



Amalgamated Bank Reports Second Quarter 2019 Financial Results

July 29, 2019

NEW YORK, July 29, 2019 (GLOBE NEWSWIRE) -- Amalgamated Bank (Nasdaq: AMAL) ("Amalgamated") today announced financial results for the second quarter ended June 30, 2019.

Second Quarter 2019 Highlights

- Net income for the quarter of \$11.2 million, or \$0.35 per diluted share, compared to \$11.6 million, or \$0.39 per diluted share, for the second quarter of 2018
- Core earnings (non-GAAP) for the quarter of \$11.6 million, or \$0.36 per diluted share, compared to \$11.8 million, or \$0.40 per diluted share, for the second quarter of 2018
- Deposit growth of \$29.4 million, or 2.9% annualized, from \$4.1 billion at March 31, 2019
- Average deposit growth of \$190.4 million during the second quarter, or 19.4% annualized, from an average balance of \$4.0 billion in the first quarter of 2019
- Loan growth of \$23.9 million, or 2.9% annualized during the second quarter, net of \$136.8 million strategic reduction of indirect C&I loans, as compared to March 31, 2019
- Cost of deposits was 0.34%, or 0.31% excluding non-relationship brokered deposits, compared to 0.31% for the first quarter of 2019 and 0.24% for the second quarter of 2018
- Net interest margin was 3.66%, compared to 3.65% for the first quarter of 2019 and 3.56% for the second quarter of 2018
- Tier 1 Leverage, Common Equity Tier 1, and Total Risk-Based capital ratios were 9.04%, 13.57%, and 14.67%, respectively, at June 30, 2019

Keith Mestrich, President and Chief Executive Officer of Amalgamated Bank, commented, "Our second quarter results validate the successful execution of our strategy to grow our franchise while building on our reputation as 'America's socially responsible bank.' Signs of this can be seen in Amalgamated's deposit franchise which continues to offer a competitive advantage for the Bank, as we benefit from what is one of the lowest cost of funds in the industry. The 2020 Presidential race and recent debates have provided an acceleration to the growth in our political deposit base with the addition of \$148.5 million during the quarter. We also made great strides this quarter reducing our indirect C&I portfolio which declined by \$136.8 million as we took advantage of an attractive market this Spring to continue to de-risk our balance sheet. Despite this deliberate run-off, we delivered 2.9% annualized loan growth driven by residential first lien and property assessed clean energy, 'PACE', loans as we continue to gain traction in clean energy lending through our expansion into California last year."

Results of Operations, Quarter Ended June 30, 2019

Net income for the second quarter of 2019 was \$11.2 million, or \$0.35 per diluted share, compared to \$10.8 million, or \$0.33 per diluted share, for the first quarter of 2019 and \$11.6 million, or \$0.39 per diluted share, for the second quarter of 2018. The \$0.4 million decrease in net income for the second quarter of 2019, compared to the second quarter of 2018, was primarily due to a \$4.9 million increase in provision for loan losses primarily due to an increase in allowance on criticized and classified loans in the indirect C&I portfolio compared to a release in 2018, and a \$0.9 million increase in non-interest expense, partially offset by a \$5.2 million increase in net interest income.

Core earnings (non-GAAP) for the second quarter of 2019 were \$11.6 million, or \$0.36 per diluted share, compared to \$10.7 million, or \$0.33 per diluted share, for the first quarter of 2019 and \$11.8 million, or \$0.40 per diluted share, for the second quarter of 2018. Core earnings for the second quarter of 2019 exclude severance, loss on the sale of securities and the tax effect of such adjustments.

Net interest income was \$41.9 million for the second quarter of 2019, compared to \$40.8 million for the first quarter of 2019 and \$36.7 million for the second quarter of 2018. The year-over-year increase of \$5.2 million, or 14.1%, was primarily attributable to an increase in average loans of \$233.9 million, an increase in average securities of \$242.3 million, an increase in the yield on average loans of nine basis points, and an increase in the yield on average securities and FHLB stock of 41 basis points. These increases were partially offset by an increase in average interest bearing deposits of \$355.8 million, an increase in the average rate paid on interest bearing deposits of 15 basis points, and an increase in the rate paid on FHLB borrowings of 73 basis points. We also recognized \$0.9 million of accretion income on acquired loans, adding eight basis points to our net interest margin in the second quarter of 2019.

Net interest margin was 3.66% for the second quarter of 2019, an increase of one basis point from 3.65% in the first quarter of 2019, and an increase of 10 basis points from 3.56% in the second quarter of 2018.

Provisions for loan losses totaled an expense of \$2.1 million in the second quarter of 2019 compared to \$2.2 million in the first quarter of 2019 and a release of \$2.8 million for the second quarter of 2018. The provision expense in the second quarter of 2019 was primarily driven by the migration of an indirect C&I loan into the criticized and classified risk rating, an increase in qualitative factors related to multifamily loans due to recent regulatory changes, and other factors. The provision release for the second quarter of 2018 was primarily due to the strategic reduction of the indirect C&I portfolio and a reduction in loss factors.

Non-interest income was \$6.3 million in the second quarter of 2019 compared to \$7.4 million in the first quarter of 2019, and \$6.2 million in the second quarter of 2018. The \$1.1 million decrease in non-interest income in the second quarter of 2019 compared to the linked quarter was primarily due to a loss on the sale of securities compared to a gain on the sale of securities in the previous quarter.

Non-interest expense for the second quarter of 2019 was \$31.0 million, a decrease of \$0.4 million from \$31.4 million in the first quarter of 2019, and an increase of \$0.9 million from \$30.1 million in the second quarter of 2018.

The second quarter of 2019 included a provision for income tax expense of \$3.9, compared to a provision of \$3.7 million for first quarter of 2019, and provision of \$3.9 million for the second quarter of 2018. Our effective tax rate was 25.8% for the three months ended June 30, 2019, compared to 25.3% and 25.7% for the same period in 2018 and the linked quarter respectively.

Total loans at June 30, 2019 were \$3.3 billion, an increase of \$23.9 million, or 2.9% annualized, compared to March 31, 2019, and an increase of \$204.2 million, or 6.6%, as compared to \$3.1 billion as of June 30, 2018. Loan growth in the second quarter of 2019 was primarily driven by a \$85.0 million increase in residential first lien and PACE loans and an increase of \$24.9 million in commercial real estate loans, partially offset by \$136.8 million strategic reduction in indirect C&I loans.

Deposits at June 30, 2019 were \$4.1 billion, an increase of \$29.4 million, or 2.9% annualized, as compared to \$4.1 billion as of March 31, 2019, and an increase of \$174.0 million, or 4.4%, compared to \$4.0 billion as of June 30, 2018. Deposits held by politically-active customers, such as campaigns, PACs and state and national party committees were \$419.4 million as of June 30, 2019, an increase of \$148.5 million, compared to \$271.0 million as of March 31, 2019, and an increase of \$3.0 million compared to \$416.4 million, as of June 30, 2018. Noninterest-bearing deposits represented 42.9% of average deposits and 46.1% of ending deposits for the three months ended June 30, 2019.

Results of Operations, Six Months Ended June 30, 2019

Net income for the six months ended June 30, 2019 of \$22.0 million, or \$0.68 per diluted share, compared to \$19.3 million, or \$0.67 per diluted share, for same period in 2018. The \$2.7 million increase in net income for the six months ended June 30, 2019, compared to the same period in 2018, was primarily due to a \$13.1 million increase in net interest income and a \$0.5 million increase in non-interest income, partially offset by a \$6.2 million increase in the provision for loan losses, a \$3.5 million increase in non-interest expense, and a \$1.2 million increase in income tax expense.

Core earnings (non-GAAP) for the six months ended June 30, 2019 were \$22.3 million, or \$0.69 per diluted share, compared to \$19.7 million or \$0.68 per diluted share, for the same period last year. Core earnings for the first six months of 2019 exclude severance, loss on the sale of securities, and the tax effect of such adjustments.

Net interest income was \$82.6 million for the six months ended June 30, 2019, an increase of \$13.1 million, or 18.9%, from the same period in 2018. This increase was primarily attributable to an increase in average loans of \$306.1 million, an increase in average securities of \$258.8 million, an increase in the yield on average loans of 18 basis points, and an increase in the yield on average securities and FHLB stock of 47 basis points. These increases were partially offset by an increase in average interest bearing deposits of \$398.6 million, an increase in the rate paid on interest bearing deposits of 11 basis points, and an increase in the rate paid on FHLB borrowings of 89 basis points.

We had income tax expense of \$7.6 million for the six months ended June 30, 2019, compared to \$6.5 million for the same period in 2018. The \$1.2 million increase in income tax expense was primarily due to an increase in pre-tax earnings of \$3.9 million in the six months ended June 30, 2019, compared to the same period in 2018. Our effective tax rate was 25.8% for the six months ended June 30, 2019, compared to 25.1% for the same period in 2018.

Financial Condition

Total assets were \$4.9 billion at June 30, 2019, compared to \$4.7 billion at December 31, 2018. The increase of \$252.3 million was driven primarily by a \$128.2 million increase in investments securities, an \$80.3 million increase in loan receivables and the addition of a \$53.3 million "Rights to use" asset as the result of adopting ASC 842 – leases in the first quarter of 2019.

Nonperforming assets totaled \$73.9 million, or 1.50% of total assets at June 30, 2019, an increase of \$17.4 million, compared with \$56.6 million, or 1.15% of period end total assets at March 31, 2019. The increase in nonperforming assets at June 30, 2019 compared to the quarter ended March 31, 2019 was primarily driven by an increase of \$6.8 million in loans 90 days past due and accruing and the troubled-debt restructuring of one substandard loan of \$10.8 million in the indirect C&I portfolio.

The allowance for loan losses increased \$2.2 million to \$33.6 million at June 30, 2019 from \$31.4 million at March 31, 2019, primarily due to additional allowance on criticized and classified indirect C&I loans and an increase in qualitative loan factors related to multi-family loans. At June 30, 2019, the Bank had \$59.3 million of impaired loans for which a specific allowance of \$3.9 million was made, compared to \$48.1 million of impaired loans at March 31, 2019 for which a specific allowance of \$1.5 million was made. The ratio of allowance to total loans was 1.01% at June 30, 2019, 0.95% at March 31, 2019 and 1.13% at June 30, 2018.

Capital

As of June 30, 2019, our Tier 1 Leverage Capital Ratio was 9.04%, Common Equity Tier 1 Capital Ratio was 13.57%, and Total Risk-Based Capital Ratio was 14.67%, compared to 8.90%, 13.31%, and 14.33%, respectively, as of March 31, 2019. As of June 30, 2018, our Tier 1 Leverage, Common Equity Tier 1, and Total Risk-Based capital ratios were 8.59%, 12.46%, and 13.71%, respectively. Stockholders' equity at June 30, 2019 was \$474.9 million, compared to \$455.5 million at March 31, 2019.

Tangible book value (or tangible common equity) per share was \$14.25 as of June 30, 2019 compared to \$13.68 as of March 31, 2019 and \$12.06 as of June 30, 2018.

Conference Call

As previously announced, Amalgamated Bank will host a conference call to discuss its second quarter 2019 results today, July 29, 2019 at 10:00am (Eastern Time). The conference call can be accessed by dialing 1-877-407-9716 (domestic) or 1-201-493-6779 (international) and asking for the Amalgamated Bank Second Quarter 2019 Earnings Call. A telephonic replay will be available approximately two hours after the conclusion of the call and can be accessed by dialing 1-844-512-2921, or for international callers 1-412-317-6671 and providing the access code 13692278. The telephonic replay will be available until 11:59 pm (Eastern Time) on August 5, 2019.

Interested investors and other parties may also listen to a simultaneous webcast of the conference call by logging onto the investor relations section of

our website at <http://ir.amalgamatedbank.com/>. The online replay will remain available for a limited time beginning immediately following the call.

The presentation materials for the call can be accessed on the investor relations section of our website at <http://ir.amalgamatedbank.com/>.

About Amalgamated Bank

Amalgamated Bank is a New York-based full-service commercial bank and a chartered trust company with a combined network of 14 branches in New York City, Washington D.C., and San Francisco, and a presence in Pasadena, CA and Boulder, CO. Amalgamated was formed in 1923 as Amalgamated Bank of New York by the Amalgamated Clothing Workers of America, one of the country's oldest labor unions. Amalgamated provides commercial banking and trust services nationally and offers a full range of products and services to both commercial and retail customers. Amalgamated is a proud member of the Global Alliance for Banking on Values and is a certified B Corporation®. As of June 30, 2019, our total assets were \$4.9 billion, total net loans were \$3.3 billion, and total deposits were \$4.1 billion. Additionally, as of June 30, 2019, the trust business held \$31.0 billion in assets under custody and \$12.4 billion in assets under management.

Non-GAAP Financial Measures

This release contains certain non-GAAP financial measures including, without limitation, "Core operating revenue," "Core non-interest expense," "Core earnings," "Tangible common equity," "Tangible book value," "Core return on average assets," "Core return on average tangible common equity," and "Core efficiency ratio."

Our management utilizes this information to compare our operating performance for 2019 versus certain periods in 2018 and to internally prepared projections. We believe these non-GAAP financial measures facilitate making period-to-period comparisons and are meaningful indications of our operating performance. In addition, because intangible assets such as goodwill and other discrete items unrelated to our core business that are excluded vary extensively from company to company, we believe that the presentation of this information allows investors to more easily compare our results to those of other companies.

The presentation of non-GAAP financial information, however, is not intended to be considered in isolation or as a substitute for GAAP financial measures. We strongly encourage readers to review the GAAP financial measures included in this release and not to place undue reliance upon any single financial measure. In addition, because non-GAAP financial measures are not standardized, it may not be possible to compare the non-GAAP financial measures presented in this release with other companies' non-GAAP financial measures having the same or similar names. Reconciliations of non-GAAP financial disclosures to what we believe to be the most directly comparable GAAP measures are set forth in the final pages of this release and also may be viewed on our website, amalgamatedbank.com.

Media Contact:

Kaye Verville
The Levinson Group
kaye@mollylevinson.com
202-244-1785

Investor Contact:

Jamie Lillis
Solebury Trout
shareholderrelations@amalgamatedbank.com
800-895-4172

Consolidated Statements of Income (Unaudited)

(Dollars in thousands, except for per share amount)

| | Three Months Ended | | | Six Months Ended | |
|---|--------------------|-------------------|------------------|------------------|------------------|
| | June 30, 2019 | March 31, 2019 | June 30, 2018 | June 30, 2019 | June 30, 2018 |
| INTEREST AND DIVIDEND INCOME | | | | | |
| Loans | \$ 35,559 | \$ 35,296 | \$ 32,322 | \$ 70,855 | \$ 61,496 |
| Securities | 10,524 | 9,875 | 7,374 | 20,398 | 13,618 |
| Federal Home Loan Bank of New York stock | 191 | 310 | 248 | 501 | 639 |
| Interest-bearing deposits in banks | 254 | 293 | 216 | 548 | 651 |
| Total interest and dividend income | 46,528 | 45,774 | 40,160 | 92,302 | 76,404 |
| INTEREST EXPENSE | | | | | |
| Deposits | 3,499 | 2,946 | 2,212 | 6,444 | 4,301 |
| Borrowed funds | 1,173 | 2,055 | 1,253 | 3,229 | 2,606 |
| Total interest expense | 4,672 | 5,001 | 3,465 | 9,673 | 6,907 |
| NET INTEREST INCOME | | | | | |
| Provision for (recovery of) loan losses | 2,127 | 2,186 | (2,766) | 4,312 | (1,916) |
| Net interest income after provision for loan losses | 39,729 | 38,587 | 39,461 | 78,317 | 71,413 |
| NON-INTEREST INCOME | | | | | |
| Trust Department fees | 4,508 | 4,721 | 4,636 | 9,229 | 9,285 |
| Service charges on deposit accounts | 2,068 | 1,871 | 1,991 | 3,939 | 3,770 |
| Bank-owned life insurance | 408 | 420 | 399 | 828 | 803 |

| | | | | | |
|--|-----------|-----------|-----------|-----------|-----------|
| Gain (loss) on sale of investment securities available for sale, net | (377) | 292 | (9) | (85) | (110) |
| Gain (loss) on other real estate owned, net | (315) | (249) | (486) | (564) | (513) |
| Other | 57 | 362 | (327) | 419 | (18) |
| Total non-interest income | 6,349 | 7,417 | 6,204 | 13,766 | 13,217 |
| NON-INTEREST EXPENSE | | | | | |
| Compensation and employee benefits, net | 16,992 | 17,430 | 16,839 | 34,422 | 32,215 |
| Occupancy and depreciation | 4,145 | 4,271 | 4,060 | 8,417 | 8,062 |
| Professional fees | 2,401 | 3,165 | 2,427 | 5,566 | 5,620 |
| Data processing | 2,729 | 2,749 | 2,462 | 5,478 | 4,798 |
| Office maintenance and depreciation | 830 | 887 | 927 | 1,716 | 1,873 |
| Amortization of intangible assets | 298 | 389 | 174 | 687 | 174 |
| Advertising and promotion | 692 | 622 | 871 | 1,313 | 1,517 |
| Other | 2,915 | 1,935 | 2,378 | 4,851 | 4,667 |
| Total non-interest expense | 31,002 | 31,448 | 30,138 | 62,450 | 58,926 |
| Income before income taxes | 15,076 | 14,556 | 15,527 | 29,633 | 25,704 |
| Income tax expense (benefit) | 3,891 | 3,743 | 3,935 | 7,634 | 6,451 |
| Net income | 11,185 | 10,813 | 11,592 | 21,999 | 19,253 |
| Net income attributable to noncontrolling interests | - | - | - | - | - |
| Net income attributable to Amalgamated Bank and subsidiaries | \$ 11,185 | \$ 10,813 | \$ 11,592 | \$ 21,999 | \$ 19,253 |
| Earnings per common share - basic (1) | \$ 0.35 | \$ 0.34 | \$ 0.39 | \$ 0.69 | \$ 0.67 |
| Earnings per common share - diluted (1) | \$ 0.35 | \$ 0.33 | \$ 0.39 | \$ 0.68 | \$ 0.67 |

(1) effected for stock split that occurred on July 27, 2018

Consolidated Statements of Financial Condition (Unaudited)
(Dollars in thousands)

| | June 30, 2019 | December 31, 2018 |
|---|--------------------------|------------------------------|
| Assets | (Unaudited) | |
| Cash and due from banks | \$ 7,587 | \$ 10,510 |
| Interest-bearing deposits in banks | 98,301 | 70,335 |
| Total cash and cash equivalents | 105,888 | 80,845 |
| Securities: | | |
| Available for sale, at fair value (amortized cost of \$1,279,722 and \$1,246,844, respectively) | 1,288,072 | 1,175,170 |
| Held-to-maturity (fair value of \$19,808 and \$4,105, respectively) | 19,336 | 4,081 |
| Loans receivable, net of deferred loan origination costs (fees) | 3,324,580 | 3,247,831 |
| Allowance for loan losses | (33,630) | (37,195) |
| Loans receivable, net | 3,290,950 | 3,210,636 |
| Accrued interest and dividends receivable | 16,249 | 14,387 |
| Premises and equipment, net | 19,870 | 21,654 |
| Bank-owned life insurance | 79,894 | 79,149 |
| Right-of-use lease asset | 51,754 | - |
| Deferred tax asset | 33,316 | 39,697 |
| Goodwill and other intangible assets | 20,352 | 21,039 |
| Other assets | 12,145 | 38,831 |
| Total assets | \$ 4,937,826 | \$ 4,685,489 |
| Liabilities | | |
| Deposits | \$ 4,136,462 | \$ 4,105,306 |
| Borrowed funds | 227,675 | 92,875 |
| Operating leases | 66,639 | - |
| Other liabilities | 32,106 | 47,937 |
| Total liabilities | 4,462,882 | 4,246,118 |
| Commitments and contingencies | - | - |
| Stockholders' equity | | |
| Common stock, par value \$.01 per share (70,000,000 shares authorized; 31,886,669 and 31,771,585 shares issued and outstanding, respectively) | 318 | 318 |

| | | |
|--|--------------|--------------|
| Additional paid-in capital | 310,186 | 308,678 |
| Retained earnings | 160,412 | 142,231 |
| Accumulated other comprehensive income (loss), net of income taxes | 3,894 | (11,990) |
| Total Amalgamated Bank stockholders' equity | 474,810 | 439,237 |
| Noncontrolling interests | 134 | 134 |
| Total stockholders' equity | 474,944 | 439,371 |
| Total liabilities and stockholders' equity | \$ 4,937,826 | \$ 4,685,489 |

Select Financial Data

| | As of and for the Three Months Ended | | | As of and for the Six Months Ended | |
|--|--------------------------------------|-------------------|------------------|------------------------------------|------------------|
| | June 30, 2019 | March 31, 2019 | June 30, 2018 | June 30, 2019 | June 30, 2018 |
| Selected Financial Ratios and Other Data (1) | | | | | |
| Earnings per share | | | | | |
| Basic | \$ 0.35 | \$ 0.34 | \$ 0.39 | \$ 0.69 | \$ 0.67 |
| Diluted | 0.35 | 0.33 | 0.39 | 0.68 | 0.67 |
| Core Earnings per share (non-GAAP) | | | | | |
| Basic | \$ 0.36 | \$ 0.34 | \$ 0.40 | \$ 0.70 | \$ 0.68 |
| Diluted | 0.36 | 0.33 | 0.40 | 0.69 | 0.68 |
| Book value per common share (excluding minority interest) | 14.89 | 14.33 | 12.78 | 14.89 | 12.78 |
| Tangible book value per share (non-GAAP) | 14.25 | 13.68 | 12.06 | 14.25 | 12.06 |
| Common shares outstanding | 31,886,669 | 31,771,585 | 31,771,585 | 31,886,669 | 31,771,585 |
| Weighted average common shares outstanding, basic | 31,824,930 | 31,771,585 | 29,814,353 | 31,798,405 | 28,942,520 |
| Weighted average common shares outstanding, diluted | 32,237,116 | 32,321,585 | 29,814,353 | 32,279,342 | 28,942,520 |

(1) Effected for stock split that occurred on July 27, 2018

Select Financial Data

| | As of and for the Three Months Ended | | | As of and for the Six Months Ended | | |
|--|--------------------------------------|-------------------|------------------|------------------------------------|------------------|--|
| | June 30, 2019 | March 31, 2019 | June 30, 2018 | June 30, 2019 | June 30, 2018 | |
| Selected Performance Metrics: | | | | | | |
| Return on average assets | 0.92 % | 0.92 % | 1.07 % | 0.92 % | 0.93 % | |
| Core return on average assets (non-GAAP) | 0.96 % | 0.90 % | 1.10 % | 0.93 % | 0.95 % | |
| Return on average equity | 9.65 % | 9.82 % | 12.31 % | 9.73 % | 10.71 % | |
| Core return on average tangible common equity (non-GAAP) | 10.45 % | 10.18 % | 13.08 % | 10.32 % | 11.32 % | |
| Loan yield | 4.42 % | 4.44 % | 4.33 % | 4.43 % | 4.25 % | |
| Securities yield | 3.34 % | 3.37 % | 2.93 % | 3.35 % | 2.88 % | |
| Deposit cost | 0.34 % | 0.31 % | 0.24 % | 0.32 % | 0.25 % | |
| Net interest margin | 3.66 % | 3.65 % | 3.56 % | 3.66 % | 3.50 % | |
| Efficiency ratio | 64.31 % | 65.26 % | 70.25 % | 64.79 % | 71.24 % | |
| Core efficiency ratio (non-GAAP) | 63.50 % | 65.41 % | 69.51 % | 64.45 % | 70.52 % | |
| Asset Quality Ratios: | | | | | | |
| Nonaccrual loans to total loans | 0.49 % | 0.45 % | 0.63 % | 0.49 % | 0.63 % | |
| Nonperforming assets to total assets | 1.50 % | 1.15 % | 1.13 % | 1.50 % | 1.13 % | |
| Allowance for loan losses to nonaccrual loans | 209 % | 212 % | 179 % | 209 % | 179 % | |
| Allowance for loan losses to total loans | 1.01 % | 0.95 % | 1.13 % | 1.01 % | 1.13 % | |
| Net charge-offs (recoveries) to average loans | (0.01 %) | 1.00 % | (0.02 %) | 0.49 % | (0.04 %) | |
| Capital Ratios: | | | | | | |
| Tier 1 leverage capital ratio | 9.04 % | 8.90 % | 8.59 % | 9.04 % | 8.59 % | |
| Tier 1 risk-based capital ratio | 13.57 % | 13.31 % | 12.46 % | 13.57 % | 12.46 % | |
| Total risk-based capital ratio | 14.67 % | 14.33 % | 13.71 % | 14.67 % | 13.71 % | |
| Common equity tier 1 capital ratio | 13.57 % | 13.31 % | 12.46 % | 13.57 % | 12.46 % | |

Loan Portfolio Composition

| <i>(In thousands)</i> | At June 30, 2019 | | | At March 31, 2019 | | | At June 30, 2018 | | |
|---|------------------|------------------|---|-------------------|------------------|---|------------------|------------------|---|
| | Amount | % of total loans | | Amount | % of total loans | | Amount | % of total loans | |
| <i>Commercial portfolio:</i> | | | | | | | | | |
| Commercial and industrial | \$ 424,319 | 12.8 | % | \$ 527,200 | 16.0 | % | \$ 627,113 | 20.1 | % |
| Multifamily mortgages | 925,747 | 27.9 | % | 921,588 | 28.0 | % | 925,483 | 29.7 | % |
| Commercial real estate mortgages | 453,393 | 13.7 | % | 428,534 | 13.0 | % | 436,669 | 14.0 | % |
| Construction and land development mortgages | 58,696 | 1.7 | % | 45,734 | 1.4 | % | 32,727 | 1.0 | % |
| Total commercial portfolio | 1,862,155 | 56.1 | % | 1,923,056 | 58.4 | % | 2,021,992 | 64.8 | % |
| <i>Retail portfolio:</i> | | | | | | | | | |
| Residential 1-4 family (1st mortgage) | 1,261,488 | 38.0 | % | 1,176,551 | 35.8 | % | 958,145 | 30.7 | % |
| Residential 1-4 family (2nd mortgage) | 25,174 | 0.8 | % | 26,906 | 0.8 | % | 29,278 | 0.9 | % |
| Consumer and other | 168,201 | 5.1 | % | 164,412 | 5.0 | % | 110,008 | 3.6 | % |
| Total retail | 1,454,863 | 43.9 | % | 1,367,869 | 41.6 | % | 1,097,431 | 35.2 | % |
| Total loans | 3,317,018 | 100.0 | % | 3,290,925 | 100.0 | % | 3,119,423 | 100.0 | % |
| Net deferred loan origination fees (costs) | 7,562 | | | 7,482 | | | 2,641 | | |
| Allowance for loan losses | (33,630) | | | (31,392) | | | (35,353) | | |
| Total loans, net | \$ 3,290,950 | | | \$ 3,267,015 | | | \$ 3,086,711 | | |

Net Interest Income Analysis

| <i>(In thousands)</i> | Three Months Ended June 30, 2019 | | | Three Months Ended March 31, 2019 | | | Three Months Ended June 30, 2018 | | |
|--|-------------------------------------|---------------------|-----------------|--------------------------------------|---------------------|-----------------|-------------------------------------|---------------------|-----------------|
| | Average Balance | Income / Expense | Yield / Rate | Average Balance | Income / Expense | Yield / Rate | Average Balance | Income / Expense | Yield / Rate |
| <i>Interest earning assets:</i> | | | | | | | | | |
| Interest-bearing deposits in banks | \$ 70,442 | \$ 254 | 1.45 % | \$ 73,296 | \$ 293 | 1.62 % | \$ 74,668 | \$ 216 | 1.16 % |
| Securities and FHLB stock | 1,287,520 | 10,715 | 3.34 % | 1,225,700 | 10,185 | 3.37 % | 1,045,196 | 7,622 | 2.93 % |
| Loans held for sale | - | - | 0.00 % | 2,818 | - | 0.00 % | 28,042 | - | 0.00 % |
| Total loans, net (1) | 3,225,129 | 35,559 | 4.42 % | 3,224,604 | 35,296 | 4.44 % | 2,991,273 | 32,322 | 4.33 % |
| Total interest earning assets | 4,583,091 | 46,528 | 4.07 % | 4,526,418 | 45,774 | 4.10 % | 4,139,179 | 40,160 | 3.89 % |
| <i>Non-interest earning assets:</i> | | | | | | | | | |
| Cash and due from banks | 6,838 | | | 9,988 | | | 13,825 | | |
| Other assets | 264,046 | | | 251,468 | | | 180,418 | | |
| Total assets | \$ 4,853,975 | | | \$ 4,787,874 | | | \$ 4,333,422 | | |
| <i>Interest bearing liabilities:</i> | | | | | | | | | |
| Savings, NOW and money market deposits | \$ 1,857,715 | \$ 1,962 | 0.42 % | \$ 1,877,349 | \$ 1,867 | 0.40 % | \$ 1,587,825 | \$ 1,386 | 0.35 % |
| Time deposits | 486,652 | 1,537 | 1.27 % | 440,428 | 1,079 | 0.99 % | 400,778 | 826 | 0.83 % |
| Total deposits | 2,344,367 | 3,499 | 0.60 % | 2,317,777 | 2,946 | 0.52 % | 1,988,603 | 2,212 | 0.45 % |
| Federal Home Loan Bank advances | 190,501 | 1,166 | 2.46 % | 328,476 | 2,046 | 2.53 % | 291,023 | 1,253 | 1.73 % |
| Other Borrowings | 1,099 | 7 | 2.56 % | 1,333 | 9 | 2.64 % | - | - | 0.00 % |
| Total borrowings | 191,600 | 1,173 | 2.46 % | 329,809 | 2,055 | 2.53 % | 291,023 | 1,253 | 1.73 % |
| Total interest bearing liabilities | 2,535,967 | 4,672 | 0.74 % | 2,647,586 | 5,001 | 0.77 % | 2,279,626 | 3,465 | 0.61 % |
| <i>Non interest bearing liabilities:</i> | | | | | | | | | |
| Demand and transaction deposits | 1,762,426 | | | 1,598,637 | | | 1,636,294 | | |
| Other liabilities | 90,680 | | | 95,187 | | | 39,647 | | |
| Total liabilities | 4,389,073 | | | 4,341,410 | | | 3,955,567 | | |
| Stockholders' equity | 464,902 | | | 446,464 | | | 377,855 | | |

| | | | | | |
|---|--------------|--------|--------------|--------|---------------------|
| Total liabilities and stockholders' equity | \$ 4,853,975 | | \$ 4,787,874 | | \$ 4,333,422 |
| Net interest income / interest rate spread | \$ 41,856 | 3.33 % | \$ 40,773 | 3.34 % | \$ 36,695 3.28 % |
| Net interest earning assets / net interest margin | \$ 2,047,124 | 3.66 % | \$ 1,878,832 | 3.65 % | \$ 1,859,553 3.56 % |

(1) Amounts are net of deferred origination costs / (fees) and the allowance for loan losses

Net Interest Income Analysis

| <i>(In thousands)</i> | Six Months Ended June 30, 2019 | | | Six Months Ended June 30, 2018 | | |
|---|-----------------------------------|---------------------|-----------------|-----------------------------------|---------------------|-----------------|
| | Average Balance | Income / Expense | Yield / Rate | Average Balance | Income / Expense | Yield / Rate |
| Interest earning assets: | | | | | | |
| Interest-bearing deposits in banks | \$ 71,861 | \$ 548 | 1.54 % | \$ 74,872 | \$ 651 | 1.75 % |
| Securities and FHLB stock | 1,256,781 | 20,899 | 3.35 % | 997,932 | 14,257 | 2.88 % |
| Loans held for sale | - | - | 0.00 % | 14,607 | - | 0.00 % |
| Total loans, net (1) | 3,224,868 | 70,855 | 4.43 % | 2,918,726 | 61,496 | 4.25 % |
| Total interest earning assets | 4,553,510 | 92,302 | 4.09 % | 4,006,137 | 76,404 | 3.85 % |
| Non-interest earning assets: | | | | | | |
| Cash and due from banks | 8,404 | | | 10,385 | | |
| Other assets | 259,194 | | | 178,347 | | |
| Total assets | \$ 4,821,108 | | | \$ 4,194,869 | | |
| Interest bearing liabilities: | | | | | | |
| Savings, NOW and money market deposits | \$ 1,867,478 | \$ 3,829 | 0.41 % | \$ 1,539,029 | \$ 2,687 | 0.35 % |
| Time deposits | 463,668 | 2,615 | 1.14 % | 393,557 | 1,614 | 0.83 % |
| Total deposits | 2,331,146 | 6,444 | 0.56 % | 1,932,586 | 4,301 | 0.45 % |
| Federal Home Loan Bank advances | 259,108 | 3,213 | 2.50 % | 325,371 | 2,606 | 1.62 % |
| Other Borrowings | 1,215 | 16 | 2.66 % | - | - | 0.00 % |
| Total borrowings | 260,323 | 3,229 | 2.50 % | 325,371 | 2,606 | 1.62 % |
| Total interest bearing liabilities | 2,591,469 | 9,673 | 0.75 % | 2,257,957 | 6,907 | 0.62 % |
| Non interest bearing liabilities: | | | | | | |
| Demand and transaction deposits | 1,680,984 | | | 1,530,460 | | |
| Other liabilities | 92,921 | | | 43,975 | | |
| Total liabilities | 4,365,374 | | | 3,832,392 | | |
| Stockholders' equity | 455,734 | | | 362,477 | | |
| Total liabilities and stockholders' equity | \$ 4,821,108 | | | \$ 4,194,869 | | |
| Net interest income / interest rate spread | | \$ 82,629 | 3.33 % | | \$ 69,497 | 3.23 % |
| Net interest earning assets / net interest margin | \$ 1,962,041 | | 3.66 % | \$ 1,748,180 | | 3.50 % |

(1) Amounts are net of deferred origination costs / (fees) and the allowance for loan losses

Deposit Portfolio Composition

| <i>(in thousands)</i> | Three Months Ended | | |
|--|--------------------|----------------|---------------|
| | June 30, 2019 | March 31, 2019 | June 30, 2018 |
| Non-interest bearing demand deposit accounts | \$ 1,908,741 | \$ 1,709,921 | \$ 1,814,851 |
| NOW accounts | 216,834 | 223,195 | 189,266 |
| Savings accounts | 340,258 | 342,713 | 320,767 |
| Money market deposit accounts | 1,239,387 | 1,377,129 | 1,214,833 |
| Time deposits | 411,251 | 439,136 | 422,719 |
| Brokered CD | 19,991 | 14,981 | - |
| | \$ 4,136,462 | \$ 4,107,075 | \$ 3,962,436 |

| <i>(in thousands)</i> | Three Months Ended | | | | | | | | |
|--|--------------------|-----------------------|---|----------------|-----------------------|---|----------------|-----------------------|---|
| | June 30, 2019 | | | March 31, 2019 | | | June 30, 2018 | | |
| | Average Amount | Weighted Average Rate | | Average Amount | Weighted Average Rate | | Average Amount | Weighted Average Rate | |
| Non-interest bearing demand deposit accounts | \$ 1,762,426 | 0.00 | % | \$ 1,598,637 | 0.00 | % | \$ 1,636,294 | 0.00 | % |
| NOW accounts | 220,517 | 0.47 | % | 224,686 | 0.45 | % | 202,309 | 0.38 | % |
| Savings accounts | 339,165 | 0.22 | % | 337,477 | 0.21 | % | 313,694 | 0.15 | % |
| Money market deposit accounts | 1,298,033 | 0.47 | % | 1,315,186 | 0.44 | % | 1,071,822 | 0.40 | % |
| Time deposits | 424,848 | 1.10 | % | 432,771 | 0.96 | % | 400,778 | 0.83 | % |
| Brokered CD | 61,804 | 2.45 | % | 7,657 | 2.93 | % | - | - | % |
| | \$ 4,106,793 | 0.34 | % | \$ 3,916,414 | 0.31 | % | \$ 3,624,897 | 0.24 | % |

| <i>(in thousands)</i> | Six Months Ended June 30, | | | | | | |
|--|---------------------------|-----------------------|---|----------------|-----------------------|---|--|
| | 2019 | | | 2018 | | | |
| | Average Amount | Weighted Average Rate | | Average Amount | Weighted Average Rate | | |
| Non-interest bearing demand deposit accounts | \$ 1,680,984 | 0.00 | % | \$ 1,530,460 | 0.00 | % | |
| NOW accounts | 222,589 | 0.46 | % | 204,455 | 0.34 | % | |
| Savings accounts | 338,326 | 0.21 | % | 309,466 | 0.14 | % | |
| Money market deposit accounts | 1,306,562 | 0.46 | % | 1,025,108 | 0.42 | % | |
| Time deposits | 428,788 | 1.03 | % | 393,557 | 0.83 | % | |
| Brokered CD | 34,880 | 2.50 | % | - | - | % | |
| | \$ 4,012,129 | 0.32 | % | \$ 3,463,046 | 0.25 | % | |

Asset Quality

| <i>(In thousands)</i> | June 30, 2019 | March 31, 2019 | December 31, 2018 | | | |
|---|---------------|----------------|-------------------|---|------|---|
| Loans 90 days past due and accruing | \$ 13,939 | \$ 7,157 | \$ - | | | |
| Nonaccrual loans excluding held for sale loans and restructured loans | 9,893 | 9,351 | 8,379 | | | |
| Restructured loans - nonaccrual | 6,221 | 5,455 | 15,482 | | | |
| Restructured loans - accruing | 43,277 | 33,441 | 34,457 | | | |
| Other real estate owned | 526 | 1,057 | 844 | | | |
| Impaired securities | 88 | 90 | 93 | | | |
| Total nonperforming assets | \$ 73,944 | \$ 56,551 | \$ 59,255 | | | |
| Nonaccrual loans: | | | | | | |
| Commercial and industrial | \$ 4,180 | \$ 3,734 | \$ 12,153 | | | |
| Commercial real estate | 3,832 | 4,019 | 4,112 | | | |
| Total commercial portfolio | 8,012 | 7,753 | 16,265 | | | |
| Residential 1-4 family 1 st mortgages | 6,330 | 5,769 | 6,287 | | | |
| Residential 1-4 family 2 nd mortgages | 1,267 | 1,078 | 1,299 | | | |
| Consumer and other | 505 | 206 | 10 | | | |
| Total retail portfolio | 8,102 | 7,053 | 7,596 | | | |
| Total nonaccrual loans | \$ 16,114 | \$ 14,806 | \$ 23,861 | | | |
| Nonperforming assets to total assets | 1.50 | % | 1.15 | % | 1.27 | % |
| Nonaccrual assets to total assets | 0.34 | % | 0.32 | % | 0.53 | % |
| Nonaccrual loans to total loans | 0.49 | % | 0.45 | % | 0.74 | % |
| Allowance for loan losses to nonaccrual loans | 209 | % | 212 | % | 156 | % |

Troubled debt restructurings:

| | | | |
|--|-----------|-----------|-----------|
| TDRs included in nonaccrual loans | \$ 6,221 | \$ 5,455 | \$ 15,482 |
| TDRs in compliance with modified terms | \$ 43,277 | \$ 33,441 | \$ 34,457 |

Reconciliation of GAAP to Non-GAAP Financial Measures

The information provided below presents a reconciliation of each of our non-GAAP financial measures to the most directly comparable GAAP financial measure.

| <i>(in thousands)</i> | For the Three Months Ended | | | For the Six Months Ended | |
|--|-------------------------------|-------------------|------------------|-----------------------------|------------|
| | June 30, 2019 | March 31, 2019 | June 30, 2018 | June 30, 2019 | 2018 |
| Core operating revenue | | | | | |
| Net interest income (GAAP) | \$ 41,856 | \$ 40,773 | \$ 36,695 | \$ 82,629 | \$ 69,497 |
| Non interest income (GAAP) | 6,349 | 7,417 | 6,204 | 13,766 | 13,217 |
| Add: Securities loss (gain) | 377 | (292) | 9 | 85 | 110 |
| <i>Core operating revenue (non-GAAP)</i> | \$ 48,582 | \$ 47,898 | \$ 42,908 | \$ 96,480 | \$ 82,824 |
| Core non-interest expenses | | | | | |
| Non-interest expense (GAAP) | \$ 31,002 | \$ 31,448 | \$ 30,138 | \$ 62,450 | \$ 58,926 |
| Less: Prepayment fees on borrowings | - | - | (4) | - | (4) |
| Less: Acquisition cost ⁽¹⁾ | - | - | (307) | - | (537) |
| Less: Severance ⁽²⁾ | (154) | (117) | - | (271) | 23 |
| <i>Core non-interest expense (non-GAAP)</i> | \$ 30,848 | \$ 31,331 | \$ 29,827 | \$ 62,179 | \$ 58,408 |
| Core Earnings | | | | | |
| Net Income (GAAP) | \$ 11,185 | \$ 10,813 | \$ 11,592 | \$ 21,999 | \$ 19,253 |
| Add: Securities loss (gain) | 377 | (292) | 9 | 85 | 110 |
| Add: Prepayment fees on borrowings | - | - | 4 | - | 4 |
| Add: Acquisition cost ⁽¹⁾ | - | - | 307 | - | 537 |
| Add: Severance ⁽²⁾ | 154 | 117 | - | 271 | (23) |
| Less: Tax on notable items | (137) | 45 | (81) | (92) | (158) |
| <i>Core earnings (non-GAAP)</i> | \$ 11,579 | \$ 10,683 | \$ 11,831 | \$ 22,263 | \$ 19,723 |
| Tangible common equity | | | | | |
| Stockholders Equity (GAAP) | \$ 474,944 | \$ 455,480 | \$ 406,311 | \$ 474,944 | \$ 406,311 |
| Less: Minority Interest (GAAP) | (134) | (134) | (134) | (134) | (134) |
| Less: Goodwill (GAAP) | (12,936) | (12,936) | (14,124) | (12,936) | (14,124) |
| Less: Core deposit intangible (GAAP) | (7,415) | (7,713) | (8,897) | (7,415) | (8,897) |
| <i>Tangible common equity (non-GAAP)</i> | \$ 454,459 | \$ 434,697 | \$ 383,156 | \$ 454,459 | \$ 383,156 |
| Average tangible common equity | | | | | |
| Average Stockholders Equity (GAAP) | \$ 464,902 | \$ 446,464 | \$ 377,855 | \$ 455,734 | \$ 362,476 |
| Less: Minority Interest (GAAP) | (134) | (134) | (134) | (134) | (134) |
| Less: Preferred Stock (GAAP) | - | - | (4,418) | - | (5,552) |
| Less: Goodwill (GAAP) | (12,936) | (12,936) | (6,612) | (12,936) | (3,324) |
| Less: Core deposit intangible (GAAP) | (7,575) | (7,903) | (3,927) | (7,738) | (1,974) |
| <i>Average tangible common equity (non-GAAP)</i> | \$ 444,257 | \$ 425,491 | \$ 362,765 | \$ 434,926 | \$ 351,491 |
| Core return on average assets | | | | | |
| Core earnings (numerator) (non-GAAP) | 11,579 | 10,683 | 11,831 | 22,263 | 19,723 |
| Divided: Total average assets (denominator) (GAAP) | 4,853,975 | 4,787,874 | 4,333,422 | 4,821,107 | 4,194,869 |
| <i>Core return on average assets (non-GAAP)</i> | 0.96 % | 0.90 % | 1.10 % | 0.93 % | 0.95 % |
| Core return on average tangible common equity | | | | | |
| Core earnings (numerator) (non-GAAP) | 11,579 | 10,682 | 11,831 | 22,263 | 19,723 |
| Divided: Average tangible common equity (denominator) (non-GAAP) | 444,257 | 425,491 | 362,765 | 434,926 | 351,491 |
| <i>Core return on average tangible common equity (non-GAAP)</i> | 10.45 % | 10.18 % | 13.08 % | 10.32 % | 11.32 % |

Core efficiency ratio

| | | | | | | | | | | |
|--|--------|---|--------|---|--------|---|--------|---|--------|---|
| Core non-interest expense (numerator) (non-GAAP) | 30,848 | | 31,331 | | 29,827 | | 62,179 | | 58,408 | |
| Core operating revenue (denominator) (non-GAAP) | 48,582 | | 47,897 | | 42,908 | | 96,480 | | 82,824 | |
| Core efficiency ratio (non-GAAP) | 63.50 | % | 65.41 | % | 69.51 | % | 64.45 | % | 70.52 | % |

(1) Expense related to New Resource Bank acquisition

(2) Salary and COBRA reimbursement expense for positions eliminated



Source: Amalgamated Bank