

Berkshire Hills Bancorp

Investor Information Presentation January 2021

BHLB
LISTED
NYSE

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 Updates



Employees

- ✓ **Moved branch lobbies to appointment only based on local conditions**
- ✓ 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

- ✓ **Supporting borrower modifications under the CARES act**
- ✓ **Planned support for PPP in 2021**
- ✓ Providing financial flexibility to customers facing financial hardships and launched customer assistance programs:
 - Increased debit card limits and waived penalties for early CD withdrawals and foreign ATM fees during initial phase
 - Providing options for loan forbearance
 - Participated in the Paycheck Protection Program processing loans for \$708MM during 2020 and planning support of PPP second draw
 - Providing mobile and digital banking solutions and My Bankers for customers
- ✓ Implemented additional safety precautions including hand sanitizing stations and directional signage in branches
- ✓ Launched [Reevx Labs](#) online hub



Communities

- ✓ **Provided \$130K to food banks to assist with rising food insecurity**
- ✓ Hosting virtual community conversations with stakeholders
- ✓ Providing capital to assist small businesses through The Futures Fund with BECMA and MALGBT Chamber
- ✓ Provided over \$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

Continuing Improvement in ESG Ratings

Bloomberg 41.67



- ✓ Commitment to **disclosure, transparency** and **impact**:
Corporate Responsibility Report
- ✓ **Delivering improvements** to third party ESG ratings
- ✓ Focus on **long-term sustainable** performance
- ✓ **Environmental, Social, and Corporate Governance**: three central factors in measuring sustainability and societal impact

Ratings as of December 31, 2020

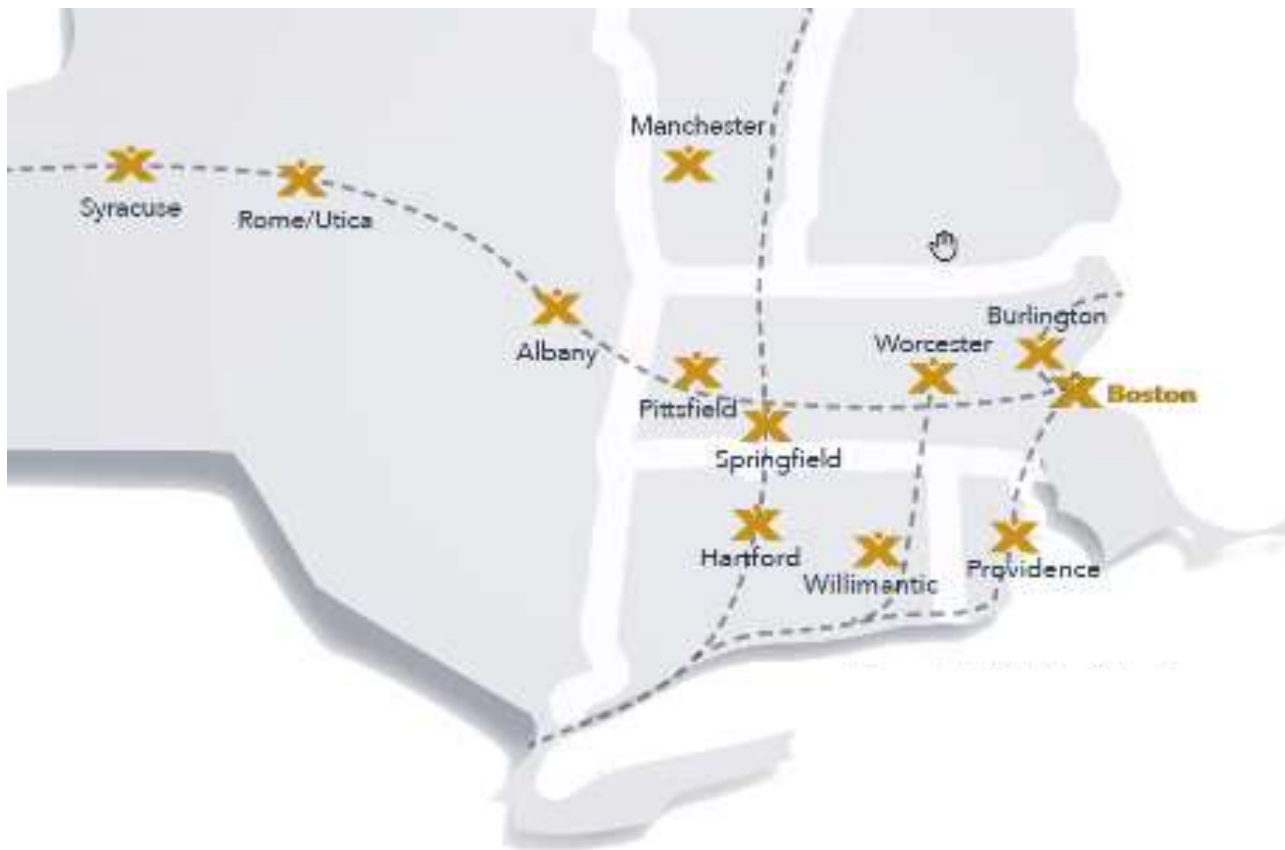
Fourth Quarter Key Actions

- Agreement to sell 8 Mid-Atlantic branches
 - Focus on NY & NE markets
- Plan to consolidate 16 branches
 - Target 106 branches, down from 130
- Reduced deferred and criticized loans
- Safely adjusted hours and lobbies during COVID surges
- Completed exit of discontinued national mortgage banking operations



New England/New York Footprint

Attractive Positioning Across Diverse Urban and Rural Markets



Map excludes Mid-Atlantic branches held for sale and lending subsidiaries, 44 Business Capital and Firestone Financial

Fourth Quarter Financial Highlights

- Margin supported – 2.61%
- Deposit costs reduced by 14 basis points
- Securities portfolio expanded by \$236MM
- Major operating expense categories reduced
 - Occupancy cost, technology cost, FTE staff managed
- Wholesale funding reduced \$340MM
- 9.3% equity/assets
- 79% loans/deposits
- \$23.37 book value per share

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

Asset Quality Highlights

- Solidly positioned
 - 1.58% allowance/loans (1.71% exc PPP loans)
 - 0.52% NPAs/Assets; 0.41% NCOs/Loans (FY20)

- COVID macro impacts declining
 - Deferrals decreased 22%
 - Criticized decreased 9%
 - Accruing Delinquent decreased 31%

- Commercial COVID sensitivity primarily in Hospitality and Firestone
 - Hospitality
 - \$13MM nonaccrual
 - No other hospitality delinquency
 - Firestone
 - \$5MM nonaccrual
 - \$1MM delinquent accruing

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

Loan Quality by Loan Category

- **Loan deferrals decreased by 22% from 9/30/20**
- **Deferrals comprise 4.7% of total loans (ex PPP)**
- **50% of commercial deferrals pass rated; 63% paying current interest**

Numbers exclude PPP loans As of 12/31/20, \$Millions	Loan Balance	COVID Deferrals	Criticized	Nonaccrual	Delinquent Accruing
Commercial Real Estate	\$ 3,647	\$ 199	\$ 209	\$ 36	\$ 11
Commercial & Industrial	1,080	53	46	8	6
Firestone Financial	<u>246</u>	<u>79</u>	<u>83</u>	<u>5</u>	<u>1</u>
Total Commercial (ex PPP)	4,973	331	338	49	18
Residential Mortgage	1,813	17	12	8	6
Consumer	<u>663</u>	<u>2</u>	<u>9</u>	<u>8</u>	<u>4</u>
Total Loans (ex PPP)	<u>\$ 7,449</u>	<u>\$ 350</u>	<u>\$ 359</u>	<u>\$ 65</u>	<u>\$ 28</u>

Note: Deferrals include active and in process. Loans exclude loans held for sale as part of Mid-Atlantic branch sale. Hospitality includes hotel construction. PPP loans total \$633 million at 12/31/20.

Selected Commercial Categories

- **Hospitality and Firestone comprise 68% of total commercial deferrals**
- **All Non-COVID sensitive industries have 1.3% deferrals**

Numbers exclude PPP loans As of 12/31/20, \$Millions	Loan Balance	COVID Deferrals	Criticized	Nonaccrual	Delinquent Accruing
Hospitality	\$ 301	\$ 146	\$ 75	\$ 13	\$ 0
Firestone	246	79	83	5	1
Restaurants	128	23	26	3	1
Nursing/Assisted Living Facilities	<u>193</u>	<u>28</u>	<u>39</u>	<u>15</u>	<u>8</u>
Subtotal Sensitive Industries	868	276	223	36	10
All Other Commercial	<u>4,105</u>	<u>55</u>	<u>115</u>	<u>13</u>	<u>8</u>
Total Commercial (ex PPP)	<u>\$ 4,973</u>	<u>\$ 331</u>	<u>\$ 338</u>	<u>\$ 49</u>	<u>\$ 18</u>

Hospitality Management Group

Numbers exclude PPP loans As of 12/31/20, \$Millions	Loan Balance	COVID Deferrals	Criticized	Nonaccrual	Delinquent Accruing
Hospitality Management Group	\$ 286	\$ 144	\$ 72	\$ 12	\$ 0

- In excess of 99% of loans are secured by real estate
- Average LTV 60%
- 73% operate with national brand flag
 - Balance is a mix of hotels, motels and B&Bs
- 42% urban, 34% suburban, 24% rural and vacation
- Total includes \$86MM in construction loans
- 91% of deferrals are paying current interest; 68% are pass rated
- Ten largest relationships:
 - \$157MM total balance (\$144MM flagged)
 - \$77MM deferred (all paying current interest)
 - 75% pass rated
 - No properties closed due to pandemic

Note: Hospitality Management Group manages 95% of hospitality loans. LTV based mostly on pre-pandemic valuations. Construction loans include properties in stabilization.

Numbers exclude PPP loans As of 12/31/20, \$Millions	Loan Balance	COVID Deferrals	Criticized
Firestone Total	\$ 246	\$ 79	\$ 83
Fitness	71	34	22
Location Based Entertainment	44	20	26
Vending/Amusement	37	13	13
Carnivals & Parks	39	3	11
All Other	55	9	11

- 94% of year-end deferrals paying current period interest
 - Most deferrals mature in first half of 2021
- Nonaccrual loans: \$5MM (2.0% of total loans)
- Delinquent accruing loans: \$1MM (0.4% of total loans)
- 2020 net charge-offs: \$4MM (1.6% of year-end total loans)
- Deferrals criticized: 71%
- Largest ten loans: \$37MM
- Largest ten criticized: \$14MM

Note: Deferrals include active and in process.

Credit Disciplines

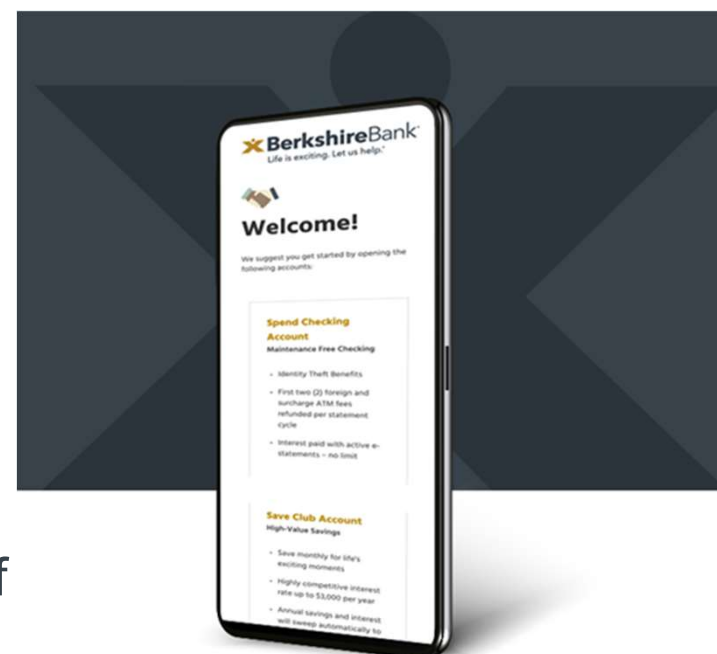
- Steady tightening of credit disciplines over last two years as recovery lengthened
 - Underwriting: debt service coverage, LTV's recourse
 - Focused business selection
 - Relationship focus
 - Granular hold limits and diversification targets
 - Pricing disciplines
- Community focus during/after pandemic



Best-In-Class Digital Account Opening Experience

A frictionless & quicker digital account opening experience to better serve customers that leverages the highest security standards

- Improved **Fraud, Compliance & Risk Detection & Decisioning** using Alloy
- Deeper **integration** to FIS IBS Core System
- Average time to complete application of just over 2 minutes, **4x faster** than the industry average
- **57% decrease** in application time
- **100% account funding** rate



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



Diversity, Equity & Inclusion Commitments

Moving Beyond Rhetoric to Address Racial Equity:

- ✓ Board committee since 2019 focused on **Diversity & Culture**
- ✓ Diversified board including **2 women and 2 Black directors**
- ✓ **Putting money to work for black business owners:** Deploying Capital through unique community and CDFI partnerships
- ✓ Suite of **innovative and socially responsible products & services** that build wealth
- ✓ Appointed **EVP, Chief Human Resources & Culture Officer**



Since 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 & belonging training
- ✓ **Seven** Employee Resource Groups



Industry Awards and Recognition



- ***Berkshire Bank Enhances Paid & Protected Leave, Aims to Address Gender-Based Violence – Berkshire Eagle***
- ***Berkshire Bank & Narmi Collaborate On Best-In-Class Digital Account Opening – Banker & Tradesman***
- ***Berkshire Bank Boosts Sustainability with Nexamp – Business West***
- ***Berkshire to Help Business Borrowers Facing Hardships – Banker & Tradesman***

Contact Information

If you have any questions, please contact:

Jamie Moses | Chief Financial Officer

Address: 60 State Street, Boston, MA 01209

Phone: (617) 641-9281

Email: jmoses@berkshirebank.com



Belonging • Focusing • Inclusion
Respect • Service • Teamwork

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