

NYSE:BHLB

Berkshire Hills Bancorp
2Q 2025 Earnings Presentation

<https://ir.berkshirebank.com>



JULY 24TH, 2025

BerkshireHills
Bancorp®

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, including statements regarding our proposed merger with Brookline Bancorp, Inc. (“Brookline”) as well as our outlook for earnings, net interest margin, fees, expenses, tax rates, capital and liquidity levels and other matters regarding or affecting Berkshire and its future business and operations. You can identify these statements from the use of the words “may,” “will,” “should,” “could,” “would,” “outlook,” “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, 10-Q and other filings filed with the Securities and Exchange Commission and available on the SEC’s website at www.sec.gov. These factors include, but are not limited to, the occurrence of any event, change or other circumstances that could give rise to the right of Berkshire or Brookline to terminate the merger agreement; the outcome of any legal proceedings that may be instituted against Berkshire or Brookline; delays in completing the proposed transaction with Brookline; the failure to obtain necessary regulatory approvals (and the risk that such approvals may result in the imposition of conditions that could adversely affect the combined company or the expected benefits of the proposed transaction), or to satisfy any of the other conditions to the proposed transaction on a timely basis or at all, including the ability of Berkshire and Brookline to meet expectations regarding the timing, completion and accounting and tax treatments of the proposed transaction; the impact of certain restrictions during the pendency of the proposed transaction on the parties’ ability to pursue certain business opportunities and strategic transactions; diversion of management’s attention from ongoing business operations and opportunities; and potential adverse reactions or changes to business or employee relationships, including those resulting from the announcement or completion of the proposed transaction.

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.

NON-GAAP FINANCIAL MEASURES

This presentation contains both financial measures based on accounting principles generally accepted in the United States (“GAAP”) and non-GAAP based financial measures, which are used where management believes them to be helpful in understanding the Company’s results of operations or financial position. Reconciliations of these non-GAAP financial measures to the most comparable GAAP measures are included in the appendix to this presentation and the Company’s earnings release available at its investor relations website at ir.berkshirebank.com. These disclosures should not be viewed as a substitute for operating results determined in accordance with GAAP, nor are they necessarily comparable to non-GAAP performance measures that may be presented by other companies. For additional information, please see reconciliation to GAAP financial measures presented in the appendix to this presentation and in the Company’s earnings release.

KEY HIGHLIGHTS: 2Q25

Strong operating earnings with solid operating leverage in the quarter ¹

Financial Performance

- Operating Net Income of \$31.6M (+14% QoQ, +36% YoY)
- Operating EPS of \$0.69 (+15% QoQ, +25% YoY)
- Operating Non-Interest Expenses of \$66.7M (-2% QoQ, -7% YoY); Efficiency ratio of 56.7% (-272 bps QoQ, -667 bps YoY)
- Positive Operating Leverage (+5% QoQ, +11% YoY)
- ROTCE of 10.76% (+110 bps QoQ, +111 bps YoY)

Strong asset quality and capital

Balance Sheet Strength

- NCO/Avg Loans of 14 bps; ACL to Loans at 1.24%; NPLs 27 bps of Loans
- TCE/TA at 10.1% (+24 bps QoQ; 194 bps YoY)
- Avg. Deposits -0.3% QoQ and +6% YoY, EoP Deposits +1% QoQ and +4% YoY
- Avg. Loans +1% QoQ and +4% YoY, EoP Loan growth of +1% QoQ and +3% YoY
- Avg. Loans to Avg. Deposits of 97%; +126 bps QoQ; -191 bps YoY

Continued progress on strategic initiatives

Strategic Progress

- Expense optimization initiatives continue to drive down operating expenses (down 7% year-over-year)
- Digital deposits offering gaining momentum with program-to-date deposits crossing \$100 million
- Berkshire Bank named one of America's Best Mid-Size Companies 2025 by TIME magazine
- Ongoing progress on integration planning for Merger of Equals announced in 4Q24; Shareholder approval received in May'25

Berkshire – Brookline Partnership

Merger Update

Proxy statement/prospectus filed with the SEC

Regulatory Applications filed with the appropriate federal and state agencies

Stockholders met on **May 21, 2025**, and approved the merger

Anticipate Closing in the second half of **2025**

Decisions on the Core Banking Platform are completed. Conversion planning underway. **Targeting Feb 2026** for core systems conversions

Strategic Highlights*

Transformative partnership creating a premier **\$24 billion Northeast franchise** positioned to benefit from significant economies of scale

Highly-complementary geographic footprints with top 10 deposit market share in **14 of 19** pro forma MSAs

Combines Berkshire's **funding base** with Brookline's **commercial lending focus** in metro markets

Pro forma institution will **leverage the strengths** and best practices of both companies to **drive operating performance**

Attractive Deal Metrics*

Berkshire legal acquirer, Brookline accounting acquirer. Berkshire balance sheet marked to market at close, providing greater flexibility in balance sheet management

Identified cost savings of **12.6%** of the combined company's expense base

Significant earnings per share accretion (**40%** GAAP | **23%** cash in 2026) with a TBV earnback period **less than 3 years**

Materially enhances profitability profile of both companies with projected 2026 ROAA of **1.28%** and ROATCE of **16.5%**

Transaction
Announced
12/16/24

Filed Applications
With Regulators
03/17/25

Filed S4 /
Proxy
04/08/25

Approved by
Stockholders
05/21/25

Anticipate
Regulatory
Approvals

Anticipate Legal
and Financial
Close of the
Merger and
Consolidation of
Bank Charters
Second Half 2025

Core System
Conversions
February 2026

Actions Taken

Next Steps

* As announced on December 16, 2024.

2Q25 Overview

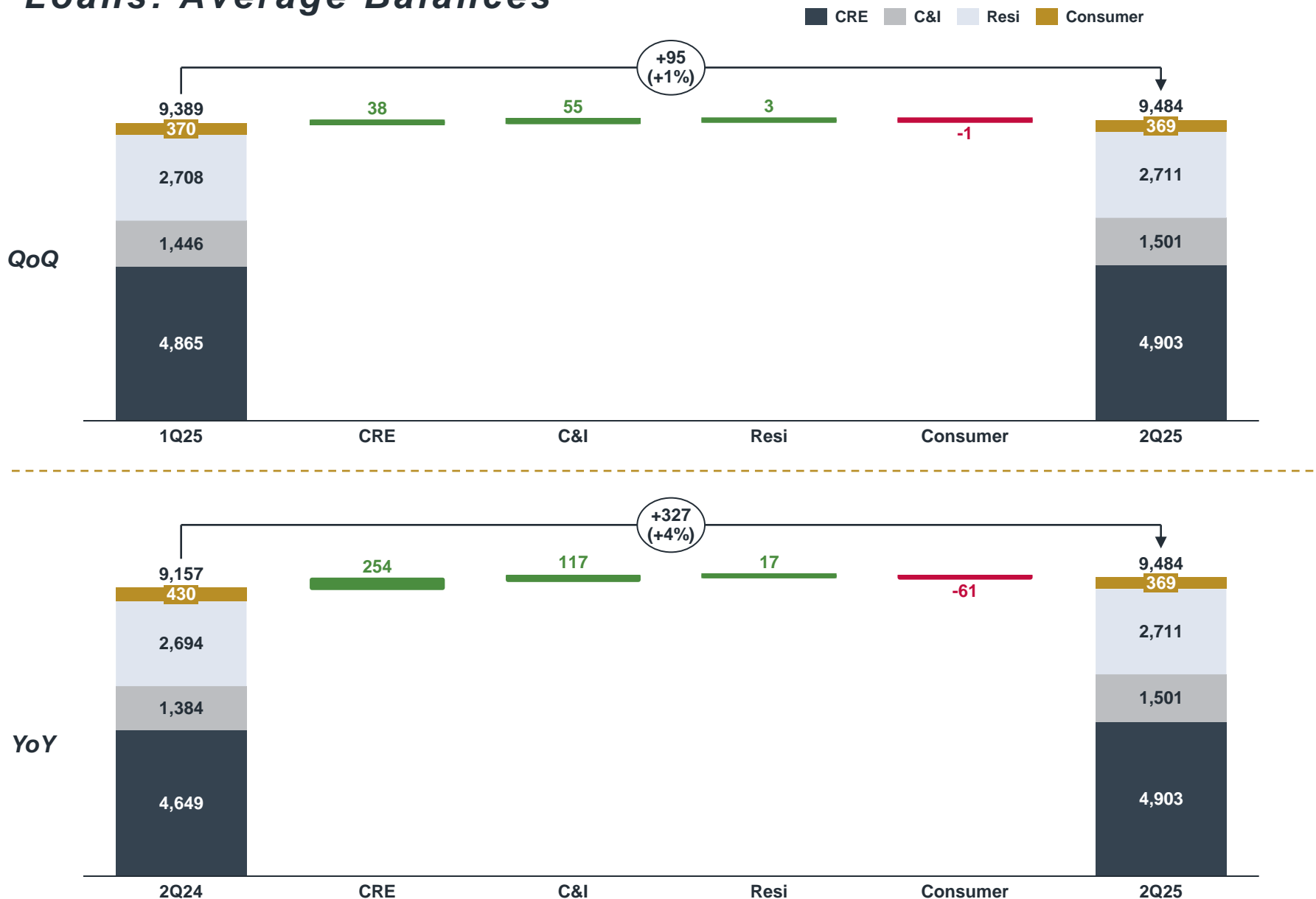
GAAP NET INCOME OF \$30.4M, or \$0.66 GAAP EPS

• Operating Earnings: \$31.6M	+ \$4.0M or +14% QoQ; + \$8.4M or +36% YoY
• Net Interest Margin, FTE: 3.27%	+3 bps QoQ; +7 bps YoY
• Net Interest Income, non FTE¹: \$91.9M	+ \$2.2M or +2% QoQ; + \$3.4M or +4% YoY
• Operating Non-Interest Income: \$21.8M	+ \$1.1M or +5% QoQ; + \$1.6M or +8% YoY
• Operating Non-Interest Expense: \$66.7M	- \$1.3M or -2% QoQ; - \$4.7M or -7% YoY
• Operating Pre-Provision Net Revenue: \$47.0M	+ \$4.5M or +11% QoQ; + \$9.7M or +26% YoY
• Efficiency Ratio: 56.7%	-272 bps QoQ; -667 bps YoY
• Average Loans: \$9.5 billion	+ \$95M or +1% QoQ; + \$327 or +4% YoY
• Period End Loans: \$9.5 billion	+ \$70M or +1% QoQ; + \$270M or +3% YoY
• Average Deposits: \$9.8 billion	- \$30M or -0.3% QoQ; + \$521M or +6% YoY ²
• Period End Deposits: \$10.0 billion	+ \$99M of +1% QoQ; + \$358M or +4% YoY ²
• Net Loan Charge Offs to Avg Total Loans (annualized): 0.14%	-1 bps QoQ; +7 bps YoY
• Provision for Credit Losses on Loans: \$4.0M	down \$1.5M QoQ; down \$2.5M YoY
• Allowance for Credit Losses to Total Loans: 1.24%	Flat QoQ; up 2 bps YoY

5 Notes: See Appendix for discussion and reconciliation of non-GAAP financial measures. Numbers and percent changes may not add / equate precisely due to rounding; ¹ NII on an FTE basis was \$93.8M (+\$2.1M or +2% QoQ; +\$3.2M or +3.6% YoY); ² Total deposits excluding Payroll and Brokered were +1% QoQ and +6% YoY for Average Deposits and +1% QoQ and +7% YoY for Period End Deposits

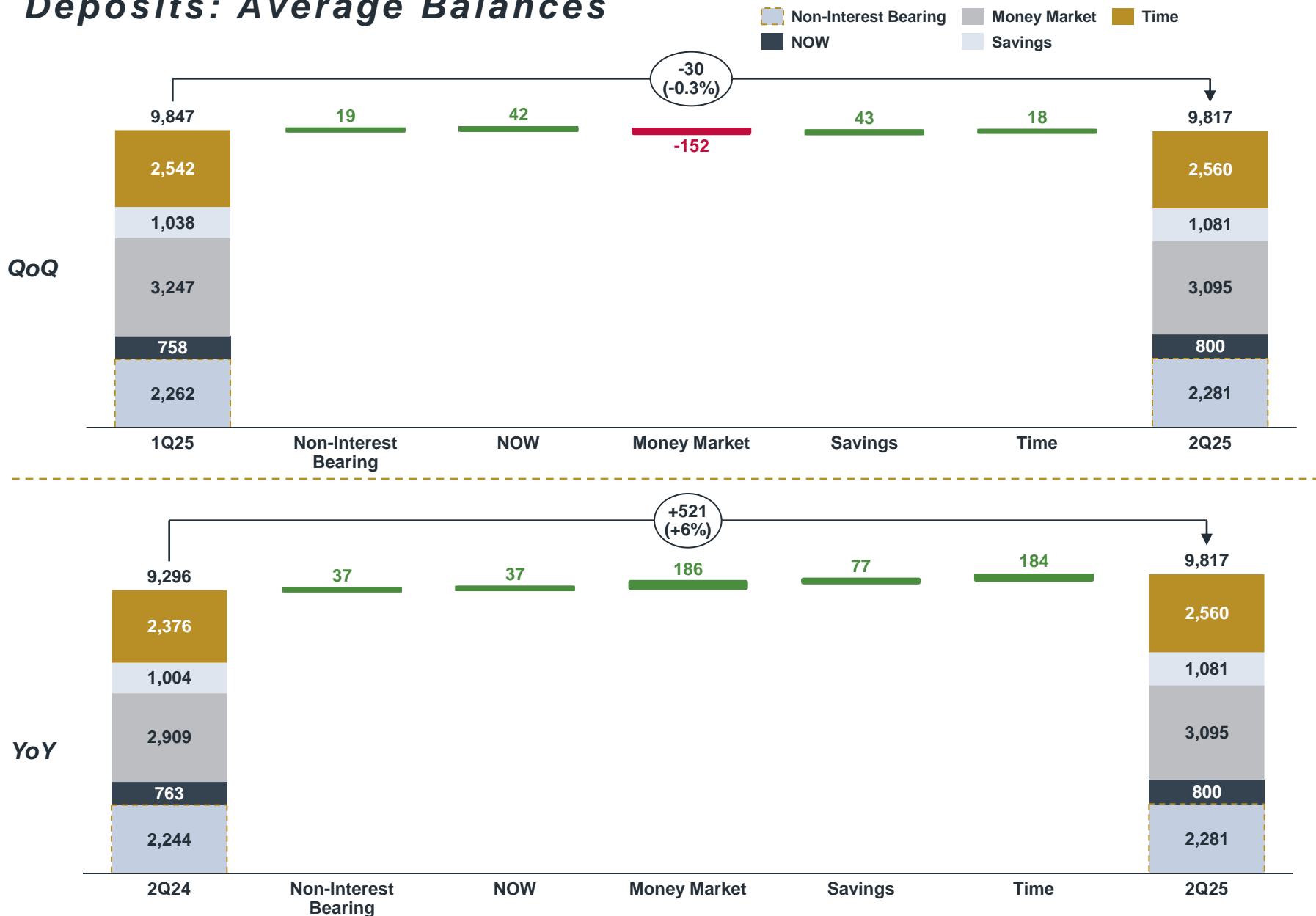
Loans: Average Balances

(\$ M)



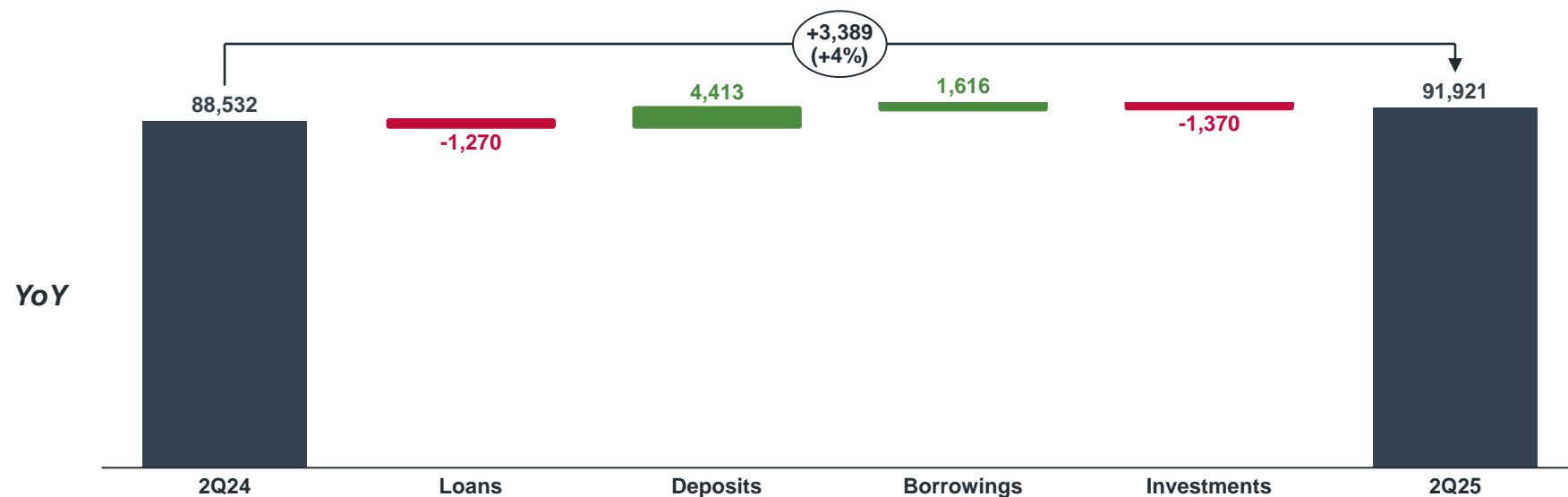
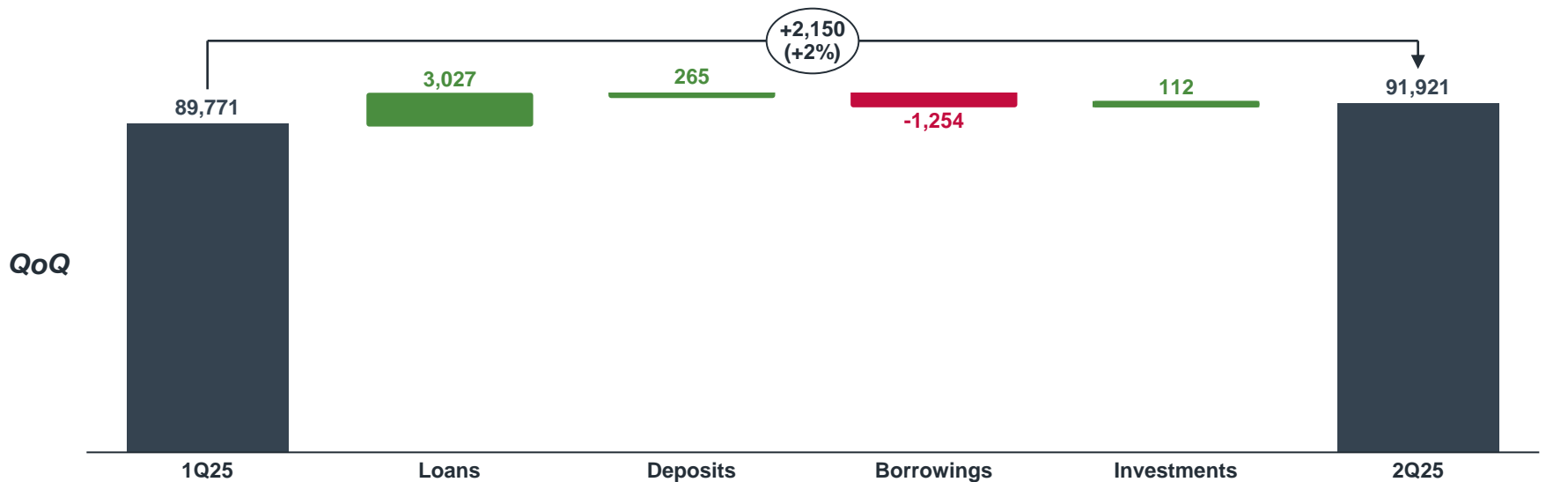
Deposits: Average Balances

(\$ M)



Net Interest Income

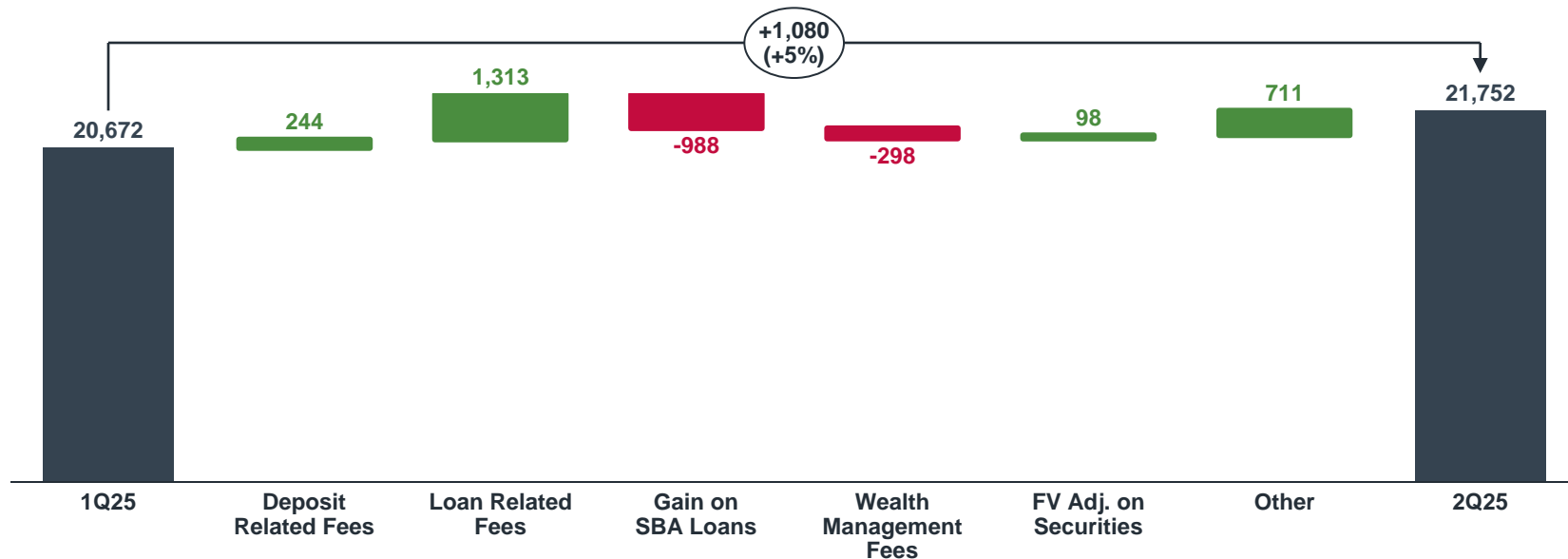
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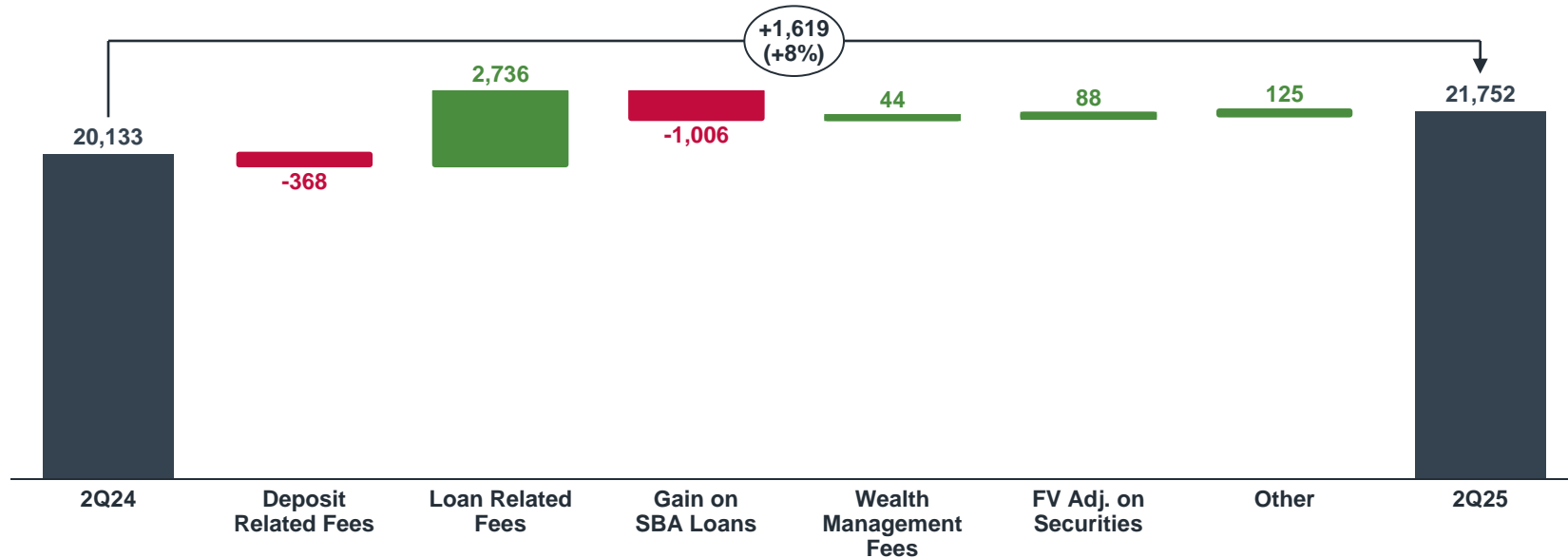
Operating Non-Interest Income

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QoQ



YoY



Operating Non-Interest Expense

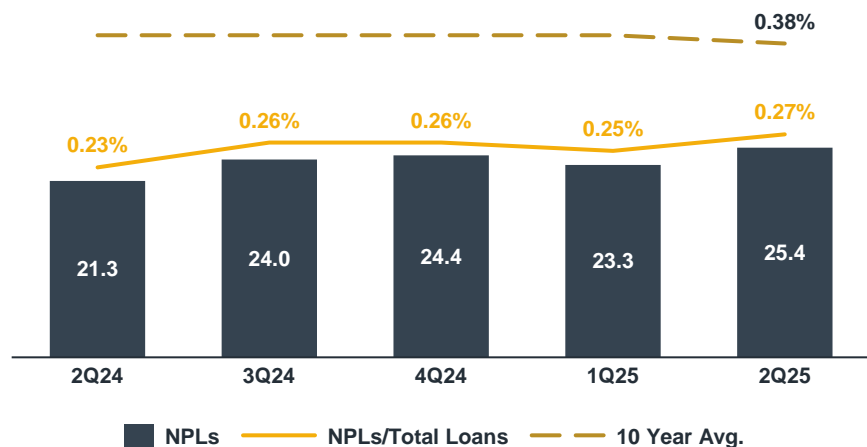
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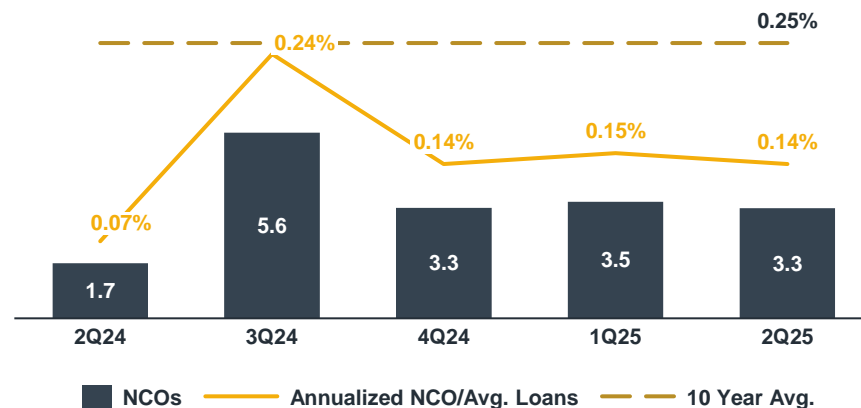
Asset Quality

(\$ M)

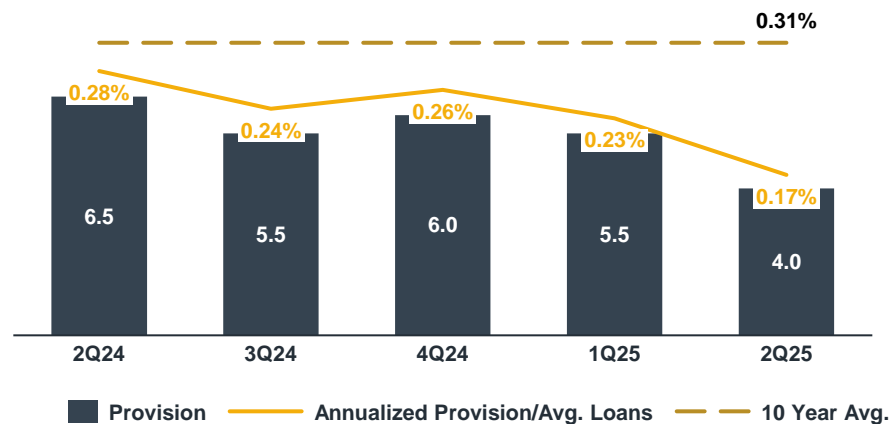
NON-PERFORMING LOANS



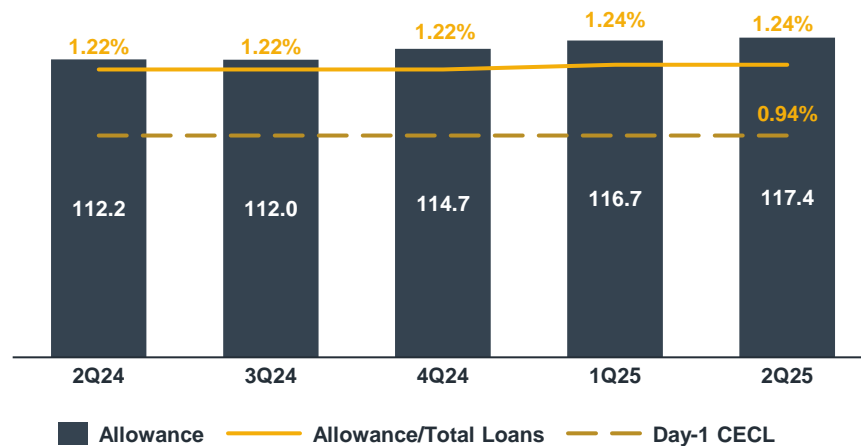
NET CHARGE OFFS



PROVISION



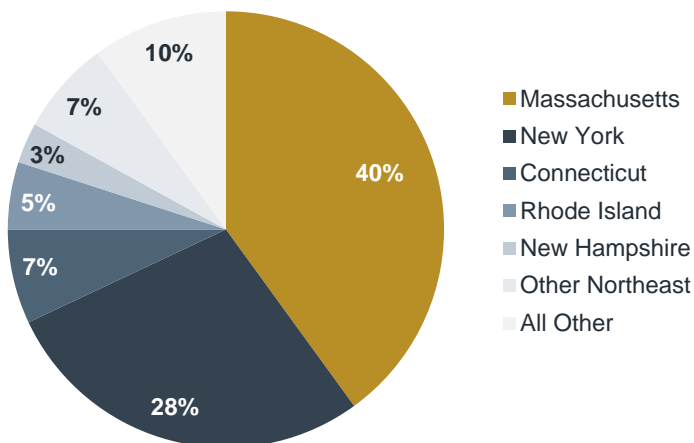
ALLOWANCE FOR CREDIT LOSSES



Appendix

CRE is Well-Diversified by Property Type and Geography

Portfolio by Geography



Portfolio by Property Type

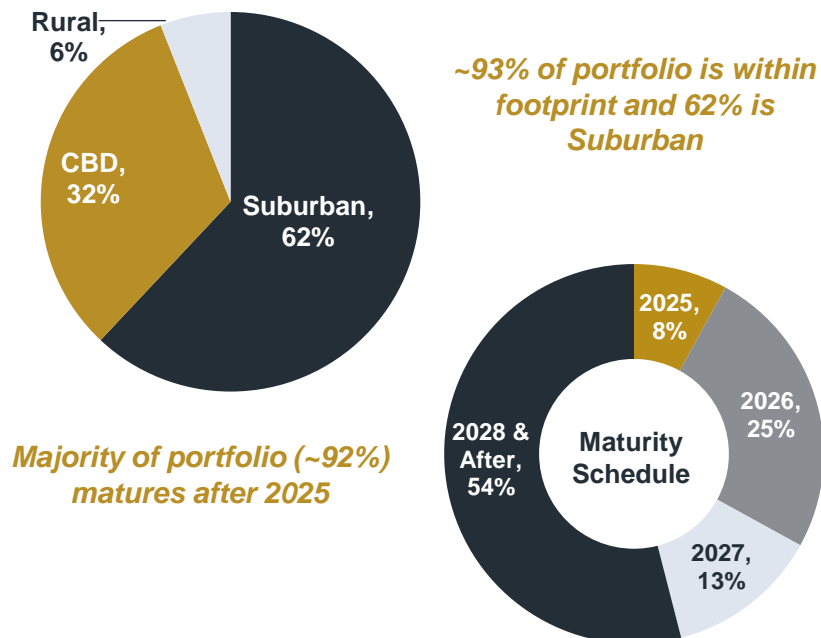
Industry Segment (\$ in millions)	EOP Balance		Non-Accrual % ¹
	\$	% ¹	
Retail Trade	\$ 987	20.2%	0.00%
Multifamily	\$ 766	15.6%	0.07%
Office	\$ 516	10.5%	0.07%
Healthcare	\$ 416	8.5%	0.00%
Hospitality	\$ 340	6.9%	0.00%
Industrial	\$ 190	3.9%	0.02%
Manufacturing	\$ 161	3.3%	0.02%
Arts & Entertainment	\$ 128	2.6%	0.00%
Transportation & Warehousing	\$ 125	2.6%	0.00%
Scientific Research & Lab	\$ 103	2.1%	0.00%
Other	\$ 543	11.1%	0.01%
Construction	\$ 621	12.7%	0.01%
Total CRE	\$ 4,898	100.0%	0.20%

Portfolio Metrics

- CRE Portfolio is diversified across our markets, with no exposure to NYC
- CRE portfolio is composed of diverse property types; Retail and Multifamily properties are the largest industry segments, representing 20% and 16%, respectively
- Retail exposure primarily anchored by strong grocery and big box tenants in suburban areas (~86%). No significant tenant concentrations, and negligible indoor mall exposure
- Average portfolio DSCR of ~1.6x; Average portfolio LTV of ~66%; and guarantor recourse of ~57%
- Overall CRE NPL rate of 0.20% compares favorably to the 10-year average loan portfolio rate of 0.31%
- Most of the CRE portfolio (~90%) matures after 2025
- Owner-Occupied comprises ~15% of the total CRE portfolio
- Construction loans primarily across Multifamily (~45%) and Industrial (~16%); ~57% of funded projects are >90% complete or in stabilization

Office Portfolio

Office Portfolio & Asset Quality



(\$ in millions)	2Q25		1Q25	
	\$	%	\$	%
CRE Office: Owner Occupied	\$ 42.7	8%	\$ 45.9	9%
CRE Office: Non-Owner Occupied	\$ 473.3	92%	\$ 458.0	91%
Total CRE Office	\$ 515.9	100%	\$ 503.9	100%

(\$ in millions)	2Q25 Portfolio		Criticized	Non-Accrual
	\$	Avg Size	% ¹	% ¹
Class A	\$ 351.6	\$ 5.4	4.5%	0.0%
Class B	\$ 148.0	\$ 1.6	6.1%	0.7%
Class C	\$ 16.4	\$ 0.7	0.2%	0.0%
	\$ 515.9	\$ 2.9	10.8%	0.7%

Office Portfolio Metrics

- As of 2Q25, Office CRE portfolio totals ~\$516M or 5.4% of Total Loans
- Solid portfolio performance with NPLs of ~0.7% and no NCOs
- No exposure to any major metropolitan areas other than Boston, which represents ~16% of the portfolio with no exposure to high-rise office buildings
 - Limited Boston Financial District exposure
- Weighted Average Loan-to-Value is ~60%
- Weighted Average Debt Service Coverage is ~1.5x
- Majority of portfolio (~68%) is Class A Office space
- Owner-Occupied comprises ~8% of the Office portfolio
- Top 20 loan are ~67% of the total CRE Office portfolio
 - Occupancy is ~90%
 - Average size is ~\$17.2MM
 - Majority Class A space (~82%)
- Loans over \$10M have no significant lease expirations until 2027 and have strong sponsors with no material tenant concentration

Non-GAAP Reconciliation (By Quarter)

(in thousands)	At or for the Quarters Ended				
	June 30, 2025	March 31, 2025	Dec. 31, 2024	Sept. 30, 2024	June 30, 2024
Total non-interest income	\$ 21,752	\$ 20,672	\$ 23,325	\$ 37,555	\$ 20,133
Adj: Net (gains) on sale of business operations and assets	-	-	(193)	(16,048)	-
Adj: Loss on sale of securities	-	-	28	-	-
Total operating non-interest income (1)	\$ 21,752	\$ 20,672	\$ 23,160	\$ 21,507	\$ 20,133
Total revenue	(A) \$ 113,673	\$ 110,443	\$ 110,180	\$ 125,614	\$ 108,665
Adj: Net (gains) on sale of business operations and assets	-	-	(193)	(16,048)	-
Adj: Loss on sale of securities	-	-	28	-	-
Total operating revenue (1)	(B) \$ 113,673	\$ 110,443	\$ 110,015	\$ 109,566	\$ 108,665
Total non-interest expense	(C) \$ 68,144	\$ 70,366	\$ 77,575	\$ 71,960	\$ 70,931
Adj: Merger, restructuring and other non-operating expenses	(1,491)	(2,454)	(6,557)	297	384
Operating non-interest expense (1)	(D) \$ 66,653	\$ 67,912	\$ 71,018	\$ 72,257	\$ 71,315
Pre-tax, pre-provision net revenue (PPNR)	(A-C) \$ 45,529	\$ 40,077	\$ 32,605	\$ 53,654	\$ 37,734
Operating pre-tax, pre-provision net revenue (PPNR) (1)	(B-D) 47,020	42,531	38,997	37,309	37,350
Net income/(loss)	\$ 30,366	\$ 25,719	\$ 19,657	\$ 37,509	\$ 24,025
Adj: Net (gains) on sale of business operations and assets	-	-	(193)	(16,048)	-
Adj: Loss on sale of securities	-	-	28	-	-
Adj: Merger, restructuring expense and other non-operating expenses	1,491	2,454	6,557	(297)	(384)
Adj: Income taxes (expense)/benefit	(270)	(552)	(67)	3,625	(473)
Total operating income (1)	(E) \$ 31,587	\$ 27,621	\$ 25,982	\$ 24,789	\$ 23,168

Non-GAAP Reconciliation (By Quarter Continued and Notes)

		At or for the Quarters Ended				
		June 30, 2025	March 31, 2025	Dec. 31, 2024	Sept. 30, 2024	June 30, 2024
<i>(in thousands)</i>						
<i>(in millions, except per share data)</i>						
Total average assets	(F)	\$ 11,849	\$ 11,754	\$ 11,596	\$ 11,695	\$ 11,692
Total average shareholders' equity	(G)	1,218	1,191	1,095	1,050	1,013
Total average tangible shareholders' equity (1)	(I)	1,205	1,177	1,080	1,034	995
Total accumulated other comprehensive (loss) net of tax, end of period		(91)	(95)	(106)	(89)	(115)
Total tangible shareholders' equity, end of period (1)	(K)	1,210	1,183	1,152	1,054	996
Total tangible assets, end of period (1)	(L)	12,022	11,999	12,258	11,588	12,202
Total common shares outstanding, end of period <i>(thousands)</i>	(M)	46,303	46,377	46,424	42,982	42,959
Average diluted shares outstanding <i>(thousands)</i>	(N)	46,007	46,061	43,064	42,454	42,508
Earnings/(loss) per common share, diluted (1)		\$ 0.66	\$ 0.56	\$ 0.46	\$ 0.88	\$ 0.57
Operating earnings per common share, diluted (1)	(E/N)	0.69	0.60	0.60	0.58	0.55
Tangible book value per common share, end of period (1)	(K/M)	26.12	25.50	24.82	24.53	23.18
Total tangible shareholders' equity/total tangible assets (1)	(K/L)	10.06	9.86	9.40	9.10	8.16
Performance ratios (2)						
Return on equity		9.97 %	8.63 %	7.18 %	14.29 %	9.49 %
Operating return on equity (1)	(E/G)	10.37	9.28	9.49	9.44	9.15
Return on tangible common equity (1)(3)		10.35	9.02	7.59	14.83	9.99
Operating return on tangible common equity (1)(3)	(E+Q)/(I)	10.76	9.66	9.93	9.91	9.65
Return on assets		1.03	0.88	0.68	1.28	0.82
Operating return on assets (1)	(E/F)	1.07	0.94	0.90	0.85	0.79
Efficiency ratio (1)	(D-Q)/(B+R)	56.73	59.45	62.43	63.74	63.40
Supplementary data <i>(in thousands)</i>						
Effective tax rate		26.9 %	25.6 %	26.1 %	22.1 %	23.1 %
Intangible amortization	(Q)	\$ 1,128	\$ 1,128	\$ 1,128	\$ 1,128	\$ 1,140
Fully taxable equivalent income adjustment	(R)	1,840	1,884	1,943	2,023	2,013

(1) Non-GAAP financial measure.

(2) Ratios are annualized and based on average balance sheet amounts, where applicable. Quarterly data may not sum to year-to-date data due to rounding.

(3) Amortization of intangible assets is adjusted assuming a 27% marginal tax rate.