

BERKSHIRE HILLS BANCORP

3Q 2021 EARNINGS PRESENTATION

October 21, 2021





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 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 and 10-Q filed with the Securities and Exchange Commission and available on the SEC’s website at www.sec.gov.

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 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 Company’s News Release.

3Q 2021 - HIGHLIGHTS OF THE QUARTER

Solid Financials

- GAAP EPS of \$1.31 (+\$0.89 YoY and +\$0.88 QoQ)
- Adjusted EPS of \$0.53 unchanged YoY and +\$0.09 QoQ
- Expenses excluding restructuring charges relatively flat; +1% YoY and -1% QoQ
- Adjusted ROTCE 9.5% and adjusted ROA 0.86%

Improved Asset Quality

- Loan portfolio delinquency rate decreased to 0.87% (improvement of 0.11% YoY and 0.05% QoQ)
- COVID Loan Modifications decreased to \$65 million (down 85% YoY and 34% QoQ)
- Non-accrual loans decreased to \$37 million (down 22% YoY and 22% QoQ)
- Net charge-offs declined to \$2.1 million (down 66% YoY & 55% QoQ); Provision benefit of \$4 million

Continued Capital Deployment

- Completed stock repurchase plan; 2.5m shares at average cost of \$27.55 per share
 - EOP 3Q21 share count 48.7 million and down ~3% YoY and ~4% QoQ
- Capital return of ~\$54m (stock repo of ~\$48m & dividends of ~\$6m); 211% of adjusted net income
- Capital level remains very strong with estimated CET1 ratio of 15.3%
- TBVPS of \$23.58 (+6% vs 3Q20 & +4% vs. 2Q21)

BEST Strategy Progress

- Completed sale of Insurance subsidiary, 8 Mid-Atlantic branches, and 15 branch consolidations
- Hiring new producers in Commercial banking, SBA lending to build pipeline for growth in Commercial
- Berkshire Community Comeback announced on Sept 15th, highlighting projected positive social impact
- Upstart FinTech Partnership to originate personal loans in the footprint announced on October 18th

3Q 2021 FINANCIAL HIGHLIGHTS - INCOME STATEMENT

GAAP Basis (\$M)	3Q20	2Q21	3Q21	QoQ %	YoY %
Net interest income, non FTE	\$77.1	\$75.4	\$71.4	-5%	-7%
Non-interest income	20.0	22.0	73.6	nm	nm
Revenue ¹	97.0	97.4	145.0	49%	49%
Non-interest expense	72.8	68.9	69.5	1%	-5%
After-tax income (loss)	21.2	21.6	63.7	nm	nm
EPS	0.42	0.43	1.31	nm	nm
ROTCE	8.3%	7.9%	23.1%		
ROA	0.67%	0.70%	2.14%		
NIM ²	2.61%	2.62%	2.56%		

Adjusted Basis (\$M)	3Q20	2Q21	3Q21	QoQ %	YoY %
Net interest income	\$77.1	\$75.4	\$71.4	-5%	-7%
Non-interest income	21.0	22.5	21.9	-3%	4%
Revenue ¹	98.1	\$97.9	\$93.3	-5%	-5%
Provision for credit losses	1.2	-	(4.0)	nm	nm
Non-interest expense	67.5	68.9	68.0	-1%	1%
Pre-tax income (loss)	29.4	29.0	29.3	1%	0%
After-tax income (loss)	26.4	22.1	25.7	16%	-3%
EPS	0.53	0.44	0.53	21%	1%
ROTCE	10.3%	8.1%	9.5%		
ROA	0.84%	0.71%	0.86%		
PPNR	\$30.5	\$29.0	\$25.2	-13%	-17%
Adj Rev Excl Insurance	\$95.4	\$95.6	\$91.7	-4%	-4%
Adj Exp Excl Insurance	\$65.6	\$67.9	\$66.9	-1%	2%

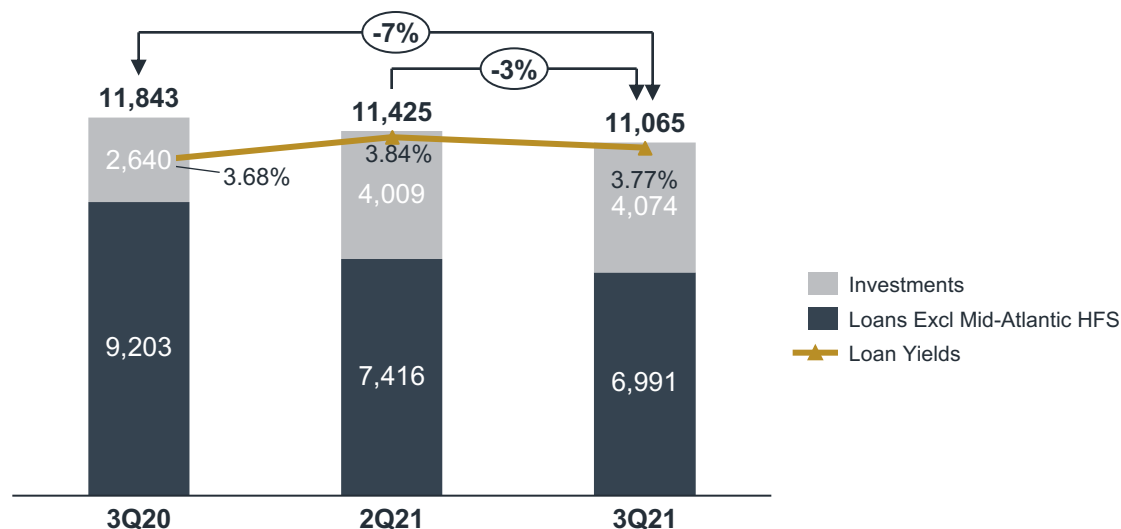
HIGHLIGHTS

On an adjusted basis:

- Net income -3% YoY and +16% QoQ
- Revenues -5% YoY with NII weakness partially offset by fee revenue strength
 - NII decline driven primarily by runoff of PPP and non-strategic loan portfolios, continued attrition of commercial and residential loan portfolios and sale of Mid-Atlantic portfolios
- Non-Interest income +4% YoY and -3% QoQ; excluding insurance fees, non-interest income +11% YoY and +1% QoQ
- Expenses relatively flat YoY and QoQ
- Provision benefit of \$4M driven by marked improvement in credit quality of loan portfolios
- ROTCE +140bps and ROA +15bps QoQ
- NIM declined 6bps largely on PPP payoffs partially offset by a reduction in wholesale funding

3Q 2021 FINANCIAL HIGHLIGHTS – AVERAGE ASSETS

(\$ M)



\$M Avg Balances, Yields %	3Q20		2Q21		3Q21		QoQ %	YoY %
CRE	\$3,986	3.52%	\$3,625	3.46%	\$3,577	3.40%	-1%	-10%
C&I	2,192	3.88	1,605	4.74	1,370	4.78	-15%	-37%
Residential mortgages	2,224	3.78	1,604	3.79	1,499	3.65	-7%	-33%
Consumer	801	3.59	582	3.80	545	3.95	-6%	-32%
Total loans	9,203	3.68%	7,416	3.84%	6,991	3.77%	-6%	-24%
Mid-Atlantic region loans HFS	-	-	269	3.96	155	3.82	-42%	nm
Loans incl. HFS	9,203	3.68%	7,685	3.84	7,146	3.77%	-7%	-22%
Securities	1,874	2.78	2,259	2.17	2,312	2.09	2%	23%
ST Inv. & loans HFS	766	0.21	1,750	0.10	1,762	0.17	1%	130%
Total Investments	2,640	2.03%	4,009	1.27%	4,074	1.26%	2%	54%
Total earning assets	11,843	3.31%	11,694	2.96%	11,220	2.86%	-4%	-5%

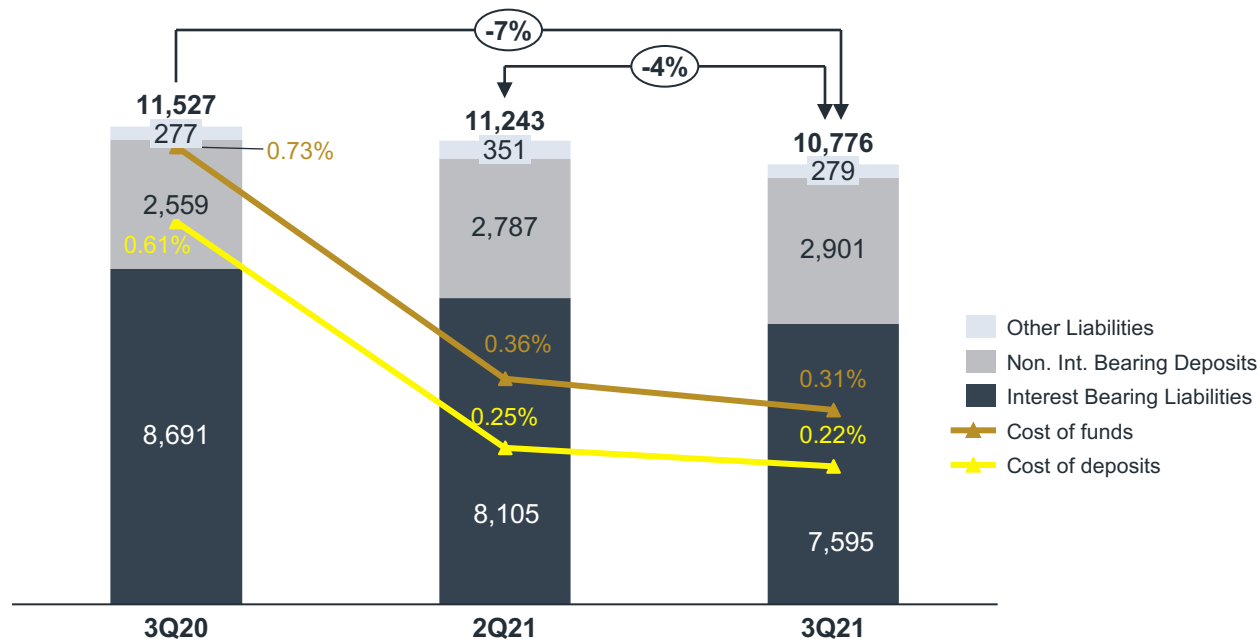
\$M Avg Balances (Non GAAP)	3Q20	2Q21	3Q21	QoQ %	YoY %
Avg PPP Loans (in C&I)	707	321	90	-72%	-87%
Avg Mid Atlantic (MA) Loans	319	269	155	-42%	-51%
Non-Strategic Loans (Avg Bals)	323	206	174	-16%	-46%
Avg Lns Ex PPP, MA, Non-Strat	7,854	6,889	6,727	-2%	-14%
C&I ex PPP Loans	1,485	1,284	1,280	0%	-14%

HIGHLIGHTS

- Loan portfolio declined driven primarily by runoff of PPP and non-strategic loan portfolios, sale of Mid-Atlantic business and continued attrition of commercial and residential loan portfolios
 - CRE loan portfolio -10% YoY and flat QoQ
 - Excluding PPP, C&I loan portfolio -14% YoY and flat QoQ
 - Excluding PPP, Mid-Atlantic loans and non-strategic portfolios, total loans -14%YoY and -2% QoQ
- Investments +54% YoY and +2% QoQ
- Overall Loan yields +9bps YoY and -7bps QoQ

3Q 2021 FINANCIAL HIGHLIGHTS – AVERAGE LIABILITIES

(\$ M)

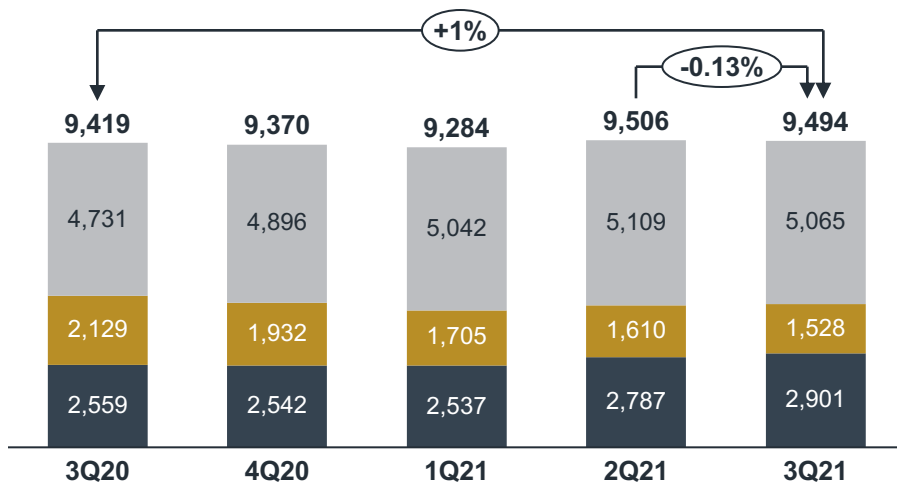


HIGHLIGHTS

- **Significant improvement in cost of funds**
 - 3Q21 cost of funds at 31bps; down 42bps YoY and 5bps QoQ
- **Significant improvement in cost of deposits**
 - 3Q21 cost of deposits at 22bps; down 39bps YoY and 3bps QoQ
- **Continued momentum in growth of lower cost deposits**
 - Non-interest bearing deposits +13% YoY and +4% QoQ
- **Cost of total deposits declining twice as fast as peers YoY¹**

\$M Avg Balances, Cost %	3Q20		2Q21		3Q21		QoQ %	YoY %
NOW, Money market & Savings	\$4,858	0.29%	\$5,194	0.12%	\$5,144	0.10%	-1%	6%
Customer CDs	2,129	1.54	1,610	0.81	1,528	0.73	-5%	-28%
Brokered CDs	927	1.82	403	1.48	365	1.43	-10%	-61%
Total int. bearing deposits	7,914	0.81%	7,207	0.35%	7,037	0.31%	-2%	-11%
Non-Int. bearing deposits	2,559		2,787		2,901		4%	13%
Total Deposits	10,473	0.61	9,994	0.25	9,938	0.22	-1%	-5%
Borrowings	777	2.36	381	3.12	253	3.89	-34%	-67%
Mid-Atlantic deposits	-	-	517	0.51	306	0.51	-41%	nm
Total Int. bearing liabilities	8,691	0.95%	8,105	0.49%	7,596	0.43%	-6%	-13%
Other liabilities	277		351		279		-20%	1%
Total Liabilities	11,527	0.73%	11,243	0.36%	10,776	0.31%	-4%	-7%

3Q 2021 FINANCIAL HIGHLIGHTS - FUNDING TRENDS



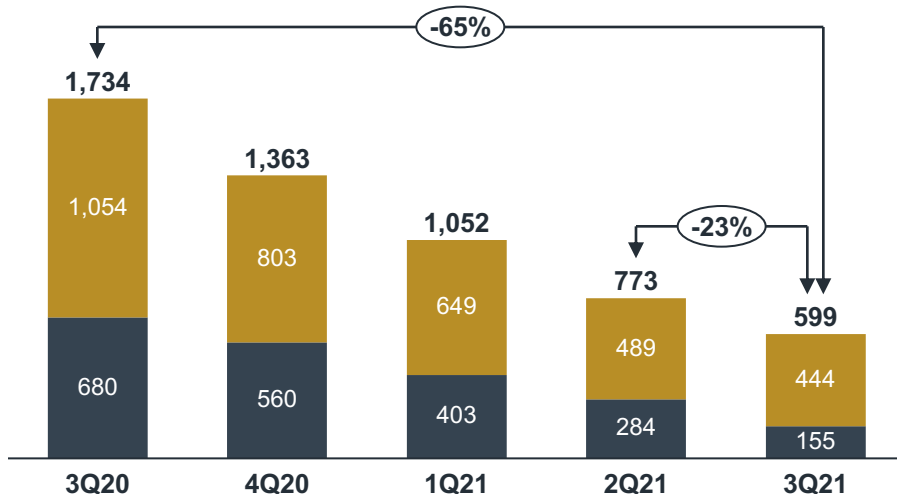
DEPOSITS (\$M, AVG BAL)¹

■ NOW, Money Market, Savings (N, M & S)
■ Customer CDs
■ Non-interest bearing

	3Q20	4Q20	1Q21	2Q21	3Q21
N, M & S Cost	0.28%	0.23%	0.20%	0.12%	0.10%
Customer CD Cost	1.54%	1.22%	0.95%	0.81%	0.73%

HIGHLIGHTS

- Low cost NOW, Money Market and Savings deposits +6% YoY
- Customer CD yields continue repricing lower; 3Q21 Cost of CDs at 73bps, down 81bps YoY



WHOLESALE FUNDING (\$M, AVG BAL)²

■ Brokered Deposits
■ FHLB Borrowing

	3Q20	4Q20	1Q21	2Q21	3Q21
Brokered Cost	1.68%	1.55%	1.44%	1.26%	1.20%
FHLB Borrowing Cost	1.84%	1.89%	2.00%	2.13%	2.56%

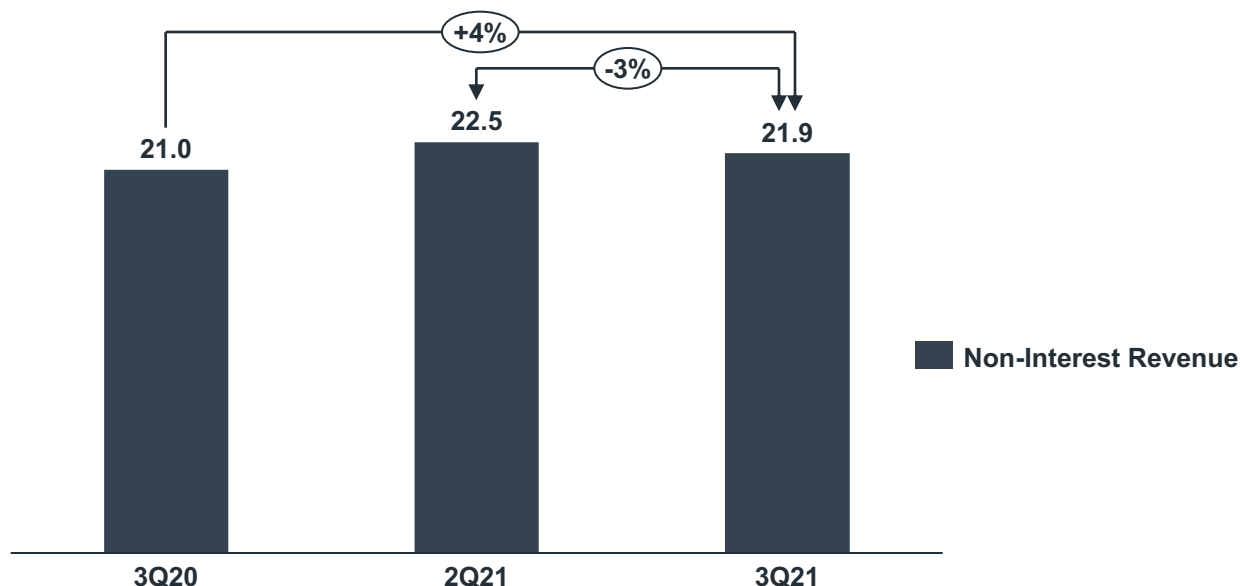
HIGHLIGHTS

- High cost wholesale funding -23% QoQ and -65% YoY
- Prepaid FHLB Borrowing in 3Q21; end-of-period 3Q21 FHLB borrowing at \$13.4M

7 ¹ Deposit amounts exclude Mid-Atlantic branch interest bearing deposits. Brokered deposits include \$79M in reciprocal NOW and money market brokered deposits. ² Wholesale excludes \$97M of subordinated borrowings.

3Q 2021 FINANCIAL HIGHLIGHTS – FEE REVENUE

(\$ M)

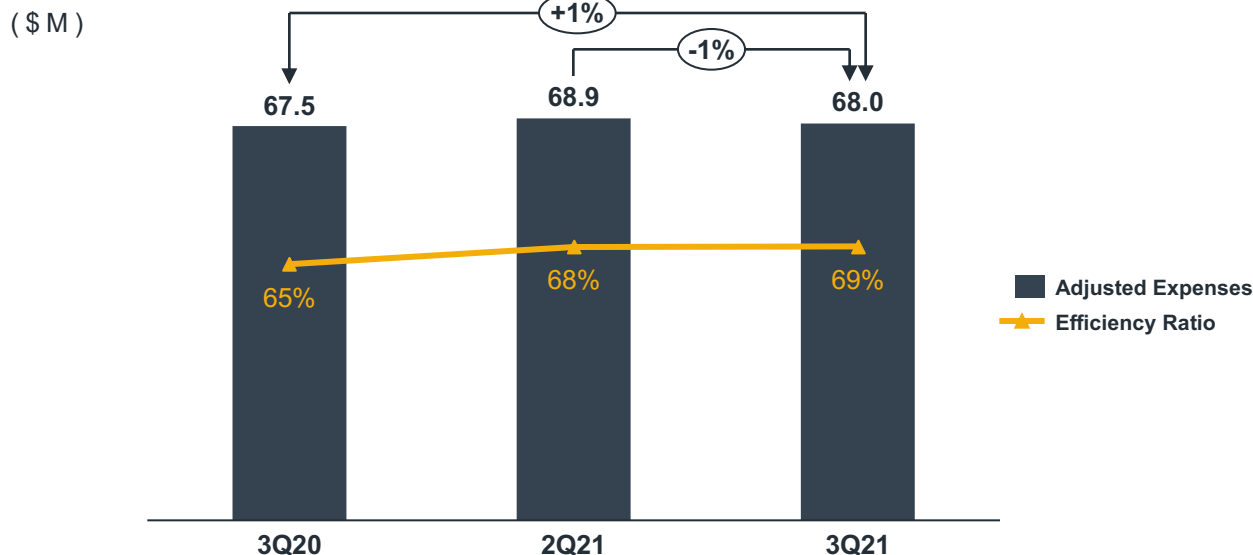


HIGHLIGHTS

- **Adjusted non-interest income +4% YoY and -3% QoQ**
 - YoY increase driven by strength in deposit related fees, loan fees and wealth management fees
 - QoQ decline due to only 2 months of insurance revenue and lower other revenue from higher tax credit impairment
- **Adjusted non-interest income excluding insurance +11% YoY**
- **Continuing growth in SBA lending business; +56% YoY and +3% QoQ**

\$ M	3Q20	2Q21	3Q21	QoQ %	YoY %
Deposit related fees	\$7.1	\$7.5	\$7.7	2%	8%
Loan fees and revenue	5.0	7.4	\$8.3	11%	66%
Insurance commissions and fees	2.7	2.3	\$1.6	-31%	-41%
Wealth management fees	2.3	2.5	\$2.7	5%	15%
Mortgage banking originations	2.0	0.5	\$0.5	-14%	-77%
Other	1.9	2.2	1.3	-42%	-34%
Adjusted non-interest income	\$21.0	\$22.5	\$21.9	-3%	4%
Securities & other gains (losses)	(1.0)	(0.5)	51.7	nm	nm
Total non-interest income¹	\$20.0	\$22.0	\$73.6	nm	nm
Adj non-int inc ex Insurance (Non GAAP)	\$18.3	\$20.2	\$20.3	1%	11%

3Q 2021 FINANCIAL HIGHLIGHTS - EXPENSES



HIGHLIGHTS

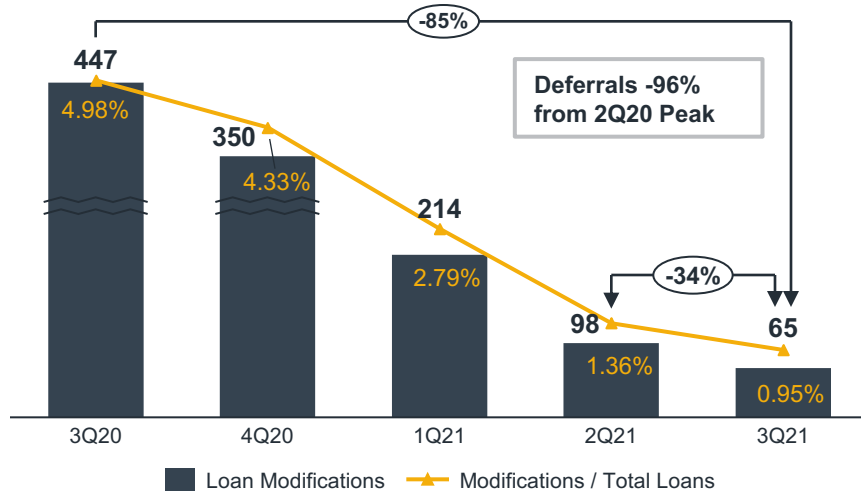
- **Adjusted expenses essentially flat YoY and QoQ**
 - Lower occupancy, equipment and other miscellaneous expenses
 - Offsets were higher compensation & benefits, and professional services expenses YoY
 - Professional services expenses have trended down the last 3 quarters
- **Net restructuring expenses of \$1.4 million driven by real estate closures, severance and FHLB prepayments**

\$M	3Q20	2Q21	3Q21	QoQ %	YoY %
Compensation & Benefits	\$34.8	\$37.0	\$37.1	0%	6%
Occupancy and Equipment	11.1	10.6	10.4	-2%	-6%
Technology & Comm	8.5	8.2	8.4	2%	-2%
Professional Services	2.6	3.7	3.2	-14%	24%
Other Expenses	10.5	9.4	9.0	-4%	-15%
Expenses (Adjusted)¹	\$67.5	\$68.9	\$68.0	-1%	1%
Merger, restructuring & other non-op expenses	5.3	0.0	1.4	nm	nm
Expenses (GAAP)	\$72.8	\$68.9	\$69.5	1%	-5%
Expenses Adj Excl Ins (Non GAAP)	\$65.6	\$67.9	\$66.9	-1%	2%

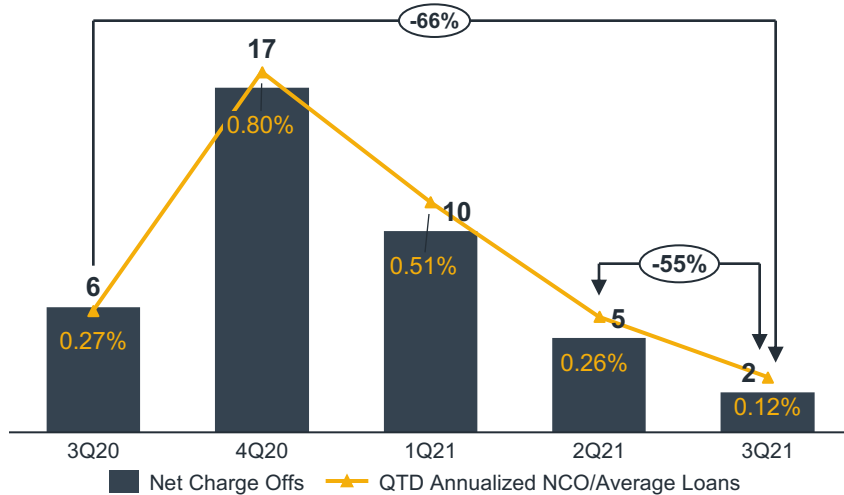
3Q 2021 FINANCIAL HIGHLIGHTS – ASSET QUALITY

(\$ M) SIGNIFICANT IMPROVEMENTS IN OVERALL ASSET QUALITY

COVID Loan Modifications

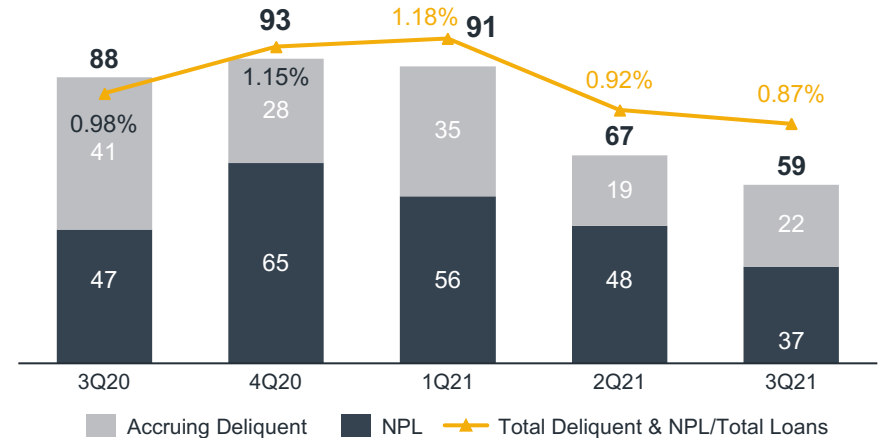


Net Charge Offs

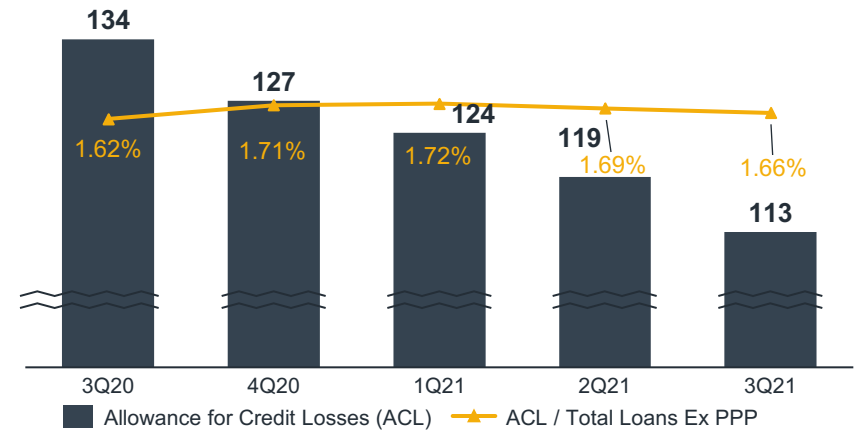


Provision Expense \$1.2 \$10.0 \$6.5 \$0 \$-4.0

Delinquency Trends



Allowance for Credit Losses



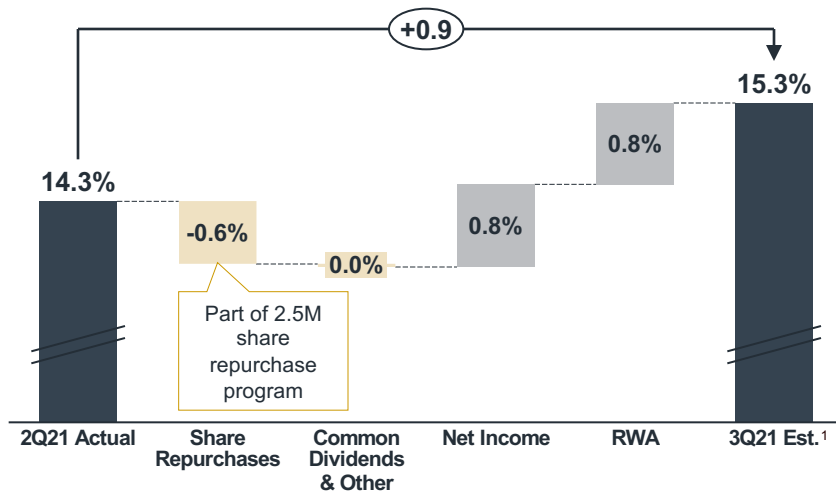
3Q 2021 – CAPITAL AND LIQUIDITY

Capital Ratios (\$M)	2018	2019	2020	1Q21	2Q21	3Q21 ¹
Common equity tier 1 ratio	11.4%	12.1%	13.8%	14.2%	14.3%	15.3%
Tier 1 capital ratio	11.6%	12.3%	14.1%	14.5%	14.6%	15.6%
Total capital ratio	13.0%	13.7%	16.1%	16.6%	16.7%	17.7%
Tier 1 leverage ratio	9.0%	9.3%	9.4%	9.5%	9.5%	9.9%
Risk-weighted assets	9,020	9,629	8,303	8,148	8,026	7,617

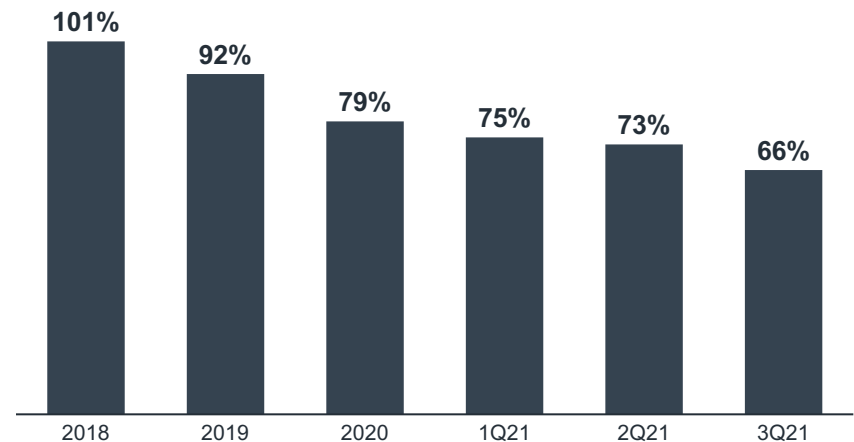
HIGHLIGHTS

- **CET1 and Total Capital Ratio for 3Q21 at 15.3% and 17.7% respectively**
- **Loans/Deposits of 66% providing attractive opportunity to profitably fund loan growth**
- **Returned \$54.1M of capital to shareholders in 3Q21 through repurchases and dividends amounting to 211% of 3Q21 adjusted net income**
- Common stock dividend of \$0.12 per share, \$6.1M, 10% payout ratio; 24% payout ratio using adjusted net income
 - Repurchased 1,755,058 shares for \$48.0M, 3.5% of outstanding shares, avg. price of \$27.33

SOURCES & USES OF CAPITAL

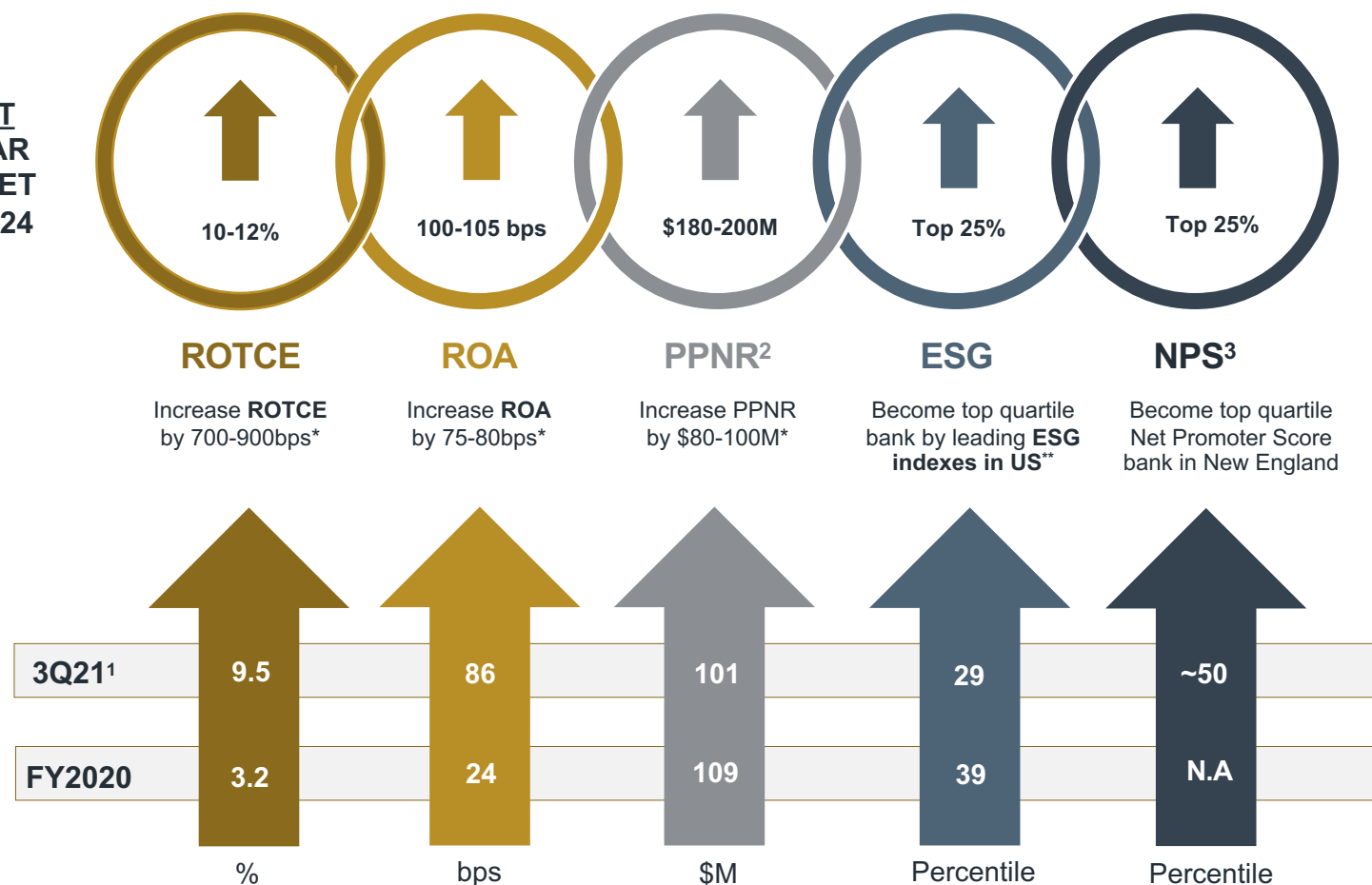


LOANS/DEPOSITS RATIO



3Q 2021 – “BEST” PROGRESS VS GOAL

**BEST
3 YEAR
TARGET
for 2024**





STRENGTHENING COMMITMENT TO ESG & COMMUNITY IMPACT



Fueling
Small
Businesses



Community
Financing &
Philanthropy



Financial
Access &
Empowerment



Environmental
Sustainability

BEST Community Comeback



Every community deserves a **COMEBACK**.
Today is all about yours.

Berkshire's multi-year BEST Community Comeback will help strengthen communities through lending and investments in four key areas: fueling small businesses, community financing and philanthropy, financial access and empowerment, and environmental sustainability. It integrates with the Company's overall transformation plan (BEST) and drives triple bottom line (people, planet and performance) impact.

berkshirebank.com/comeback



IMPACT | 2030





BERKSHIRE BANK – A UNIQUE COMEBACK STORY

- **Strong capital position that will enable loan growth & capital deployment to shareholders**
 - **Combination of digitization, productivity growth & partnerships to drive originations growth**
 - **Renewed focus on Customer Experience and NPS, aligned with financial performance objectives**
 - **Outsized cost of funds reduction in coming quarters**
 - **“Self-help” plan, i.e. no rate hike benefits in BEST plan**
 - **Unique ESG performance metrics/focus, consistent with 175 years of purpose-driven orientation**
 - **Opportunities to hire talented bankers from banks impacted by M&A/MOE activities**
 - Lucy Bellomia – EVP, Head of Retail Banking
 - Ellen Steinfeld – EVP, Head of Consumer Lending & Payments
 - Jeff Klaus – SVP, Regional President, Commercial Banking
-and many other talented bankers to drive and support originations/revenue growth in 2022 & beyond



APPENDIX

NON-GAAP RECONCILIATION

		At or for the Quarters Ended					
		Sept. 30,	Dec. 31,	March 31,	June 30,	Sept. 30,	
		2020	2020	2021	2021	2021	
<i>(in thousands)</i>							
Total revenue from continuing operations	(A)	\$ 97,018	\$ 99,036	\$ 101,286	\$ 97,404	\$ 145,003	
Adj: Net securities losses/(gains) (1)		1,017	(2,405)	31	484	166	
Adj: Net (gains) on sale of business operations and assets		-	(1,240)	-	-	(51,885)	
Total adjusted revenue (2)	(B)	\$ 98,035	\$ 95,391	\$ 101,317	\$ 97,888	\$ 93,284	
Total non-interest expense from continuing operations	(C)	\$ 72,843	\$ 71,796	\$ 78,154	\$ 68,872	\$ 69,460	
Less: Merger, restructuring and other expense		(5,316)	(523)	(3,486)	(6)	(1,425)	
Adjusted non-interest expense (2)	(D)	\$ 67,527	\$ 71,273	\$ 74,668	\$ 68,866	\$ 68,035	
Pre-tax, pre-provision net revenue (PPNR) from continuing operations	(A-C)	\$ 24,175	\$ 27,240	\$ 23,132	\$ 28,532	\$ 75,543	
Adjusted pre-tax, pre-provision net revenue (PPNR)	(B-D)	30,508	24,118	26,649	29,022	25,249	
Net income		\$ 21,225	\$ 15,009	\$ 13,031	\$ 21,636	\$ 63,749	
Adj: Net securities losses/(gains) (1)		1,017	(2,405)	31	484	166	
Adj: Net (gains) on sale of business operations and assets		-	(1,240)	-	-	(51,885)	
Adj: Restructuring expense and other expense		5,316	523	3,486	6	1,425	
Adj: Loss from discontinued operations before income taxes		2,477	5,114	-	-	-	
Adj: Income taxes benefit/(expense)		(3,611)	(2,939)	(533)	(22)	12,240	
Total adjusted income (2)	(E)	\$ 26,424	\$ 14,062	\$ 16,015	\$ 22,104	\$ 25,695	
<i>(in millions, except per share data)</i>							
Total average assets	(F)	\$ 12,660	\$ 12,446	\$ 12,468	\$ 12,417	\$ 11,925	
Total average shareholders' equity	(G)	1,133	1,150	1,159	1,174	1,150	
Total average tangible shareholders' equity (2)(3)	(H)	1,091	1,110	1,125	1,141	1,118	
Total average tangible common shareholders' equity (2)(3)	(I)	1,071	1,103	1,125	1,141	1,118	
Total tangible shareholders' equity, period-end (2)(3)	(J)	1,138	1,153	1,142	1,143	1,147	
Total tangible common shareholders' equity, period-end (2)(3)	(K)	1,118	1,153	1,142	1,143	1,147	
Total tangible assets, period-end (2)(3)	(L)	12,574	12,803	12,724	12,241	11,815	
Total common shares outstanding, period-end (thousands)	(M)	50,306	50,833	50,988	50,453	48,657	
Average diluted shares outstanding (thousands)	(N)	50,329	50,355	50,565	50,608	48,744	
GAAP earnings per common share, diluted (2)		\$ 0.42	\$ 0.30	\$ 0.26	\$ 0.43	\$ 1.31	
Adjusted earnings per common share, diluted (2)	(E/N)	0.53	0.28	0.32	0.44	0.53	
Tangible book value per common share, period-end (2)	(K/M)	22.22	22.68	22.39	22.66	23.58	
Total tangible shareholders' equity/total tangible assets (2)	(J/L)	9.05	9.01	8.98	9.34	9.71	
Performance ratios (4)							
GAAP return on equity	%	7.50 %	5.22 %	4.50 %	7.37	22.18 %	
Adjusted return on equity (2)	(E/G)	9.33	4.89	5.53	7.53	8.94	
Return on tangible common equity (2)(5)		8.32	5.85	4.98	7.92	23.14	
Adjusted return on tangible common equity (2)(5)	(E+Q)/(I)	10.27	5.50	6.04	8.08	9.53	
GAAP return on assets		0.67	0.48	0.42	0.70	2.14	
Adjusted return on assets (2)		0.84	0.45	0.51	0.71	0.86	
PPNR from continuing operations/assets (2)		0.76	0.88	0.74	0.92	2.53	
Adjusted PPNR/assets (2)		0.97	0.78	0.85	0.93	0.85	
Efficiency ratio (2)(6)	(D-Q)/(B+O+R)	65.39	71.03	71.32	67.82	68.76	
Net interest margin, FTE		2.61	2.61	2.62	2.62	2.56	
Supplementary data (in thousands)							
Tax benefit on tax-credit investments (7)	(O)	\$ 1,377	\$ 1,334	\$ 41	\$ 79	\$ 2,195	
Non-interest income charge on tax-credit investments (8)	(P)	(1,090)	(971)	(33)	(175)	(1,789)	
Net income on tax-credit investments	(O+P)	287	363	9	(96)	406	
Intangible amortization	(Q)	\$ 1,530	\$ 1,513	\$ 1,319	\$ 1,297	\$ 1,296	
Fully taxable equivalent income adjustment	(R)	1,512	1,485	1,494	1,660	1,586	



NON-GAAP RECONCILIATION - NOTES

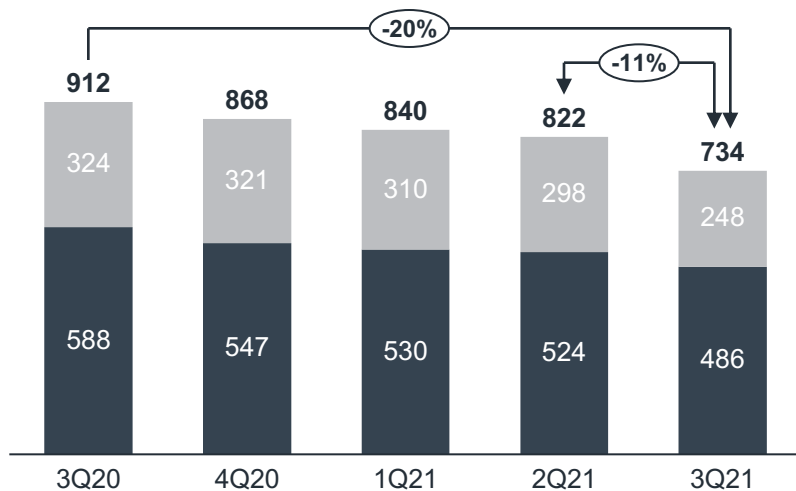
- (1) Net securities losses/(gains) include the change in fair value of the Company's equity securities in compliance with the Company's adoption of ASU 2016-01.
- (2) Non-GAAP financial measure.
- (3) Total tangible shareholders' equity is computed by taking total shareholders' equity less the intangible assets at period-end. Total tangible assets is computed by taking intangible assets at period-end.
- (4) 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.
- (5) Adjusted return on tangible equity is computed by dividing the total adjusted income/(loss) adjusted for the tax-effected amortization of intangible assets, assuming a 27% marginal rate, by tangible equity.
- (6) Efficiency ratio is computed by dividing total adjusted tangible non-interest expense by the sum of total net interest income on a fully taxable equivalent basis and total adjusted non-interest income adjusted to include tax credit benefit of tax shelter investments. The Company uses this non-GAAP measure to provide important information regarding its operational efficiency.
- (7) The tax benefit is the direct reduction to the income tax provision due to tax credits and deductions generated from investments in historic rehabilitation and low-income housing.
- (8) The non-interest income charge is the reduction to the tax-advantaged investments, which are incurred as the tax credits are generated.

3Q 2021 – COVID SENSITIVE SEGMENTS

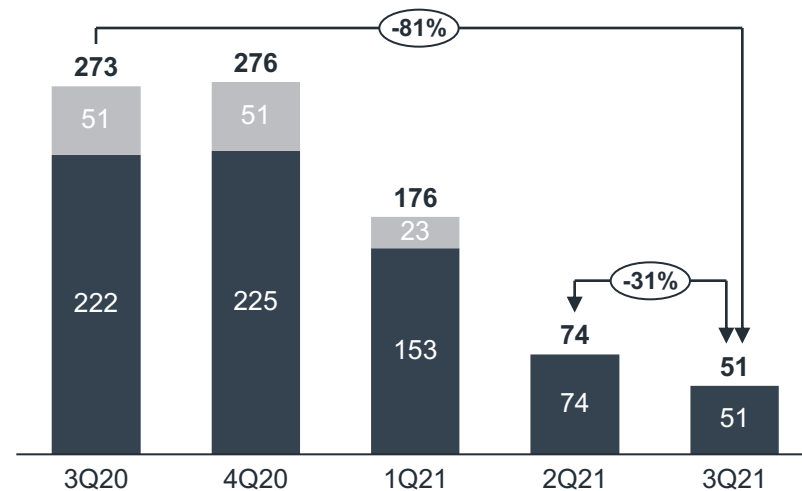
Covid sensitive segments include:
Hospitality, Firestone, Restaurant & Nursing/Assisted Living loans

(\$ M) **SIGNIFICANT IMPROVMENTS IN COVID SENSITIVE SEGMENT ASSET QUALITY**

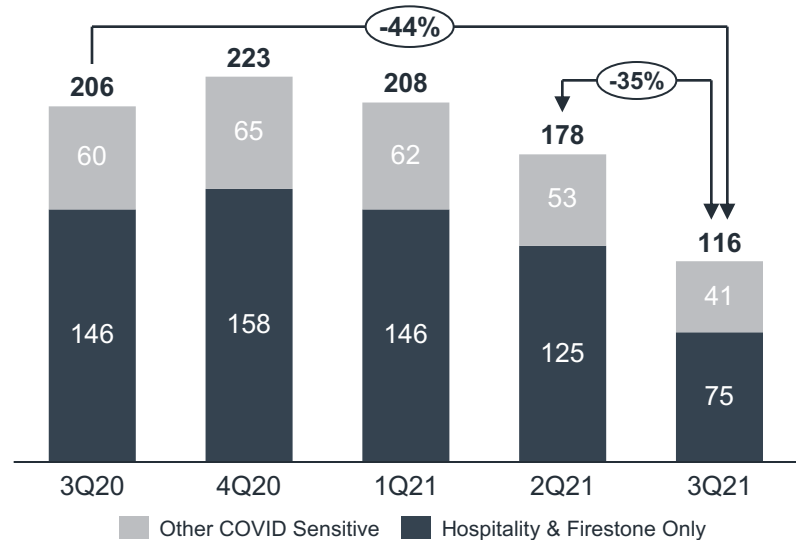
Loan Balances



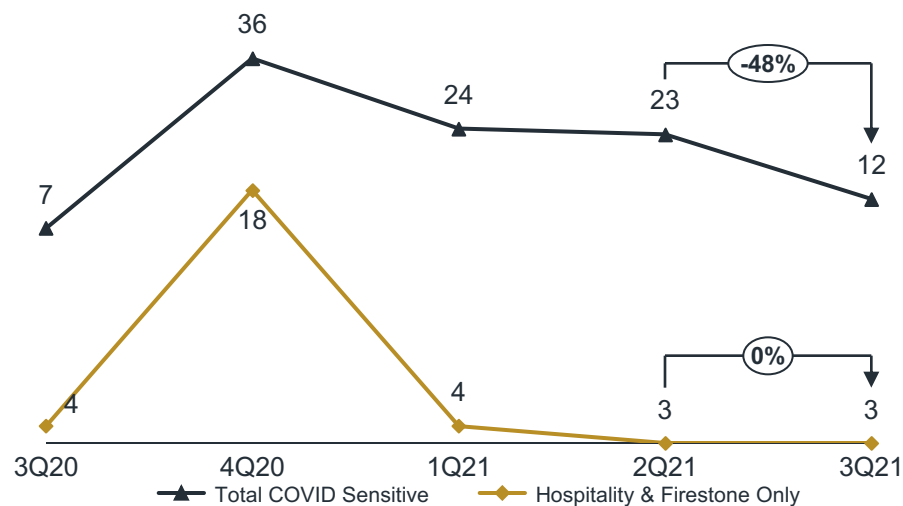
COVID Deferrals



Criticized



Non-Accrual Loans



3Q 2021 – HOSPITALITY & FIRESTONE

Hospitality 4.5% of Total Loans

(\$M)	3Q20	4Q20	1Q21	2Q21	3Q21	QoQ %	YoY %
Loans	330	301	302	317	308	-3%	-7%
COVID Deferrals	160	146	109	68	51	-25%	-68%
Criticized	90	75	63	59	39	-34%	-57%
Nonaccrual	2	13	1	1	0	nm	nm
Accruing Delinquent	-	-	-	-	-	nm	nm

Firestone 2.6% of Total Loans

(\$M)	3Q20	4Q20	1Q21	2Q21	3Q21	QoQ %	YoY %
Loans	258	246	227	207	178	-14%	-31%
COVID Deferrals	62	79	44	6	-	-100%	-100%
Criticized	56	83	83	66	36	-45%	-36%
Nonaccrual	2	5	4	3	3	-10%	8%
Accruing Delinquent	1	1	0	4	0	-92%	-70%

HIGHLIGHTS

- Travel and hospitality portfolio has responded positively to economic reopening; Average occupancy and room revenue have increased by 37% and 76% respectively from August 2020 to August 2021.
- Deferrals reduced by 25% QoQ and 68% YoY; with all remaining deferrals paying interest. 4Q deferrals are projected to decline by over 75%
- Criticized levels reduced by 34% QoQ and 57% YoY as the portfolio performance continues to improve

HIGHLIGHTS

- Firestone segment exposure down 14% QoQ and 31% YoY
- Deferrals have reduced to zero as customers return to full contractual payment schedules
- Criticized loans declined 45% QoQ as benefits from Government stimulus and lifting of state restrictions significantly improved portfolio performance

Restaurants 1.8% of Total Loans

(\$M)	3Q20	4Q20	1Q21	2Q21	3Q21	QoQ %	YoY %
Loans	135	128	123	121	119	-2%	-12%
COVID Deferrals	23	23	15	-	0	nm	-100%
Criticized	21	26	27	27	26	-4%	24%
Nonaccrual	3	3	2	3	3	3%	nm
Accruing Delinquent	0	1	2	2	1	nm	nm

Nursing/Assisted Living 1.9% of Total Loans

(\$M)	3Q20	4Q20	1Q21	2Q21	3Q21	QoQ %	YoY %
Loans	189	193	187	177	130	-27%	-31%
COVID Deferrals	28	28	8	-	-	-	-100%
Criticized	39	39	35	26	15	-42%	-62%
Nonaccrual	-	15	17	17	6	-65%	100%
Accruing Delinquent	8	9	2	-	-	-	-100%

HIGHLIGHTS

- Deferrals reduced to zero as states have lifted restrictions on operations and capacity limits
- Approximately 20% of the loans comprise of quick serve establishments that have exhibited solid operating performance throughout the pandemic
- Portfolio has benefited from government stimulus relief programs designated for small restaurants

HIGHLIGHTS

- Deferrals have reduced to zero and original payment terms have resumed
- Criticized and Nonaccrual declined 42% and 65% QoQ, respectively, as certain Healthcare exposures were exited
- Customers have active facility management with strict operating protocols and very high vaccination rates

3Q 2021 - PPP IMPACT

Balance Sheet (\$M)	2Q20	3Q20	4Q20	1Q21	2Q21	3Q21
Avg Earning Assets	\$11,966	\$11,843	\$11,642	\$11,710	\$11,694	\$11,220
Avg Loans	9,476	9,203	8,596	7,869	7,416	\$6,991
Avg PPP Loans (in C&I)	461	707	685	546	321	\$90
Avg Loans Ex PPP Loans	9,015	8,496	7,911	7,323	7,095	\$6,901
EOP PPP Loans	706	708	633	444	173	\$46
EOP Loans Ex PPP Loans	8,664	8,274	7,448	7,215	7,059	\$6,790

Income Statement (\$M)	2Q20	3Q20	4Q20	1Q21	2Q21	3Q21
PPP Interest Income ¹	\$3.2	\$4.4	\$5.7	\$6.6	\$5.1	\$2.1
PPP Referral Fee Income ²	-	-	-	1.5	0.3	-
BHLB Cost of Funds (annual)	0.92%	0.73%	0.60%	0.48%	0.36%	0.31%
Est Interest Expense on funding PPP Activities ³	1.1	1.3	1.0	0.7	0.3	0.1
Pre-tax Income statement impact	2.1	3.1	4.7	7.4	5.1	2.0



JEFFREY W. KIP



Mr. Kip, age 53, is Chief Executive Officer of Angi International which provides internet tools and resources for home improvement, maintenance, and repair projects. Angi International is a subsidiary of IAC/InterActive Corp (NASDAQ: IAC), which owns and manages popular online brands and services.

Prior to his role as Chief Executive Officer, Mr. Kip was the Chief Financial Officer of IAC/InterActive Corp from 2012-2016. Mr. Kip's previous positions include Chief Financial Officer of Panera Bread, LLC from 2006 – 2012. Mr. Kip will be considered an independent director, and the Board of Directors has determined that Mr. Kip will qualify as an Audit Committee Financial Expert under the rules of the Securities and Exchange Commission.