

BERKSHIRE HILLS BANCORP INC  
Form 10-Q  
November 12, 2013  
[Table of Contents](#)

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

WASHINGTON, D.C. 20549

**FORM 10-Q**

- x QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**For the quarterly period ended: September 30, 2013**

- o TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**For the transition period from                      to**

**Commission File Number: 001-15781**

**BERKSHIRE HILLS BANCORP, INC.**

(Exact name of registrant as specified in its charter)

Delaware

04-3510455

Edgar Filing: BERKSHIRE HILLS BANCORP INC - Form 10-Q

(State or other jurisdiction of incorporation or organization)

(I.R.S. Employer Identification No.)

**24 North Street, Pittsfield, Massachusetts**  
(Address of principal executive offices)

**01201**  
(Zip Code)

Registrant's telephone number, including area code: **(413) 443-5601**

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definition of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one)

Large Accelerated Filer

Accelerated Filer

Non-Accelerated Filer

Smaller Reporting Company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act) Yes  No

The Registrant had 25,037,224 shares of common stock, par value \$0.01 per share, outstanding as of November 6, 2013.

Table of Contents

**BERKSHIRE HILLS BANCORP, INC.**

**FORM 10-Q**

INDEX

	<b>Page</b>
<b><u>PART I. FINANCIAL INFORMATION</u></b>	
<b><u>Item 1. Consolidated Financial Statements (unaudited)</u></b>	
<u>Consolidated Balance Sheets as of September 30, 2013 and December 31, 2012</u>	4
<u>Consolidated Statements of Income for the Three and Nine Months Ended September 30, 2013 and 2012</u>	5
<u>Consolidated Statements of Comprehensive Income for the Three and Nine Months Ended September 30, 2013 and 2012</u>	6
<u>Consolidated Statements of Changes in Stockholders' Equity for the Nine Months Ended September 30, 2013 and 2012</u>	7
<u>Consolidated Statements of Cash Flows for the Nine Months Ended September 30, 2013 and 2012</u>	
Notes to Consolidated Financial Statements	
<u>Note 1</u> <u>Basis of Presentation</u>	10
<u>Note 2</u> <u>Recent Accounting Pronouncements</u>	10
<u>Note 3</u> <u>Trading Account Security</u>	11
<u>Note 4</u> <u>Securities Available for Sale and Held to Maturity</u>	12
<u>Note 5</u> <u>Loans</u>	16
<u>Note 6</u> <u>Deposits</u>	33
<u>Note 7</u> <u>Borrowed Funds</u>	33
<u>Note 8</u> <u>Stockholders' Equity</u>	35
<u>Note 9</u> <u>Earnings per Share</u>	40
<u>Note 10</u> <u>Stock-Based Compensation Plans</u>	41
<u>Note 11</u> <u>Operating Segments</u>	41
<u>Note 12</u> <u>Derivative Financial Instruments and Hedging Activities</u>	42
<u>Note 13</u> <u>Fair Value Measurements</u>	48
<u>Note 14</u> <u>Net Interest Income after Provision for Loan Losses</u>	56
<u>Note 15</u> <u>Subsequent Events</u>	56
<b><u>Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations</u></b>	57
<u>Selected Financial Data</u>	61
<u>Average Balances and Average Yields/Rates</u>	62
<b><u>Item 3. Quantitative and Qualitative Disclosures About Market Risk</u></b>	71
<b><u>Item 4. Controls and Procedures</u></b>	71
<b><u>PART II. OTHER INFORMATION</u></b>	
<b><u>Item 1. Legal Proceedings</u></b>	72



Table of Contents

<u>Item 1A.</u>	<u>Risk Factors</u>	72
<u>Item 2.</u>	<u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	73
<u>Item 3.</u>	<u>Defaults Upon Senior Securities</u>	74
<u>Item 4.</u>	<u>Mine Safety Disclosures</u>	74
<u>Item 5.</u>	<u>Other Information</u>	74
<u>Item 6.</u>	<u>Exhibits</u>	75
<u>Signatures</u>		76

Table of Contents**PART I****ITEM 1. CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)****BERKSHIRE HILLS BANCORP, INC.****CONSOLIDATED BALANCE SHEETS**

<b>(In thousands, except share data)</b>	<b>September 30, 2013</b>	<b>December 31, 2012</b>
<b>Assets</b>		
Cash and due from banks	\$ 61,149	\$ 63,382
Short-term investments	15,710	34,862
Total cash and cash equivalents	76,859	98,244
Trading security	15,330	16,893
Securities available for sale, at fair value	684,716	466,169
Securities held to maturity (fair values of \$48,080 and \$52,490)	46,925	51,024
Federal Home Loan Bank stock and other restricted securities	42,342	39,785
Total securities	789,313	573,871
Loans held for sale, at fair value	27,064	85,368
Residential mortgages	1,313,609	1,324,251
Commercial mortgages	1,366,104	1,413,544
Commercial business loans	668,983	600,126
Consumer loans	675,147	650,733
Total loans	4,023,843	3,988,654
Less: Allowance for loan losses	(33,248)	(33,208)
Net loans	3,990,595	3,955,446
Premises and equipment, net	83,136	86,461
Other real estate owned	3,561	1,929
Goodwill	256,871	255,199
Other intangible assets	15,030	19,059
Cash surrender value of bank-owned life insurance policies	100,299	88,198
Deferred tax assets, net	61,617	57,729
Other assets	45,911	75,305
Total assets	\$ 5,450,256	\$ 5,296,809
<b>Liabilities</b>		
Demand deposits	\$ 669,878	\$ 673,921
NOW deposits	352,762	379,880
Money market deposits	1,357,201	1,439,632
Savings deposits	438,135	436,387
Time deposits	1,064,049	1,170,589
Total deposits	3,882,025	4,100,409
Short-term debt	590,000	163,150
Long-term Federal Home Loan Bank advances	150,022	