



Amalgamated Bank Reports Second Quarter 2020 Financial Results

July 28, 2020

NEW YORK, July 28, 2020 (GLOBE NEWSWIRE) -- Amalgamated Bank (Nasdaq: AMAL) ("Amalgamated") today announced financial results for the second quarter ended June 30, 2020.

Second Quarter 2020 Highlights

- Net income of \$10.4 million, or \$0.33 per diluted share, compared to \$9.5 million, or \$0.30 per diluted share, for the second quarter of 2019
- Core net income (non-GAAP)¹ of \$10.6 million, or \$0.34 per diluted share, compared to \$9.2 million, or \$0.29 per diluted share, for the second quarter of 2019
- Deposit growth of \$793.8 million, or 62.9% annualized, to approximately \$5.9 billion compared to a balance of \$5.1 billion on March 31, 2020
- Loan growth of \$123.0 million, or 14.1% annualized, from a balance of \$3.5 billion on March 31, 2020
- PACE assessment growth of \$68.1 million, or 106.7% annualized, from a balance of \$255.3 million on March 31, 2020
- Cost of deposits was 0.20%, compared to 0.33% for the first quarter of 2020 and 0.34% for the second quarter of 2019
- Net interest margin was 3.10%, compared to 3.46% for the first quarter of 2020 and 3.66% for the second quarter of 2019
- Common Equity Tier 1, Total Risk-Based, and Tier 1 Leverage capital ratios were 12.29%, 13.54%, and 7.69%, respectively, at June 30, 2020
- Total nonperforming assets were \$74.3 million or 1.15% of total assets as of June 30, 2020, compared to \$65.6 million or 1.14% of total assets at March 31, 2020 and \$73.9 million, or 1.50% of total assets at June 30, 2019

Keith Mestrich, President and Chief Executive Officer of Amalgamated Bank, commented, "For almost 100 years, Amalgamated Bank has stood with companies, organizations and individuals that have led the charge to make a more just and sustainable world. Social responsibility is embedded in Amalgamated's history, policies, products, programs, operations and culture. Now more than ever, we need to act boldly in addressing the racism embedded in our society, including the private sector. As a result, and after long conversations both inside and outside of the Bank, we have outlined a series of near-term commitments and actions intended to drive tangible results over time. It will take time to drive meaningful change and we are committed to keeping this at the forefront of our work."

Mr. Mestrich, continued, "We have always believed that a Bank can do good in the world while also delivering profitable growth. Our second quarter results not only validate this view but further emphasize the value that we provide to our core customer base as can be seen in our average deposit growth of \$606 million during the quarter, or 50.5% on an annualized basis. Additionally, we have nearly doubled our West Coast deposits since acquiring New Resource two years ago. On the asset side of the balance sheet, we continue to grow our PACE portfolio, having effectively added \$68 million in PACE securities during the quarter. While the pandemic has negatively affected the cities where we have physical locations, our customer base has a geographic diversity that, along with our conservative underwriting, should benefit the performance of our loan portfolio. Lastly, the pandemic has allowed the Bank to benefit from higher levels of digital adoption, effectively obliging our customers to utilize our technology when the ability for in-person banking was not an option. This successful transition to online banking allowed us to close several of the Bank's branches earlier than anticipated. We expect to realize a one-time, non-core expense increase of approximately \$6 million in the third quarter as we exit the branches, however, moving forward, beginning in 2021, our non-interest expense is expected to benefit by approximately \$4 million annually."

¹ Reconciliations of non-GAAP financial measures to the most comparable GAAP measure are set forth on the last two pages of the financial information accompanying this press release and may also be found on our website, www.amalgamatedbank.com.

COVID-19 Update

Amalgamated's primary concern during the COVID-19 pandemic is for the health and wellbeing of the Company's employees, customers, and communities. Our employees continue to manage from a work from home environment, and our operations continue to perform well, effectively transitioning many customers to our digital platform, allowing for further consolidation of our branch network.

We have offered payment deferrals as an option for our consumer and commercial borrowers who are experiencing financial stress as a result of COVID-19 impacts. As of the week ending July 25, 2020, we have provided payment deferrals on the following amount of loan balances.

	Total Loans	Deferrals as of:		% of	Exited
	6/30/20	7/25/20	6/20/20	Portfolio	Deferral
Multifamily	\$ 972	\$ 178	\$ 218	18	% \$ 39
CRE + Construction	469	111	122	24	% 12
C&I	618	39	39	6	% -
Residential	1,433	90	122	6	% 33
Consumer & Student	188	10	11	6	% 1
Total	\$ 3,680	\$ 428	\$ 512	12	% \$ 84

Results of Operations, Quarter Ended June 30, 2020

Net income for the second quarter of 2020 was \$10.4 million, or \$0.33 per diluted share, compared to \$9.5 million, or \$0.30 per diluted share, for the first quarter of 2020 and \$11.2 million, or \$0.35 per diluted share, for the second quarter of 2019. The \$0.8 million decrease in net income for the second quarter of 2020, compared to the second quarter of 2019, was primarily due to a \$6.1 million increase in provision for loan losses, partially offset by a \$2.6 million increase in net interest income and a \$2.3 million increase in non-interest income.

Core net income (non-GAAP) for the second quarter of 2020 was \$10.6 million, or \$0.34 per diluted share, compared to \$9.2 million, or \$0.29 per diluted share, for the first quarter of 2020 and \$11.6 million, or \$0.36 per diluted share, for the second quarter of 2019. Core net income for the second quarter of 2020 excludes \$0.5 million of non-interest income gains on the sale of securities, \$0.7 million in expense related to the closure of six branches, and other adjustments, including the tax effect of such adjustments.

Net interest income was \$44.4 million for the second quarter of 2020, compared to \$44.7 million for the first quarter of 2020 and \$41.9 million for the second quarter of 2019. The \$2.5 million year-over-year increase was primarily attributable to a decrease in interest expense due to a decrease in borrowings and deposit rate paid, and an increase in average securities and loans of \$509.5 million and \$383.9 million, respectively with lower yields. These impacts were partially offset by an increase in average interest-bearing deposits of \$340.4 million.

Net interest margin was 3.10% for the second quarter of 2020, a decrease of 36 basis points from 3.46% in the first quarter of 2020, and a decrease of 56 basis points from 3.66% in the second quarter of 2019. The accretion of the loan mark from the loans we acquired in our New Resource Bank acquisition contributed three basis points to our net interest margin in the second quarter of 2020, compared to four and six basis points in the first quarter of 2020 and the second quarter of 2019, respectively. Prepayment penalties earned through loan income contributed \$0.2 million, or two basis points, to our net interest margin in the second quarter of 2020, compared to six and three basis points in the first quarter of 2020 and the second quarter of 2019, respectively.

Provisions for loan loss expense totaled \$8.2 million in the second quarter of 2020 compared to \$8.6 million in the first quarter of 2020 and \$2.1 million for the second quarter of 2019. The provision expense in the second quarter of 2020 was primarily driven by a \$3.2 million increase in allowance related to payment deferrals in our loan portfolio, a \$2.7 million increase in specific reserves related to one hotel which was downgraded to non-accrual, and \$1.5 million related to downgrades to the risk rating of loans, primarily construction loans.

Non-interest income was \$8.7 million in the second quarter of 2020 compared to \$9.1 million in the first quarter of 2020, and \$6.3 million in the second quarter of 2019. The \$2.3 million increase in the second quarter of 2020, compared to the like period in 2019, was primarily due to \$1.3 million tax credit on an equity investment in a solar project, a \$0.5 million gain on the sale of securities compared to a loss of \$0.4 million in the comparable quarter of 2019, and a \$0.7 million increase in Bank-owned life insurance income due to the receipt of a death benefit payout. These increases were partially offset by a \$0.5 million decrease in Trust Department fees primarily related to the decrease in revenue from a real estate fund which is liquidating assets.

Non-interest expense was \$31.1 million in the second quarter of 2020 compared to \$32.3 million in the first quarter of 2020, and \$31.0 million in the second quarter of 2019. Expenses in the second quarter of 2020 were relatively unchanged compared to the same period in 2019. The \$1.2 million decrease in the second quarter of 2020 compared to the linked quarter was primarily due to a \$1.3 million decrease in branch closure expense in occupancy and depreciation and a \$1.0 million decrease in professional fees from external audit, subadvisors and consultants. These decreases were partially offset by an increase in data processing and other expenses of \$0.7 million and \$0.5 million, respectively.

Our provision for income tax expense was \$3.4 million for the second quarter of 2020, compared to a provision of \$3.4 million for the first quarter of 2020 and a provision of \$3.9 million for the second quarter of 2019. Our effective tax rate for the second quarter of 2020 was 24.9%, compared to 26.3% for the first quarter of 2020 and 25.8% for the second quarter of 2019.

Results of Operations, Six Months Ended June 30, 2020

Net income for the six months ended June 30, 2020 of \$19.9 million, or \$0.64 per diluted share, compared to \$22.0 million, or \$0.68 per diluted share, for same period in 2019. The \$2.1 million decrease was primarily due to a \$12.5 million increase in the provision for loan losses and a \$0.9 million increase in non-interest expense, partially offset by a \$6.5 million increase in net interest income and a \$4.0 million increase in non-interest income.

Core net income (non-GAAP) for the six months ended June 30, 2020 of \$19.7 million, or \$0.63 per diluted share, compared to \$22.3 million or \$0.69 per diluted share, for the same period last year. Core net income for the first six months of 2020 exclude branch closure expenses and the gain on sale of a closed branch, gains on the sale of securities, severance, and the tax effect of such adjustments.

Net interest income was \$89.1 million for the six months ended June 30, 2020, an increase of \$6.5 million from the same period in 2019. This increase was primarily attributable to a decrease in interest expense due to a decrease in borrowings and deposit rate paid, and an increase in average securities and loans of \$433.1 million and \$292.9 million, respectively with lower yields. These impacts were partially offset by an increase in average interest-bearing deposits of \$273.4 million.

Provisions for loan loss expense totaled \$16.8 million for the six months ended June 30, 2020, an increase of \$12.5 million compared to \$4.3 million in the same period of 2019. The provision expense in the six months ended June 30, 2020 was primarily driven by a \$6.2 million increase in COVID-19 qualitative factors tied to economic factors and payment deferrals in our loan portfolio, a \$6.1 million increase in specific reserves related to indirect C&I and hotel loans, and other factors.

Non-interest income was \$17.8 million for the six months ended June 30, 2020 compared to \$13.8 million for the same period in 2019. The \$4.0 million increase for the six months ended June 30, 2020, compared to the like period in 2019, was primarily due to a \$1.4 million gain on the sale of a closed branch included in other non-interest income, a \$1.3 million tax credit on an equity investment in a solar project, a \$1.0 million gain on the sale of securities, and a \$0.7 million increase in Bank-owned life insurance income due to the receipt of a death benefit payout. These increases were partially offset by a \$1.2 million decrease in Trust Department fees primarily related to the decrease in revenue from a real estate fund which is liquidating assets.

Non-interest expense was \$63.3 million for the six months ended June 30, 2020 compared to \$62.5 million for the same period in 2019. The \$0.9 million increase in expenses for the six months ended June 30, 2020 compared to the same period in 2019 was primarily due to the \$1.3 million

increase in branch closure expense in occupancy and depreciation, partially offset by a \$0.6 million decrease in professional fees.

We had income tax expense of \$6.9 million for the six months ended June 30, 2020, compared to \$7.6 million for the same period in 2019. The \$0.8 million decrease in income tax expense was primarily due to a decrease in pre-tax earnings of \$2.9 million in the six months ended June 30, 2020, compared to the same period in 2019. Our effective tax rate was 25.6% for the six months ended June 30, 2020, compared to 25.8% for the same period in 2019.

Financial Condition

Total assets were \$6.5 billion at June 30, 2020, compared to \$5.3 billion at December 31, 2019. The increase of \$1.1 billion was driven primarily by a \$465.4 million increase in cash and cash equivalents, a \$428.2 million increase in investment securities, and a \$199.2 million increase in loans receivable, net. In the second quarter of 2020, the Bank also made a \$2.7 million investment in a solar project with federal tax benefits and added \$45.6 million of reverse repurchase agreements backed by Government Guaranteed loans.

Total loans, net at June 30, 2020 were \$3.6 billion, an increase of \$199.2 million, or 11.7% annualized, compared to December 31, 2019. Loan growth in the first six months of 2020 was primarily driven by a \$143.2 million increase in C&I loans including \$80.7 million of government guaranteed and Paycheck Protection Program loans, a \$69.4 million increase in residential first liens, and a \$41.9 million increase in consumer residential solar loans. These increases were partially offset by a \$19.1 million decrease in commercial real estate and multifamily loans.

Deposits at June 30, 2020 were \$5.9 billion, an increase of \$1.2 billion, or 53.3% annualized, as compared to \$4.6 billion as of December 31, 2019. Deposits held by politically active customers, such as campaigns, PACs, advocacy-based organizations, and state and national party committees were \$1.1 billion as of June 30, 2020, an increase of \$522.1 million compared to \$578.6 million as of December 31, 2019. Noninterest-bearing deposits represent 49.2% of average deposits and 52.6% of ending deposits for the six months ended June 30, 2020, contributing to an average cost of deposits of 0.20% in the second quarter of 2020, a 13 basis point decrease from the linked quarter.

Nonperforming assets totaled \$74.3 million, or 1.15% of period-end total assets at June 30, 2020, an increase of \$7.6 million, compared with \$66.7 million, or 1.25% of period end total assets at December 31, 2019. The increase in nonperforming assets at June 30, 2020 compared to the year-ended December 31, 2019 was primarily driven by a \$14.7 million increase in non-accruing loans, including a \$10.2 million hotel loan.

The allowance for loan losses increased \$16.2 million to \$50.0 million at June 30, 2020 from \$33.8 million at December 31, 2019, primarily due to increases in the specific reserves for indirect C&I and hotel loans and an increase in allowance related to the coronavirus pandemic. At June 30, 2020, we had \$70.3 million of impaired loans for which a specific allowance of \$14.5 million was made, compared to \$65.4 million of impaired loans at December 31, 2019 for which a specific allowance of \$7.5 million was made. The ratio of allowance to total loans was 1.36% at June 30, 2020 and 0.98% at December 31, 2019.

Capital

As of June 30, 2020, our Common Equity Tier 1 Capital Ratio was 12.29%, Total Risk-Based Capital Ratio was 13.54%, and Tier-1 Leverage Capital Ratio was 7.69%, compared to 13.01%, 14.01% and 8.90%, respectively, as of December 31, 2019. Stockholders' equity at June 30, 2020 was \$503.7 million, compared to \$490.5 million at December 31, 2019. The increase in stockholders' equity was driven by \$19.9 million of net income and a \$4.0 million increase in accumulated other comprehensive income due to the mark to market on our securities portfolio, offset by a \$7.0 million decrease due to share repurchases and a \$5.0 million decrease due to dividends to shareholders.

Our tangible book value per share was \$15.61 as of June 30, 2020 compared to \$14.93 as of December 31, 2019.

Conference Call

As previously announced, Amalgamated Bank will host a conference call to discuss its second quarter 2020 results today, July 28, 2020 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 2020 Earnings Call. A telephonic replay will be available approximately two hours after 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 13706036. The telephonic replay will be available until 11:59 pm (Eastern Time) on August 4, 2020.

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 11 branches in New York City, Washington D.C., and San Francisco. 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, 2020, our total assets were \$6.5 billion, total net loans were \$3.6 billion, and total deposits were \$5.9 billion. Additionally, as of June 30, 2020, the trust business held \$32.0 billion in assets under custody and \$13.3 billion in assets under management.

Non-GAAP Financial Measures

This release (and the accompanying financial information and tables) refers to certain non-GAAP financial measures including, without limitation, "Core operating revenue," "Core non-interest expense," "Core net income," "Tangible common equity," "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 2020 versus certain periods in 2019 and to prepare internal 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, which 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 comparable GAAP measures found in this release are set forth in the final pages of this release and also may be viewed on our website, amalgamatedbank.com.

Terminology

Certain terms used in this release are defined as follows:

"Core operating revenue" is defined as total net interest income plus non-interest income excluding gains and losses on sales of securities and gains on the sale of owned property. We believe the most directly comparable GAAP financial measure is the total of net interest income and non-interest income.

"Core non-interest expense" is defined as total non-interest expense excluding costs related to branch closures and restructuring/severance costs. We believe the most directly comparable GAAP financial measure is total non-interest expense.

"Core net income" is defined as net income after tax excluding gains and losses on sales of securities, gains on the sale of owned property, costs related to branch closures, restructuring/severance costs, and taxes on notable pre-tax items. We believe the most directly comparable GAAP financial measure is net income.

"Tangible common equity" and "Tangible book value" are defined as stockholders' equity excluding, as applicable, minority interests, preferred stock, goodwill and core deposit intangibles. We believe that the most directly comparable GAAP financial measure is total stockholders' equity.

"Core return on average assets" is defined as "Core net income" divided by average total assets. We believe the most directly comparable performance ratio derived from GAAP financial measures is return on average assets calculated by dividing net income by average total assets.

"Core return on average tangible common equity" is defined as "Core net income" divided by "Average tangible common equity." We believe the most directly comparable performance ratio derived from GAAP financial measures is return on average equity calculated by dividing net income by average total stockholders' equity.

"Core efficiency ratio" is defined as "Core non-interest expense" divided by "Core operating revenue." We believe the most directly comparable performance ratio derived from GAAP financial measures is an efficiency ratio calculated by dividing total non-interest expense by the sum of net interest income and total non-interest income.

Forward-Looking Statements

Statements included in this release that are not historical in nature are intended to be, and are hereby identified as, forward-looking statements within the meaning of the Private Securities Litigation Reform Act, Section 21E of the Securities Exchange Act of 1934, as amended. Forward-looking statements generally can be identified through the use of forward-looking terminology such as "may," "will," "anticipate," "should," "would," "believe," "contemplate," "expect," "estimate," "continue," "may" and "intend," as well as other similar words and expressions of the future, and in this press release include statements about expected performance of our loan portfolio and payment deferrals, and the expected charges and anticipated future expense savings resulting from branch closures. Forward-looking statements are subject to known and unknown risks, uncertainties and other factors, any or all of which could cause actual results to differ materially from the results expressed or implied by such forward-looking statements. These risks and uncertainties include, but are not limited to: (i) deterioration in the financial condition of borrowers resulting in significant increases in loan losses and provisions for those losses; (ii) continuation of the historically low short-term interest rate environment; (iii) the inability of Amalgamated Bank to maintain the historical growth rate of its loan portfolio; (iv) changes in loan underwriting, credit review or loss reserve policies associated with economic conditions, examination conclusions, or regulatory developments; (v) effectiveness of Amalgamated Bank's asset management activities in improving, resolving or liquidating lower-quality assets; (vi) the impact of competition with other financial institutions, including pricing pressures and the resulting impact on Amalgamated Bank's results, including as a result of compression to net interest margin; (vii) greater than anticipated adverse conditions in the national or local economies including in Amalgamated Bank's core markets, including, but not limited to, the negative impacts and disruptions resulting from the recent outbreak of the novel coronavirus, or COVID-19, which may have an adverse impact on our business, operations and performance, and could have a negative impact on our credit portfolio, share price, borrowers, and on the economy as a whole, both domestically and globally (viii) fluctuations or unanticipated changes in interest rates on loans or deposits or that affect the yield curve; (ix) the results of regulatory examinations; (x) potential deterioration in real estate values; (xi) changes in legislation, regulation, policies, or administrative practices, whether by judicial, governmental, or legislative action, including, but not limited to, the Coronavirus Aid, Relief, and Economic Security Act, or the "CARES Act"; and (xi) the risk that the preliminary financial information reported herein and our current preliminary analysis will be different when our review is finalized. Additional factors which could affect the forward-looking statements can be found in Amalgamated's Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, and Current Reports on Form 8-K filed with the FDIC and available on the FDIC's website at <https://efr.fdic.gov/fcxweb/efr/index.html>. Amalgamated Bank disclaims any obligation to update or revise any forward-looking statements contained in this release, which speak only as of the date hereof, whether as a result of new information, future events or otherwise, except as required by law.

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Consolidated Statements of Income (Unaudited)
(Dollars in thousands, except for per share amount)

	Three Months Ended			Six Months Ended	
	June 30, 2020	March 31, 2020	June 30, 2019	June 30, 2020	2019
INTEREST AND DIVIDEND INCOME					
Loans	\$ 35,225	\$ 35,612	\$ 35,559	\$ 70,837	\$ 70,855
Securities	11,746	12,554	10,524	24,299	20,398
Federal Home Loan Bank of New York stock	66	69	191	135	501
Interest-bearing deposits in banks	83	396	254	479	548
Total interest and dividend income	47,120	48,631	46,528	95,750	92,302
INTEREST EXPENSE					
Deposits	2,681	3,915	3,499	6,596	6,444
Borrowed funds	-	27	1,173	27	3,229
Total interest expense	2,681	3,942	4,672	6,623	9,673
NET INTEREST INCOME					
Provision for (recovery of) loan losses	8,221	8,588	2,127	16,808	4,312
Net interest income after provision for loan losses	36,218	36,101	39,729	72,319	78,317
NON-INTEREST INCOME					
Trust Department fees	3,980	4,085	4,508	8,066	9,229
Service charges on deposit accounts	1,850	2,411	2,068	4,261	3,939
Bank-owned life insurance	1,111	384	408	1,495	828
Gain (loss) on sale of investment securities available for sale, net	486	499	(377)	985	(85)
Gain (loss) on other real estate owned, net	(283)	(23)	(315)	(306)	(564)
Equity method investments	1,289	-	-	1,289	-
Other	238	1,762	57	1,999	419
Total non-interest income	8,671	9,118	6,349	17,789	13,766
NON-INTEREST EXPENSE					
Compensation and employee benefits, net	17,334	17,458	16,992	34,792	34,422
Occupancy and depreciation	4,241	5,506	4,145	9,747	8,417
Professional fees	1,988	2,983	2,401	4,971	5,566
Data processing	2,977	2,264	2,729	5,241	5,478
Office maintenance and depreciation	818	856	830	1,675	1,716
Amortization of intangible assets	342	342	298	685	687
Advertising and promotion	672	667	692	1,339	1,313
Other	2,696	2,194	2,915	4,889	4,851
Total non-interest expense	31,068	32,270	31,002	63,339	62,450
Income before income taxes	13,821	12,949	15,076	26,769	29,633
Income tax expense (benefit)	3,447	3,404	3,891	6,850	7,634
Net income	10,374	9,545	11,185	19,919	21,999
Net income attributable to noncontrolling interests	-	-	-	-	-
Net income attributable to Amalgamated Bank and subsidiaries	\$ 10,374	\$ 9,545	\$ 11,185	\$ 19,919	\$ 21,999

Earnings per common share - basic	\$ 0.33	\$ 0.30	\$ 0.35	\$ 0.64	\$ 0.69
Earnings per common share - diluted	\$ 0.33	\$ 0.30	\$ 0.35	\$ 0.64	\$ 0.68

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

	June 30, 2020 (Unaudited)	December 31, 2019
Assets		
Cash and due from banks	\$ 9,209	\$ 7,596
Interest-bearing deposits in banks	578,752	114,942
Total cash and cash equivalents	587,961	122,538
Securities:		
Available for sale, at fair value (amortized cost of \$1,562,033 and \$1,217,087, respectively)	1,575,175	1,224,770
Held-to-maturity (fair value of \$382,830 and \$292,837, respectively)	370,498	292,704
Loans receivable, net of deferred loan origination costs (fees)	3,687,992	3,472,614
Allowance for loan losses	(50,010)	(33,847)
Loans receivable, net	3,637,982	3,438,767
Resell agreements	45,653	-
Accrued interest and dividends receivable	21,836	19,088
Premises and equipment, net	16,180	17,778
Bank-owned life insurance	80,694	80,714
Right-of-use lease asset	42,758	47,299
Deferred tax asset	34,251	31,441
Goodwill and other intangible assets	18,980	19,665
Other assets	38,376	30,574
Total assets	\$ 6,470,344	\$ 5,325,338
Liabilities		
Deposits	\$ 5,870,319	\$ 4,640,982
Borrowed funds	-	75,000
Operating leases	56,842	62,404
Other liabilities	39,481	56,408
Total liabilities	5,966,642	4,834,794
Commitments and contingencies		
	-	-
Stockholders' equity		
Common stock, par value \$.01 per share (70,000,000 shares authorized; 31,049,525 and 31,523,442 shares issued and outstanding, respectively)	310	315
Additional paid-in capital	299,997	305,738
Retained earnings	195,991	181,132
Accumulated other comprehensive income (loss), net of income taxes	7,270	3,225
Total Amalgamated Bank stockholders' equity	503,568	490,410
Noncontrolling interests	134	134
Total stockholders' equity	503,702	490,544
Total liabilities and stockholders' equity	\$ 6,470,344	\$ 5,325,338

Select Financial Data

	As of and for the Three Months Ended			As of and for the Six Months Ended	
	June 30, 2020	March 31, 2020	June 30, 2019	June 30, 2020	2019
Selected Financial Ratios and Other Data					
Earnings per share					
Basic	\$ 0.33	\$ 0.30	\$ 0.35	\$ 0.64	\$ 0.69
Diluted	0.33	0.30	0.35	0.64	0.68

Core Earnings per share (non-GAAP)					
Basic	\$ 0.34	\$ 0.29	\$ 0.36	\$ 0.63	\$ 0.70
Diluted	0.34	0.29	0.36	0.63	0.69
Book value per common share (excluding minority interest)	16.22	15.26	14.89	16.22	14.89
Tangible book value per share (non-GAAP)	15.61	14.64	14.25	15.61	14.25
Common shares outstanding	31,049,525	31,000,299	31,886,669	31,049,525	31,886,669
Weighted average common shares outstanding, basic	31,022,517	31,410,848	31,824,930	31,216,683	31,798,405
Weighted average common shares outstanding, diluted	31,034,666	31,805,901	32,237,116	31,345,192	32,279,342

Select Financial Data

	As of and for the Three Months Ended			As of and for the Six Months Ended		
	June 30, 2020	March 31, 2020	June 30, 2019	June 30, 2020	2019	
Selected Performance Metrics:						
Return on average assets	0.69	% 0.71	% 0.92	% 0.70	% 0.92	%
Core return on average assets (non-GAAP)	0.70	% 0.68	% 0.96	% 0.69	% 0.93	%
Return on average equity	8.56	% 7.65	% 9.65	% 8.10	% 9.73	%
Core return on average tangible common equity (non-GAAP)	9.07	% 7.66	% 10.45	% 8.35	% 10.32	%
Loan yield	3.97	% 4.13	% 4.42	% 4.05	% 4.43	%
Securities yield	2.59	% 3.29	% 3.34	% 2.91	% 3.35	%
Deposit cost	0.20	% 0.33	% 0.34	% 0.26	% 0.32	%
Net interest margin	3.10	% 3.46	% 3.66	% 3.27	% 3.66	%
Efficiency ratio ⁽¹⁾	58.50	% 59.97	% 64.31	% 59.24	% 64.79	%
Core efficiency ratio (non-GAAP) ⁽¹⁾	57.68	% 59.44	% 63.50	% 58.56	% 64.45	%
Asset Quality Ratios:						
Nonaccrual loans to total loans	1.24	% 0.96	% 0.49	% 1.24	% 0.49	%
Nonperforming assets to total assets	1.15	% 1.14	% 1.50	% 1.15	% 1.50	%
Allowance for loan losses to nonaccrual loans	109	% 125	% 209	% 109	% 209	%
Allowance for loan losses to total loans	1.36	% 1.19	% 1.01	% 1.36	% 1.01	%
Net charge-offs (recoveries) to average loans	0.06	% 0.01	% -0.01	% 0.04	% 0.49	%
Capital Ratios:						
Tier 1 leverage capital ratio	7.69	% 8.47	% 9.04	% 7.69	% 9.04	%
Tier 1 risk-based capital ratio	12.29	% 12.74	% 13.57	% 12.29	% 13.57	%
Total risk-based capital ratio	13.54	% 13.96	% 14.67	% 13.54	% 14.67	%
Common equity tier 1 capital ratio	12.29	% 12.74	% 13.57	% 12.29	% 13.57	%

(1) Efficiency ratio is calculated by dividing total non-interest expense by the sum of net interest income and total non-interest income

Loan and Held-to-Maturity Securities Portfolio Composition

(In thousands)	At June 30, 2020		At March 31, 2020		At June 30, 2019	
	Amount	% of total loans	Amount	% of total loans	Amount	% of total loans
<i>Commercial portfolio:</i>						
Commercial and industrial	\$ 617,579	16.8	% \$ 532,351	15.0	% \$ 424,319	12.8
Multifamily	972,129	26.4	% 936,350	26.4	% 925,747	27.9
Commercial real estate	404,064	11.0	% 408,766	11.5	% 453,393	13.7
Construction and land development	65,259	1.8	% 65,706	1.9	% 58,696	1.7
Total commercial portfolio	2,059,031	56.0	% 1,943,173	54.8	% 1,862,155	56.1

Retail portfolio:

Residential real estate lending	1,432,645	38.9	%	1,416,796	39.9	%	1,286,662	38.8	%
Consumer and other	187,980	5.1	%	189,152	5.3	%	168,201	5.1	%
Total retail	1,620,625	44.0	%	1,605,948	45.2	%	1,454,863	43.9	%
Total loans	3,679,656	100.0	%	3,549,121	100.0	%	3,317,018	100.0	%

Net deferred loan origination fees (costs)	8,336			8,214			7,562		
Allowance for loan losses	(50,010)			(42,348)			(33,630)		
Total loans, net	\$ 3,637,982			\$ 3,514,987			\$ 3,290,950		

Held-to-maturity securities portfolio:

PACE assessments	\$ 323,391	87.3	%	\$ 255,298	89.2	%	\$ -	0.0	%
Other securities	47,107	12.7	%	30,953	10.8	%	19,336	100.0	%
Total held-to-maturity securities	\$ 370,498	100.0	%	\$ 286,251	100.0	%	\$ 19,336	100.0	%

Net Interest Income Analysis

<i>(In thousands)</i>	Three Months Ended June 30, 2020			Three Months Ended March 31, 2020			Three Months Ended June 30, 2019		
	Average Balance	Income / Expense	Yield / Rate	Average Balance	Income / Expense	Yield / Rate	Average Balance	Income / Expense	Yield / Rate
Interest earning assets:									
Interest-bearing deposits in banks	\$ 364,932	\$ 83	0.09 %	\$ 185,281	\$ 396	0.86 %	\$ 70,442	\$ 254	1.45 %
Securities and FHLB stock	1,834,892	11,812	2.59 %	1,544,848	12,623	3.29 %	1,287,520	10,715	3.34 %
Total loans, net ⁽¹⁾	3,571,160	35,225	3.97 %	3,464,438	35,612	4.13 %	3,225,129	35,559	4.42 %
Total interest earning assets	5,770,984	47,120	3.28 %	5,194,567	48,631	3.77 %	4,583,091	46,528	4.07 %
Non-interest earning assets:									
Cash and due from banks	74,877			9,539			6,838		
Other assets	224,531			222,757			264,046		
Total assets	\$ 6,070,392			\$ 5,426,863			\$ 4,853,975		
Interest bearing liabilities:									
Savings, NOW and money market deposits	\$ 2,313,772	\$ 1,755	0.31 %	\$ 2,143,247	\$ 2,737	0.51 %	\$ 1,857,715	\$ 1,962	0.42 %
Time deposits	370,969	926	1.00 %	381,053	1,178	1.24 %	486,652	1,537	1.27 %
Total deposits	2,684,741	2,681	0.40 %	2,524,300	3,915	0.62 %	2,344,367	3,499	0.60 %
Federal Home Loan Bank advances	-	-	0.00 %	6,374	27	1.70 %	190,501	1,166	2.46 %
Other Borrowings	-	-	0.00 %	-	-	0.00 %	1,099	7	2.56 %
Total interest bearing liabilities	2,684,741	2,681	0.40 %	2,530,674	3,942	0.63 %	2,535,967	4,672	0.74 %
Non-interest bearing liabilities:									
Demand and transaction deposits	2,746,529			2,300,999			1,762,426		
Other liabilities	151,591			93,309			90,680		
Total liabilities	5,582,861			4,924,982			4,389,073		
Stockholders' equity	487,531			501,881			464,902		
Total liabilities and stockholders' equity	\$ 6,070,392			\$ 5,426,863			\$ 4,853,975		
Net interest income / interest rate spread		\$ 44,439	2.88 %		\$ 44,689	3.14 %		\$ 41,856	3.33 %

Net interest earning assets / net interest margin	\$ 3,086,243	3.10	%	\$ 2,663,893	3.46	%	\$ 2,047,124	3.66	%
Total Cost of Deposits		0.20	%		0.33	%		0.34	%

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

* Net interest margin includes prepayment penalty income in 2Q20, 1Q20 and 2Q19 of \$239,190, \$761,568 and \$320,633 respectively

Net Interest Income Analysis

<i>(In thousands)</i>	Six Months Ended June 30, 2020			Six Months Ended June 30, 2019				
	Average Balance	Income / Expense	Yield / Rate	Average Balance	Income / Expense	Yield / Rate		
Interest earning assets:								
Interest-bearing deposits in banks	\$ 275,107	\$ 479	0.35	%	\$ 71,861	\$ 548	1.54	%
Securities and FHLB stock	1,689,870	24,434	2.91	%	1,256,781	20,899	3.35	%
Total loans, net ⁽¹⁾	3,517,799	70,837	4.05	%	3,224,868	70,855	4.43	%
Total interest earning assets	5,482,776	95,750	3.51	%	4,553,510	92,302	4.09	%
Non-interest earning assets:								
Cash and due from banks	42,208				8,404			
Other assets	223,643				259,194			
Total assets	\$ 5,748,627				\$ 4,821,108			
Interest bearing liabilities:								
Savings, NOW and money market deposits	\$ 2,228,509	\$ 4,492	0.41	%	\$ 1,867,478	\$ 3,829	0.41	%
Time deposits	376,011	2,104	1.13	%	463,668	2,615	1.14	%
Total deposits	2,604,520	6,596	0.51	%	2,331,146	6,444	0.56	%
Federal Home Loan Bank advances	3,187	27	1.70	%	259,108	3,213	2.50	%
Other Borrowings	-	-	0.00	%	1,215	16	2.66	%
Total interest bearing liabilities	2,607,707	6,623	0.51	%	2,591,469	9,673	0.75	%
Non-interest bearing liabilities:								
Demand and transaction deposits	2,523,764				1,680,984			
Other liabilities	122,450				92,921			
Total liabilities	5,253,921				4,365,374			
Stockholders' equity	494,706				455,734			
Total liabilities and stockholders' equity	\$ 5,748,627				\$ 4,821,108			
Net interest income / interest rate spread		\$ 89,127	3.00	%		\$ 82,629	3.33	%
Net interest earning assets / net interest margin	\$ 2,875,069		3.27	%	\$ 1,962,041		3.66	%
Total Cost of Deposits			0.26	%			0.32	%

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

* Net interest margin includes prepayment penalty income in Jun YTD 2020 and Jun YTD 2019 of \$1,000,758 and \$626,038 respectively

Deposit Portfolio Composition

<i>(in thousands)</i>	June 30, 2020	March 31, 2020	June 30, 2019
Noninterest-bearing demand deposit accounts	\$ 3,089,004	\$ 2,423,760	\$ 1,908,741
NOW accounts	198,653	234,268	216,834
Money market deposit accounts	1,876,540	1,708,818	1,239,387

Savings accounts	342,477	329,583	340,258
Time deposits	363,645	380,128	411,250
Brokered CD	-	-	19,991
Total deposits	\$ 5,870,319	\$ 5,076,557	\$ 4,136,462

* Total deposit balance as of June 30, 2020 excludes off balance sheet Insured Cash Sweep (ICS) balance of \$90.9 million

<i>(In thousands)</i>	Three Months Ended June 30, 2020			Three Months Ended March 31, 2020			Three Months Ended June 30, 2019		
	Average Balance	Average Rate Paid		Average Balance	Average Rate Paid		Average Balance	Average Rate Paid	
Noninterest-bearing demand deposit accounts	\$ 2,746,529	0.00	%	\$ 2,300,999	0.00	%	\$ 1,762,426	0.00	%
NOW accounts	237,279	0.17	%	231,707	0.40	%	220,516	0.47	%
Money market deposit accounts	1,741,466	0.36	%	1,587,242	0.60	%	1,298,033	0.41	%
Savings accounts	335,027	0.12	%	324,298	0.18	%	339,165	0.22	%
Time deposits	370,969	0.99	%	381,053	1.23	%	424,848	1.25	%
Brokered CD	-	0.00	%	-	0.00	%	61,804	2.45	%
Total deposits	\$ 5,431,270	0.20	%	\$ 4,825,299	0.33	%	\$ 4,106,792	0.34	%

Asset Quality

<i>(In thousands)</i>	June 30, 2020	March 31, 2020	June 30, 2019
Loans 90 days past due and accruing	\$ -	\$ 3,856	\$ 13,939
Nonaccrual loans excluding held for sale loans and restructured loans	18,901	7,537	9,893
Nonaccrual loans held for sale	-	-	-
Troubled debt restructured loans - nonaccrual	26,776	26,435	6,221
Troubled debt restructured loans - accruing	28,031	26,968	43,277
Other real estate owned	503	786	526
Impaired securities	46	64	88
Total nonperforming assets	\$ 74,257	\$ 65,646	\$ 73,944

Nonaccrual loans:

Commercial and industrial	\$ 15,742	\$ 15,949	\$ 4,180
Multifamily	-	-	-
Commercial real estate	13,768	3,634	3,832
Construction and land development	3,652	3,652	-
Total commercial portfolio	33,162	23,235	8,012
Residential 1-4 family 1 st mortgages	11,106	9,173	6,330
Residential 1-4 family 2 nd mortgages	729	884	1,267
Consumer and other	680	680	505
Total retail portfolio	12,515	10,737	8,102
Total nonaccrual loans	\$ 45,677	\$ 33,972	\$ 16,114

Nonperforming assets to total assets	1.15	%	1.14	%	1.50	%
Nonaccrual assets to total assets	0.71	%	0.60	%	0.34	%
Nonaccrual loans to total loans	1.24	%	0.96	%	0.49	%
Allowance for loan losses to nonaccrual loans	109	%	125	%	209	%

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.

As of and for the Three
Months Ended

As of and for the Six
Months Ended

<i>(in thousands)</i>	June 30, 2020	March 31, 2020	June 30, 2019	June 30, 2020	2019
Core operating revenue					
Net interest income (GAAP)	\$ 44,439	\$ 44,689	\$ 41,856	\$ 89,127	\$ 82,629
Non-interest income (GAAP)	8,671	9,118	6,349	17,789	13,766
Less: Branch sale loss (gain) ⁽¹⁾	34	(1,428)	-	(1,394)	-
Less: Securities loss (gain)	(486)	(499)	377	(985)	85
<i>Core operating revenue (non-GAAP)</i>	\$ 52,658	\$ 51,880	\$ 48,582	\$ 104,537	\$ 96,480
Core non-interest expenses					
Non-interest expense (GAAP)	\$ 31,068	\$ 32,270	\$ 31,002	\$ 63,339	\$ 62,450
Less: Branch closure expense ⁽²⁾	(695)	(1,432)	-	(2,051)	-
Less: Severance ⁽³⁾	-	-	(154)	(76)	(271)
<i>Core non-interest expense (non-GAAP)</i>	\$ 30,373	\$ 30,838	\$ 30,848	\$ 61,212	\$ 62,179
Core net income					
Net Income (GAAP)	\$ 10,374	\$ 9,545	\$ 11,185	\$ 19,919	\$ 21,999
Less: Branch sale (gain) ⁽¹⁾	34	(1,428)	-	(1,394)	-
Less: Securities loss (gain)	(486)	(499)	377	(985)	85
Add: Branch closure expense ⁽²⁾	695	1,432	-	2,051	-
Add: Severance ⁽³⁾	-	-	154	76	271
Less: Tax on notable items	(61)	130	(137)	65	(92)
<i>Core net income (non-GAAP)</i>	\$ 10,556	\$ 9,180	\$ 11,579	\$ 19,731	\$ 22,264
Tangible common equity					
Stockholders' Equity (GAAP)	\$ 503,702	\$ 473,269	\$ 474,944	\$ 503,702	\$ 474,944
Less: Minority Interest (GAAP)	(134)	(134)	(134)	(134)	(134)
Less: Goodwill (GAAP)	(12,936)	(12,936)	(12,936)	(12,936)	(12,936)
Less: Core deposit intangible (GAAP)	(6,043)	(6,386)	(7,415)	(6,043)	(7,415)
<i>Tangible common equity (non-GAAP)</i>	\$ 484,589	\$ 453,813	\$ 454,458	\$ 484,589	\$ 454,458
Average tangible common equity					
Average Stockholders' Equity (GAAP)	\$ 487,531	\$ 501,881	\$ 464,902	\$ 494,706	\$ 455,734
Less: Minority Interest (GAAP)	(134)	(134)	(134)	(134)	(134)
Less: Goodwill (GAAP)	(12,936)	(12,936)	(12,936)	(12,936)	(12,936)
Less: Core deposit intangible (GAAP)	(6,210)	(6,552)	(7,575)	(6,381)	(7,738)
<i>Average tangible common equity (non-GAAP)</i>	\$ 468,250	\$ 482,258	\$ 444,256	\$ 475,254	\$ 434,925
Core return on average assets					
Core net income (numerator) (non-GAAP)	10,556	9,180	11,579	19,731	22,264
Divided: Total average assets (denominator) (GAAP)	6,070,392	5,426,863	4,853,975	5,748,627	4,821,107
<i>Core return on average assets (non-GAAP)</i>	0.70 %	0.68 %	0.96 %	0.69 %	0.93 %
Core return on average tangible common equity					
Core net income (numerator) (non-GAAP)	10,556	9,180	11,579	19,731	22,264
Divided: Average tangible common equity (denominator) (non-GAAP)	468,250	482,258	444,256	475,254	434,925
<i>Core return on average tangible common equity (non-GAAP)</i>	9.07 %	7.66 %	10.45 %	8.35 %	10.32 %
Core efficiency ratio					
Core non-interest expense (numerator) (non-GAAP)	30,373	30,838	30,848	61,212	62,179
Core operating revenue (denominator) (non-GAAP)	52,658	51,880	48,582	104,537	96,480
<i>Core efficiency ratio (non-GAAP)</i>	57.68 %	59.44 %	63.50 %	58.56 %	64.45 %

(1) Fixed Asset branch sale in March 2020

(2) Occupancy and other expense related to closure of branches during our branch rationalization

(3) Salary and COBRA reimbursement expense for positions eliminated



Source: Amalgamated Bank