

**NYSE:BHLB**

**Berkshire Hills Bancorp**  
**Investor Presentation**

<https://ir.berkshirebank.com>



NOVEMBER 5, 2024

 **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 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](http://www.sec.gov).

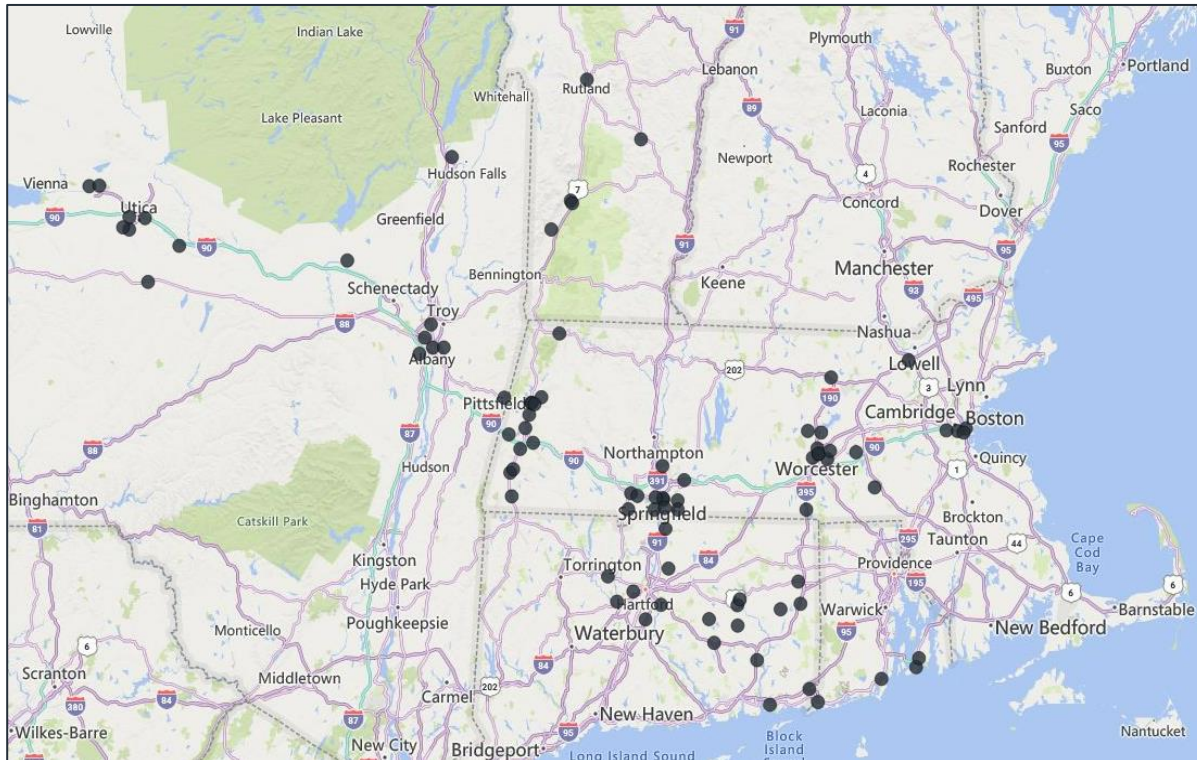
Accordingly, you should not place undue reliance on forward-looking statements, which reflect our expectations only as of the date of this document. Berkshire does not undertake any obligation to update forward-looking statements.

## **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](http://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.

# Berkshire At a Glance

## Branches across Massachusetts, New York, Connecticut, Vermont, and Rhode Island



**Founded: 1846**

**Total Assets: \$11.6Bn<sup>1</sup>**

**Market Cap: ~\$1.15Bn<sup>2</sup>**

**HQ: Boston, MA**

**Workforce: ~1,280**

● BHLB branch network following NY branch sale, which was completed in 3Q24

**Lines of Business**

**Retail Footprint**

**Berkshire One**

- **Commercial and Private Banking; Retail Banking; Consumer Lending; SBA Lending; Wealth Management**
- **83 Branches as of 3Q24; 101 ATMs**
- **Launched a new digital-first deposits product solution with differentiated value proposition**

# 3Q 2024 – Highlights of the Quarter

## Financial Performance

### **Robust improvement in operating earnings<sup>1</sup>**

- Operating EPS of \$0.58 (+5% QoQ and +16% YoY)
- Operating Net Income of \$24.8M (+7% QoQ and +15% YoY)
- Non-Interest Expenses of \$72.3M (+1% QoQ and -2% YoY)
- ROTCE of 9.91% (+26 bps QoQ and +64 bps YoY)

## Balance Sheet Strength

### **Strong asset quality and capital coupled with solid liquidity**

- NCO/Avg Loans of 24 bps; ACL to Loans at 1.22%
  - \$1.9M of NCOs related to sale of Upstart related consumer loans
  - NCO/Avg Loans excluding Upstart loan sale of 16 bps
- CET1 ratio at ~11.9%<sup>2</sup> and TCE/TA at 9.1%; TBVPS growth +6% QoQ and +16% YoY
- Loans to Deposits of 96%; NIBD as % Total Deposits 24% (+1% QoQ and -1% YoY)
- Average Loans +1% QoQ and +3% YoY; Average Deposits +1% QoQ and -3% YoY

## Strategic Progress

### **Continued progress on strategic initiatives**

- Network optimization: completed the previously announced sale of 10 branches in Upstate and Eastern NY
- Balance sheet optimization: sold ~\$47 million of Upstart-related consumer loans to further de-risk balance sheet
- Deposits growth & Digitization: accelerating deposits generation from high value client segment in Commercial & Private Banking group, coupled with successful launch of unique digital deposit product (Berkshire One)

# Key Investment Highlights

1

- Inexpensive valuation; trading slightly above reported TBV and at TBV excluding AOCI<sup>1</sup>

2

- Differentiated expense control; YoY expense growth outperformance relative to peers over last three years

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- Granular and diversified balance sheet with strong credit quality

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- Taking advantage of market disruptions through new strategic hires across business lines

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- Completed sale of select NY branches to improve efficiency

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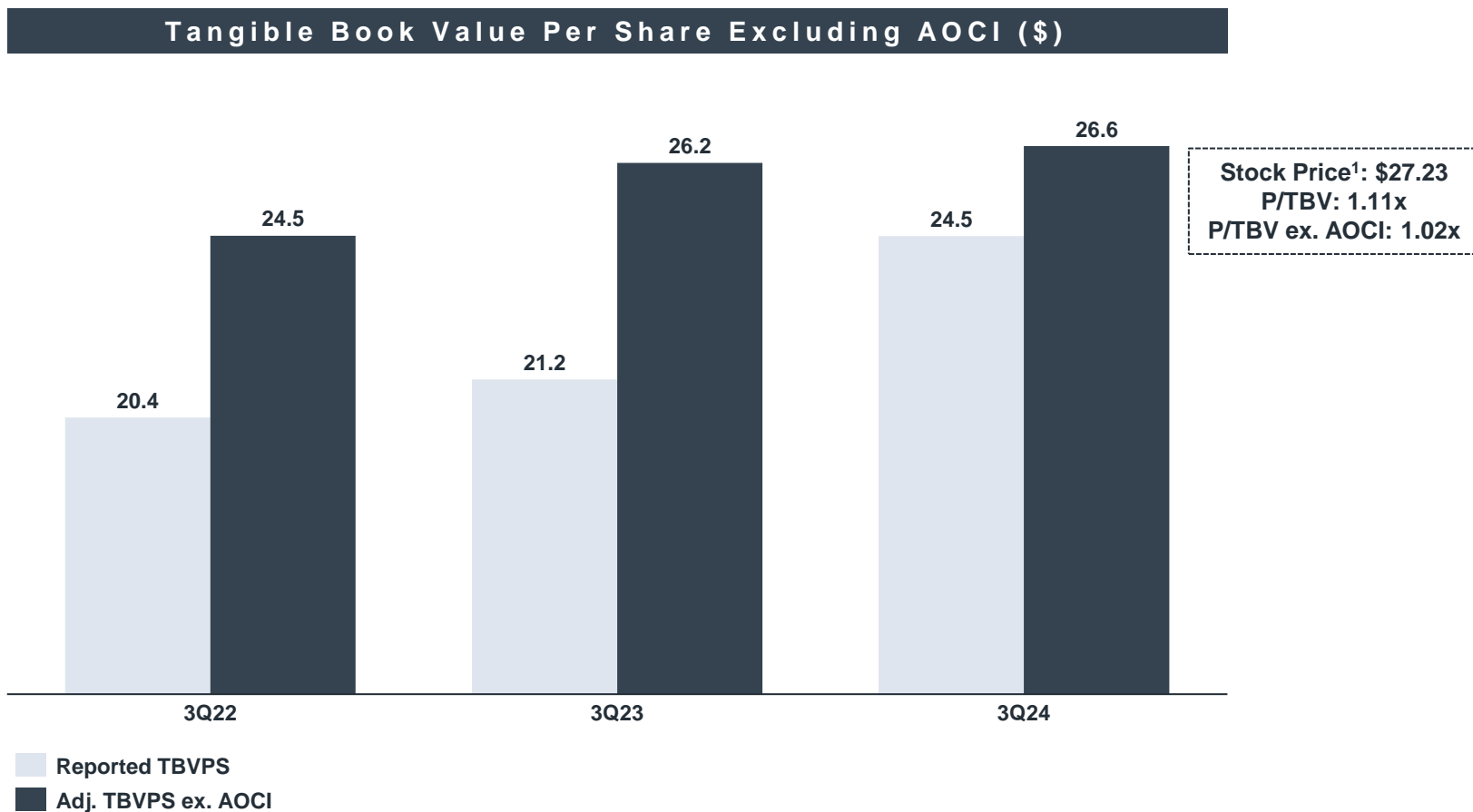
- Further de-risked balance sheet through sale of ~\$47M Upstart-related consumer loans

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- Returned ~\$300 million of capital via dividends and share repurchases to investors since 2021; robust capital position (3Q24 CET1 of 11.9%) to support dividends / share repurchases

## BHLB Stock Trading at TBVPS ex. AOCI

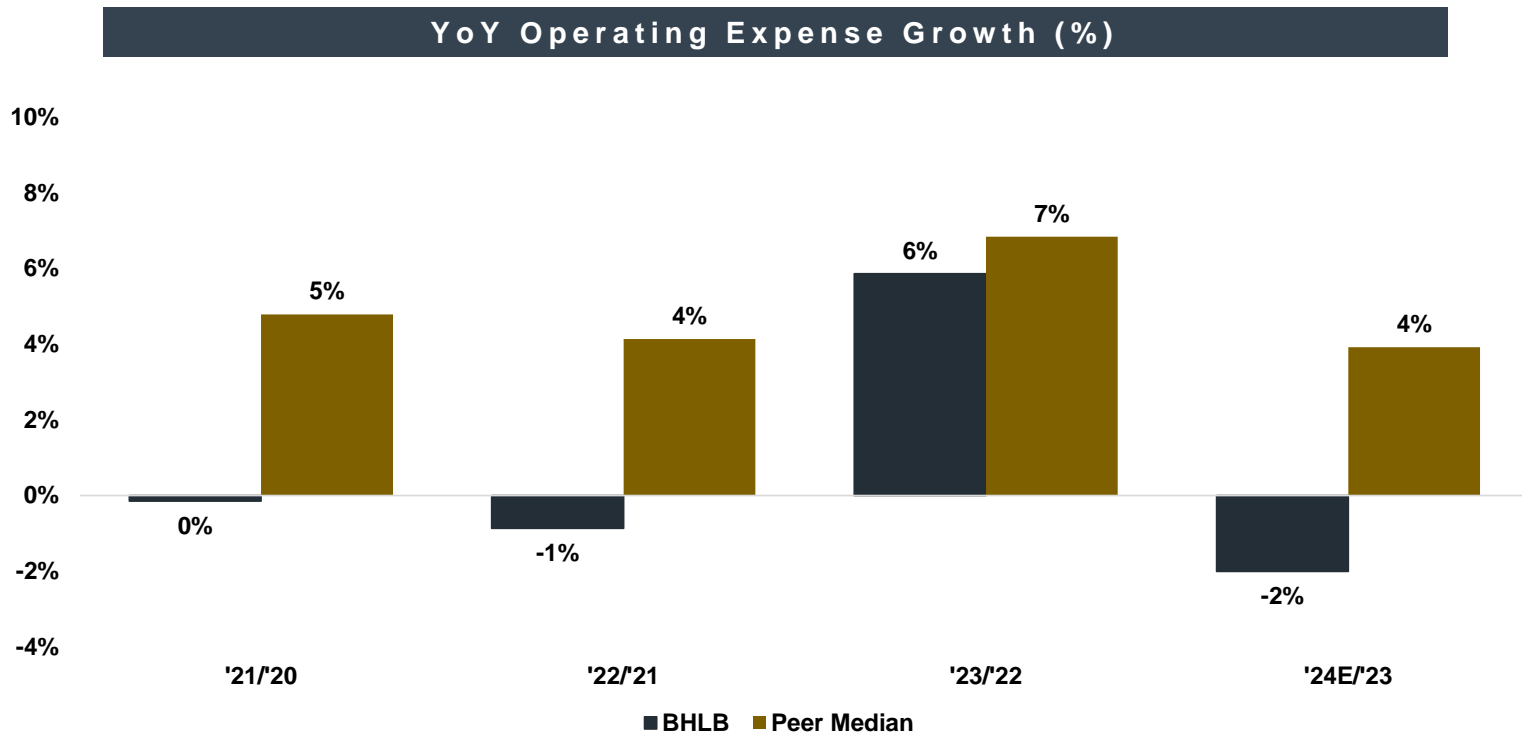
- BHLB trading around Tangible Book Value per Share excluding AOCI marks
- Improved interest rate environment and continued earnings growth will close the gap between the reported and adjusted figures



# Operating Expense Growth Outperformance Relative to Peers

**BHLB has managed Operating Expenses better than peers in last three years**  
**Analysts expect BHLB expenses to be -2% in 2024 vs. peers +4%**

- Berkshire's commitment to managing expenses with discipline and transparency has led to a reduction in its overall expense base
- Operating Expense growth YoY has been better than peers due to BHLB's focus on expense optimization



# Taking Advantage of Market Disruptions

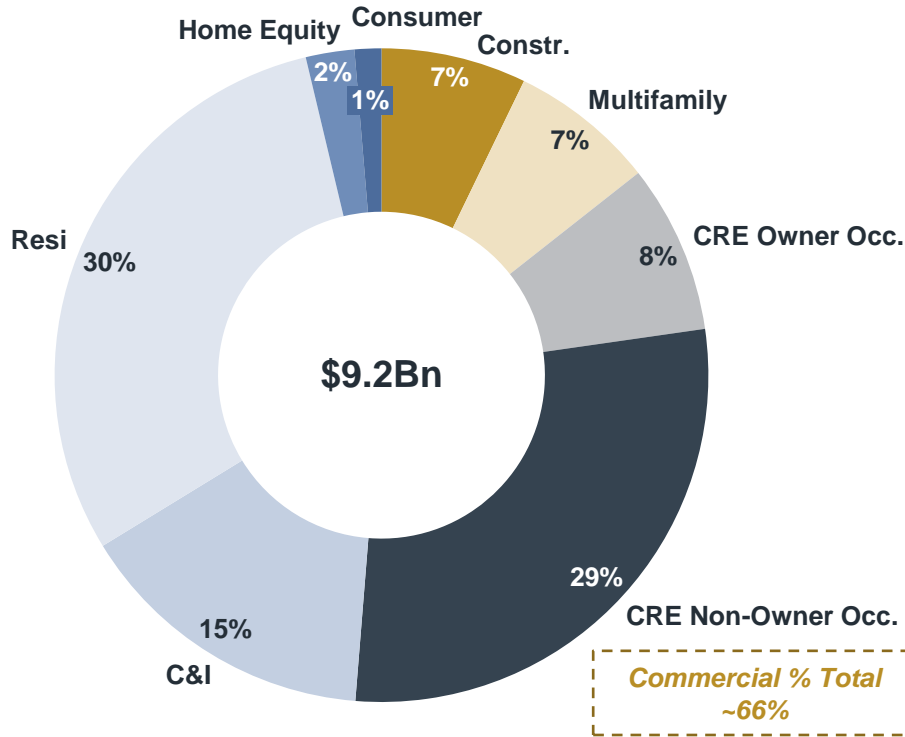
Name	Position	Department	Yrs. of Experience	Previous Experience
<b>Torrance Childs</b>	Chief Commercial Deposit Officer	Private Banking	+30	• Silicon Valley Bank, Bank of America
<b>Michelle Samuel</b>	SVP, Private Banking	Private Banking	+20	• First Republic Bank, Silicon Valley Bank
<b>Heather Rielly</b>	SVP, Private Banking	Private Banking	+25	• Hingham Savings Bank, Silicon Valley Bank
<b>Jason Carosi</b>	SVP, ABL Relationship Manager	ABL - Eastern MA	+20	• Customers Bank, Webster Bank
<b>Donald Matthews</b>	FVP, SBA Lending	44 Business Capital	+15	• Regions Bank, Cadence Bank
<b>Robert Nicols</b>	SVP, Business Banking Team Leader	Business Banking	+30	• Pioneer Bank, KeyBank, First Niagara Bank
<b>Shane Rauh</b>	VP, Business Banking Officer	Business Banking	+20	• Pioneer Bank, Broadview FCU
<b>Keara Piscitelli</b>	Managing Director-Cash Mgmt & Treasury Serv	Commercial/Cash Mgmt	+25	• M&T Bank, People's United Bank
<b>Hind Benyoussef</b>	VP, Cash Management Sales Officer CT/RI	Commercial/Cash Mgmt	+10	• Webster Bank, Citizens Bank
<b>Mildred Deane</b>	SVP, Commercial Relationship Mgr. – CRE	CRE - Capital / Albany	+35	• Citizens Bank
<b>Joseph Lotano</b>	VP, Small Business Banking Officer	MyBanker – Berkshire	+25	• M&T Bank, NBT Bank, TD Bank



# Granular and Diversified Balance Sheet

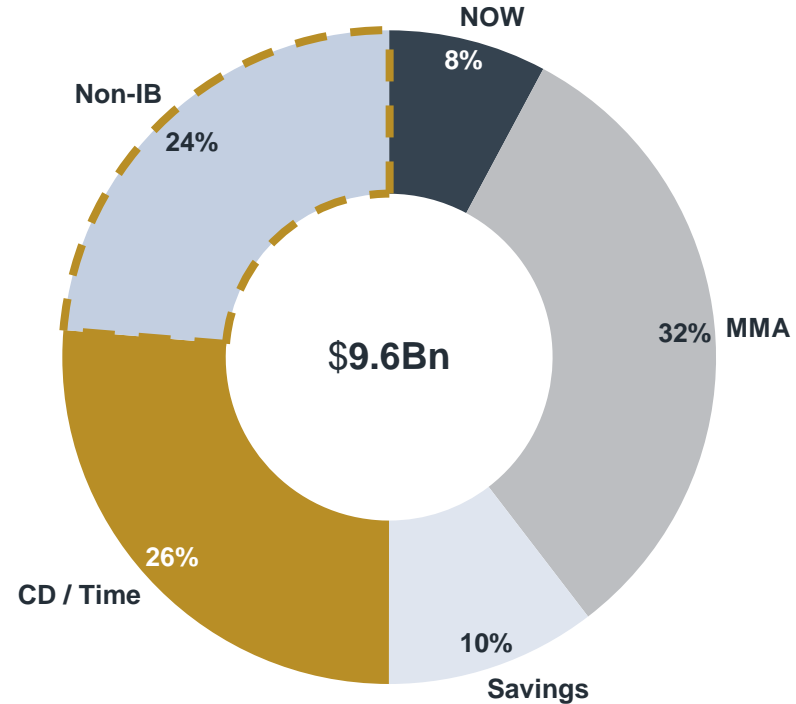
## Loans<sup>1</sup>

Resi. + Consumer % Total  
~34%



Loan Yields: 6.11%<sup>1</sup>

## Deposits<sup>2</sup>



Deposit Costs: 2.42%<sup>2</sup>

End of Period Loan to Deposit Ratio was ~96% in 3Q24<sup>3</sup>

# Run-Off Portfolios

## EOP (\$M)

Portfolios	3Q24	% 3Q24 Total Loans	2Q24	1Q24	4Q23	3Q23	3Q24 Yield (%)	3Q24 NCOs (\$M)	2Q24 NCOs (\$M)	1Q24 NCOs (\$M)	3Q24 NPLs (\$M)	2Q24 NPLs (\$M)	1Q24 NPLs (\$M)
Upstart <sup>1</sup>	10	0.1%	67	78	90	103	~10%	3.8	1.3	2.8	0.01	0.05	0.06
Firestone	48	0.5%	57	66	77	87	~7%	-0.01	0.1	0.8	1.48	1.82	2.03
<b>Total</b>	<b>58</b>	<b>0.6%</b>	<b>124</b>	<b>144</b>	<b>167</b>	<b>190</b>							
\$ Change	(66)		(20)	(23)	(23)	(28)							
% Change	-53%		-14%	-14%	-12%	-13%							

### Upstart Related Loan Sale Details<sup>1</sup>:

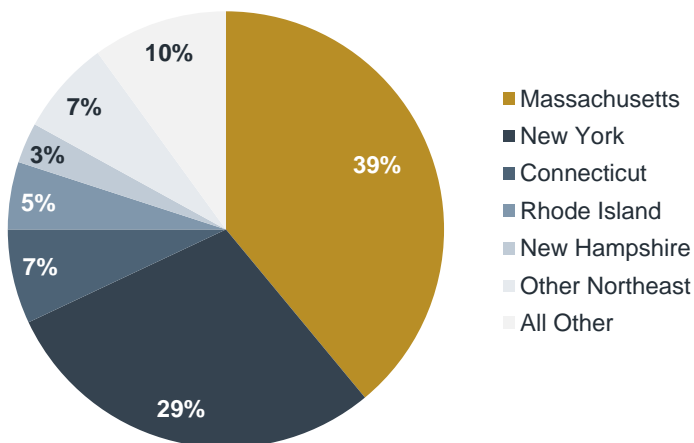
- Sold ~\$47M of Upstart-related consumer loans in October at price of 96% of book value
- Sale resulted in a ~\$1.9M net charge-off recognized in 3Q24
- These loans were recorded as Held for Sale on the balance sheet as of 3Q24
- Remaining portfolio of ~\$10M (or ~11 bps of 3Q24 end of period total loans)

- Weighted Avg. Credit Score of remaining loans ~682

➤ Run-off portfolio now represents ~60 bps of total loans as of 3Q24

# CRE is Well-Diversified by Property Type and Geography

## Portfolio by Geography



## Portfolio by Property Type

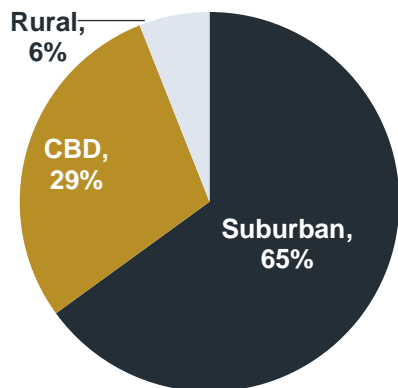
Industry Segment (\$ in millions)	EOP Balance		Non-Accrual % <sup>1</sup>
	\$	% <sup>1</sup>	
Retail Trade	\$ 961	20.3%	0.00%
Multifamily	\$ 663	14.0%	0.10%
Office	\$ 502	10.6%	0.07%
Healthcare	\$ 409	8.6%	0.01%
Hospitality	\$ 348	7.3%	0.00%
Industrial	\$ 190	4.0%	0.00%
Manufacturing	\$ 175	3.7%	0.02%
Transportation & Warehousing	\$ 107	2.3%	0.00%
Scientific Research & Lab	\$ 93	2.0%	0.00%
Education	\$ 84	1.8%	0.00%
Other	\$ 546	11.4%	0.02%
Construction	\$ 662	14.0%	0.00%
<b>Total CRE</b>	<b>\$ 4,742</b>	<b>100.0%</b>	<b>0.22%</b>

## 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 14%, respectively
- Retail exposure primarily anchored by strong grocery and big box tenants in suburban areas (~88%). No significant tenant concentrations, and negligible indoor mall exposure
- Average portfolio DSCR of ~1.6x; Average portfolio LTV of ~64%; and guarantor recourse of ~53%
- Overall CRE NPL rate of 0.22% compares favorably to the 10-year average loan portfolio rate of 0.35%
- Most of the CRE portfolio (~82%) matures after 2025
- Owner-Occupied comprises ~17% of the total CRE portfolio
- Construction loans primarily across Multifamily (~46%) and Industrial (~14%); ~67% of projects are >90% complete or in stabilization

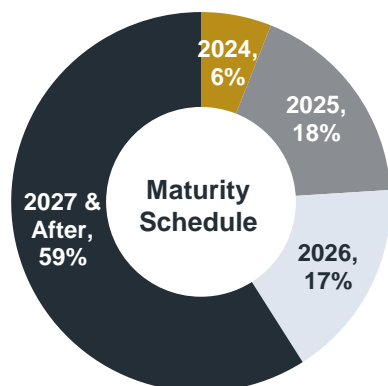
# Office Portfolio

## Office Portfolio & Asset Quality



*~94% of portfolio is within footprint and 65% is Suburban*

*Majority of portfolio (~76%) matures after 2025*



(\$ in millions)	3Q24		2Q24	
	\$	%	\$	%
CRE Office: Owner Occupied	\$ 42.2	8%	\$ 42.8	8%
CRE Office: Non-Owner Occupied	\$ 459.9	92%	\$ 463.4	92%
<b>Total CRE Office</b>	<b>\$ 502.1</b>	<b>100%</b>	<b>\$ 506.2</b>	<b>100%</b>

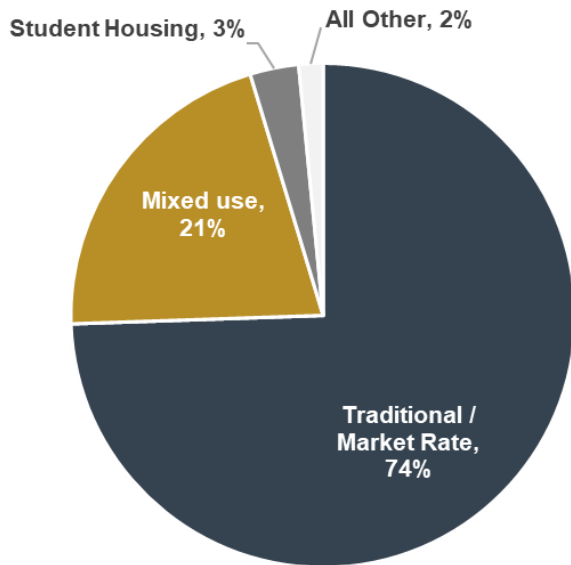
(\$ in millions)	3Q24 Portfolio		Criticized	Non-Accrual
	\$	Avg Size	% <sup>1</sup>	% <sup>1</sup>
Class A	\$ 352.3	\$ 5.3	2.8%	0.0%
Class B	\$ 138.8	\$ 1.4	2.0%	0.7%
Class C	\$ 11.0	\$ 0.6	0.0%	0.0%
	<b>\$ 502.1</b>	<b>\$ 2.8</b>	<b>4.8%</b>	<b>0.7%</b>

## Office Portfolio Metrics

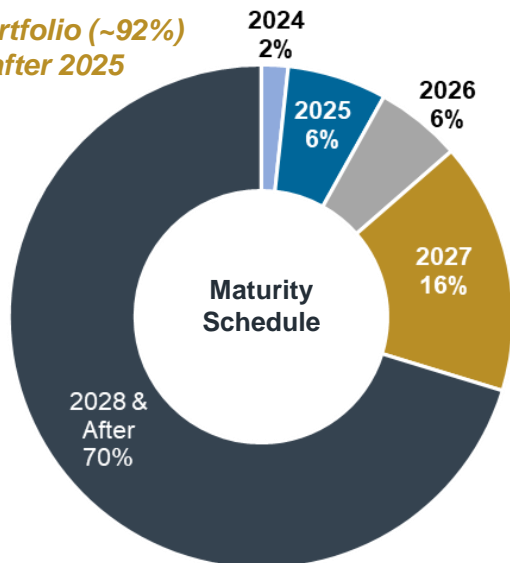
- As of 3Q24, Office CRE portfolio totals \$502M or 5.5% of Total Loans
- Solid portfolio performance with NPLs of ~0.7% and no NCOs
- No exposure to any major metropolitan areas other than Boston, which represents ~16% of the portfolio with no exposure to high-rise office buildings
  - Limited Boston Financial District exposure
- Weighted Average Loan-to-Value is ~59%
- Weighted Average Debt Service Coverage is ~1.5x
- Majority of portfolio (~70%) is Class A Office space
- Owner-Occupied comprises ~8% of the Office portfolio
- Top 20 loan are ~68% of the total CRE Office portfolio
  - Occupancy is ~90%
  - Average size is ~\$17.6MM
  - Majority Class A space (~86%)
- Loans over \$10M have no significant lease expirations until 2027 and have strong sponsors with no material tenant concentration
- According to the FRB, smaller office properties have significantly lower default rates. A majority of BHLB's properties (~80%) are smaller (< 150,000 s.f.), with a weighted average size under 100,000 s.f. <sup>2</sup>

# Multifamily Portfolio

## Multifamily Portfolio



Majority of portfolio (~92%) matures after 2025



## Multifamily Portfolio Metrics

- Multifamily Portfolio is diversified across our markets, with no exposure to NYC properties
- As of 3Q24, Multifamily portfolio totals ~\$664M or ~7.2% of Total Loans
- NPLs and NCOs are primarily isolated to one small credit
- No exposure to any major metropolitan areas other than Boston, which represents ~11% of the portfolio
- Weighted Average Loan-to-Value is ~65%
- Weighted Average Debt Service Coverage is ~1.6x
- Majority of portfolio (~72%) consists of properties with greater than 50 units

## Multifamily Asset Quality

(\$ in millions)	3Q24 Portfolio		Criticized	Non-Accrual
	\$	Avg Size	%	%
Total Portfolio	\$ 663.5	\$ 7.2	1.1%	0.7%
Top 20	\$ 406.6	\$ 15.1	0.0%	0.0%
All Other	\$ 256.9	\$ 1.5	1.1%	0.7%

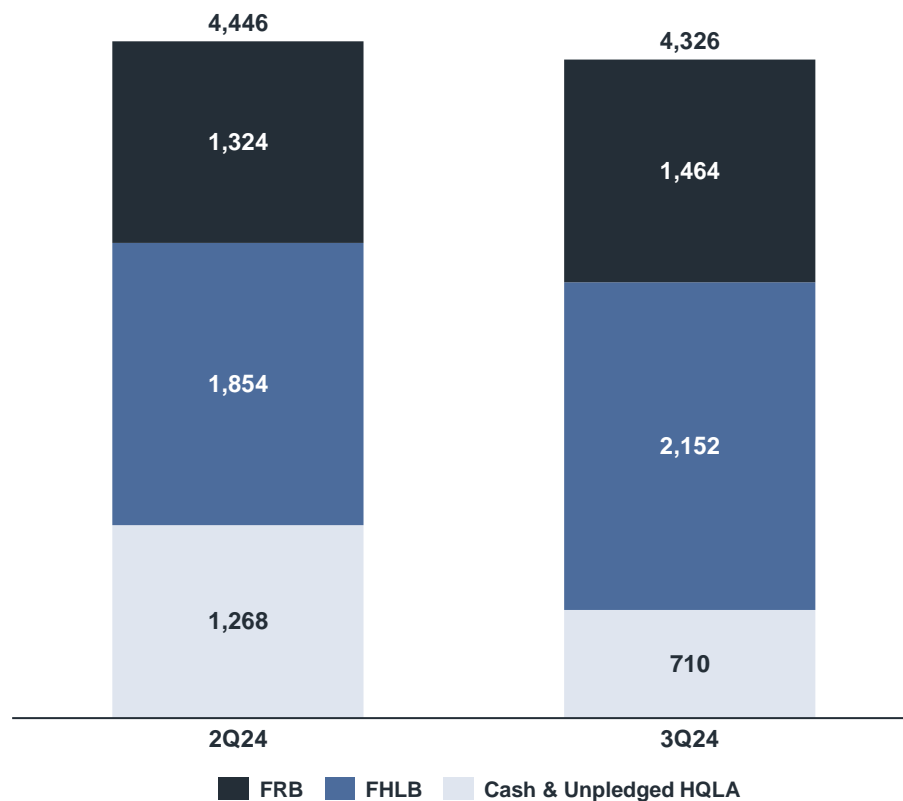
(\$ in millions)	3Q24		2Q24	
	\$	%	\$	%
Traditional / Market Rate	\$ 494.1	74%	\$ 517.8	78%
Mixed use	\$ 138.4	21%	\$ 113.1	17%
Student Housing	\$ 20.7	3%	\$ 24.0	4%
All Other	\$ 10.3	2%	\$ 10.4	1%
<b>Total Multifamily</b>	<b>\$ 663.5</b>	<b>100%</b>	<b>\$ 665.3</b>	<b>100%</b>

# Solid Liquidity to Cover All Uninsured Deposits

## Estimated Uninsured Deposits and Available Liquidity

(\$M)	6/30/24 <sup>3</sup>	9/30/24 <sup>3</sup>
Uninsured Deposits <sup>1</sup>	3,645	3,433
Less: Collateralized Deposits <sup>2</sup>	183	186
<b>Uninsured Deposits (after exclusions)</b>	<b>3,463</b>	<b>3,247</b>
<b>Total Deposits</b>	<b>10,095</b>	<b>9,737</b>
<b>Uninsured Deposits as a % of Total Deposits</b>	<b>34%</b>	<b>33%</b>
<b>Immediately Available Liquidity excluding Unsecured Fed Funds Lines</b>	<b>4,446</b>	<b>4,327</b>
<b>Coverage as % of Immediately Available Liquidity</b>	<b>128%</b>	<b>133%</b>

## Available Liquidity (\$M)

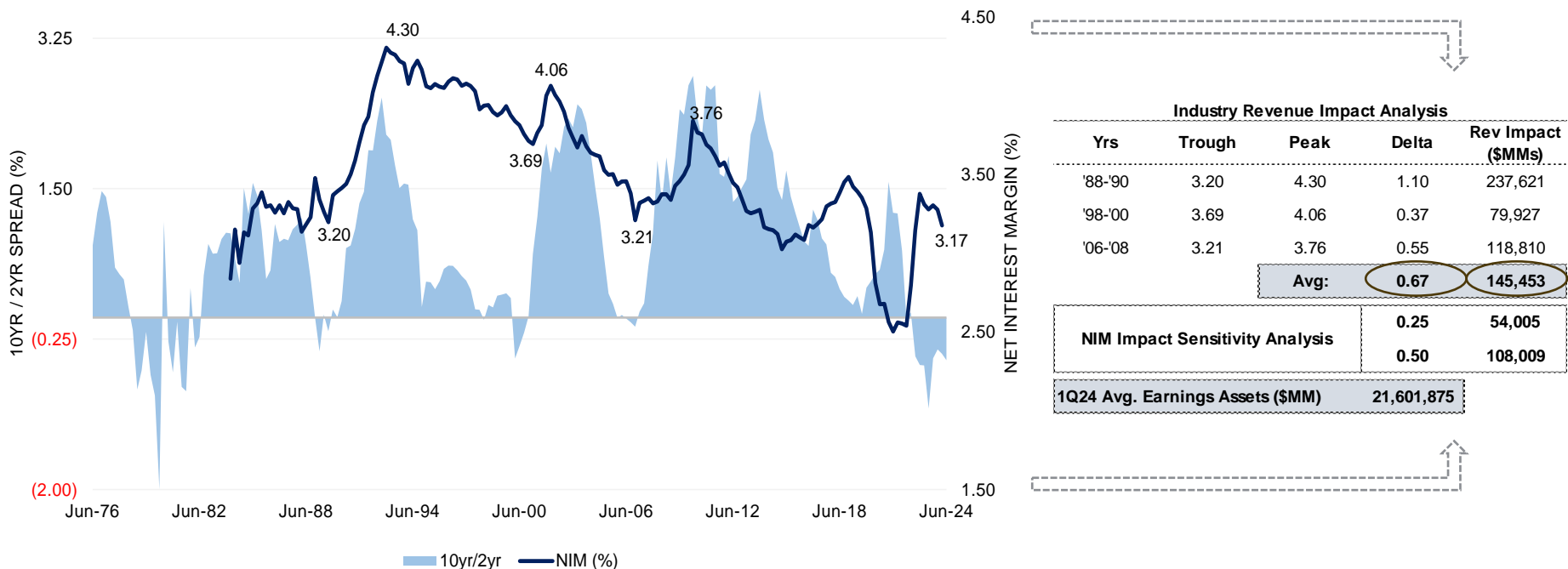


## *Appendix*

# Yield Curve Normalization a Tailwind for the Industry

- Since 1976, yield curve has been normal ~83% and inverted ~17% of the time
- On average, ~\$145 billion in industry revenue recovery when curve normalizes
- Longest consecutive yield curve inversion in recorded history

Yield Curve (10yr UST / 2yr UST), Industry NIMs, and Estimated Revenue Recovery





# Non-GAAP Reconciliation (By Quarter)

<i>(in thousands)</i>	At or for the Quarters Ended				
	Sept. 30, 2024	June 30, 2024	March 31, 2024	Dec. 31, 2023	Sept. 30, 2023
Total non-interest income	\$ 37,555	\$ 20,133	\$ (32,599)	\$ (8,383)	\$ 17,465
Adj: Net (gains) on sale of business operations and assets	(16,048)	-	-	-	-
Adj: Loss on sale of AFS securities	-	-	49,909	25,057	-
Total operating non-interest income (1)	\$ 21,507	\$ 20,133	\$ 17,310	\$ 16,674	\$ 17,465
Total revenue	(A) \$ 125,614	\$ 108,665	\$ 55,541	\$ 80,038	\$ 107,799
Adj: Net (gains) on sale of business operations and assets	(16,048)	-	-	-	-
Adj: Loss on sale of AFS securities	-	-	49,909	25,057	-
Total operating revenue (1)	(B) \$ 109,566	\$ 108,665	\$ 105,450	\$ 105,095	\$ 107,799
Total non-interest expense	(C) \$ 71,960	\$ 70,931	\$ 76,020	\$ 78,992	\$ 76,513
Adj: Merger, restructuring and other non-operating expenses	297	384	(3,617)	(3,669)	(2,607)
Operating non-interest expense (1)	(D) \$ 72,257	\$ 71,315	\$ 72,403	\$ 75,323	\$ 73,906
Pre-tax, pre-provision net revenue (PPNR)	(A-C) \$ 53,654	\$ 37,734	\$ (20,479)	\$ 1,046	\$ 31,286
Operating pre-tax, pre-provision net revenue (PPNR) (1)	(B-D) 37,309	37,350	33,047	29,772	33,893
Net income/(loss)	\$ 37,509	\$ 24,025	\$ (20,188)	\$ (1,445)	\$ 19,545
Adj: Net (gains) on sale of business operations and assets	(16,048)	-	-	-	-
Adj: Loss on sale of AFS securities	-	-	49,909	25,057	-
Adj: Restructuring expense and other non-operating expenses	(297)	(384)	3,617	3,669	2,607
Adj: Income taxes (expense)/benefit	3,625	(473)	(12,404)	(7,091)	(636)
Total operating income (1)	(E) \$ 24,789	\$ 23,168	\$ 20,934	\$ 20,190	\$ 21,516

# Non-GAAP Reconciliation (By Quarter Continued and Notes)

		At or for the Quarters Ended				
		Sept. 30, 2024	June 30, 2024	March 31, 2024	Dec. 31, 2023	Sept. 30, 2023
<i>(in millions, except per share data)</i>						
Total average assets	(F)	\$ 11,695	\$ 11,692	\$ 11,755	\$ 11,862	\$ 11,860
Total average shareholders' equity	(G)	1,050	1,013	1,018	966	988
Total average tangible shareholders' equity (1)	(I)	1,034	995	999	946	967
Total accumulated other comprehensive (loss) net of tax, end of period		(89)	(115)	(114)	(143)	(218)
Total tangible shareholders' equity, end of period (1)	(K)	1,054	996	991	993	930
Total tangible assets, end of period (1)	(L)	11,588	12,202	12,128	12,411	12,119
Total common shares outstanding, end of period (thousands)	(M)	42,982	42,959	43,415	43,501	43,822
Average diluted shares outstanding (thousands)	(N)	42,454	42,508	43,028	43,101	43,347
Earnings/(loss) per common share, diluted (1)		\$ 0.88	\$ 0.57	\$ (0.47)	\$ (0.03)	\$ 0.45
Operating earnings per common share, diluted (1)	(E/N)	0.58	0.55	0.49	0.47	0.50
Tangible book value per common share, end of period (1)	(K/M)	24.53	23.18	22.84	22.82	21.23
Total tangible shareholders' equity/total tangible assets (1)	(K/L)	9.10	8.16	8.17	8.00	7.68
<b>Performance ratios (2)</b>						
Return on equity		14.29 %	9.49 %	(7.93) %	(0.60) %	7.91 %
Operating return on equity (1)	(E/G)	9.44	9.15	8.23	8.36	8.71
Return on tangible common equity (1)(3)		14.83	9.99	(7.73)	(0.24)	8.45
Operating return on tangible common equity (1)(3)	(E+Q)/(I)	9.91	9.65	8.73	8.90	9.27
Return on assets		1.28	0.82	(0.69)	(0.05)	0.66
Operating return on assets (1)	(E/F)	0.85	0.79	0.71	0.68	0.73
Efficiency ratio (1)(6)	(D-Q)/(B+O+R)	63.74	63.40	66.26	67.77	65.05
<b>Supplementary data (in thousands)</b>						
Tax benefit on tax-credit investments (4)	(O)	N/M	N/M	N/M	\$ 2,252	\$ 1,979
Non-interest income tax-credit investments amortization (5)	(P)	N/M	N/M	N/M	(2,060)	(1,463)
Net income on tax-credit investments	(O+P)	N/M	N/M	N/M	193	516
Effective tax rate		22.1 %	23.1 %	23.8 %	75.7 %	16.1 %
Intangible amortization	(Q)	\$ 1,128	\$ 1,140	\$ 1,205	\$ 1,205	\$ 1,205
Fully taxable equivalent income adjustment	(R)	2,023	2,013	2,006	2,021	1,980

(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.

(4) The tax benefit is the direct reduction to the income tax provision due to tax credit investments.

(5) The non-interest income amortization is the reduction to the tax-advantaged investments and are incurred as the tax credits are generated.

(6) As of January 1, 2024, the Company elected the proportional amortization method for certain tax credits eliminating the need to adjust the efficiency ratio for tax credit impacts.