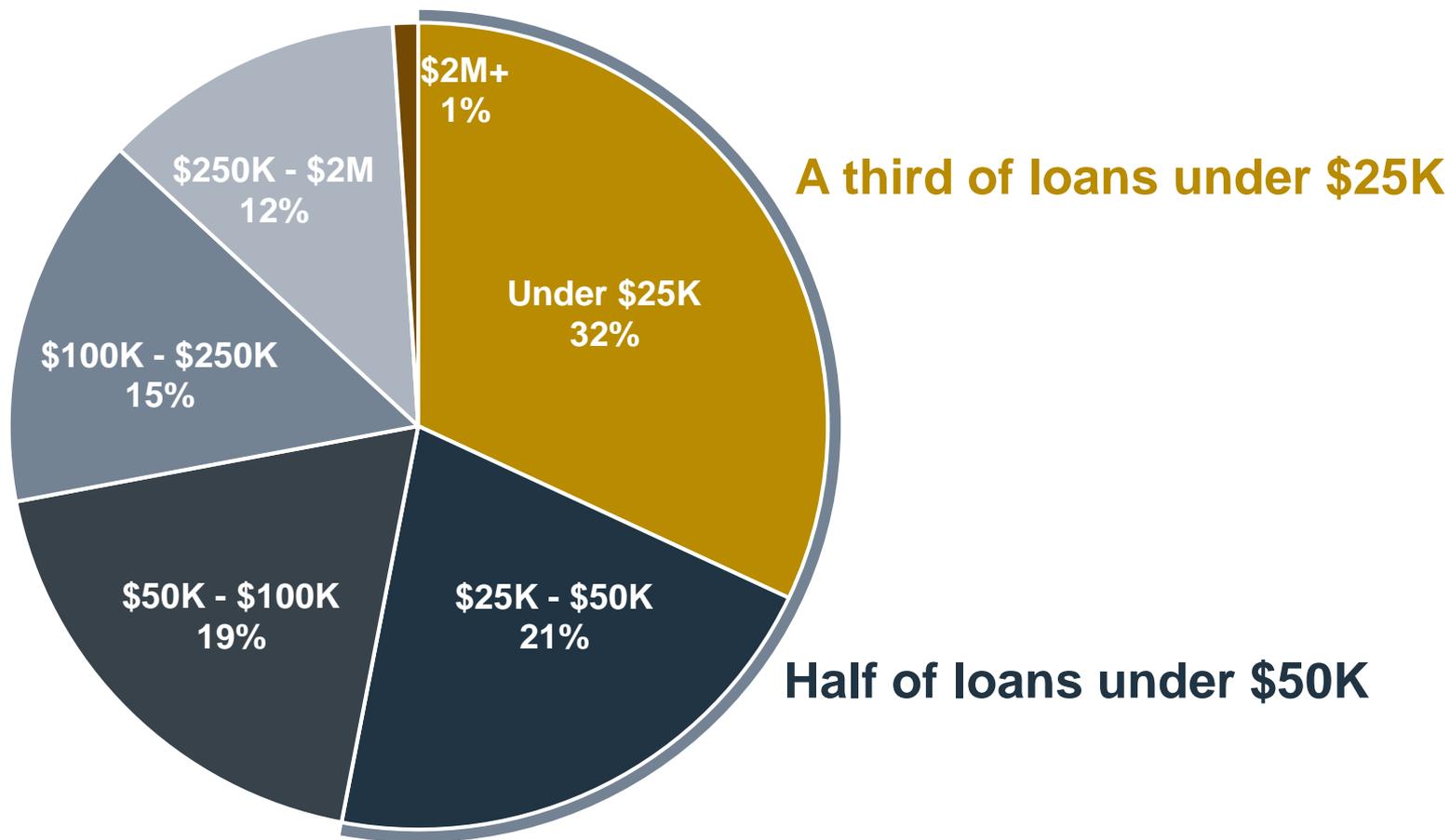
- Servicing \$650M first round Paycheck Protection Program (“PPP”) loan approvals
- Processing payment forbearances for \$1.3B in loans to 4,000 customers
- Providing \$3 million to assist small businesses through The Futures Fund with BECMA and MALGBT Chamber
- Providing \$1M in grants through Berkshire Bank Foundation, including \$500,000 in small business assistance through non-profit partners
- Supporting remote work from home for 86% of the non-branch workforce
- Maintaining full pay for all staff

PER SHARE

GAAP EPS	(\$0.40)
Non-Core Charges:	
Discontinued Ops	0.16
Securities Gains/Losses	0.17
CORE EPS	(0.07)
Credit Loss Provision	0.69
Income Tax Adjustment	(0.01)
CORE PPNR	\$0.61

Note: See earnings release for discussion and reconciliation of non-GAAP financial measures.

3,800 Loans Totaling \$650M



A third of loans under \$25K

Half of loans under \$50K

Life is exciting. Let us help:

SECTORS WITH POTENTIALLY HIGHER IMPACT FROM SOCIAL DISTANCING

INDUSTRY (As of 3/31/2020)	Balance	
	(\$M)	(% Total Loans)
Hospitality	248	2.7%
Leisure	411	4.4%
Restaurants	130	1.4%
Retail	1,020	11.0%
Healthcare	361	3.9%
Construction	511	5.5%

Note: Leisure includes recreation and amusement. Leisure includes Firestone, with \$266 million loan portfolio. Healthcare and construction included due to overall risks from pandemic.

COMPLETED MODIFICATIONS (As of 4/21/20)

	Units	Loan Balance	
		(\$M)	% Total
CRE	446	784	19.7%
C&I	2,627	413	22.8%
Total Commercial	3,073	1,197	20.6%
Mortgage	260	80	3.1%
Consumer	723	19	2.2%
TOTAL	4,056	1,296	13.9%

- **97% of Modifications are for 90 Days**
- **84% are P&I Deferrals, with no Maturity Extension**

- 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

- No significant change in commercial commitment utilization: 56% 1Q20 vs 52% FYE19



THREE COMPONENTS TO THE CECL METHODOLOGY

- 01** Historic loss rate
- 02** Economic adjustment based on period-end national economic forecasts
- 03** Other qualitative adjustments

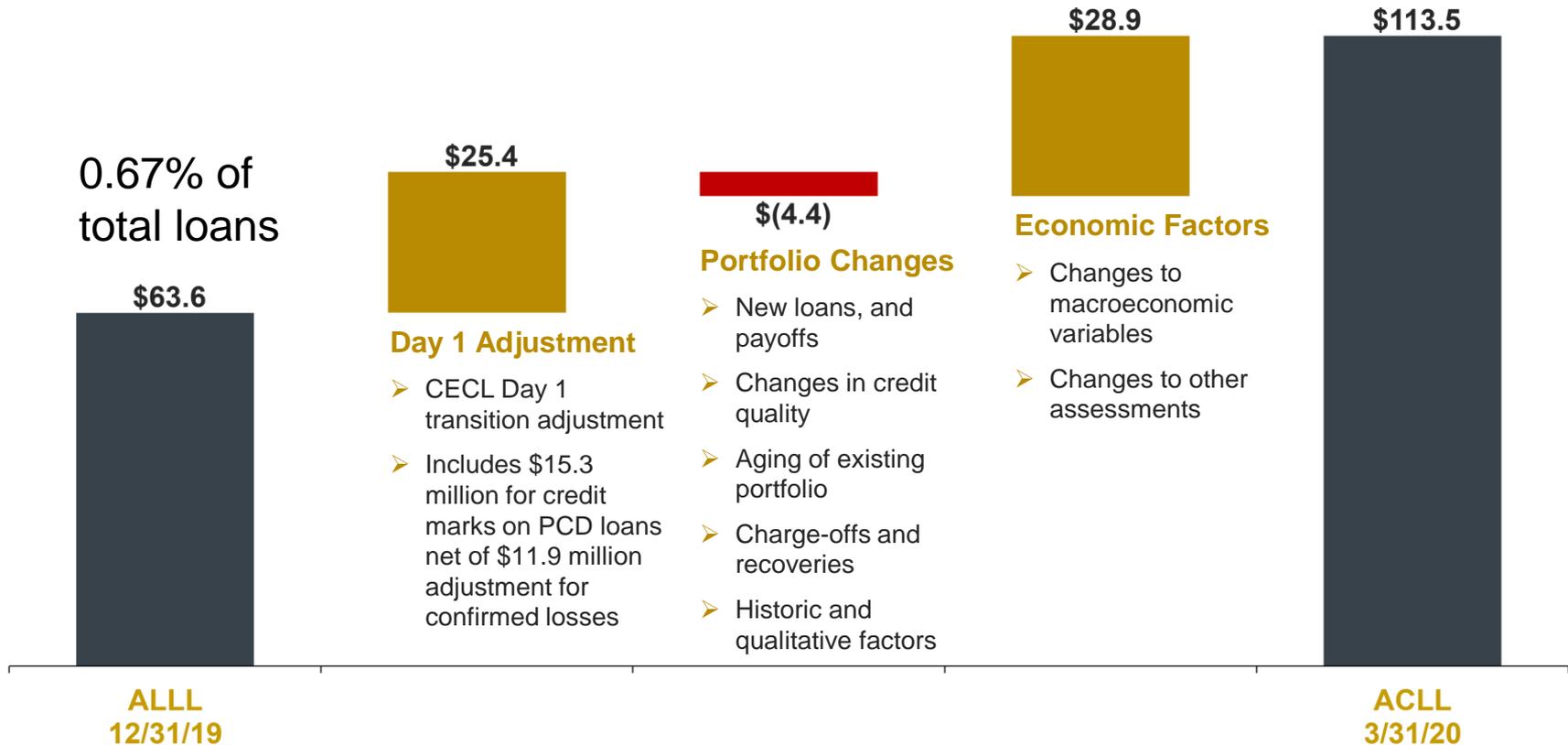
ECONOMIC FORECAST AT 3/31/20

- A number of forecasts are evaluated with primary focus on a prominent source
- Forecasts include epidemiological, policy, and financial markets assessments
- Baseline most likely case used in establishing economic adjustments from history:
 - Recession in 2020 Q1 and Q2
 - Peak unemployment rate near 9% in 2020 Q2
 - Peak-to-trough real GDP of almost -6%
 - Partial bounce back 2020 Q3, then slow growth
 - Acceleration later in 2021
 - Return to full employment by 2023

PHASE-IN OF REGULATORY CAPITAL IMPACTS

ALLOWANCE FOR CREDIT LOSSES ON LOANS (in \$ millions)

1.22% of total loans



Note: Allowance for credit losses on loans does not include \$8 million balance of allowance for losses on unfunded loan commitments, which is included in other liabilities.

Purchased Credit Deteriorated Loans

January 1 Accounting

ALL OTHER PCD LOANS – EXCLUDING TAXI MEDALLION LOANS (\$Millions)

Purchase Discount 12/31/19	\$ 27	Discount netted against loans
Confirmed Losses	(12)	Based on assessment at 1/1/20. No net impact to balance sheet
Discount to Allowance Under CECL	15	Loans increased by PCD discount under CECL offset recorded to credit loss allowance for loans
Amortization Q1	(2)	Offset to credit loss allowance
Balance 3/31/20	\$ 13	Balance included in nonaccrual loans, offset by a component of the allowance for credit losses for loans

TAXI MEDALLION LOANS (\$Millions)

Balance 12/31/19	\$ 23	Carrying basis net, supported by pooled cash flows
Conversion to Fair Value Method	(16)	Charged to equity resulting from change to fair value accounting based on individual loans' market value
Balance 1/1/20	7	Fair value of taxi medallion loans at 1/1/20
Q1 FV Adjustment	(2)	Change to fair value, charged to non-interest income
Balance 3/31/20	\$ 5	Fair value of taxi medallion loans at 3/31/20

- **Allowance for Credit Losses on Loans**
 - Increased for future projected losses under CECL
 - Increased by discount on PCD loans (\$13MM) net of confirmed losses

- **Provision for Credit Losses on Loans**
 - Increased due to future estimates related to pandemic

- **Nonperforming Loans**
 - Increased due to CECL accounting for PCD loans (\$13MM)
 - Previously reported as accruing over 90 days delinquent

- **Loan charge-offs**
 - Increased due to resolution of one 2 year CRE workout during pandemic

21st Century Community Banking

- Robust **digital platforms**
- Products and services to **meet community needs and drive economic mobility** (MyBanker, Friends and Family Fund powered by The Runway Project, Reevx Labs)
- Socially responsible, trusted **community partner**

Driven by Our Purpose and Values

- Focus on **long-term sustainable value creation for all stakeholders**
- **Communicate Social Purpose** to attract consumer preference and engagement
- **Be FIRST values** guide actions



Life is exciting. Let us help:

Industry Awards and Recognition



If you have any questions, please contact:

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Belonging • Focusing • Inclusion
Respect • Service • Teamwork

BE FIRST IN EVERYTHING YOU DO