UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended June 30, 2024
OR

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

For transition period from_____to_____

Commission File Number: 001-40136

Amalgamated Financial Corp.

(Exact name of registrant as specified in its charter)

Delaware	**85-2757101**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

275 Seventh Avenue, New York, NY 10001
(Address of principal executive offices) (Zip Code)

(212) 255-6200
(Registrant's telephone number, including area code)

Not Applicable
(Former name, former address and former fiscal year, if changed since last report)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value $0.01 per share	AMAL	The Nasdaq Global Market

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 every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b–2 of the Exchange Act.

Large accelerated filer	☐	Accelerated filer	☒		
Non-accelerated filer	☐	Smaller reporting company	☐	Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

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

As of August 5, 2024, the registrant had 30,643,596 shares of common stock outstanding at $0.01 par value per share.

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CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

Unless the context indicates otherwise, references to “we,” “us,” “our” and the “Company” refer to Amalgamated Financial Corp. and Amalgamated Bank. References to the “Bank” refer to Amalgamated Bank.

This Quarterly Report on Form 10-Q contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). Forward-looking statements are not statements of historical or current fact nor are they assurances of future performance and generally can be identified by the use of forward-looking terminology, such as “may,” “approximately,” “will,” “anticipate,” “should,” “would,” “believe,” “contemplate,” “expect,” “estimate,” “continue,” “plan,” “possible,” and “intend,” or the negative thereof as well as other similar words and expressions of the future. These forward-looking statements include, but are not limited to, statements related to our projected growth, anticipated future financial performance, and management’s long-term performance goals, as well as statements relating to the anticipated effects on results of operations and financial condition from expected developments or events, or business and growth strategies, including anticipated internal growth.

Forward-looking statements are subject to risks, uncertainties and assumptions that are difficult to predict as to timing, extent, likelihood and degree of occurrence, which could cause our actual results to differ materially from those anticipated in or by such statements. Potential risks and uncertainties include, but are not limited to, the following:

- uncertain conditions in the banking industry and in national, regional and local economies in our core markets, which may have an adverse impact on our business, operations and financial performance;
- deterioration in the financial condition of borrowers resulting in significant increases in credit losses and provisions for those losses;
- deposit outflows and subsequent declines in liquidity caused by factors that could include lack of confidence in the banking system, a deterioration in market conditions or the financial condition of depositors;
- changes in our deposits, including an increase in uninsured deposits;
- our ability to maintain sufficient liquidity to meet our deposit and debt obligations as they come due, which may require that we sell investment securities at a loss, negatively impacting our net income, earnings and capital;
- unfavorable conditions in the capital markets, which may cause declines in our stock price and the value of our investments;
- negative economic and political conditions that adversely affect the general economy, housing prices, the real estate market, the job market, consumer confidence, the financial condition of our borrowers and consumer spending habits, which may affect, among other things, the level of non-performing assets, charge-offs and provision expense;
- fluctuations or unanticipated changes in the interest rate environment including changes in net interest margin or changes in the yield curve that affect investments, loans or deposits;
- the general decline in the real estate and lending markets, particularly in commercial real estate in our market areas, and the effects of the enactment of or changes to rent-control and other similar regulations on multi-family housing;
- changes in legislation, regulation, public policies, or administrative practices impacting the banking industry, including increased minimum capital requirements and other regulation in the aftermath of recent bank failures;
- the outcome of legal or regulatory proceedings that may be instituted against us;
- our inability to achieve organic loan and deposit growth and the composition of that growth;
- the composition of our loan portfolio, including any concentration in industries or sectors that may experience unanticipated or anticipated adverse conditions greater than other industries or sectors in the national or local economies in which we operate;
- inaccuracy of the assumptions and estimates we make and policies that we implement in establishing our allowance for credit losses,
- changes in loan underwriting, credit review or loss reserve policies associated with economic conditions, examination conclusions, or regulatory developments;
- any matter that would cause us to conclude that there was impairment of any asset, including intangible assets;
- limitations on our ability to declare and pay dividends;
- the impact of competition with other financial institutions, including pricing pressures and the resulting impact on our results, including as a result of compression to net interest margin;
- increased competition for experienced members of the workforce including executives in the banking industry;
- a failure in or breach of our operational or security systems or infrastructure, or those of third party vendors or other service providers, including as a result of unauthorized access, computer viruses, phishing schemes, spam attacks, human error, natural disasters, power loss and other security breaches;

- increased regulatory scrutiny and exposure from the use of "big data" techniques, machine learning, and artificial intelligence;
- downgrade in our credit rating;
- "greenwashing claims" against us and our Environmental, Social and Governance ("ESG") products and increased scrutiny and political opposition to ESG and Diversity, Equity and Inclusion ("DEI") practices;
- any unanticipated or greater than anticipated adverse conditions (including the possibility of earthquakes, wildfires, and other natural disasters) affecting the markets in which we operate;
- physical and transitional risks related to climate change as they impact our business and the businesses that we finance;
- future repurchase of our shares through our common stock repurchase program; and
- descriptions of assumptions underlying or relating to any of the foregoing.

We caution readers that the foregoing list of factors is not exclusive, is not necessarily in order of importance and readers should not place undue reliance on any forward-looking statements, which should be read in conjunction with the other cautionary statements that are included elsewhere in this report. Additional factors that may cause actual results to differ materially from those contemplated by any forward-looking statements may be found in our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K filed with the SEC and available at the SEC's website at https://sec.gov. Further, any forward-looking statement speaks only as of the date on which it is made and we do not intend to and, except as required by law, disclaim any obligation to update or revise any forward-looking statement to reflect events or circumstances after the date on which the statement is made or to reflect the occurrence of unanticipated events, unless required to do so under the federal securities laws.

Part I
Item 1. – Financial Statements
Consolidated Statements of Financial Condition
(Dollars in thousands except for per share amounts)

	June 30, 2024	December 31, 2023
Assets	(unaudited)	
Cash and due from banks	$ 4,081	$ 2,856
Interest-bearing deposits in banks	53,912	87,714
Total cash and cash equivalents	57,993	90,570
Securities:		
Available for sale, at fair value:		
Traditional securities	1,581,338	1,429,739
Property Assessed Clean Energy ("PACE") assessments	112,923	53,303
	1,694,261	1,483,042
Held-to-maturity, at amortized cost:		
Traditional securities, net of allowance for credit losses of $53 and $54, respectively	606,013	620,232
PACE assessments, net of allowance for credit losses of $655 and $667, respectively	1,054,569	1,076,602
	1,660,582	1,696,834
Loans held for sale	1,926	1,817
Loans receivable, net of deferred loan origination costs	4,471,839	4,411,319
Allowance for credit losses	(63,444)	(65,691)
Loans receivable, net	4,408,395	4,345,628
Resell agreements	137,461	50,000
Federal Home Loan Bank of New York ("FHLBNY") stock, at cost	4,823	4,389
Accrued interest receivable	52,575	55,484
Premises and equipment, net	6,599	7,807
Bank-owned life insurance	106,752	105,528
Right-of-use lease asset	17,971	21,074
Deferred tax asset, net	47,654	56,603
Goodwill	12,936	12,936
Intangible assets, net	1,852	2,217
Equity method investments	12,710	13,024
Other assets	26,214	25,371
Total assets	$ 8,250,704	$ 7,972,324
Liabilities		
Deposits	$ 7,448,988	$ 7,011,988
Subordinated debt, net	68,117	70,546
Other borrowings	9,135	234,381
Operating leases	24,784	30,646
Other liabilities	53,568	39,399
Total liabilities	$ 7,604,592	$ 7,386,960
Stockholders' equity		
Common stock, par value $0.01 per share (70,000,000 shares authorized; 30,743,666 and 30,736,141 shares issued, respectively, and 30,630,386 and 30,428,359 shares outstanding, respectively)	$ 307	$ 307
Additional paid-in capital	286,021	288,232
Retained earnings	435,202	388,033
Accumulated other comprehensive loss, net of income taxes	(73,579)	(86,004)
Treasury stock, at cost (113,280 and 307,782 shares, respectively)	(1,972)	(5,337)
Total Amalgamated Financial Corp. stockholders' equity	645,979	585,231
Noncontrolling interests	133	133
Total stockholders' equity	646,112	585,364
Total liabilities and stockholders' equity	$ 8,250,704	$ 7,972,324

See accompanying notes to consolidated financial statements (unaudited)

Consolidated Statements of Income (unaudited)
(Dollars in thousands, except for per share amounts)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
INTEREST AND DIVIDEND INCOME				
Loans	$ 51,293	$ 45,360	$ 103,245	$ 90,166
Securities	44,978	39,506	87,368	79,018
Interest-bearing deposits in banks	2,690	1,056	5,282	1,673
Total interest and dividend income	98,961	85,922	195,895	170,857
INTEREST EXPENSE				
Deposits	28,882	18,816	54,773	32,651
Borrowed funds	887	4,121	3,893	7,942
Total interest expense	29,769	22,937	58,666	40,593
NET INTEREST INCOME	69,192	62,985	137,229	130,264
Provision for credit losses	3,161	3,940	4,749	8,899
Net interest income after provision for credit losses	66,031	59,045	132,480	121,365
NON-INTEREST INCOME				
Trust Department fees	3,657	4,006	7,511	7,935
Service charges on deposit accounts	8,614	2,712	14,750	5,166
Bank-owned life insurance income	615	546	1,224	1,327
Losses on sale of securities	(2,691)	(267)	(5,465)	(3,353)
Gains on sale of loans, net	69	2	116	4
Equity method investments income (loss)	(1,551)	556	521	711
Other income	545	389	830	1,360
Total non-interest income	9,258	7,944	19,487	13,150
NON-INTEREST EXPENSE				
Compensation and employee benefits	23,045	21,165	45,318	43,180
Occupancy and depreciation	3,379	3,436	6,283	6,835
Professional fees	2,332	2,759	4,708	4,989
Data processing	4,786	4,082	9,415	8,631
Office maintenance and depreciation	580	718	1,243	1,445
Amortization of intangible assets	182	222	365	444
Advertising and promotion	1,175	1,028	2,394	2,615
Federal deposit insurance premiums	1,050	1,100	2,100	1,818
Other expense	2,983	3,019	5,838	6,199
Total non-interest expense	39,512	37,529	77,664	76,156
Income before income taxes	35,777	29,460	74,303	58,359
Income tax expense	9,024	7,818	20,301	15,383
Net income	$ 26,753	$ 21,642	$ 54,002	$ 42,976
Earnings per common share - basic	$ 0.88	$ 0.71	$ 1.77	$ 1.40
Earnings per common share - diluted	$ 0.87	$ 0.70	$ 1.75	$ 1.39

See accompanying notes to consolidated financial statements (unaudited)

Consolidated Statements of Comprehensive Income (unaudited)
(Dollars in thousands)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Net income	$ 26,753	$ 21,642	$ 54,002	$ 42,976
Other comprehensive income (loss):				
Change in total obligation for postretirement benefits, prior service credit, and other benefits	44	49	87	97
Net unrealized gains (losses) on securities:				
Unrealized holding gains (losses) on securities available for sale	3,960	(11,681)	10,362	418
Reclassification adjustment for losses realized in income	2,691	267	5,465	3,353
Accretion of net unrealized loss on securities transferred to held-to-maturity	597	466	1,192	954
Net unrealized gains (losses) on securities	7,248	(10,948)	17,019	4,725
Net unrealized gains (losses) on cash flow hedges:				
Unrealized holding gains (losses) on cash flow hedges	(44)	—	(44)	—
Reclassification adjustment for losses (gains) realized in income	33	—	33	—
Net unrealized gains (losses) on cash flow hedges	(11)	—	(11)	—
Other comprehensive income (loss), before tax	7,281	(10,899)	17,095	4,822
Income tax benefit (expense)	(1,988)	3,002	(4,670)	(1,329)
Total other comprehensive income (loss), net of taxes	5,293	(7,897)	12,425	3,493
Total comprehensive income, net of taxes	$ 32,046	$ 13,745	$ 66,427	$ 46,469

See accompanying notes to consolidated financial statements (unaudited)

Consolidated Statements of Changes in Stockholders’ Equity (unaudited)
(Dollars in thousands)

	Three Months Ended June 30, 2024								
	Number of Shares of Common Stock	**Common Stock**	**Additional Paid-in Capital**	**Retained Earnings**	**Accumulated Other Comprehensive Loss, net of income taxes**	**Treasury Stock, at cost**	**Total Amalgamated Financial Corp. Stockholders' Equity**	**Noncontrolling Interest**	**Total Stockholders' Equity**
Balance at April 1, 2024	30,510,393	$ 307	$ 287,198	$412,190	$ (78,872)	$ (4,018)	$ 616,805	$ 133	$ 616,938
Net income	—	—	—	26,753	—	—	26,753	—	26,753
Common stock issued under Employee Stock Purchase Plan	7,525	—	206	—	—	—	206	—	206
Dividends on common stock, $0.12 per share	—	—	—	(3,741)	—	—	(3,741)	—	(3,741)
Exercise of stock options, net of repurchases	43,381	—	(1,041)	—	—	789	(252)	—	(252)
Restricted stock units vesting, net of repurchases	69,087	—	(1,860)	—	—	1,257	(603)	—	(603)
Stock-based compensation expense	—	—	1,518	—	—	—	1,518	—	1,518
Other comprehensive income, net of taxes	—	—	—	—	5,293	—	5,293	—	5,293
Balance at June 30, 2024	30,630,386	$ 307	$ 286,021	$435,202	$ (73,579)	$ (1,972)	$ 645,979	$ 133	$ 646,112

	Six Months Ended June 30, 2024								
	Number of Shares of Common Stock	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss, net of income taxes	Treasury Stock, at cost	Total Amalgamated Financial Corp. Stockholders' Equity	Noncontrolling Interest	Total Stockholders' Equity
Balance at January 1, 2024	30,428,359	$ 307	$ 288,232	$388,033	$ (86,004)	$ (5,337)	$ 585,231	$ 133	$ 585,364
Net income	—	—	—	54,002	—	—	54,002	—	54,002
Repurchase of common stock	(10,000)	—	—	—	—	(285)	(285)	—	(285)
Common stock issued under Employee Stock Purchase Plan	17,700	—	266	—	—	184	450	—	450
Dividends on common $0.22 stock per share	—	—	—	(6,833)	—	—	(6,833)	—	(6,833)
Exercise of stock options, net of repurchases	67,921	—	(1,467)	—	—	1,215	(252)	—	(252)
Restricted stock units vesting, net of repurchases	126,406	—	(3,609)	—	—	2,251	(1,358)	—	(1,358)
Stock-based compensation expense	—	—	2,599	—	—	—	2,599	—	2,599
Other comprehensive income, net of taxes	—	—	—	—	12,425	—	12,425	—	12,425
Balance at June 30, 2024	30,630,386	$ 307	$ 286,021	$435,202	$ (73,579)	$ (1,972)	$ 645,979	$ 133	$ 646,112

	Three Months Ended June 30, 2023								
	Number of Shares of Common Stock	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss, net of income taxes	Treasury Stock, at cost	Total Amalgamated Financial Corp. Stockholders' Equity	Noncontrolling Interest	Total Stockholders' Equity
Balance at April 1, 2023	30,642,299	$ 307	$287,514	$330,673	$ (97,317)	$ (2,152)	$ 519,025	$ 133	$ 519,158
Net income	—	—	—	21,642	—	—	21,642	—	21,642
Repurchase of common stock	(138,962)	—	—	—	—	(2,157)	(2,157)	—	(2,157)
Common stock issued under Employee Stock Purchase Plan	7,835	—	(3)	—	—	129	126	—	126
Dividends on common stock, $0.10 per share	—	—	—	(3,111)	—	—	(3,111)	—	(3,111)
Restricted stock units vesting, net of repurchases	61,434	—	(1,837)	—	—	1,487	(350)	—	(350)
Stock-based compensation expense	—	—	1,203	—	—	—	1,203	—	1,203
Other comprehensive loss, net of taxes	—	—	—	—	(7,897)	—	(7,897)	—	(7,897)
Balance at June 30, 2023	30,572,606	$ 307	$ 286,877	$349,204	$ (105,214)	$ (2,693)	$ 528,481	$ 133	$ 528,614

	Six Months Ended June 30, 2023								
	Number of Shares of Common Stock	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss, net of income taxes	Treasury Stock, at cost	Total Amalgamated Financial Corp. Stockholders' Equity	Noncontrolling Interest	Total Stockholders' Equity
Balance at January 1, 2023	30,700,198	$ 307	$286,947	$330,275	$ (108,707)	$ —	$ 508,822	$ 133	$ 508,955
Cumulative effect of adoption of ASU No. 2016-13	—	—	—	(17,825)	—	—	(17,825)	—	(17,825)
Balance at January 1, 2023 adjusted for change in accounting	30,700,198	307	286,947	312,450	(108,707)	—	490,997	133	491,130
Net income	—	—	—	42,976	—	—	42,976	—	42,976
Repurchase of common stock	(267,765)	—	—	—	—	(4,582)	(4,582)	—	(4,582)
Common stock issued under Employee Stock Purchase Plan	29,754	—	(28)	—	—	542	514	—	514
Dividends on common $0.20 stock per share	—	—	—	(6,222)	—	—	(6,222)	—	(6,222)
Exercise of stock options, net of repurchases	6,631	—	(91)	—	—	—	(91)	—	(91)
Restricted stock units vesting, net of repurchases	103,788	—	(2,191)	—	—	1,347	(844)	—	(844)
Stock-based compensation expense	—	—	2,240	—	—	—	2,240	—	2,240
Other comprehensive income, net of taxes	—	—	—	—	3,493	—	3,493	—	3,493
Balance at June 30, 2023	30,572,606	$ 307	$ 286,877	$349,204	$ (105,214)	$ (2,693)	$ 528,481	$ 133	$ 528,614

See accompanying notes to consolidated financial statements (unaudited)

Consolidated Statements of Cash Flows (unaudited)
(Dollars in thousands)

	Six Months Ended June 30,	
	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$ 54,002	$ 42,976
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	1,660	1,766
Amortization of intangible assets	365	444
Deferred income tax expense	4,279	5,339
Provision for credit losses	4,749	8,899
Stock-based compensation expense	2,599	2,240
Net amortization on loan fees, costs, premiums, and discounts	819	224
Net amortization on securities premiums, discounts, and deferred costs on subordinated debt	135	789
Net income from equity method investments	(521)	(711)
Net loss on sale of securities available for sale	5,465	3,353
Net gain on sale of loans	(116)	(4)
Net gain on redemption of bank-owned life insurance	—	(225)
Proceeds from sales of loans held for sale	10,791	10,621
Originations of loans held for sale	(10,784)	(9,242)
Increase in cash surrender value of bank-owned life insurance	(1,224)	(1,102)
Net gain on repurchase of subordinated debt	(406)	(780)
Decrease (increase) in accrued interest receivable	2,909	(2,663)
Decrease in other assets	2,809	5,276
Decrease in other liabilities	(18,251)	(5,087)
Net cash provided by operating activities	59,280	62,113
CASH FLOWS FROM INVESTING ACTIVITIES		
Net increase in loans	(66,241)	(147,407)
Purchase of securities available for sale	(515,673)	(40,169)
Purchase of securities held-to-maturity	(52,779)	(155,502)
Proceeds from sales of securities available for sale	219,170	174,537
Maturities, principal payments and redemptions of securities available for sale	119,755	82,988
Maturities, principal payments and redemptions of securities held-to-maturity	90,063	41,781
Decrease (increase) in resell agreements	(87,461)	25,754
Decrease (increase) in equity method investments	835	(2,641)
Decrease (increase) in FHLBNY stock, net	(434)	25,415
Purchases of premises and equipment, net	(452)	(843)
Proceeds from redemption of bank-owned life insurance	—	980
Net cash (used in) provided by investing activities	(293,217)	4,893
CASH FLOWS FROM FINANCING ACTIVITIES		
Net increase in deposits	437,000	299,614
Net decrease in other borrowings	(225,246)	(350,000)
Repurchase of subordinated debt	(2,094)	(3,220)
Common stock issued under Employee Stock Purchase Plan	450	514
Repurchase of common stock	(285)	(4,582)
Dividends paid	(6,855)	(6,222)

Payments related to repurchase of common stock for equity awards		(1,610)		(935)
Net cash provided by (used in) financing activities		201,360		(64,831)
Increase (decrease) in cash, cash equivalents, and restricted cash		(32,577)		2,175
Cash, cash equivalents, and restricted cash at beginning of year		90,570		63,540
Cash, cash equivalents, and restricted cash at end period	$	57,993	$	65,715
Supplemental disclosures of cash flow information:				
Interest paid during the period	$	67,462	$	36,150
Income taxes paid during the period		16,134		3,344
Right-of-use assets obtained in exchange for lease liabilities		560		—
Loans transferred from held-for-sale		—		4,664
Loans transferred to held-for-sale		—		2,381
Purchase of securities available for sale, net not settled		24,000		—

See accompanying notes to consolidated financial statements (unaudited)

Notes to Consolidated Financial Statements (unaudited)

1. BASIS OF PRESENTATION AND CONSOLIDATION

Basis of Accounting and Changes in Significant Accounting Policies

In this discussion, unless the context indicates otherwise, references to "we," "us," "our" and the "Company" refer to Amalgamated Financial Corp. and Amalgamated Bank. References to the "Bank" refer to Amalgamated Bank.

The accounting and reporting policies of the Company conform to accounting principles generally accepted in the United States of America, or GAAP and predominant practices within the banking industry. The Company uses the accrual basis of accounting for financial statement purposes.

The accompanying unaudited consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles ("GAAP") for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. The annualized results of operations for the six months ended June 30, 2024 are not necessarily indicative of the results of operations that may be expected for the entire fiscal year. Certain information and note disclosures normally included in the financial statements prepared in accordance with GAAP have been condensed or omitted pursuant to the rules and regulations of the Securities and Exchange Commission (the "SEC"). All significant inter-company transactions and balances are eliminated in consolidation. In the opinion of management, all adjustments necessary for a fair presentation of the consolidated financial position and the results of operations as of the dates and for the interim periods presented have been included. These unaudited consolidated financial statements should be read in conjunction with the audited consolidated financial statements and related notes appearing in the Annual Report on Form 10-K for the year ended December 31, 2023 (the "2023 Annual Report"). A more detailed description of our accounting policies is included in the 2023 Annual Report, which remain significantly unchanged except for the addition of accounting policies related to derivatives:

Derivatives - The Company's derivative instruments are carried at fair value in the Company's financial statements as part of Other assets for derivatives with positive fair values and Other liabilities for derivatives with negative fair values. The accounting for changes in the fair value of a derivative instrument is dependent upon whether or not it qualifies and has been designated as a hedge for accounting purposes, and further, by the type of hedging relationship.

At the inception of a derivative contract, the Company designates the derivative as one of three types based on the Company's intentions and belief as to likely effectiveness as a hedge. These three types are (1) a hedge of the fair value of a recognized asset or liability or of an unrecognized firm commitment ("fair value hedge"), (2) a hedge of a forecasted transaction or the variability of cash flows to be received or paid related to a recognized asset or liability ("cash flow hedge"), or (3) an instrument with no hedging designation. For a fair value hedge, the gain or loss on the derivative, as well as the offsetting loss or gain on the hedged item, are recognized in current earnings as fair values change. For a cash flow hedge, the gain or loss on the derivative is reported in other comprehensive income and is reclassified into earnings in the same periods during which the hedged transaction affects earnings. For cash flow hedges, changes in the fair value of derivatives that are not highly effective in hedging the changes in fair value or expected cash flows of the hedged item are recognized immediately in current earnings. Changes in the fair value of derivatives that do not qualify for hedge accounting are reported currently in earnings, as non-interest income. When hedge accounting is discontinued on a fair value hedge that no longer qualifies as an effective hedge, the derivative continues to be reported at fair value in the statement of condition, but the carrying amount of the hedged item is no longer adjusted for future changes in fair value. The adjustment to the carrying amount of the hedged item that existed at the date hedge accounting is discontinued is amortized over the remaining life of the hedged item into earnings.

Net cash settlements on derivatives that qualify for hedge accounting are recorded in interest income or interest expense, based on the item being hedged. Net cash settlements on derivatives that do not qualify for hedge accounting are reported in non-interest income. Cash flows on hedges are classified in the cash flow statement the same as the cash flows of the items being hedged.

The Company formally documents the relationship between derivatives and hedged items, as well as the risk-management objective and the strategy for undertaking hedge transactions at the inception of the hedging relationship. This documentation includes linking fair value or cash flow hedges to specific assets and liabilities on the statement of condition or to specific firm commitments or forecasted transactions. The Company discontinues hedge accounting when it determines that the derivative is no longer effective in offsetting changes in the fair value or cash flows of the hedged item, the derivative is settled or terminates, a hedged forecasted transaction is no longer probable, a hedged firm commitment is no longer firm, or treatment of the derivative as a hedge is no longer appropriate or intended.

When hedge accounting is discontinued, subsequent changes in fair value of the derivative are recorded as non-interest income. When a cash flow hedge is discontinued but the hedged cash flows or forecasted transactions are still expected to occur, gains or losses that were accumulated in other comprehensive income are amortized into earnings over the same periods which the hedged transactions will affect earnings.

There have been no other significant changes to our accounting policies, or the estimates made pursuant to those policies as described in our 2023 Annual Report.

Recently Adopted Accounting Standards

ASU No. 2016-13, Financial Instruments - Credit Losses (Topic 326) - Measurement of Credit Losses on Financial Instruments

The Company adopted ASU No. 2016-13 on a modified retrospective basis with a cumulative-effect adjustment to retained earnings as of the adoption date and, accordingly, the Company recorded a net of tax decrease of $17.8 million to retained earnings as of January 1, 2023.

The below table illustrates the impact of the adoption of ASU 2016-13.

	January 1, 2023		
	Gross Adjustment	**Tax Impact**	**Net Adjustment to Retained Earnings**
Assets:			
Allowance for credit losses on held-to-maturity securities	$ 668	$ (184)	$ 484
Allowance for credit losses on loans	21,229	(5,849)	15,380
Liabilities:			
Allowance for credit losses on off-balance sheet credit exposures	2,705	(744)	1,961
Total Day 1 Adjustment for Adoption of ASU 2016-13	$ 24,602	$ (6,777)	$ 17,825

Reclassifications

Certain reclassifications have been made to prior year amounts to conform to the current year presentation, however such reclassifications did not change stockholders' equity or net income.

2. ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

The following is a summary of the accumulated comprehensive income (loss) balances, net of income taxes:

(In thousands)	Balance as of January 1, 2024	Current Period Change	Income Tax Effect	Balance as of June 30, 2024
Total unrealized gains (losses) on Benefit Plans	$ (1,481)	$ 87	$ (23)	$ (1,417)
Unrealized gains (losses) on available for sale securities	(74,348)	15,827	(4,323)	(62,844)
Unaccreted unrealized loss on securities transferred to held-to-maturity	(10,175)	1,192	(327)	(9,310)
Unrealized gains (losses) on cash flow hedges	—	(11)	3	(8)
Total	$ (86,004)	$ 17,095	$ (4,670)	$ (73,579)

(In thousands)	Balance as of January 1, 2023	Current Period Change	Income Tax Effect	Balance as of June 30, 2023
Total unrealized gains (losses) on Benefit Plans	$ (1,652)	$ 97	$ (27)	$ (1,582)
Unrealized gains (losses) on available for sale securities	(95,539)	3,771	$ (1,039)	$ (92,807)
Unaccreted unrealized loss on securities transferred to held-to-maturity	(11,516)	954	(263)	$ (10,825)
Unrealized gains (losses) on cash flow hedges	—	—	—	—
Total	$ (108,707)	$ 4,822	$ (1,329)	$ (105,214)

Other comprehensive income (loss) components and related income tax effects were as follows:

(In thousands)	Three Months Ended June 30, 2024	Three Months Ended June 30, 2023	Six Months Ended June 30, 2024	Six Months Ended June 30, 2023
Postretirement Benefit Plans				
Change in obligation for postretirement benefits and for prior service credit	$ 37	$ 40	$ 73	$ 80
Reclassification adjustment for prior service expense included in compensation and employee benefits	7	7	14	14
Change in obligation for other benefits	—	2	—	$ 3
Change in total obligation for postretirement benefits and for prior service credit and for other benefits	44	49	87	97
Income tax expense	(12)	(14)	(23)	(27)
Net change in total obligation for postretirement benefits and prior service credit and for other benefits	32	35	64	70
Securities				
Unrealized holding gains (losses) on available for sale securities	3,960	(11,681)	10,362	418
Reclassification adjustment for losses realized in loss on sale of securities	2,691	267	5,465	3,353
Accretion of net unrealized loss on securities transferred to held-to-maturity	597	466	1,192	954
Change in unrealized gains (losses) on available for sale securities	7,248	(10,948)	17,019	4,725
Income tax benefit (expense)	(1,979)	3,016	(4,650)	(1,302)
Net change in unrealized gains (losses) on securities	5,269	(7,932)	12,369	3,423
Derivatives				
Unrealized holding gains (losses) on cash flow hedges	(44)	—	(44)	—
Reclassification adjustment for losses (gains) realized in income	33	—	33	—
Change in unrealized gains (losses) on cash flow hedges	(11)	—	(11)	—
Income tax benefit	3	—	3	—
Net change in unrealized gains (losses) on cash flow hedges	(8)	—	(8)	—
Total	$ 5,293	$ (7,897)	$ 12,425	$ 3,493

3. INVESTMENT SECURITIES

The amortized cost and fair value of investment securities available for sale and held-to-maturity as of June 30, 2024 are as follows:

(In thousands)	June 30, 2024 Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Available for sale:				
Traditional securities:				
Government sponsored entities ("GSE") residential CMOs ("collateralized mortgage obligations")	$ 632,026	$ 1,509	$ (36,049)	$ 597,486
Non-GSE certificates & CMOs	214,726	62	(20,206)	194,582
ABS	691,477	1,150	(15,846)	676,781
Corporate	125,503	—	(16,934)	108,569
Other	4,197	—	(277)	3,920
	1,667,929	2,721	(89,312)	1,581,338
PACE assessments:				
Residential PACE assessments	112,799	124	—	112,923
Total available for sale	$ 1,780,728	$ 2,845	$ (89,312)	$ 1,694,261

	Amortized Cost	Gross Unrecognized Gains	Gross Unrecognized Losses	Fair Value
Held-to-maturity:				
Traditional securities:				
GSE certificates & CMOs	$ 191,359	$ 908	$ (19,940)	$ 172,327
Non-GSE certificates & CMOs	75,979	—	(6,871)	69,108
ABS	272,508	546	(6,489)	266,565
Municipal	66,220	141	(11,287)	55,074
	606,066	1,595	(44,587)	563,074
PACE assessments:				
Commercial PACE assessments	256,663	—	(34,409)	222,254
Residential PACE assessments	798,561	—	(83,682)	714,879
	1,055,224	—	(118,091)	937,133
Total held-to-maturity	$ 1,661,290	$ 1,595	$ (162,678)	$ 1,500,207
Allowance for credit losses	(708)			
Total held-to-maturity, net of allowance for credit losses	$ 1,660,582			

As of June 30, 2024, available for sale securities with a fair value of $1.32 billion and held-to-maturity securities with a fair value of $535.4 million were pledged. The majority of the securities were pledged to the FHLBNY to secure outstanding advances, letters of credit and to provide additional borrowing potential. In addition, securities were pledged to provide capacity to borrow from the Federal Reserve Bank and to collateralize municipal deposits.

The amortized cost and fair value of investment securities available for sale and held-to-maturity as of December 31, 2023 are as follows:

	December 31, 2023			
(In thousands)	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Available for sale:				
Traditional securities:				
GSE residential CMOs	$ 521,101	$ 59	$ (40,545)	$ 480,615
Non-GSE certificates & CMOs	218,550	—	(21,690)	196,860
ABS	648,585	40	(20,990)	627,635
Corporate	140,038	—	(19,297)	120,741
Other	4,197	—	(309)	3,888
	1,532,471	99	(102,831)	1,429,739
PACE assessments:				
Residential PACE assessments	52,863	440	—	53,303
Total available for sale	$ 1,585,334	$ 539	$ (102,831)	$ 1,483,042

	Amortized Cost	Gross Unrecognized Gains	Gross Unrecognized Losses	Fair Value
Held-to-maturity:				
Traditional securities:				
GSE certificates & CMOs	$ 194,329	$ 1,099	$ (19,693)	$ 175,735
Non-GSE certificates & CMOs	79,406	9	(6,686)	72,729
ABS	279,916	23	(8,678)	271,261
Municipal	66,635	165	(11,107)	55,693
	620,286	1,296	(46,164)	575,418
PACE assessments:				
Commercial PACE assessments	258,306	—	(29,211)	229,095
Residential PACE assessments	818,963	—	(73,967)	744,996
	1,077,269	—	(103,178)	974,091
Total held-to-maturity	$ 1,697,555	$ 1,296	$ (149,342)	$ 1,549,509
Allowance for credit losses	(721)			
Total held-to-maturity, net of allowance for credit losses	$ 1,696,834			

There were no transfers to or from securities held-to-maturity during the three or six months ended June 30, 2024, or the three or six months ended June 30, 2023.

The following table summarizes the amortized cost and fair value of debt securities available for sale and held-to-maturity, exclusive of mortgage-backed securities, by their contractual maturity as of June 30, 2024. Actual maturities may differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without penalty:

	Available for Sale		Held-to-maturity	
(In thousands)	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Due within one year	$ 3,000	$ 2,968	$ —	$ —
Due after one year through five years	71,760	67,885	9,448	9,134
Due after five years through ten years	270,856	257,783	161,422	161,263
Due after ten years	588,360	573,557	1,223,082	1,088,375
	$ 933,976	$ 902,193	$ 1,393,952	$ 1,258,772

Proceeds received and gains and losses realized on sales of available for sale securities are summarized below:

	Three Months Ended,		Six Months Ended,	
(In thousands)	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
Proceeds	$ 140,343	$ 29,232	$ 219,170	$ 174,537
Realized gains	$ 4	$ —	$ 4	$ —
Realized losses	(2,695)	(267)	(5,469)	(3,353)
Net realized losses	$ (2,691)	$ (267)	$ (5,465)	$ (3,353)

There were no sales of held-to-maturity securities during the three or six months ended June 30, 2024 or the three months or six ended June 30, 2023.

The Company controls and monitors inherent credit risk in its securities portfolio through due diligence, diversification, concentration limits, periodic securities reviews, and by investing in low risk securities. This includes high quality Non-Agency Securities, low loan-to-value ("LTV") PACE assessments and a significant portion of the securities portfolio in GSE obligations. GSEs include the Federal Home Loan Mortgage Corporation (“FHLMC”), the Federal National Mortgage Association (“FNMA”), the Government National Mortgage Association (“GNMA”) and the Small Business Administration (“SBA”). GNMA is a wholly owned U.S. Government corporation whereas FHLMC and FNMA are private. Mortgage-related securities may include mortgage pass-through certificates, participation certificates and CMOs. At June 30, 2024 and June 30, 2023, there were no holdings of securities of any one issuer, other than the U.S. Government and its agencies, in an amount greater than 10% of stockholders' equity.

The following summarizes the fair value and unrealized losses for available for sale securities as of June 30, 2024 and December 31, 2023, respectively, segregated between securities that have been in an unrealized loss position for less than twelve months and those that have been in a continuous unrealized loss position for twelve months or longer at the respective dates:

	June 30, 2024					
	Less Than Twelve Months		Twelve Months or Longer		Total	
(In thousands)	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Available for sale:						
Traditional securities:						
GSE certificates & CMOs	$ 135,942	$ 7,926	$ 275,372	$ 28,123	$ 411,314	$ 36,049
Non-GSE certificates & CMOs	11,587	463	171,965	19,743	183,552	20,206
ABS	58,021	531	233,711	15,315	291,732	15,846
Corporate	10,698	799	97,871	16,135	108,569	16,934
Other	198	2	3,722	275	3,920	277
Total available for sale	$ 216,446	$ 9,721	$ 782,641	$ 79,591	$ 999,087	$ 89,312

	December 31, 2023					
	Less Than Twelve Months		Twelve Months or Longer		Total	
(In thousands)	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Available for sale:						
Traditional securities:						
GSE certificates & CMOs	$ —	$ —	$ 460,239	$ 40,545	$ 460,239	$ 40,545
Non-GSE certificates & CMOs	—	—	196,860	21,690	196,860	21,690
ABS	53,133	122	526,868	20,868	580,001	20,990
Corporate	—	—	120,741	19,297	120,741	19,297
Other	—	—	3,888	309	3,888	309
Total available for sale	$ 53,133	$ 122	$ 1,308,596	$ 102,709	$ 1,361,729	$ 102,831

Available for sale securities

As discussed in Note 1, upon adoption of the Current Expected Credit Losses ("CECL") standard, no allowance for credit losses was recorded on available for sale securities. During the three and six months ended June 30, 2023, the Company charged-off an unrealized loss position of $1.2 million related to a corporate bond related to Silicon Valley Bank following credit concerns over the issuer, and the sale of the security resulted in an immaterial additional loss.

As of June 30, 2024, none of the Company’s available-for-sale debt securities were in an unrealized loss position due to credit quality and therefore no allowance for credit losses on available-for-sale debt securities was required. The temporary impairment of fixed income securities is primarily attributable to changes in overall market interest rates and/or changes in credit/liquidity spreads since the investments were acquired. In general, as market interest rates rise and/or credit/liquidity spreads widen, the fair value of fixed rate securities will decrease, as market interest rates fall and/or credit spreads tighten, the fair value of fixed rate securities will increase.

With respect to the Company’s security investments that are temporarily impaired as of June 30, 2024, management does not intend to sell these investments and does not believe it will be necessary to do so before anticipated recovery. If either criteria regarding intent or requirement to sell is met, the security's amortized cost basis is written down to fair value through income. The Company expects to collect all amounts due according to the contractual terms of these investments. Therefore, the Company does not hold an allowance for credit losses for available for sale securities at June 30, 2024.

Held-to-maturity securities

Management conducts an evaluation of expected credit losses on held-to-maturity securities on a collective basis by security type. Management monitors the credit quality of debt securities held-to-maturity through reasonable and supportable forecasts, reviews of credit trends on underlying assets, credit ratings, and other factors. Holdings of securities issued by GSEs with unrealized losses are either explicitly or implicitly guaranteed by the U.S. government, and are highly rated by major rating agencies and have a long history of no credit losses.

With the exception of PACE assessments, which are generally not rated, these securities were rated investment grade by at least one nationally recognized statistical rating organization with no ratings below investment grade. All issues were current as to their interest payments. There have been no significant losses on PACE assessments that we have invested in given the low loan-to-value position and the superior lien position on the property. Management considers that the temporary impairment of these investments as of June 30, 2024 is primarily due to an increase in interest rates and spreads since the time these investments were acquired.

Accrued interest receivable on securities totaling $31.2 million and $35.1 million at June 30, 2024 and December 31, 2023, respectively, was included in other assets in the consolidated balance sheet and excluded from the amortized cost and estimated fair value totals in the table above.

The following table presents the activity in the allowance for credit losses for securities held-to-maturity for the three months ended June 30, 2024:

(In thousands)	Non-GSE commercial certificates	Commercial PACE	Residential PACE	Total
Allowance for credit losses:				
Beginning balance	$ 53	$ 256	$ 401	$ 710
Provision for (recovery of) credit losses	—	—	(2)	(2)
Charge-offs	—	—	—	—
Recoveries	—	—	—	—
Ending balance	$ 53	$ 256	$ 399	$ 708

The following table presents the activity in the allowance for credit losses for securities held-to-maturity for the three months ended June 30, 2023:

(In thousands)	Non-GSE commercial certificates	Commercial PACE	Residential PACE	Total
Allowance for credit losses:				
Beginning balance	$ 58	$ 262	$ 367	$ 687
Provision for (recovery of) credit losses	(1)	—	21	20
Charge-offs	—	—	—	—
Recoveries	—	—	—	—
Ending balance	$ 57	$ 262	$ 388	$ 707

The following table presents the activity in the allowance for credit losses for securities held-to-maturity for the six months ended June 30, 2024:

(In thousands)	Non-GSE commercial certificates	Commercial PACE	Residential PACE	Total
Allowance for credit losses:				
Beginning balance	$ 54	$ 258	$ 409	$ 721
Recovery of credit losses	(1)	(2)	(10)	(13)
Charge-offs	—	—	—	—
Recoveries	—	—	—	—
Ending balance	$ 53	$ 256	$ 399	$ 708

The following table presents the activity in the allowance for credit losses for securities held-to-maturity for the six months ended June 30, 2023:

(In thousands)	Non-GSE commercial certificates	Commercial PACE	Residential PACE	Total
Allowance for credit losses:				
Beginning balance	$ —	$ —	$ —	$ —
Adoption of ASU No. 2016-13	85	255	328	668
Provision for (recovery of) credit losses	(2)	7	60	65
Charge-offs	(26)	—	—	(26)
Recoveries	—	—	—	—
Ending balance	$ 57	$ 262	$ 388	$ 707

4. LOANS RECEIVABLE, NET

Loans receivable are summarized as follows:

(In thousands)	June 30, 2024	December 31, 2023
Commercial and industrial	$ 1,012,400	$ 1,010,998
Multifamily	1,230,545	1,148,120
Commercial real estate	377,484	353,432
Construction and land development	23,254	23,626
Total commercial portfolio	2,643,683	2,536,176
Residential real estate lending	1,404,624	1,425,596
Consumer solar	385,567	408,260
Consumer and other	37,965	41,287
Total retail portfolio	1,828,156	1,875,143
Total loans receivable	4,471,839	4,411,319
Allowance for credit losses	(63,444)	(65,691)
Total loans receivable, net	$ 4,408,395	$ 4,345,628

Included in commercial and industrial loans are government guaranteed loans with a balance of $202.4 million at June 30, 2024 and $225.6 million at December 31, 2023. Due to these loans being fully guaranteed by the United States government, no allowance for credit losses is recorded in relation to these loans at June 30, 2024 and December 31, 2023.

The following table presents information regarding the past due status of the Company's loans as of June 30, 2024:

(In thousands)	30-59 Days Past Due	60-89 Days Past Due	Non-Accrual	90 Days or More Delinquent and Still Accruing Interest	Total Past Due and Non-Accrual	Current	Total Loans Receivable
Commercial and industrial	$ 808	$ 200	$ 8,428	$ —	$ 9,436	$ 1,002,964	$ 1,012,400
Multifamily	—	—	—	—	—	1,230,545	1,230,545
Commercial real estate	—	—	4,231	—	4,231	373,253	377,484
Construction and land development	—	—	11,119	—	11,119	12,135	23,254
Total commercial portfolio	808	200	23,778	—	24,786	2,618,897	2,643,683
Residential real estate lending	3,671	1,470	7,756	—	12,897	1,391,727	1,404,624
Consumer solar	2,643	1,234	2,794	—	6,671	378,896	385,567
Consumer and other	428	444	374	—	1,246	36,719	37,965
Total retail portfolio	6,742	3,148	10,924	—	20,814	1,807,342	1,828,156
	$ 7,550	$ 3,348	$ 34,702	$ —	$ 45,600	$ 4,426,239	$ 4,471,839

The following table presents information regarding the past due status of the Company's loans as of December 31, 2023:

(In thousands)	30-59 Days Past Due	60-89 Days Past Due	Non-Accrual	90 Days or More Delinquent and Still Accruing Interest	Total Past Due and Non-Accrual	Current	Total Loans Receivable
Commercial and industrial	$ 266	$ 168	$ 7,533	$ —	$ 7,967	$ 1,003,031	$ 1,010,998
Multifamily	11,968	—	—	—	11,968	1,136,152	1,148,120
Commercial real estate	—	—	4,490	—	4,490	348,942	353,432
Construction and land development	5,199	—	11,166	—	16,365	7,261	23,626
Total commercial portfolio	17,433	168	23,189	—	40,790	2,495,386	2,536,176
Residential real estate lending	6,995	2,133	7,218	—	16,346	1,409,250	1,425,596
Consumer solar	2,569	2,788	2,673	—	8,030	400,230	408,260
Consumer and other	754	231	103	—	1,088	40,199	41,287
Total retail portfolio	10,318	5,152	9,994	—	25,464	1,849,679	1,875,143
	$ 27,751	$ 5,320	$ 33,183	$ —	$ 66,254	$ 4,345,065	$ 4,411,319

The following table presents information regarding loan modifications granted to borrowers experiencing financial difficulty during the three and six months ended June 30, 2024:

	Term Extension		Term Extension	
	Three Months Ended June 30, 2024		Six Months Ended June 30, 2024	
(Dollars in thousands)	Amortized Cost	% of Portfolio	Amortized Cost	% of Portfolio
Commercial and industrial	$ 479	— %	$ 479	— %
Multifamily	2,277	0.20 %	2,277	0.2 %
Commercial real estate	783	0.20 %	783	0.2 %

The following table describes the financial effect of the modifications made to borrowers experiencing financial difficulty during the three and six months ended June 30, 2024.

	Term Extension
	Three Months Ended June 30, 2024
Commercial and industrial	Modification added a weighted average 0.7 years to the life of the modified loan.
Multifamily	Modification added a weighted average 0.3 years to the life of the modified loan.
Commercial real estate	Modification added a weighted average 0.5 years to the life of the modified loan.

	Term Extension
	Six Months Ended June 30, 2024
Commercial and industrial	Modification added a weighted average 0.7 years to the life of the modified loan.
Multifamily	Modification added a weighted average 0.3 years to the life of the modified loan.
Commercial real estate	Modification added a weighted average 0.5 years to the life of the modified loan.

The following table presents information regarding loan modifications granted to borrowers experiencing financial difficulty during the three and six months ended June 30, 2023:

	Term Extension		Term Extension	
	Three Months Ended June 30, 2023		Six Months Ended June 30, 2023	
(Dollars in thousands)	Amortized Cost	% of Portfolio	Amortized Cost	% of Portfolio
Commercial and industrial	$ —	— %	$ 583	0.1 %
Multifamily	327	0.0 %	327	0.0 %
Commercial real estate	1,059	0.3 %	1,907	0.6 %
Construction and land development	—	— %	6,887	24.0 %

The following table describes the financial effect of the modifications made to borrowers experiencing financial difficulty:

	Term Extension
	Three months ended June 30, 2023
Multifamily	Modification added a weighted average 1.0 years to the life of the modified loan.
Commercial real estate	Modification added a weighted average 1.0 years to the life of the modified loan.

	Term Extension
	Six Months Ended June 30, 2023
Commercial and industrial	Modification added a weighted average 1.0 years to the life of the modified loan.
Multifamily	Modification added a weighted average 1.0 years to the life of the modified loan.
Commercial real estate	Modifications added a weighted average 0.8 years to the life of the modified loans.
Construction and land development	Modifications added a weighted average 0.8 years to the life of the modified loans.

In the prior twelve months, eight loan modifications were made to borrowers experiencing financial difficulty. One loan that was modified during this period had a payment default during the three and six months ended June 30, 2024.

In order to manage credit quality, we view the Company's loan portfolio by various segments. For commercial loans, we assign individual credit ratings ranging from 1 (lowest risk) to 10 (highest risk) as an indicator of credit quality. These ratings are based on specific risk factors including (i) historical and projected financial results of the borrower, (ii) market conditions of the borrower's industry that may affect the borrower's future financial performance, (iii) business experience of the borrower's management, (iv) nature of the underlying collateral, if any, including the ability of the collateral to generate sources of repayment, and (v) history of the borrower's payment performance. These specific risk factors are then utilized as inputs in our credit model to determine the associated allowance for credit loss. Non-rated loans generally include residential mortgages and consumer loans.

The below classifications follow regulatory guidelines and can be generally described as follows:

- pass loans are of satisfactory quality;
- special mention loans have a potential weakness or risk that may result in the deterioration of future repayment;
- substandard loans are inadequately protected by the current net worth and paying capacity of the borrower or of the collateral pledged (these loans have a well-defined weakness, and there is a distinct possibility that the Company will sustain some loss); and
- doubtful loans, based on existing circumstances, have weaknesses that make collection or liquidation in full highly questionable and improbable.

In addition, residential loans are classified utilizing an inter-agency methodology that incorporates the extent of delinquency. Assigned risk rating grades are continuously updated as new information is obtained.

The following tables summarize the Company's loan portfolio by credit quality indicator as of June 30, 2024:

	Term Loans by Origination Year							
(In thousands)	2024	2023	2022	2021	2020 & Prior	Revolving loans	Revolving Loans Converted to Term	Total
Commercial and Industrial:								
Pass	$ 79,732	$ 123,780	$ 196,949	$ 190,751	$ 232,178	$ 135,154	$ —	$ 958,544
Special Mention	—	—	1,084	13,665	344	2,218	—	17,311
Substandard	96	—	4,599	8,333	21,232	2,285	—	36,545
Doubtful	—	—	—	—	—	—	—	—
Total commercial and industrial	$ 79,828	$ 123,780	$ 202,632	$ 212,749	$ 253,754	$ 139,657	$ —	$ 1,012,400
Current period gross charge-offs	$ —	$ 359	$ 150	$ —	$ 712	$ —	$ —	$ 1,221
Multifamily:								
Pass	$ 96,876	$ 224,569	$ 375,639	$ 43,885	$ 478,983	$ 2	$ —	$ 1,219,954
Special Mention	—	—	—	—	8,321	—	—	8,321
Substandard	—	—	—	—	2,270	—	—	2,270
Doubtful	—	—	—	—	—	—	—	—
Total multifamily	$ 96,876	$ 224,569	$ 375,639	$ 43,885	$ 489,574	$ 2	$ —	$ 1,230,545
Current period gross charge-offs	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Commercial real estate:								
Pass	$ 58,761	$ 41,950	$ 41,800	$ 48,005	$ 174,869	$ 4,132	$ —	$ 369,517
Special Mention	—	—	—	—	3,736	—	—	3,736
Substandard	—	—	—	—	4,231	—	—	4,231
Doubtful	—	—	—	—	—	—	—	—
Total commercial real estate	$ 58,761	$ 41,950	$ 41,800	$ 48,005	$ 182,836	$ 4,132	$ —	$ 377,484
Current period gross charge-offs	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Construction and land development:								
Pass	$ —	$ —	$ —	$ —	$ 6,936	$ 5,199	$ —	$ 12,135
Special Mention	—	—	—	—	—	—	—	—
Substandard	—	—	—	—	—	11,119	—	11,119
Doubtful	—	—	—	—	—	—	—	—
Total construction and land development	$ —	$ —	$ —	$ —	$ 6,936	$ 16,318	$ —	$ 23,254
Current period gross charge-offs	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Residential real estate lending:								
Pass	$ 30,385	$ 132,794	$ 412,248	$ 310,226	$ 511,331	$ —	$ —	$ 1,396,984
Special Mention	—	—	—	—	—	—	—	—
Substandard	—	—	1,989	2,360	3,291	—	—	7,640
Doubtful	—	—	—	—	—	—	—	—
Total residential real estate lending	$ 30,385	$ 132,794	$ 414,237	$ 312,586	$ 514,622	$ —	$ —	$ 1,404,624
Current period gross charge-offs	$ —	$ —	$ —	$ —	$ 164	$ —	$ —	$ 164
Consumer solar:								
Pass	$ —	$ 28,195	$ 98,550	$ 124,545	$ 131,720	$ —	$ —	$ 383,010
Special Mention	—	—	—	—	—	—	—	—
Substandard	—	96	931	704	826	—	—	2,557
Doubtful	—	—	—	—	—	—	—	—
Total consumer solar	$ —	$ 28,291	$ 99,481	$ 125,249	$ 132,546	$ —	$ —	$ 385,567
Current period gross charge-offs	$ —	$ —	$ 1,062	$ 2,208	$ 1,140	$ —	$ —	$ 4,410

Consumer and other:								
Pass	$ 304	$ 1,951	$ 13,747	$ 11,217	$ 10,373	$ —	$ —	$ 37,592
Special Mention	—	—	—	—	—	—	—	—
Substandard	—	6	95	205	67	—	—	373
Doubtful	—	—	—	—	—	—	—	—
Total consumer and other	$ 304	$ 1,957	$ 13,842	$ 11,422	$ 10,440	$ —	$ —	$ 37,965
Current period gross charge-offs	$ —	$ 9	$ —	$ —	$ 97	$ —	$ —	$ 106
Total Loans:								
Pass	$ 266,058	$ 553,239	$ 1,138,933	$ 728,629	$ 1,546,390	$ 144,487	$ —	$ 4,377,736
Special Mention	—	—	1,084	13,665	12,401	2,218	—	29,368
Substandard	96	102	7,614	11,602	31,917	13,404	—	64,735
Doubtful	—	—	—	—	—	—	—	—
Total loans	$ 266,154	$ 553,341	$ 1,147,631	$ 753,896	$ 1,590,708	$ 160,109	$ —	$ 4,471,839
Current period gross charge-offs	$ —	$ 368	$ 1,212	$ 2,208	$ 2,113	$ —	$ —	$ 5,901

The following tables summarize the Company’s loan portfolio by credit quality indicator as of December 31, 2023:

Term Loans by Origination Year

(In thousands)	**2023**	**2022**	**2021**	**2020**	**2019 & Prior**	**Revolving loans**	**Revolving Loans Converted to Term**	**Total**
Commercial and Industrial:								
Pass	$ 130,568	$ 220,552	$ 192,682	$ 117,966	$ 141,542	$ 138,003	$ —	$ 941,313
Special Mention	—	—	16,692	3,975	934	4,222	—	25,823
Substandard	—	720	—	5,143	16,927	21,072	—	43,862
Doubtful	—	—	—	—	—	—	—	—
Total commercial and industrial	$ 130,568	$ 221,272	$ 209,374	$ 127,084	$ 159,403	$ 163,297	$ —	$ 1,010,998
Current period gross charge-offs	$ —	$ —	$ —	$ —	$ 1,726	$ —	$ —	$ 1,726
Multifamily:								
Pass	$ 193,827	$ 382,652	$ 45,287	$ 138,131	$ 377,554	$ 2	$ —	$ 1,137,453
Special Mention	—	—	—	—	8,373	—	—	8,373
Substandard	—	—	—	—	2,294	—	—	2,294
Doubtful	—	—	—	—	—	—	—	—
Total multifamily	$ 193,827	$ 382,652	$ 45,287	$ 138,131	$ 388,221	$ 2	$ —	$ 1,148,120
Current period gross charge-offs	$ —	$ —	$ —	$ —	$ 2,367	$ —	$ —	$ 2,367
Commercial real estate:								
Pass	$ 73,089	$ 42,824	$ 48,624	$ 36,478	$ 140,674	$ 3,456	$ —	$ 345,145
Special Mention	—	—	—	—	3,797	—	—	3,797
Substandard	—	—	—	1,858	2,632	—	—	4,490
Doubtful	—	—	—	—	—	—	—	—
Total commercial real estate	$ 73,089	$ 42,824	$ 48,624	$ 38,336	$ 147,103	$ 3,456	$ —	$ 353,432
Current period gross charge-offs	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —

Construction and land development:								
Pass	$ —	$ —	$ —	$ —	$ 7,261	$ 5,199	$ —	$ 12,460
Special Mention	—	—	—	—	—	—	—	—
Substandard	—	—	—	—	—	11,166	—	11,166
Doubtful	—	—	—	—	—	—	—	—
Total construction and land development	$ —	$ —	$ —	$ —	$ 7,261	$ 16,365	$ —	$ 23,626
Current period gross charge-offs	$ —	$ —	$ —	$ —	$ 4,664	$ —	$ —	$ 4,664
Residential real estate lending:								
Pass	$ 137,167	$ 413,962	$ 328,952	$ 134,795	$ 403,508	$ —	$ —	$ 1,418,384
Special Mention	—	—	—	—	—	—	—	—
Substandard	—	3,232	1,003	399	2,578	—	—	7,212
Doubtful	—	—	—	—	—	—	—	—
Total residential real estate lending	$ 137,167	$ 417,194	$ 329,955	$ 135,194	$ 406,086	$ —	$ —	$ 1,425,596
Current period gross charge-offs	$ —	$ —	$ —	$ —	$ 65	$ —	$ —	$ 65
Consumer solar:								
Pass	$ 30,412	$ 104,633	$ 131,008	$ 72,752	$ 67,044	$ —	$ —	$ 405,849
Special Mention	—	—	—	—	—	—	—	—
Substandard	—	529	1,080	527	275	—	—	2,411
Doubtful	—	—	—	—	—	—	—	—
Total consumer solar	$ 30,412	$ 105,162	$ 132,088	$ 73,279	$ 67,319	$ —	$ —	$ 408,260
Current period gross charge-offs	$ —	$ 1,525	$ 3,034	$ 2,095	$ 312	$ —	$ —	$ 6,966
Consumer and other:								
Pass	$ 2,730	$ 14,807	$ 11,866	$ —	$ 11,780	$ —	$ —	$ 41,183
Special Mention	—	—	—	—	—	—	—	—
Substandard	5	36	63	—	—	—	—	104
Doubtful	—	—	—	—	—	—	—	—
Total consumer and other	$ 2,735	$ 14,843	$ 11,929	$ —	$ 11,780	$ —	$ —	$ 41,287
Current period gross charge-offs	$ 2	$ —	$ —	$ —	$ 268	$ —	$ —	$ 270
Total Loans:								
Pass	$ 567,793	$ 1,179,430	$ 758,419	$ 500,122	$ 1,149,363	$ 146,660	$ —	$ 4,301,787
Special Mention	—	—	16,692	3,975	13,104	4,222	—	37,993
Substandard	5	4,517	2,146	7,927	24,706	32,238	—	71,539
Doubtful	—	—	—	—	—	—	—	—
Total loans	$ 567,798	$ 1,183,947	$ 777,257	$ 512,024	$ 1,187,173	$ 183,120	$ —	$ 4,411,319
Current period gross charge-offs	$ 2	$ 1,525	$ 3,034	$ 2,095	$ 9,402	$ —	$ —	$ 16,058

The activities in the allowance by portfolio for the three months ended June 30, 2024 are as follows:

(In thousands)	Commercial and Industrial	Multifamily	Commercial Real Estate	Construction and Land Development	Residential Real Estate Lending	Consumer Solar	Consumer and Other	Total
Allowance for credit losses:								
Beginning balance - ACL	$ 15,997	$ 4,448	$ 1,405	$ 853	$ 12,407	$ 26,775	$ 2,515	$ 64,400
Provision for (recovery of) credit losses	(636)	223	97	(16)	(647)	2,805	(60)	1,766
Charge-offs	(821)	—	—	—	(4)	(2,604)	(10)	(3,439)
Recoveries	10	—	—	—	648	50	9	717
Ending balance - ACL	$ 14,550	$ 4,671	$ 1,502	$ 837	$ 12,404	$ 27,026	$ 2,454	$ 63,444

The activities in the allowance by portfolio for the three months ended June 30, 2023 are as follows:

(In thousands)	Commercial and Industrial	Multifamily	Commercial Real Estate	Construction and Land Development	Residential Real Estate Lending	Consumer Solar	Consumer and Other	Total
Allowance for credit losses:								
Beginning balance - ACL	$ 16,473	$ 7,030	$ 2,455	$ 354	$ 14,849	$ 22,762	$ 3,400	$ 67,323
Provision for (recovery of) credit losses	2,008	(633)	(170)	(30)	337	1,649	(45)	3,116
Charge-offs	(1,726)	—	—	—	(1)	(1,824)	(221)	(3,772)
Recoveries	38	—	—	—	89	631	6	764
Ending Balance - ACL	$ 16,793	$ 6,397	$ 2,285	$ 324	$ 15,274	$ 23,218	$ 3,140	$ 67,431

The activities in the allowance by portfolio for the six months ended June 30, 2024 are as follows:

(In thousands)	Commercial and Industrial	Multifamily	Commercial Real Estate	Construction and Land Development	Residential Real Estate Lending	Consumer Solar	Consumer and Other	Total
Allowance for credit losses:								
Beginning balance - ACL	$ 18,331	$ 2,133	$ 1,276	$ 24	$ 13,273	$ 27,978	$ 2,676	$ 65,691
Provision for (recovery of) credit losses	(2,574)	2,538	226	813	(1,500)	3,287	(134)	2,656
Charge-offs	(1,221)	—	—	—	(164)	(4,410)	(106)	(5,901)
Recoveries	14	—	—	—	795	171	18	998
Ending balance - ACL	$ 14,550	$ 4,671	$ 1,502	$ 837	$ 12,404	$ 27,026	$ 2,454	$ 63,444

The activities in the allowance by portfolio for the six months ended June 30, 2023 are as follows:

(In thousands)	Commercial and Industrial	Multifamily	Commercial Real Estate	Construction and Land Development	Residential Real Estate Lending	Consumer Solar	Consumer and Other	Total
Allowance for credit losses:								
Beginning balance - ALLL	$ 12,916	$ 7,104	$ 3,627	$ 825	$ 11,338	$ 6,867	$ 2,354	$ 45,031
Adoption of ASU No. 2016-13	3,816	(1,183)	(1,321)	(466)	3,068	16,166	1,149	21,229
Beginning balance - ACL	16,732	5,921	2,306	359	14,406	23,033	3,503	66,260
Provision for (recovery of) credit losses	1,745	1,603	(21)	(35)	600	2,974	(138)	6,728
Charge-offs	(1,726)	(1,127)	—	—	(59)	(3,631)	(239)	(6,782)
Recoveries	42	—	—	—	327	842	14	1,225
Ending Balance - ACL	$ 16,793	$ 6,397	$ 2,285	$ 324	$ 15,274	$ 23,218	$ 3,140	$ 67,431

The amortized cost basis of loans on nonaccrual status and the specific allowance as of June 30, 2024 are as follows:

(In thousands)	Nonaccrual with No Allowance	Nonaccrual with Allowance	Reserve
Commercial and industrial	$ 563	$ 7,865	$ 5,170
Commercial real estate	4,231	—	—
Construction and land development	8,804	2,315	817
Total commercial portfolio	13,598	10,180	5,987
Residential real estate lending	7,756	—	—
Consumer solar	2,794	—	—
Consumer and other	374	—	—
Total retail portfolio	10,924	—	—
	$ 24,522	$ 10,180	$ 5,987

The amortized cost basis of loans on nonaccrual status and the specific allowance as of December 31, 2023 are as follows:

(In thousands)	Nonaccrual with No Allowance	Nonaccrual with Allowance	Reserve
Commercial and industrial	$ 612	$ 6,921	$ 4,485
Commercial real estate	4,490	—	—
Construction and land development	11,166	—	—
Total commercial portfolio	16,268	6,921	4,485
Residential real estate lending	7,218	—	—
Consumer solar	2,673	—	—
Consumer and other	103	—	—
Total retail portfolio	9,994	—	—
	$ 26,262	$ 6,921	$ 4,485

The below table summarizes collateral dependent loans which were individually evaluated to determine expected credit losses as of June 30, 2024:

(In thousands)	Real Estate Collateral Dependent	Associated Allowance for Credit Losses
Commercial real estate	$ 4,231	$ —
Construction and land development	16,318	817
	$ 20,549	$ 817

The below table summarizes collateral dependent loans which were individually evaluated to determine expected credit losses as of December 31, 2023:

(In thousands)	Real Estate Collateral Dependent	Associated Allowance for Credit Losses
Commercial real estate	$ 4,490	$ —
Construction and land development	16,365	—
	$ 20,855	$ —

As of June 30, 2024 and December 31, 2023, mortgage loans with an unpaid principal balance of $2.45 billion and $2.35 billion, respectively, were pledged to the FHLBNY to secure outstanding advances and letters of credit.

There were $1.6 million in related party loans outstanding as of June 30, 2024 compared to $1.7 million related party loans as of December 31, 2023.

The Company has certain non-performing loans included in the balance of Loans held for sale on the Consolidated Statements of Financial Condition. There were $1.0 million and $1.0 million such loans as of June 30, 2024 and December 31, 2023, respectively.

5. DEPOSITS

Deposits are summarized as follows:

	June 30, 2024		December 31, 2023	
(In thousands)	Amount	Weighted Average Rate	Amount	Weighted Average Rate
Non-interest-bearing demand deposit accounts	$ 3,445,068	0.00 %	$ 2,940,398	0.00 %
NOW accounts	192,452	1.07 %	200,382	0.99 %
Money market deposit accounts	3,093,644	3.08 %	3,100,681	2.89 %
Savings accounts	336,943	1.67 %	340,860	1.20 %
Time deposits	227,437	3.50 %	187,457	3.01 %
Brokered certificates of deposit ("CDs")	153,444	4.98 %	242,210	5.09 %
Total deposits	$ 7,448,988	1.59 %	$ 7,011,988	1.62 %

The scheduled maturities of time deposits and brokered CDs as of June 30, 2024 are as follows:

(In thousands)	Balance
2024	$ 159,294
2025	99,340
2026	47,174
2027	39,956
2028	26,885
Thereafter	8,232
Total	$ 380,881

Time deposits greater than $250,000 totaled $43.3 million as of June 30, 2024 and $42.2 million as of December 31, 2023.

From time to time the Company will issue time deposits through the Certificate of Deposit Account Registry Service (“CDARS”) for the purpose of providing FDIC insurance to bank customers with balances in excess of FDIC insurance limits. CDARS deposits totaled approximately $96.5 million and $63.1 million as of June 30, 2024 and December 31, 2023, respectively, and are included in Time deposits above.

Our total deposits included deposits from Workers United and its related entities, a related party, in the amounts of $63.7 million as of June 30, 2024 and $56.4 million as of December 31, 2023.

Included in total deposits are state and municipal deposits totaling $61.8 million and $51.9 million as of June 30, 2024 and December 31, 2023, respectively. Such deposits are secured by letters of credit issued by the FHLBNY or by securities pledged with the FHLBNY.

6. BORROWED FUNDS

FHLBNY advances are collateralized by the FHLBNY stock owned by the Bank plus a pledge of other eligible assets comprised of securities and mortgage loans. Assets are pledged to collateral capacity. As of June 30, 2024, the value of the other eligible assets had an estimated market value net of haircut totaling $2.21 billion (comprised of securities of $522.8 million and mortgage loans of $2.4 billion). The fair value of assets pledged to the FHLBNY is required to be not less than 110% of the outstanding advances. There were $9.1 million outstanding FHLB advances as of June 30, 2024 and $4.4 million in outstanding FHLBNY advances as of December 31, 2023. The current FHLBNY advances are through the 0% Development Advance Program that provides members with subsidized funding in the form of interest rate credits to assist in originating loans or purchasing loans or investments that meet one of the eligibility criteria. The Company pledged PACE assessments which qualified under the Climate Development Advance and therefore will receive interest rate credits and will not incur any interest expense related to the current outstanding advances. For the three months ended June 30, 2024, and 2023, interest expense on FHLBNY advances was zero and $1.4 million, respectively. For the six months ended June 30, 2024, and 2023, interest expense on FHLBNY advances was zero million and $4.4 million, respectively.

In addition to FHLBNY advances, the Company uses other borrowings for short-term borrowing needs. Federal funds lines of credit are extended to the Company by nonaffiliated banks with which a correspondent banking relationship exists. At June 30, 2024, and December 31, 2023 there was no outstanding balance related to federal funds purchased. In addition, following the bank failures in 2023, the Federal Reserve created a new Bank Term Funding Program ("BTFP") as an additional source of liquidity against high-quality securities, offering loans of up to one year to eligible institutions pledging qualifying assets as collateral. During the quarter ended June 30, 2024, the outstanding balance of $230 million with a weighted average interest rate of 4.5% related to the BTFP was paid off at maturity. For the three months ended June 30, 2024, and 2023, interest expense on other borrowings was $0.3 million and $2.1 million, respectively. For the six months ended June 30, 2024, and 2023, interest expense on other borrowings was $2.7 million and $2.3 million, respectively.

7. SUBORDINATED DEBT

On November 8, 2021, the Company completed a public offering of $85.0 million of aggregated principal amount of 3.25% Fixed-to-Floating Rate subordinated notes due 2031 (the "Notes"). The fixed rate period is defined from and including November 8, 2021 to, but excluding, November 15, 2026, or the date of earlier redemption. The floating rate period is defined from and including November 15, 2026 to, but excluding, November 15, 2031, or the date of earlier redemption. The floating rate per annum is equal to three-month term SOFR (the "benchmark rate") plus a spread of 230 basis points for each quarterly interest period during the floating rate period, provided however, that if the benchmark rate is less than zero, the benchmark rate shall be deemed to be zero. The subordinated notes will mature on November 15, 2031.

The Company may, at its option, beginning with the interest payment date of November 15, 2026, and on any interest payment date thereafter, redeem the Notes, in whole or in part, from time to time, subject to obtaining prior approval of the Board of Governors of the Federal Reserve System (the "Federal Reserve Board") to the extent such approval is then required under the capital adequacy rules of the Federal Reserve Board, at a redemption price equal to 100% of the principal amount of the Notes being redeemed, plus accrued and unpaid interest to, but excluding, the date of redemption.

Interest expense on subordinated debt for the three months ended June 30, 2024 and 2023 was $0.6 million and $0.6 million, respectively. Interest expense on subordinated debt for the six months ended June 30, 2024 and 2023 was $1.2 million and $1.2 million, respectively.

During the three months ended June 30, 2024 the Company repurchased subordinated notes with a par value of $2.5 million for cash paid of $2.1 million. During the three months ended June 30, 2023 the Company did not repurchase any subordinated notes. During the six months ended June 30, 2024 and June 30, 2023, subordinated notes with a par value of $2.5 million and $4.0 million were repurchased for cash paid of $2.1 million, and $3.2 million, respectively.

Gains on repurchases of subordinated debt for the three and six months ended June 30, 2024 were $0.4 million. Gains on repurchases of subordinated debt for the three and six months ended June 30, 2023 were zero and $0.8 million, respectively. All gains are recorded in Non-interest income - other on the consolidated statements of income.

8. EARNINGS PER SHARE

Under the two-class method, earnings available to common stockholders for the period are allocated between common stockholders and participating securities according to participation rights in undistributed earnings. Our time-based and performance-based restricted stock units are not considered participating securities as they do not receive dividend distributions until satisfaction of the related vesting requirements. For the three months ended June 30, 2024 and June 30, 2023, we had 1 thousand and 74 thousand anti-dilutive shares, respectively. For the six months ended June 30, 2024 and June 30, 2023, we had 5 thousand and 84 thousand anti-dilutive shares, respectively.

Following is a table setting forth the factors used in the earnings per share computation follow:

	Three Months Ended June 30,		Six Months Ended June 30,	
(In thousands, except per share amounts)	**2024**	**2023**	**2024**	**2023**
Net income attributable to Amalgamated Financial Corp.	$ 26,753	$ 21,642	$ 54,002	$ 42,976
Dividends paid on preferred stock	—	—	—	—
Income attributable to common stock	$ 26,753	$ 21,642	54,002	42,976
Weighted average common shares outstanding, basic	30,551	30,619	30,513	30,662
Basic earnings per common share	**$ 0.88**	**$ 0.71**	**$ 1.77**	**$ 1.40**
Income attributable to common stock	$ 26,753	$ 21,642	54,002	42,976
Weighted average common shares outstanding, basic	30,551	30,619	30,513	30,662
Incremental shares from assumed conversion of options and RSUs	281	157	276	158
Weighted average common shares outstanding, diluted	30,832	30,776	30,789	30,820
Diluted earnings per common share	**$ 0.87**	**$ 0.70**	**$ 1.75**	**$ 1.39**

9. EMPLOYEE BENEFIT PLANS

Long Term Incentive Plans

Stock Options:

The Company does not currently maintain an active stock option plan that is available for issuing new options. As of December 31, 2020, all options are fully vested and the Company will not incur any further expense related to options.
A summary of the status of the Company's options as of June 30, 2024 follows:

	Number of Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term	Intrinsic Value *(in thousands)*
Outstanding, January 1, 2024	342,260	$ 13.17	2.6 years	
Granted	—	—	—	
Forfeited/ Expired	—	—	—	
Exercised	(153,680)	12.67	—	
Outstanding, June 30, 2024	188,580	13.58	2.5 years	$ 2,606
Vested and Exercisable, June 30, 2024	188,580	$ 13.58	2.5 years	$ 2,606

The range of exercise prices is $11.00 to $14.65 per share.

As noted above, there was no compensation cost attributable to the options for the three and six months ended June 30, 2024 or for the three and six months ended June 30, 2023 as all options had been fully expensed as of December 31, 2020. The fair value of all awards outstanding as of June 30, 2024 and December 31, 2023 was $2.6 million and $4.7 million, respectively. No cash was received for options exercised in the three and six months ended June 30, 2024 or for the three and six months ended June 30, 2023.

The Company repurchased 85,759 shares and 3,999 shares for options exercised in the six months ended June 30, 2024 and June 30, 2023, respectively.

Restricted Stock Units:

The Amalgamated Financial Corp. 2021 Equity Incentive Plan (the "Equity Plan") provides for the grant of stock-based incentive awards to employees and directors of the Company. The number of shares of common stock of the Company available for stock-based awards in the Equity Plan is 1,300,000 of which 874,398 shares were available for issuance as of June 30, 2024.

Restricted stock units ("RSUs") represent an obligation to deliver shares to an employee or director at a future date if certain vesting conditions are met. RSUs are subject to a time-based vesting schedule, the satisfaction of performance conditions, or the satisfaction of market conditions, and are settled in shares of the Company's common stock. RSUs do not provide dividend equivalent rights from the date of grant and do not provide voting rights. RSUs accrue dividends based on dividends paid on common shares, but those dividends are paid in cash upon satisfaction of the specified vesting requirements on the underlying RSU.

A summary of the status of the Company's time-based vesting RSUs for the six months ended June 30, 2024 follows:

	Shares	Grant Date Fair Value
Unvested, January 1, 2024	291,762	$ 19.48
Awarded	187,611	23.47
Forfeited/Expired	—	—
Vested	(156,605)	17.47
Unvested, June 30, 2024	322,768	$ 22.77

A summary of the status of the Company's performance-based vesting RSUs for the six months ended June 30, 2024 follows:

	Shares	Grant Date Fair Value
Unvested, January 1, 2024	125,963	$ 19.68
Awarded	140,157	22.45
Forfeited/Expired	—	—
Vested	(23,880)	14.97
Unvested, June 30, 2024	242,240	$ 21.74

During the six months ended June 30, 2024, the Company granted 36,737 and 29,654 performance-based RSUs at a fair value of $23.20 and $23.18 per share, respectively,which vest subject to the achievement of the Company's corporate goal for the three-year period from January 1, 2024 to December 31, 2026. The corporate goal is based on the Company achieving a target increase in Tangible Book Value, adjusted for certain factors. The minimum and maximum awards that are achievable are 0 and 99,587 shares, respectively.

During the six months ended June 30, 2024, the Company granted 69,343 market-based RSUs at a fair value of $22.21 per share which vest subject to the Bank's relative total shareholder return compared to a group of peer banks over a three-year period from March 1, 2024 to February 28, 2027. The minimum and maximum awards that are achievable are 0 and 104,015 shares, respectively.

During the six months ended June 30, 2024, the Company granted 4,423 shares at a fair value of $14.97 per share, respectively, related to the vesting of performance-based RSUs to satisfy the achievement of corporate goals above target. Compensation expense attributable to the vesting of these shares was $66 thousand.

As of June 30, 2024, the Company reserved 363,360 shares for issuance upon vesting of performance-based RSUs assuming the Company's employees achieve the maximum share payout.

The Company repurchased 54,079 shares and 45,130 shares for RSUs vested in the six months ended June 30, 2024 and 2023, respectively.

Of the 565,008 unvested RSUs and PSUs on June 30, 2024, the minimum units that will vest, solely due to a service test, are 322,768. The maximum units that will vest, assuming the highest payout on performance and market-based units, are 686,128.

Compensation expense attributable to RSUs and PSUs was $1.4 million and $2.3 million for the three and six months ended June 30, 2024, and $1.1 million and $2.0 million for the three and six months ended June 30, 2023. The company recorded an expense of $0.1 million and $0.3 million attributable to RSUs granted to directors for the three and six months ended June 30, 2024 and $0.1 million and $0.2 million for the three and six June 30, 2023. As of June 30, 2024, there was $13.4 million of total unrecognized compensation cost related to the non-vested RSUs and PSUs granted. This expense may increase or decrease depending on the expected number of performance-based shares to be issued. This expense is expected to be recognized over 1.6 years.

Employee Stock Purchase Plan

On April 28, 2021, the Company's stockholders approved the Amalgamated Financial Corp. Employee Stock Purchase Plan (the "ESPP") which was implemented on March 2, 2022. The aggregate number of shares of common stock that may be purchased and issued under the ESPP will not exceed 500,000 of previously authorized shares. Under the terms of the ESPP, employees may authorize the withholding of up to 15% of their eligible compensation to purchase the Company's shares of common stock, not to exceed $25,000 of the fair market value of such common stock for any calendar year. The purchase price per shares acquired under the ESPP will never be less than 85% of the fair market value of the Company's common stock on the last day of the offering period. The Company's Board of Directors in its discretion may terminate the ESPP at any time with respect to any shares for which options have not been granted.

The Compensation Committee of the Board of Directors (the "Committee") has the right to amend the ESPP without the approval of our stockholders; provided, that no such change may impair the rights of a participant with respect to any outstanding offering period without the consent of such participant, other than a change determined by the Committee to be necessary to comply with applicable law. A participant may not dispose of shares acquired under the ESPP until six months following the grant date of such shares, or any earlier date as of which the Committee has determined that the participant would qualify for a hardship distribution from the Company’s 401(k) Plan. Accordingly, the fair value award associated with their discounted purchase price is expensed at the time of purchase. The below following summarizes the shares purchased under the ESPP since the inception of the plan:

	Number of Shares
Shares available for purchase at December 31, 2023	424,848
Purchases during the three months ended:	
March 31, 2024	(10,175)
June 30, 2024	(7,525)
Year-to-date purchases	(17,700)
Remaining shares available for purchase at June 30, 2024	407,148

The expense related to the discount on purchased shares for the three months ended June 30, 2024 and June 30, 2023 was $30.9 thousand and $18.9 thousand, respectively, and is recorded within compensation and employee benefits expense on the Consolidated Statements of Income. The expense for the six months ended June 30, 2024 and June 30, 2023 was $67.6 thousand and $77.0 thousand, respectively.

10. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Assumptions are developed based on prioritizing information within a fair value hierarchy that gives the highest priority to quoted prices in active markets and the lowest priority to unobservable data. A description of the disclosure hierarchy and the types of financial instruments recorded at fair value that management believes would generally qualify for each category are as follows:

> Level 1 - Valuations are based on quoted prices in active markets for identical assets or liabilities. Accordingly, valuation of these assets and liabilities does not entail a significant degree of judgment. Examples include most U.S. Government securities and exchange-traded equity securities.
>
> Level 2 - Valuations are based on either quoted prices in markets that are not considered to be active or significant inputs to the methodology that are observable, either directly or indirectly. Financial instruments in this level would generally include mortgage-related securities and other debt issued by GSEs, non-GSE mortgage-related securities, corporate debt, certain redeemable fund investments and certain trust preferred securities.
>
> Level 3 - Valuations are based on inputs to the methodology that are unobservable and significant to the fair value measurement. These inputs reflect management's own judgments about the assumptions that market participants would use in pricing the assets and liabilities.

Assets Measured at Fair Value on a Recurring Basis

Available for sale securities

The Company's available for sale securities are reported at fair value. Investments in fixed income securities are generally valued based on evaluations provided by an independent pricing service. These evaluations represent an exit price or their opinion as to what a buyer would pay for a security, typically in an institutional round lot position, in a current sale. The pricing service utilizes evaluated pricing techniques that vary by asset class and incorporate available market information and, because many fixed income securities do not trade on a daily basis, applies available information through processes such as benchmark curves, benchmarking of available securities, sector groupings and matrix pricing. Model processes, such as option adjusted spread models, are used to value securities that have prepayment features. In those limited cases where pricing service evaluations are not available for a fixed income security, management will typically value those instruments using observable market inputs in a discounted cash flow analysis.

Derivatives

Derivatives represent interest rate option contracts and interest rate swaps and estimated fair values are based on valuation models using observable market data as of the measurement date

The following summarizes those financial instruments measured at fair value on a recurring basis in the Consolidated Statements of Financial Condition as of the dates indicated, categorized by the relevant class of investment and level of the fair value hierarchy:

	June 30, 2024			
(In thousands)	Level 1	Level 2	Level 3	Total
Financial Assets:				
Available for sale securities:				
Traditional securities:				
GSE certificates & CMOs	$ —	$ 597,486	$ —	$ 597,486
Non-GSE certificates & CMOs	—	194,582	—	194,582
ABS	—	676,781	—	676,781
Corporate	—	108,569	—	108,569
Other	198	3,722	—	3,920
PACE assessments:				
Residential PACE assessments	—	—	112,923	112,923
Other assets - Cash flow hedges	—	823	—	823
Total assets carried at fair value	$ 198	$ 1,581,963	$ 112,923	$ 1,695,084
Financial liabilities:				
Other liabilities - Cash flow hedges	—	43	—	43
Total liabilities carried at fair value	$ —	$ 43	$ —	$ 43

	December 31, 2023			
(In thousands)	Level 1	Level 2	Level 3	Total
Financial Assets:				
Available for sale securities:				
Traditional securities:				
GSE certificates & CMOs	$ —	$ 480,615	$ —	$ 480,615
Non-GSE certificates & CMOs	—	196,860	—	196,860
ABS	—	627,635	—	627,635
Corporate	—	120,741	—	120,741
Other	199	3,689	—	3,888
PACE assessments:				
Residential PACE assessments	—	—	53,303	53,303
Total assets carried at fair value	$ 199	$ 1,429,540	$ 53,303	$ 1,483,042

The table below presents a reconciliation of all assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the three months ended June 30, 2024 and June 30, 2023:

	Residential PACE Assessments	
(In thousands)	**June 30, 2024**	**June 30, 2023**
Balance of recurring Level 3 assets at January 1	$ 53,303	$ —
Amortization included in interest income	1	—
Change in unrealized holding gains/losses included in other comprehensive income	(316)	—
Purchases	68,982	—
Sales	(6,284)	—
Principal paydowns	(2,763)	—
Balance of recurring Level 3 assets at June 30	$ 112,923	$ —

The fair value of the Company's PACE assessments are determined internally by calculating discounted cash flows using expected conditional prepayment rates, market spreads, and the Treasury yield curve. Qualitative assessments from recent commentary from dealers or investors or issuers, information revealed from secondary market trades of clean energy senior asset-backed securities, and volatility in the marketplace are reviewed and incorporated into the calculations.

The following table presents quantitative information about recurring Level 3 fair value measurements at June 30, 2024 and December 31, 2023:

	June 30, 2024			
(In thousands)	Fair Value	Valuation Technique	Unobservable Input	Range (Weighted Average)
Residential PACE assessments	$ 112,923	Discounted cash flow	Conditional prepayment rate	7.0%-25.0% (18.2%)

	December 31, 2023			
(In thousands)	Fair Value	Valuation Technique	Unobservable Input	Range (Weighted Average)
Residential PACE assessments	$ 53,303	Discounted cash flow	Conditional prepayment rate	7.0%-26.0% (16.3%)

Assets Measured at Fair Value on a Non-recurring Basis

Certain financial assets and financial liabilities are measured at fair value on a non-recurring basis. That is, they are subject to fair value adjustments in certain circumstances. Financial assets measured at fair value on a non-recurring basis include certain individually evaluated loans (or impaired loans prior to the adoption of ASU 2016-13) reported at the fair value of the underlying collateral if repayment is expected solely from the collateral.

The following tables summarize assets measured at fair value on a non-recurring basis in the Consolidated Statements of Financial Condition as of the dates indicated, categorized by the relevant class of investment and level of the fair value hierarchy:

	June 30, 2024				
(In thousands)	Carrying Value	Level 1	Level 2	Level 3	Estimated Fair Value
Fair Value Measurements:					
Individually analyzed loans	$ 1,499	$ —	$ —	$ 1,499	$ 1,499

At December 31, 2023, there were no individually analyzed collateral-dependent loans.

Financial Instruments Not Measured at Fair Value

For those financial instruments that are not recorded at fair value in the consolidated statements of financial condition, but are measured at fair value for disclosure purposes, management follows the same fair value measurement principles and guidance as for instruments recorded at fair value. For a description of the methods, factors and significant assumptions utilized in estimating the fair values for significant categories of financial instruments not measured at fair value, refer to footnote 14, *Fair Value of Financial Instruments*, included in the Annual Report on Form 10-K for the year ended December 31, 2023.

There are significant limitations in estimating the fair value of financial instruments for which an active market does not exist. Due to the degree of management judgment that is often required, such estimates tend to be subjective, sensitive to changes in assumptions and imprecise. Such estimates are made as of a point in time and are impacted by then-current observable market conditions; also such estimates do not give consideration to transaction costs or tax effects if estimated unrealized gains or losses were to become realized in the future. Because of inherent uncertainties of valuation, the estimated fair value may differ significantly from the value that would have been used had a ready market for the investment existed and the difference could be material. Lastly, consideration is not given to nonfinancial instruments, including various intangible assets, which could represent substantial value. Fair value estimates are not necessarily representative of the Company’s total enterprise value.

The following table summarizes the financial statement basis and estimated fair values for significant categories of financial instruments:

	June 30, 2024				
(In thousands)	**Carrying Value**	**Level 1**	**Level 2**	**Level 3**	**Estimated Fair Value**
Financial assets:					
Cash and cash equivalents	$ 57,993	$ 57,993	$ —	$ —	$ 57,993
Held-to-maturity securities	1,660,582	—	563,074	937,133	1,500,207
Loans held for sale	1,926	—	—	1,926	1,926
Loans receivable, net	4,408,395	—	—	4,121,111	4,121,111
Resell agreements	137,461	—	—	137,461	137,461
Accrued interest receivable	52,575	50	13,096	39,429	52,575
Financial liabilities:					
Deposits payable on demand	$ 7,068,107	$ —	$ 7,068,107	$ —	$ 7,068,107
Time deposits and brokered CDs	380,881	—	378,565	—	378,565
FHLBNY advances	9,135	—	8,931	—	8,931
Subordinated debt, net	68,117	—	57,900	—	57,900
Accrued interest payable	3,474	—	3,474	—	3,474

(In thousands)	December 31, 2023 Carrying Value	Level 1	Level 2	Level 3	Estimated Fair Value
Financial assets:					
Cash and cash equivalents	$ 90,570	$ 90,570	$ —	$ —	$ 90,570
Held-to-maturity securities	1,696,834	—	575,418	974,091	1,549,509
Loans held for sale	1,817	—		1,817	1,817
Loans receivable, net	4,345,628	—	—	4,029,142	4,029,142
Resell agreements	50,000	—	—	50,000	50,000
Accrued interest receivable	55,484	43	12,645	42,796	55,484
Financial liabilities:					
Deposits payable on demand	$ 6,582,321	$ —	$ 6,582,321	$ —	$ 6,582,321
Time deposits and brokered CDs	429,667	—	428,116	—	428,116
FHLBNY advances	4,381	—	4,381	—	4,381
Other borrowings	230,000	—	229,711	—	229,711
Subordinated debt, net	70,546	—	56,790	—	56,790
Accrued interest payable	12,270	—	12,270	—	12,270

11. COMMITMENTS, CONTINGENCIES AND OFF BALANCE SHEET RISK

Credit Commitments

The Company is party to various credit related financial instruments with off balance sheet risk. The Company, in the normal course of business, issues such financial instruments in order to meet the financing needs of its customers. These financial instruments include commitments to extend credit and standby letters of credit. Such commitments involve, to varying degrees, elements of credit and interest rate risk in excess of the amounts recognized in the consolidated statements of financial condition.

The following financial instruments were outstanding whose contract amounts represent credit risk as of the related periods:

(In thousands)	June 30, 2024	December 31, 2023
Commitments to extend credit	$ 595,448	$ 514,206
Standby letters of credit	30,341	31,678
Total	$ 625,789	$ 545,884

Commitments to extend credit are contracts to lend to a customer as long as there is no violation of any condition established in the contract. These commitments have fixed expiration dates and other termination clauses and generally require the payment of nonrefundable fees. Since a portion of the commitments are expected to expire without being drawn upon, the contractual principal amounts do not necessarily represent future cash requirements. The Company’s maximum exposure to credit risk is represented by the contractual amount of these instruments. These instruments represent ultimate exposure to credit risk only to the extent they are subsequently drawn upon by customers.

Standby letters of credit are conditional lending commitments issued by the Company to guarantee the financial performance of a customer to a third party. The credit risk involved in issuing standby letters of credit is essentially the same as that involved in extending loan facilities to customers. The balance sheet carrying value of standby letters of credit approximates any nonrefundable fees received but not yet recorded as income. The Company considers this carrying value, which is not material, to approximate the estimated fair value of these financial instruments.

The Company reserves for the credit risk inherent in off balance sheet credit commitments. This allowance, which is included in other liabilities, amounted to approximately $6.3 million as of June 30, 2024, compared to an allowance of $4.2 million as of December 31, 2023. The provision for credit losses related to off balance sheet credit commitments was $1.4 million and $2.1 million for the three and six months ended June 30, 2024, and $0.8 million and $0.9 million for the three and six months ended June 30, 2023.

Investment Obligations

The Company is a party to agreements with Pace Funding Group LLC, which operates Home Run Financing, for the purchase of PACE assessment securities until January 2025. As of June 30, 2024, the Company had purchased $781.6 million of these obligations and had an estimated remaining commitment of $106.6 million. These investments are currently held in the Company's available for sale and held-to-maturity investment portfolio. The Company evaluates these obligations for credit risk and the recorded reserve is immaterial.

Other Commitments and Contingencies

In the ordinary course of business, there are various legal proceedings pending against the Company. Based on the opinion of counsel, management believes that the aggregate liabilities, if any, arising from such actions would not have a material adverse effect on the consolidated financial position or results of operations of the Company. As part of the Company's ongoing investments in VIE projects, we also have commitments to provide financing, which are included in footnote 14.

12. LEASES

The Bank as a lessee has operating leases primarily consisting of real estate arrangements where the Company operates its headquarters, branches and business production offices. All leases identified as in scope are accounted for as operating leases as of June 30, 2024. These leases are typically long-term leases and generally are not complicated arrangements or structures. Several of the leases contain renewal options at a rate comparable to the fair market value based on comparable analysis to similar properties in the Bank's geographies.

Real estate operating leases are presented as a right-of-use ("ROU") asset and a related operating lease liability on the Consolidated Statements of Financial Condition. The ROU asset represents the Company's right to use the underlying asset for the lease term and the operating lease liabilities represent the obligation to make lease payments arising from the lease. The Company applied its incremental borrowing rate ("IBR") as the discount rate to the remaining lease payments to derive a present value calculation for initial measurement of the operating lease liability. The IBR reflects the interest rate the Company would have to pay to borrow on a collateralized basis over a similar term for an amount equal to the lease payments. Lease expense is recognized on a straight-line basis over the lease term.

The following table summarizes our lease cost and other operating lease information:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
(In thousands)				
Operating lease cost	$ 1,826	$ 1,795	$ 3,666	$ 3,572
Cash paid for amounts included in the measurement of operating leases liability	$ 2,681	$ 2,816	$ 6,867	$ 5,629
Note: Sublease income and variable income or expense considered immaterial				

The weighted average remaining lease term on operating leases at June 30, 2024 and June 30, 2023 was 2.6 years and 3.3 years, respectively.

The weighted average discount rate used for the operating lease liability was 3.13% and 3.23% at June 30, 2024 and June 30, 2023, respectively.

The following table presents the remaining commitments for operating lease payments for the next five years and thereafter, as well as a reconciliation to the discounted operating leases liability recorded in the Consolidated Statements of Financial Condition as of June 30, 2024:

(In thousands)	As of June 30, 2024
2024	$ 5,394
2025	10,797
2026	8,881
2027	747
2028	—
Thereafter	—
Total undiscounted operating lease payments	25,819
Less: present value adjustment	1,035
Total Operating leases liability	$ 24,784

13. GOODWILL AND INTANGIBLE ASSETS

Goodwill

In accordance with GAAP, the Company performs an annual test as of June 30 to identify potential impairment of goodwill, or more frequently if events or circumstances indicate a potential impairment may exist. If the carrying amount of the Company, as a sole reporting unit, including goodwill, exceeds its fair value, an impairment loss is recognized in an amount equal to that excess up to the amount of the recorded goodwill.

The Company performed its annual test based upon market data as of June 30, 2024 and estimates and assumptions that the Company believes most appropriate for the analysis. Based on the qualitative analysis performed in accordance with ASC 350, the Company determined it more likely than not that goodwill was not impaired as of June 30, 2024. During the three and six months ended June 30, 2024, there were no events or circumstances that would indicate that a potential impairment exists. Changes in certain assumptions used in the Company's assessment could result in significant differences in the results of the impairment test. Should market conditions or management’s assumptions change significantly in the future, an impairment to goodwill is possible.

At June 30, 2024 and December 31, 2023, the carrying amount of goodwill was $12.9 million.

The gross carrying amount of the core deposit intangible was $9.1 million, and the accumulated amortization of the core deposit intangible was $7.3 million and $6.9 million as of June 30, 2024 and December 31, 2023, respectively. At June 30, 2024 and December 31, 2023, the carrying amount of the core deposit intangible was $1.9 million and $2.2 million, respectively.

Amortization expense recognized on the core deposit intangible was $0.2 million and $0.2 million for the three months ended June 30, 2024 and June 30, 2023, respectively, and $0.4 million and $0.4 million for the six months ended June 30, 2024 and June 30, 2023, respectively.

The following table reflects the estimated amortization expense, comprised entirely by the Company’s core deposit intangible asset, for the next five years and thereafter:

(In thousands)	**Total**
2024	$ 365
2025	574
2026	419
2027	265
2028	111
Thereafter	118
Total	$ 1,852

14. VARIABLE INTEREST ENTITIES

Tax Credit Investments

The Company makes investments in unconsolidated entities that construct, own and operate solar generation facilities. An unrelated third party is the managing member and has control over the significant activities of the variable interest entities ("VIE"). The Company generates a return through the receipt of tax credits allocated to the projects, as well as operational distributions. The primary risk of loss is generally mitigated by policies requiring that the project qualify for the expected tax credits prior to the Company making its investment. Any loans to the VIE are secured. As of June 30, 2024, the Company's maximum exposure to loss is $60.2 million.

(In thousands)	June 30, 2024	December 31, 2023
Unconsolidated Variable Interest Entities		
Tax credit investments included in equity investments	$ 8,960	$ 9,024
Loan commitments	51,216	52,222
Funded portion of loan commitments	51,216	52,222

The following table summarizes the tax benefits conveyed by the Company's solar generation VIE investments:

	Three Months Ended June 30,		Six Months Ended June 30,	
(In thousands)	2024	2023	2024	2023
Tax credits and other tax benefits recognized	$ 855	$ 813	$ 1,718	$ 1,600

15. DERIVATIVES AND HEDGING ACTIVITIES

The Company is exposed to certain risks arising from both its business operations and economic conditions. The Company principally manages its exposures to a wide variety of business and operational risks through management of its core business activities. The Company manages economic risks, including interest rate, liquidity, and credit risk primarily by managing the amount, sources, and duration of its assets and liabilities and the use of derivative financial instruments. Specifically, the Company enters into derivative financial instruments to manage exposures that arise from business activities that result in the receipt of future known and uncertain cash amounts, the value of which are determined by interest rates. The Company's derivative financial instruments are used to manage differences in the amount, timing, and duration of the Company's known or expected cash receipts.

The Company's objectives in using interest rate derivatives are to manage its exposure to interest rate movements and to add stability to net interest income. To accomplish this objective, the Company has entered into interest rate cash flow hedges as part of its interest rate risk management strategy. As of June 30, 2024, the Company had one interest rate swap with a notional value of $100.0 million and one interest rate option contract with a floor with a notional value of $80.0 million, both hedging floating-rate available for sale securities.

Effect of Derivatives on the Consolidated Statements of Financial Condition

The tables below present the fair value of the Company's derivative assets and liabilities as of June 30, 2024 and December 31, 2023.

	June 30, 2024		December 31, 2023	
(In thousands)	**Notional Amount**	**Fair Value Assets**	**Notional Amount**	**Fair Value Assets**
Derivatives designated as hedging instruments:				
Cash flow hedges - interest rate products	$ 80,000	$ 823	$ —	$ —

	June 30, 2024		December 31, 2023	
(In thousands)	**Notional Amount**	**Fair Value Liabilities**	**Notional Amount**	**Fair Value Liabilities**
Derivatives designated as hedging instruments:				
Cash flow hedges - interest rate products	$ 100,000	$ 43	$ —	$ —

Effect of Cash Flow Hedge Accounting on the Consolidated Statements of Operations

The table below presents the effect of the Company's derivative financial instruments on the consolidated statements of operations for the three and six months ended June 30, 2024 and 2023.

(In thousands)	Three months ended June 30, 2024 Interest Income	Three months ended June 30, 2024 Interest Expense	Three months ended June 30, 2023 Interest Income	Three months ended June 30, 2023 Interest Expense
Gain or (loss) on cash flow hedging relationships:				
Gain (loss) reclassified from accumulated OCI into income	$ (33)	$ —	$ —	$ —

(In thousands)	Six months ended June 30, 2024 Interest Income	Six months ended June 30, 2024 Interest Expense	Six months ended June 30, 2023 Interest Income	Six months ended June 30, 2023 Interest Expense
Gain or (loss) on cash flow hedging relationships:				
Gain (loss) reclassified from accumulated OCI into income	$ (33)	$ —	$ —	$ —

Cash Flow Hedges

Cash flow hedges involve the receipt of fixed amounts from a counterparty in exchange for the Company making variable-rate payments over the life of the agreements without exchange of the underlying notional amount. The Company uses these types of derivatives to hedge the variable cash flows associated with existing or forecasted variable-rate securities.

For derivatives designated and that qualify as cash flow hedges of interest rate risk, the gain or loss on the derivative is recorded in accumulated other comprehensive income (loss) and subsequently reclassified into interest income in the same periods during which the hedged transaction affects earnings. Amounts reported in accumulated other comprehensive income related to derivatives will be reclassified to interest income as interest payments are received on the Company's variable-rate securities. During the next twelve months, the Company estimates that an additional $0.2 million will be reclassified as a reduction in interest income.

The Company did not terminate any derivatives during the three and six months ended June 30, 2024 and June 30, 2023, respectively.

The table below presents the effect of the cash flow hedge accounting on accumulated other comprehensive income (loss) for the periods indicated:

(In thousands)	Three Months Ended June 30, 2024	Three Months Ended June 30, 2023	Six Months Ended June 30, 2024	Six Months Ended June 30, 2023
Gain (loss) recognized in other comprehensive income (loss)	$ (44)	$ —	$ (44)	$ —
Gain (loss) reclassified from other comprehensive income into interest income	(33)	—	(33)	—

All cash flow hedges are recorded gross on the Consolidated Statements of Financial Condition.

Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations.

General

In this discussion, unless the context indicates otherwise, references to “we,” “us,” “our” and the “Company” refer to Amalgamated Financial Corp. and Amalgamated Bank. References to the “Bank” refer to Amalgamated Bank.

The following is a discussion of our consolidated financial condition as of June 30, 2024, as compared to December 31, 2023, and our results of operations for the three and six month periods ended June 30, 2024 and June 30, 2023. The purpose of this discussion is to focus on information about our financial condition and results of operations which is not otherwise apparent from our consolidated financial statements and is intended to provide insight into our results of operations and financial condition. This discussion and analysis is best read in conjunction with our unaudited consolidated financial statements and related notes as well as the financial and statistical data appearing elsewhere in this report and our Annual Report on Form 10-K for the year ended December 31, 2023 (the “2023 Annual Report”), filed with the Securities and Exchange Commission on March 7, 2024. Historical results of operations and the percentage relationships among any amounts included, and any trends that may appear, may not indicate results of operations for any future periods.

In addition to historical information, this discussion includes certain forward-looking statements regarding business matters and events and trends that may affect our future results. For additional information regarding forward-looking statements and our related cautionary disclosures, see the “*Cautionary Note Regarding Forward-Looking Statements*” beginning on page ii of this report.

Overview

Our business

The Company was formed on August 25, 2020 to serve as the holding company for the Bank, effective March 1, 2021 when the Company acquired the common stock of the Bank. The Bank 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. Although we are no longer majority union-owned, The Amalgamated Clothing Workers of America’s successor, Workers United, an affiliate of the Service Employees International Union that represents workers in the textile, distribution, food service and gaming industries, remains a significant stockholder, holding approximately 41% of our equity as of June 30, 2024. As of June 30, 2024, our total assets were $8.25 billion, our total loans, net of allowance for credit losses were $4.41 billion, our total deposits were $7.45 billion, and our stockholders' equity was $646.1 million. As of June 30, 2024, our trust business held $34.60 billion in assets under custody and $14.00 billion in assets under management.

We offer a complete suite of commercial and retail banking, investment management and trust and custody services. Our commercial banking and trust businesses are national in scope and we also offer a full range of products and services to both commercial and retail customers through our three branch offices across New York City, one branch office in Washington, D.C., one branch office in San Francisco, one commercial office in Boston and our digital banking platform. Our corporate divisions include Commercial Banking, Trust and Investment Management and Consumer Banking. Our product line includes residential mortgage loans, commercial and industrial ("C&I") loans, commercial real estate ("CRE") loans, multifamily loans, consumer loans (predominantly residential solar) and a variety of commercial and consumer deposit products, including non-interest-bearing accounts, interest-bearing demand products, savings accounts, money market accounts and certificates of deposit. We also offer online banking and bill payment services, online cash management, safe deposit box rentals, debit card and ATM card services, and the availability of a nationwide network of ATMs for our customers.

We currently offer a wide range of trust, custody and investment management services, including asset safekeeping, corporate actions, income collections, proxy services, account transition, asset transfers, and conversion management. We also offer a broad range of investment products, including both index and actively-managed funds spanning equity, fixed-income, real estate and alternative investment strategies to meet the needs of our clients. Our products and services are tailored to our target customer base that prefers a financial partner that is socially responsible, values-oriented and committed to creating positive change in the world. These customers include advocacy-based non-profits, social welfare organizations, national labor unions, political organizations, foundations, socially responsible businesses, and other for-profit companies that seek to balance their profit-making activities with activities that benefit their other stakeholders, as well as the members and stakeholders of these commercial customers.

Our goal is to be the go-to financial partner for people and organizations who strive to make a meaningful impact in our society and who care about their communities, the environment, and social justice. The growth of our business is fundamental to our social mission and how we deliver impact and value for our stakeholders. The Company has obtained B Corporation[TM] certification, a distinction earned after being evaluated under rigorous standards of social and environmental performance, accountability, and transparency. The Company is also the largest of twelve commercial financial institutions in the United States that are members of the Global Alliance for Banking on Values, a network of banking leaders from around the world committed to advancing positive change in the banking sector. We hold governance positions in the United Nations ("UN") convened Net Zero Banking Alliance and the Global Partnership for Carbon Accounting Financials ("PCAF") and an advisory role for the Glasgow Finance Alliance for Net Zero.

Critical and Significant Accounting Policies and Estimates

Our consolidated financial statements are prepared based on the application of accounting policies generally accepted in the United States, or GAAP, and conform to general practices within the banking industry. Our significant accounting policies are more fully described in Note 1 of our audited consolidated financial statements included in our 2023 Annual Report.

Other than the addition of accounting policies related to derivatives, there have been no significant changes to our significant accounting policies, or the estimates made pursuant to those policies as described in our 2023 Annual Report.

Management has identified accounting policies that, due to the estimates, assumptions and judgments inherent in those policies, are critical in understanding our financial statements. Management has presented the application of these policies to the Audit Committee of our Board of Directors.

Allowance for credit losses on loans

Methods and Assumptions Underlying the Estimate

On January 1, 2023, we adopted the CECL Standard, which requires that loans held for investment be accounted for under the current expected credit losses model. The allowance for credit losses is established and maintained through a provision for credit losses based on expected losses inherent in our loan portfolio. Management evaluates the adequacy of the allowance on a quarterly basis, and additions to the allowance are charged to expense and subsequent changes (favorable and unfavorable) in expected credit losses are recognized immediately in net income as a credit loss expense or a reversal of credit loss expense. Loans are charged off against the allowance when management believes the uncollectibility of a loan balance is confirmed. Expected recoveries do not exceed the aggregate of amounts previously charged-off and expected to be charged-off.

Determining the appropriateness of the allowance is complex and requires judgment by management about the effect of matters that are inherently uncertain. In determining the allowance for credit losses for loans that share similar risk characteristics, the Company utilizes a model which compares the amortized cost basis of the loan to the net present value of expected cash flows to be collected. Expected credit losses are determined by aggregating the individual cash flows and calculating a loss percentage by loan segment for loans that share similar risk characteristics. For a loan that does not share risk characteristics with other loans, the Company will evaluate the loan on an individual basis. Within the model, assumptions are made in the determination of baseline loss rates, severity rates, reasonable and supportable economic forecasts, and prepayment rates.

The Company assesses the sensitivity of key assumptions at least annually by stressing the assumptions to understand the impact on the model. While management utilizes its best judgment and information available, the ultimate adequacy of our allowance is dependent upon a variety of factors beyond our control which are inherently difficult to predict, the most significant being the macroeconomic forecasts. The Company's forecast of economic conditions considers baseline, favorable, and adverse scenarios. As economic conditions can change, the anticipated amount of estimated loan defaults and losses, and therefore the adequacy of the allowance, could change significantly. Economic conditions more favorable than forecasted could lead to reductions in the amount of the allowance, and conversely conditions more adverse than forecasted could require increases in the amount of the allowance. Changes in economic forecasts may not occur in the same direction or magnitude across all segments of our loan portfolio and deterioration in some quantitative inputs may offset improvement in others. The Company selects the economic forecast that is most reflective of expectations at that point in time, and changes could significantly impact the calculated estimated credit losses.

For segments that rely on a peer group to develop baseline loss rates, statistical regression is utilized to relate historical macro-economic variables to historical credit loss experience of a peer group of banks. These models are then utilized to forecast future expected credit losses based on expected future behavior of the same macro-economic variables. Adjustments to the quantitative results are made using qualitative factors. These factors include: (1) borrower's financial condition; (2) borrower's ability to pay; (3) nature and volume of financial assets; (4) value of the underlying collateral; (5) lending policies and procedures; (6) quality of the loan review system; (7) the experience, ability, and depth of staff; (8) regulatory and legal environment; (9) changes in market conditions; and (10) changes in economic conditions.

For loans that do not share risk characteristics, the Company evaluates these loans on an individual basis based on various factors. Factors that may be considered are borrower delinquency trends and nonaccrual status, probability of foreclosure or note sale, changes in the borrower's circumstances or cash collections, borrower's industry, or other facts and circumstances of the loan or collateral. The expected credit loss is measured based on net realizable value, that is, the difference between the discounted value of the expected future cash flows, based on the original effective interest rate, and the amortized cost basis of the loan. For collateral dependent loans, expected credit loss is measured as the difference between the amortized cost basis of the loan and the fair value of the collateral, less estimated costs to sell.

Uncertainties Regarding the Estimate

Estimating the timing and amounts of future losses is subject to significant management judgment as these projected cash flows rely upon the estimates discussed within the CECL policy and factors that are reflective of current or future expected conditions. These estimates depend on the duration of current overall economic conditions, industry, borrower, or portfolio specific conditions. Volatility in certain credit metrics and differences between expected and actual outcomes are to be expected.

Customers may not repay their loans according to the original terms, and the collateral securing the payment of those loans may be insufficient to pay any remaining loan balance. Bank regulators periodically review our allowance for credit losses and may require us to increase our provision for credit losses or loan charge-offs.

Impact on Financial Condition and Results of Operations

If our assumptions prove to be incorrect, the allowance for credit losses may not be sufficient to cover expected losses in the loan portfolio, resulting in additions to the allowance. Future additions or reductions to the allowance may be necessary based on changes in economic, market or other conditions. Changes in estimates could result in a material change in the allowance through charges to earnings and could materially decrease our net income.

We may experience significant credit losses if borrowers experience financial difficulties, which could have a material adverse effect on our operating results.

In addition, various regulatory agencies, as an integral part of the examination process, periodically review the allowance for credit losses. Such agencies may require the Company to recognize adjustments to the allowance based on their judgments of the information available to them at the time of their examination.

Recent Accounting Pronouncements

Accounting Standards Effective in 2024 and onward

ASU 2023-07, Segment Reporting (Topic 280) - Improvements to Reportable Segment Disclosures

On November 27, 2023, the FASB issued ASU 2023-07, Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures, which is intended to improve reportable segment disclosure requirements, primarily through enhanced disclosures about significant segment expenses. In addition, the amendments enhance interim disclosure requirements, clarify circumstances in which an entity can disclose multiple segment measures of profit or loss, provide new segment disclosure requirements for entities with a single reportable segment, and contain other disclosure requirements. The purpose of the amendments is to enable investors to better understand an entity's overall performance and assess potential future cash flows. A public entity should apply the amendments retrospectively to all prior periods presented in the financial statements. Upon transition, the segment expense categories and amounts disclosed in the prior periods should be based on the significant segment expense categories identified and disclosed in the period of adoption. This ASU is effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024. Early adoption is permitted. The Company is currently evaluating the impact of this standard on our consolidated financial statements and related disclosures.

ASU 2023-09, Income Taxes (Topic 740) - Improvements to Income Tax Disclosures

On December 14, 2023, the FASB issued ASU 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures, which is intended to enhance the transparency and decision usefulness of income tax disclosures. The amendments in ASU 2023-09 address investor requests for enhanced income tax information primarily through changes to the rate reconciliation and income taxes paid information. The update will be effective for annual periods beginning after December 15, 2024, and early adoption is permitted. The Company is currently evaluating the impact of this standard on our consolidated financial statements and related disclosures.

Results of Operations

General

Our results of operations depend substantially on net interest income, which is the difference between interest income on interest-earning assets, consisting primarily of interest income on loans, investment securities and other short-term investments and interest expense on interest-bearing liabilities, consisting primarily of interest expense on deposits and borrowings. Our results of operations are also dependent on non-interest income, consisting primarily of income from Trust Department fees, service charges on deposit accounts, net gains on sales of investment securities and income from bank-owned life insurance (“BOLI”). Other factors contributing to our results of operations include our provisions for credit losses, income taxes, and non-interest expenses, such as salaries and employee benefits, occupancy and depreciation expenses, professional fees, data processing fees and other miscellaneous operating costs.

Net income for the second quarter of 2024 was $26.8 million, or $0.87 per diluted share, compared to $21.6 million, or $0.70 per diluted share, for the second quarter of 2023. The $5.2 million increase was primarily due to a $5.9 million increase in interest income on loans, a $5.5 million increase in interest income on securities, a $1.6 million increase in interest on interest-bearing deposits in banks, a $1.4 million increase in non-interest income, and a $0.7 million decrease in provision for credit losses, offset by a $6.9 million increase in interest expense primarily related to deposits, an increase in non-interest expense of $2.0 million, and a $1.2 million increase in income tax expense.

Net income for the six months ended June 30, 2024 was $54.0 million, or $1.75 per diluted share, compared to $43.0 million, or $1.39 per diluted share, for the same period in 2023. The $11.0 million increase was primarily due to a $13.0 increase in interest income on loans, a $8.4 million increase in interest income on securities, a $3.6 million increase in interest income from interest-bearing deposits in banks,a $6.3 million increase in non-interest income primary due to increase in service charges on deposit accounts and a $4.2 million decrease in the provision for credit losses, offset by a $18.1 million increase in interest expense, a $1.5 million increase in non-interest expense, and $4.9 million increase in income tax expense.

Net Interest Income

Net interest income, representing interest income less interest expense, is a significant contributor to our revenues and earnings. We generate interest income from interest, dividends and prepayment fees on interest-earning assets, including loans, investment securities and other short-term investments. We incur interest expense from interest paid on interest-bearing liabilities, including interest-bearing deposits, Federal Home Loan Bank of New York ("FHLBNY") advances, federal funds purchased and other borrowings. To evaluate net interest income, we measure and monitor (i) yields on our loans and other interest-earning assets, (ii) the costs of our deposits and other funding sources, (iii) our net interest spread and (iv) our net interest margin. Net interest spread is equal to the difference between rates earned on interest-earning assets and rates paid on interest-bearing liabilities. Net interest margin is equal to the annualized net interest income divided by average interest-earning assets. Because non-interest-bearing sources of funds, such as non-interest-bearing deposits and stockholders’ equity, also fund interest-earning assets, net interest margin includes the benefit of these non-interest-bearing sources.

Changes in the market interest rates and interest rates we earn on interest-earning assets or pay on interest-bearing liabilities, as well as the volume and types of interest-earning assets, interest-bearing and non-interest-bearing liabilities, are usually the largest drivers of periodic changes in net interest spread, net interest margin and net interest income.

Three Months Ended June 30, 2024 and 2023

The following table sets forth information related to our average balance sheet, average yields on assets, and average costs of liabilities for the periods indicated:

	Three Months Ended June 30, 2024			Three Months Ended June 30, 2023		
(In thousands)	Average Balance	Income / Expense	Yield / Rate	Average Balance	Income / Expense	Yield / Rate
Interest-earning assets:						
Interest-bearing deposits in banks	$ 213,725	$ 2,690	5.06 %	$ 114,010	$ 1,056	3.72 %
Securities[1]	3,308,881	42,937	5.22 %	3,259,797	39,393	4.85 %
Resell Agreements	122,618	2,041	6.69 %	5,570	113	8.14 %
Total loans, net [2]	4,406,843	51,293	4.68 %	4,202,911	45,360	4.33 %
Total interest-earning assets	8,052,067	98,961	4.94 %	7,582,288	85,922	4.55 %
Non-interest-earning assets:						
Cash and due from banks	6,371			5,034		
Other assets	217,578			208,944		
Total assets	$ 8,276,016			$ 7,796,266		
Interest-bearing liabilities:						
Savings, NOW and money market deposits	$ 3,729,858	$ 24,992	2.69 %	$ 3,203,681	$ 13,298	1.66 %
Time deposits	210,565	1,898	3.63 %	158,992	610	1.54 %
Brokered CDs	156,086	1,992	5.13 %	411,510	4,908	4.78 %
Total interest-bearing deposits	4,096,509	28,882	2.84 %	3,774,183	18,816	2.00 %
Other borrowings	104,560	887	3.41 %	371,004	4,121	4.46 %
Total interest-bearing liabilities	4,201,069	29,769	2.85 %	4,145,187	22,937	2.22 %
Non-interest-bearing liabilities:						
Demand and transaction deposits	3,390,941			3,055,770		
Other liabilities	60,982			67,710		
Total liabilities	7,652,992			7,268,667		
Stockholders' equity	623,024			527,599		
Total liabilities and stockholders' equity	$ 8,276,016			$ 7,796,266		
Net interest income / interest rate spread		$ 69,192	2.09 %		$ 62,985	2.33 %
Net interest-earning assets / net interest margin	$ 3,850,998		3.46 %	$ 3,437,101		3.33 %
Total deposits / total cost of deposits	$ 7,487,450		1.55 %	$ 6,829,953		1.10 %
Total funding / total cost of funds	$ 7,592,010		1.58 %	$ 7,200,957		1.28 %

[1] Includes FHLBNY stock in the average balance, and dividend income on FHLBNY stock in interest income
[2] Includes prepayment penalty income in 2Q2024 and 2Q2023 of $0 and $0 thousand, respectively

Net interest income was $69.2 million for the second quarter of 2024, compared to $63.0 million for the second quarter of 2023. The $6.2 million increase, or 9.8% increase from the second quarter of 2023 was primarily attributable to higher yields and average balances on interest-earning assets, partially offset by higher costs and average balances on interest-bearing liabilities.

Net interest spread was 2.09% for the three months ended June 30, 2024, compared to 2.33% for the same period in 2023, a decrease of 24 basis points. Our net interest margin was 3.46% for the second quarter of 2024, an increase of 13 basis points from 3.33% in the second quarter of 2023. This was largely due to increases in yields and average balances on interest-bearing assets, offset by increases in cost of funds on interest-bearing liabilities.

The yield on average earning assets was 4.94% for the three months ended June 30, 2024, compared to 4.55% for the same period in 2023, an increase of 39 basis points. This increase was driven primarily by the current rate environment resulting in increased yields across securities and loan portfolios.

The average rate on interest-bearing liabilities was 2.85% for the three months ended June 30, 2024, an increase of 63 basis points from the same period in 2023, which was primarily due to the rising rate environment that led to an increase in interest expense paid for deposits, particularly in savings, NOW, and money market deposits and time deposits. Non-interest-bearing deposits represented 45.3% of average deposits for the three months ended June 30, 2024, compared to 44.7% for the three months ended June 30, 2023.

Six Months Ended June 30, 2024 and 2023

The following table sets forth information related to our average balance sheet, average yields on assets, and average costs of liabilities for the periods indicated:

	Six Months Ended June 30, 2024			Six Months Ended June 30, 2023		
(In thousands)	Average Balance	Income / Expense	Yield / Rate	Average Balance	Income / Expense	Yield / Rate
Interest-earning assets:						
Interest-bearing deposits in banks	$ 209,547	$ 5,282	5.07 %	$ 102,550	$ 1,673	3.29 %
Securities(1)	3,239,619	84,000	5.21 %	3,310,492	78,586	4.79 %
Resell agreements	100,814	3,368	6.72 %	12,071	432	7.22 %
Total loans, net (2)	4,398,665	103,245	4.72 %	4,166,389	90,166	4.36 %
Total interest-earning assets	7,948,645	195,895	4.96 %	7,591,502	170,857	4.54 %
Non-interest-earning assets:						
Cash and due from banks	5,720			4,527		
Other assets	221,924			212,960		
Total assets	$ 8,176,289			$ 7,808,989		
Interest-bearing liabilities:						
Savings, NOW and money market deposits	3,660,704	$ 46,864	2.57 %	3,147,765	$ 22,853	1.46 %
Time deposits	199,305	3,474	3.51 %	154,429	907	1.18 %
Brokered CDs	173,163	4,435	5.15 %	389,718	8,891	4.60 %
Total interest-bearing deposits	4,033,172	54,773	2.73 %	3,691,912	32,651	1.78 %
Total borrowings	196,326	3,893	3.99 %	359,505	7,942	4.45 %
Total interest-bearing liabilities	4,229,498	58,666	2.79 %	4,051,417	40,593	2.02 %
Non-interest-bearing liabilities:						
Demand and transaction deposits	3,264,590			3,170,729		
Other liabilities	70,309			71,732		
Total liabilities	7,564,397			7,293,878		
Stockholders' equity	611,892			515,111		
Total liabilities and stockholders' equity	$ 8,176,289			$ 7,808,989		
Net interest income / interest rate spread		$ 137,229	2.17 %		$ 130,264	2.52 %
Net interest-earning assets / net interest margin	$ 3,719,147		3.47 %	$ 3,540,085		3.46 %
Total deposits / total cost of deposits	$ 7,297,762		1.51 %	$ 6,862,641		0.96 %
Total funding / total cost of funds	$ 7,494,088		1.57 %	$ 7,222,146		1.13 %

(1) Includes FHLBNY stock in the average balance, and dividend income on FHLBNY stock in interest income.
(2) Includes prepayment penalty interest income in June YTD 2024 and June YTD 2023 of $18 and $0 thousand, respectively

Net interest income was $137.2 million for the six months ended June 30, 2024, compared to $130.3 million for the same period in 2023. The year-over-year increase of $6.9 million, or 5.3%, was primarily attributable to higher yields and average balances on interest-earning assets, partially offset by higher costs and average balances on interest-bearing liabilities.

Our net interest spread was 2.17% for the six months ended June 30, 2024, compared to 2.52% for the same period in 2023, a decrease of 35 basis points. Our net interest margin was 3.47% for the six months ended June 30, 2024, an increase of 1 basis points from 3.46% in the same period of 2023. This was largely due to increases in yields on interest-bearing assets, offset by increases in cost of funds on interest-bearing liabilities.

The yield on average earning assets was 4.96% for the six months ended June 30, 2024, compared to 4.54% for the same period in 2023, an increase of 42 basis points. This increase was driven primarily by the current rate environment resulting in increased yields across securities and loan portfolios.

The average rate on interest-bearing liabilities was 2.79% for the six months ended June 30, 2024, an increase of 77 basis points from the same period in 2023, which was primarily due to the rising rate environment that led to an increase in interest expense paid for deposits. Non-interest-bearing deposits represented 44.7% of average deposits for the six months ended June 30, 2024, compared to 46.2% for the same period in 2023.

Rate-Volume Analysis

Increases and decreases in interest income and interest expense result from changes in average balances (volume) of interest-earning assets and interest-bearing liabilities, as well as changes in weighted average interest rates. The table below presents the effect of volume and rate changes on interest income and expense. Changes in volume are changes in the average balance multiplied by the previous period's average rate. Changes in rate are changes in the average rate multiplied by the average balance from the previous period. The net changes attributable to the combined impact of both rate and volume have been allocated proportionately to the changes due to volume and the changes due to rate:

	Three Months Ended June 30, 2024 over June 30, 2023			Six Months Ended June 30, 2024 over June 30, 2023		
	Changes Due To			Changes Due To		
(In thousands)	**Volume**	**Rate**	**Net Change**	**Volume**	**Rate**	**Net Change**
Interest-earning assets:						
Interest-bearing deposits in banks	$ 1,043	$ 591	$ 1,634	$ 2,139	$ 1,470	$ 3,609
Securities	613	2,931	3,544	(1,733)	7,147	5,414
Resell agreements	2,292	(364)	1,928	3,170	(234)	2,936
Total loans, net	2,268	3,665	5,933	5,351	7,728	13,079
Total interest income	6,216	6,823	13,039	8.927	16.111	25.038
Interest-bearing liabilities:						
Savings, NOW and money market deposits	3,148	8,546	11,694	5,881	18,130	24,011
Time deposits	384	904	1,288	650	1,917	2,567
Brokered CDs	(3,060)	144	(2,916)	(4,979)	523	(4,456)
Total deposits	472	9,594	10,066	1,552	20,570	22,122
Other borrowings	(1,760)	(1,474)	(3,234)	183	(4,232)	(4,049)
Total interest expense	(1,288)	8,120	6,832	1.735	16.338	18.073
Change in net interest income	$ 7,504	$ (1,297)	$ 6,207	$ 7,192	$ (227)	$ 6,965

Provision for Credit Losses

On January 1, 2023, we adopted the CECL standard for calculating the allowance for credit losses and the provision for credit losses. We establish an allowance for credit losses through a provision for credit losses charged as an expense in our Consolidated Statements of Income. For further discussion of the methodology under the CECL standard, refer to Note 1 to the Consolidated Financial Statements in Item 1 of this Form 10-Q.

Three Months Ended June 30, 2024 and 2023

Provision for credit losses totaled an expense of $3.2 million for the second quarter of 2024 compared to an expense of $3.9 million for the same period in 2023. The provision for credit losses on loans totaled an expense of $1.8 million, the provision for credit losses on securities was a recovery of $2 thousand, and the provision for credit losses on off-balance sheet credit exposures was an expense of $1.4 million. Overall, the provision expense on loans was primarily driven by charge-offs on the solar loan portfolio and an increase in reserve for solar loans given the level of continued losses, offset by improvements in macro-economic forecasts used in the CECL model.

Six Months Ended June 30, 2024 and 2023

Our provision for credit losses totaled an expense of $4.7 million for the six months ended June 30, 2024 compared to an expense of $8.9 million for the same period in 2023. The provision for credit losses on loans totaled $2.7 million, the provision for credit losses on securities was a recovery of $13 thousand, and the provision for credit losses on off-balance sheet credit exposures was $2.1 million. Overall, the provision expense on loans was primarily driven by increases in specific loan reserves, charge-offs on the solar loan portfolio, an increase in reserve for solar loans given the level of continued losses, and an increase in reserve for multifamily loans to reflect the current market repricing conditions, offset by improvements in macro-economic forecasts used in the CECL model.

For a further discussion of the allowance, see “*Allowance for Credit Losses*” below.

Non-Interest Income

Our non-interest income includes Trust Department fees, which consist of fees received in connection with investment advisory and custodial management services of investment accounts, service fees charged on deposit accounts, income on BOLI, gain or loss on sales of securities, gain or loss on sales of loans, income or losses from equity method investments, and other income.

The following table presents our non-interest income for the periods indicated:

	Three Months Ended June 30,		Six Months Ended June 30,	
(In thousands)	**2024**	**2023**	**2024**	**2023**
Trust Department fees	$ 3,657	$ 4,006	$ 7,511	$ 7,935
Service charges on deposit accounts	8,614	2,712	14,750	5,166
Bank-owned life insurance income	615	546	1,224	1,327
Losses on sale of securities	(2,691)	(267)	(5,465)	(3,353)
Gains on sale of loans, net	69	2	116	4
Equity method investments income (loss)	(1,551)	556	521	711
Other income	545	389	830	1,360
Total non-interest income	$ 9,258	$ 7,944	$ 19,487	$ 13,150

Three Months Ended June 30, 2024 and 2023

Non-interest income was $9.3 million for the second quarter of 2024, compared to $7.9 million for the second quarter in 2023. The increase of $1.4 million in the second quarter of 2024 compared to the corresponding quarter in 2023 was primarily due to a $5.9 million increase in service charges on deposit accounts primarily due to increases in ICS One-Way Sell income, partially offset by a $2.4 million increase in losses on sale of securities and a decrease in income from equity investments of $2.2 million.

Trust Department fees consist of fees we receive in connection with our investment advisory and custodial management services of investment accounts. Our Trust Department fees were $3.7 million in the second quarter of 2024, compared to $4.0 million in the same period in 2023.

Six Months Ended June 30, 2024 and 2023

Non-interest income was $19.5 million for the six months ended June 30, 2024, compared to $13.2 million for the six months ended June 30, 2023. The increase of $6.3 million was primarily due to $9.6 million in increased service charges on deposit accounts primarily due to increases in ICS One-Way Sell income, partially offset by a $2.1 million increase in losses on sale of securities, a decrease in other income of $0.6 million primarily attributed to a gain on the repurchase of subordinated debt, and a $0.4 million decrease in Trust Department fees.

Trust Department fees consist of fees we receive in connection with our investment advisory and custodial management services of investment accounts. Our Trust Department fees were $7.5 million for the six months of 2024, compared to $7.9 million in the same period in 2023.

Non-Interest Expense

Non-interest expense includes compensation and employee benefits, occupancy and depreciation expense, professional fees (including legal, accounting and other professional services), data processing, office maintenance and depreciation, amortization of intangible assets, advertising and promotion, federal deposit insurance premiums, and other expenses. The following table presents non-interest expense for the periods indicated:

(In thousands)	Three Months Ended June 30, 2024	Three Months Ended June 30, 2023	Six Months Ended June 30, 2024	Six Months Ended June 30, 2023
Compensation and employee benefits	$ 23,045	$ 21,165	$ 45,318	$ 43,180
Occupancy and depreciation	3,379	3,436	6,283	6,835
Professional fees	2,332	2,759	4,708	4,989
Data processing	4,786	4,082	9,415	8,631
Office maintenance and depreciation	580	718	1,243	1,445
Amortization of intangible assets	182	222	365	444
Advertising and promotion	1,175	1,028	2,394	2,615
Federal deposit insurance premiums	1,050	1,100	2,100	1,818
Other expense	2,983	3,019	5,838	6,199
Total non-interest expense	$ 39,512	$ 37,529	$ 77,664	$ 76,156

Three Months Ended June 30, 2024 and 2023

Non-interest expense for the second quarter of 2024 was $39.5 million, an increase of $2.0 million from $37.5 million for the second quarter of 2023. The increase was driven by a $1.8 million increase in compensation and benefits expense related to an expected increase in compensation due to increased headcount and corporate incentive payments, and a $0.7 million increase in data processing. This was partially offset by a $0.5 million decrease in professional fees.

Six Months Ended June 30, 2024 and 2023

Non-interest expense for the six months ended June 30, 2024 was $77.7 million, an increase of $1.5 million from $76.2 million for six months ended June 30, 2023. The increase was driven by a $2.1 million increase in compensation and benefits expense related to an expected increase in compensation due to increased headcount, corporate incentive payments, and temporary personnel costs, and a $0.8 million increase in data processing expense. This was partially offset by a $0.5 million decrease in occupancy and depreciation expense due to a gain from settlement of a lease termination, a $0.4 million decrease in other expense, a $0.3 million decrease in professional fees and a $0.2 million decrease in office maintenance and depreciation expense.

Income Taxes

Three Months Ended June 30, 2024 and 2023

We had a provision for income tax expense of $9.0 million for the second quarter of 2024, compared to $7.8 million for the second quarter of 2023. Our effective tax rate for the second quarter of 2024 was 25.2% compared to 26.5% for the second quarter of 2023.

Six Months Ended June 30, 2024 and 2023

We had a provision for income tax expense of $20.3 million for the six months ended June 30, 2024, compared to $15.4 million for same period in 2023. Our effective tax rate for the six months ended June 30, 2024 was 27.3%, compared to 26.4% for the same period in 2023.

Financial Condition

Balance Sheet

Our total assets were $8.25 billion at June 30, 2024, compared to $7.97 billion at December 31, 2023. Notable changes within individual balance sheet line items include a $437.0 million increase in deposits, a $174.9 million increase in securities, a $87.5 million increase in resell agreements, a $62.8 million increase in loans receivable, net, a $230.0 million decrease in other borrowings, and a decrease in cash of $32.6 million.

Investment Securities

The primary goal of our securities portfolio is to maintain an available source of liquidity and an efficient investment return on excess capital, while maintaining a low-risk profile. We also use our securities portfolio to manage interest rate risk, meet Community Reinvestment Act (“CRA”) goals, support the Company's mission, and to provide collateral for certain types of deposits or borrowings. An Investment Committee chaired by our Chief Financial Officer manages our investment securities portfolio according to written investment policies approved by our Board of Directors. Investments in our securities portfolio may change over time based on management’s objectives and market conditions.

We seek to minimize credit risk in our securities portfolio through diversification, concentration limits, restrictions on high risk investments (such as subordinated positions), comprehensive pre-purchase analysis and stress testing, ongoing monitoring and by investing a significant portion of our securities portfolio in U.S. Government sponsored entity (“GSE”) obligations. GSEs include the Federal Home Loan Mortgage Corporation (“FHLMC”), the Federal National Mortgage Association (“FNMA”), the Government National Mortgage Association (“GNMA”) and the Small Business Administration (“SBA”). GNMA is a wholly-owned U.S. Government corporation whereas FHLMC and FNMA are private. Mortgage-related securities may include mortgage pass-through certificates, participation certificates and collateralized mortgage obligations (“CMOs”). We invest in non-GSE securities, including property assessed clean energy, or PACE, assessments, in order to generate higher returns, improve portfolio diversification and reduce interest rate and prepayment risk. With the exception of small legacy CRA investments, Trust Preferred securities, and certain corporate bonds, all of our non-GSE securities are senior positions that are the top of the capital structure.

Our investment securities portfolio consists of securities classified as available for sale and held-to-maturity. There were no trading securities in our investment portfolio at June 30, 2024 or at December 31, 2023. All available for sale securities are carried at fair value and may be used for liquidity purposes should management consider it to be in our best interest.

At June 30, 2024 and December 31, 2023, we had available for sale securities of $1.69 billion and $1.48 billion, respectively.

At June 30, 2024, our held-to-maturity securities portfolio primarily consisted of PACE assessments, tax-exempt municipal securities, GSE commercial and residential certificates and other debt. We carry these securities at amortized cost. We had held-to-maturity securities of $1.66 billion at June 30, 2024, and $1.70 billion at December 31, 2023.

During the six months ended June 30, 2024 we purchased a total of $568.5 million securities consisting of both available for sale and held-to-maturity and sold available for sale securities resulting in proceeds of $219.2 million and a net realized loss of $5.5 million. During the six months ended June 30, 2023 we purchased a total of $195.7 million securities consisting of both available for sale and held-to-maturity and sold available for sale securities resulting in proceeds of $174.5 million and a net realized loss of $3.4 million.

Management measures expected credit losses on held-to-maturity debt securities on a collective basis by major security type. Accrued interest receivable on held-to-maturity debt securities totaled $18.1 million at June 30, 2024 and $22.5 million at December 31, 2023, and is excluded from the estimate of credit losses, as accrued interest receivable is reversed for securities placed on nonaccrual status. The allowance for credit losses for held-to-maturity securities at June 30, 2024 was $0.7 million compared to $0.7 million at December 31, 2023. The provision for credit losses for held-to-maturity securities was a recovery of $2.0 thousand and $13.0 thousand for the three and six months ended June 30, 2024, compared to an expense of $20.0 thousand and $65.0 thousand for the three and six months ended June 30, 2023, respectfully.

For available-for-sale debt securities in an unrealized loss position, the Company first assesses whether it intends to sell, or it is more likely than not that it will be required to sell the security before the recovery of its amortized cost basis. If either of the criteria regarding intent or requirement to sell is met, the security's amortized cost basis is written down to fair value through income. For debt securities available-for-sale that do not meet the aforementioned criteria, the Company evaluates whether the decline in fair value has resulted from credit losses or other factors. In making this assessment, management considers the extent to which fair value is less than amortized cost, any changes to the rating of the security by a rating agency, and adverse conditions specifically related to the security, among other factors. If this assessment indicates that an expected credit loss exists, the present value of cash flows expected to be collected from the security are compared to the amortized cost basis of the security. If the present value of cash flows expected to be collected is less than the amortized cost basis, a credit loss exists and an allowance for credit losses is recorded for the credit loss, limited by the amount that the fair value is less than the amortized cost basis. Any impairment that has not been recorded through an allowance for credit losses is recognized in other comprehensive income.

Changes in the allowance for credit losses are recorded as credit loss expense (or reversal). Losses are charged against the allowance when management believes the uncollectibility of an available-for-sale security is confirmed or when either of the criteria regarding intent or requirement to sell is met.

Accrued interest receivable on available-for-sale debt securities totaled $13.1 million at June 30, 2024 and $12.6 million at December 31, 2023, and is excluded from the estimate of credit losses, as accrued interest receivable is reversed for securities placed on nonaccrual status.

The following table is a summary of our investment portfolio, using market value for available for sale securities and amortized cost excluding the allowance for credit losses for held-to-maturity securities, as of the dates indicated.

	June 30, 2024		December 31, 2023	
(In thousands)	**Amount**	**% of Portfolio**	**Amount**	**% of Portfolio**
Available for sale:				
Traditional securities:				
GSE certificates & CMOs	$ 597,486	17.8 %	$ 480,615	15.1 %
Non-GSE certificates & CMOs	194,582	5.8 %	196,860	6.2 %
ABS	676,781	20.2 %	627,635	19.7 %
Corporate	108,569	3.2 %	120,741	3.8 %
Other	3,920	0.1 %	3,888	0.1 %
PACE assessments:				
Residential PACE assessments	112,923	3.4 %	53,303	1.7 %
Total available for sale	1,694,261	50.5 %	1,483,042	46.6 %
Held-to-maturity:				
Traditional securities:				
GSE certificates & CMOs	$ 191,359	5.7 %	$ 194,329	6.1 %
Non-GSE certificates & CMOs	75,979	2.3 %	79,406	2.5 %
ABS	272,508	8.1 %	279,916	8.8 %
Municipal	66,220	2.0 %	66,635	2.1 %
PACE assessments:				
Commercial PACE assessments	256,663	7.6 %	258,306	8.1 %
Residential PACE assessments	798,561	23.8 %	818,963	25.8 %
Total held-to-maturity	1,661,290	49.5 %	1,697,555	53.4 %
Total securities	$ 3,355,551	100.0 %	$ 3,180,597	100.0 %

The following table show contractual maturities and yields for the available-for sale and held-to-maturity securities portfolios:

Contractual Maturity as of June 30, 2024

	One Year or Less		One to Five Years		Five to Ten Years		Due after Ten Years	
(In thousands)	Amortized Cost	Weighted Average Yield [1]	Amortized Cost	Weighted Average Yield [1]	Amortized Cost	Weighted Average Yield [1]	Amortized Cost	Weighted Average Yield [1]
Available for sale:								
Traditional securities:								
GSE certificates & CMOs	$ —	— %	$ 38,258	4.8 %	$ 60,563	3.8 %	$ 533,205	4.4 %
Non-GSE certificates & CMOs	—	— %	—	— %	—	— %	214,726	3.5 %
ABS	—	— %	25,065	6.2 %	190,851	7.2 %	475,561	6.1 %
Corporate	3,000	6.5 %	42,498	4.4 %	80,005	3.8 %	—	— %
Other	—	— %	4,197	6.1 %	—	— %	—	— %
PACE assessments:								
Residential PACE assessments	—	— %	—	— %	—	— %	112,799	7.7 %
Held-to-maturity:								
Traditional securities:								
GSE certificates & CMOs	—	— %	14,803	3.1 %	22,136	3.0 %	154,420	2.9 %
Non-GSE certificates & CMOs	—	— %	—	— %	—	— %	75,979	2.6 %
ABS	—	— %	—	— %	157,887	7.0 %	114,621	4.4 %
Municipal	—	— %	9,448	3.7 %	3,535	2.2 %	53,237	2.8 %
PACE assessments:								
Commercial PACE assessments	—	— %	—	— %	—	— %	256,663	5.3 %
Residential PACE assessments	—	— %	—	— %	—	— %	798,561	5.2 %
Total securities	$ 3,000	6.5 %	$ 134,269	4.7 %	$ 514,977	6.0 %	$ 2,789,772	4.9 %

[1] Estimated yield based on book price (amortized cost divided by par) using estimated prepayments and no change in interest rates.

The following table shows a breakdown of our asset-backed securities by sector and ratings at carrying value based on the fair value of available for sale securities and amortized cost of held-to-maturity securities as of June 30, 2024:

					Credit Ratings *Highest Rating if split rated*					
(In thousands)	Amount	%	Expected Avg. Life in Years	% Floating	% AAA	% AA	% A	% BBB	%Not Rated	Total
CLO Commercial & Industrial	$ 570,130	60 %	2.9	100 %	98 %	2 %	0 %	0 %	0 %	100 %
Consumer	182,927	19 %	4.9	0 %	36 %	30 %	34 %	0 %	0 %	100 %
Mortgage	115,758	13 %	2.1	1 %	100 %	0 %	0 %	0 %	0 %	100 %
Student	80,474	8 %	4.3	23 %	65 %	35 %	0 %	0 %	0 %	100 %
Total Securities:	$ 949,289	100 %	3.3	62 %	84 %	10 %	6 %	0 %	0 %	100 %

Our securities portfolio primarily consists of high quality investments in mortgage-backed securities to government sponsored entities and other asset-backed securities and PACE assessments. All non-agency securities, composed of non-agency commercial mortgage-backed securities, collateralized loan obligations, non-agency mortgage-backed securities, and asset-backed securities, are senior tranche and approximately 87% carry AAA credit ratings and 13% carry A credit ratings or higher. Approximately 50% of this portfolio is classified as "available for sale."

Loans

Lending-related income is the most important component of our net interest income and is the main driver of our results of operations. Total loans, net of deferred origination fees and allowance for credit losses, were $4.41 billion as of June 30, 2024 compared to $4.35 billion as of December 31, 2023. Within our commercial loan portfolio, our primary focus has been on C&I, multifamily and CRE lending. Within our retail loan portfolio, our primary focus has been on residential 1-4 family (1st lien) mortgages. We intend to focus any organic growth in our loan portfolio on these lending areas as part of our strategic plan.

The following table sets forth the composition of our loan portfolio, as of June 30, 2024 and December 31, 2023:

(In thousands)	**June 30, 2024**		**December 31, 2023**	
	Amount	**% of total loans**	**Amount**	**% of total loans**
Commercial portfolio:				
Commercial and industrial	$ 1,012,400	22.6 %	$ 1,010,998	22.9 %
Multifamily mortgages	1,230,545	27.5 %	1,148,120	26.1 %
Commercial real estate mortgages	377,484	8.4 %	353,432	8.0 %
Construction and land development mortgages	23,254	0.5 %	23,626	0.5 %
Total commercial portfolio	2,643,683	59.0 %	2,536,176	57.5 %
Retail portfolio:				
Residential real estate lending	1,404,624	31.4 %	1,425,596	32.3 %
Consumer solar	385,567	8.6 %	408,260	9.3 %
Consumer and other	37,965	1.0 %	41,287	0.9 %
Total retail portfolio	1,828,156	41.0 %	1,875,143	42.5 %
Total loans	4,471,839	100.0 %	4,411,319	100.0 %
Allowance for credit losses	(63,444)		(65,691)	
Total loans, net	$ 4,408,395		$ 4,345,628	

Commercial loan portfolio

Our commercial loan portfolio comprised 59.0% of our total loan portfolio at June 30, 2024 and 57.5% of our total loan portfolio at December 31, 2023. The major categories of our commercial loan portfolio are discussed below:

C&I. Our C&I loans are generally made to small and medium-sized manufacturers and wholesale, retail and service-based businesses to provide either working capital or to finance major capital expenditures. In addition, our C&I portfolio includes commercial solar financings; for many of these we are the sole lender, while for some others we are a participant in a syndicated credit facility led by another institution. The primary source of repayment for C&I loans is generally operating cash flows of the business or project. We also seek to minimize risks related to these loans by requiring such loans to be collateralized by various business assets (including inventory, equipment, accounts receivable, and the assignment of contracts that generate cash flow). The average size of our C&I loans at June 30, 2024 by exposure was $4.0 million with a median size of $0.6 million. We have shifted our lending strategy to focus on developing full customer relationships including deposits, cash management, and lending. The businesses that we focus on are generally mission aligned with our core values, including organic and natural products, sustainable companies, clean energy, nonprofits, and B Corporations ™.

Our C&I loans totaled $1.01 billion at June 30, 2024, which comprised 22.6% of our total loan portfolio. During the six months ended June 30, 2024, the C&I loan portfolio was largely unchanged from $1.01 billion at December 31, 2023.

Multifamily. Our multifamily loans are generally used to purchase or refinance apartment buildings of five units or more, which collateralize the loan, in major metropolitan areas within our markets. Multifamily loans have 65% of their exposure in New York City. Our multifamily loans have been underwritten under stringent guidelines on loan-to-value and debt service coverage ratios that are designed to mitigate credit and concentration risk in this loan category. The average current LTV of our multifamily loans is approximately 55%.

Our multifamily loans totaled $1.23 billion at June 30, 2024, which comprised 27.5% of our total loan portfolio. During the six months ended June 30, 2024, the multifamily loan portfolio increased by 7.2% from $1.15 billion at December 31, 2023.

CRE. Our CRE loans are used to purchase or refinance office buildings, retail centers, industrial facilities, medical facilities and mixed-used buildings. Our CRE loans totaled $377.5 million at June 30, 2024, which comprised 8.4% of our total loan portfolio. During the six months ended June 30, 2024, the CRE loan portfolio increased by 6.8% from $353.4 million at December 31, 2023.

Retail loan portfolio

Our retail loan portfolio comprised 41.0% of our total loan portfolio at June 30, 2024 and 42.5% of our loan portfolio at December 31, 2023. The major categories of our retail loan portfolio are discussed below.

Residential real estate lending. Our residential 1-4 family mortgage loans are residential mortgages that are primarily secured by single-family homes, which can be owner occupied or investor owned. These loans are either originated by our loan officers or purchased from other originators with the servicing generally retained by such originators. Our residential real estate lending portfolio is 99% first mortgage loans and 1% second mortgage loans. As of June 30, 2024, approximately 80% of our residential 1-4 family mortgage loans were either originated by our loan officers or were acquired in our acquisition of New Resource Bank, and 20% were purchased or acquired. Our residential real estate lending loans totaled $1.40 billion at June 30, 2024, which comprised 76.8% of our retail loan portfolio and 31.4% of our total loan portfolio. As of June 30, 2024, our residential real estate lending loans decreased by 1.5% from $1.43 billion at December 31, 2023.

Consumer solar. Our consumer solar portfolio is comprised of purchased residential solar loans, secured by Uniform Commercial Code ("UCC") financing statements. Our consumer solar loans totaled $385.6 million at June 30, 2024, which comprised 8.6% of our total loan portfolio, compared to $408.3 million, or 9.3% of our total loan portfolio, at December 31, 2023.

Consumer and other. Our consumer and other portfolio is comprised of purchased student loans, unsecured consumer loans and overdraft lines. Our consumer and other loans totaled $38.0 million at June 30, 2024, which comprised 1.0% of our total loan portfolio, compared to $41.3 million, or 0.9% of our total loan portfolio, at December 31, 2023.

Maturities of Loans

The information in the following table is based on the contractual maturities of individual loans, including loans that may be subject to renewal at their contractual maturity. Renewal of these loans is subject to review and credit approval, as well as modification of terms upon maturity. Actual repayments of loans may differ from the maturities reflected below because borrowers have the right to prepay obligations with or without prepayment penalties. The following tables summarize the loan maturity distribution by type and related interest rate characteristics at June 30, 2024:

(In thousands)	One year or less	After one but within five years	After five years but within 15 years	After 15 years	Total
Commercial Portfolio:					
Commercial and industrial	$ 158,919	$ 390,164	$ 291,804	$ 171,513	$ 1,012,400
Multifamily	186,249	710,180	329,025	5,091	1,230,545
Commercial real estate	97,081	204,601	69,272	6,530	377,484
Construction and land development	21,687	1,567	—	—	23,254
Retail Portfolio:					
Residential real estate lending	5	4,959	137,226	1,262,434	1,404,624
Consumer solar	97	2,385	59,454	323,631	385,567
Consumer and other	715	2,234	25,908	9,108	37,965
Total Loans	$ 464,753	$ 1,316,090	$ 912,689	$ 1,778,307	$ 4,471,839

The following table presents our loans held for investment with maturity due after June 30, 2025:

(In thousands)	Fixed	Adjustable	Total
Commercial Portfolio:			
Commercial and industrial	$ 550,643	$ 302,838	$ 853,481
Multifamily	1,008,615	35,681	1,044,296
Commercial real estate	269,934	10,469	280,403
Construction and land development	1,567	—	1,567
Retail Portfolio:			
Residential real estate lending	758,763	645,856	1,404,619
Consumer solar	385,470	—	385,470
Consumer and other	37,112	138	37,250
Total Loans	$ 3,012,104	$ 994,982	$ 4,007,086

Allowance for Credit Losses

We maintain the allowance at a level we believe is sufficient to absorb current expected credit losses in our loan portfolio. For further discussion of the adoption of and methodology under the CECL standard, refer to refer to Note 1 to the Consolidated Financial Statements in Item 1 of this Form 10-Q.

The following tables presents, by loan type, the changes in the allowance for credit losses for the three and six months ended June 30, 2024 and June 30, 2023:

	Three Months Ended June 30,		Six Months Ended June 30,	
(In thousands)	**2024**	**2023**	**2024**	**2023**
Balance at beginning of period	$ 64,400	$ 67,323	$ 65,691	$ 45,031
Adoption of ASU No. 2016-13	—	—	—	21,229
Loan charge-offs:				
Commercial portfolio:				
Commercial and industrial	(821)	(1,726)	(1,221)	(1,726)
Multifamily	—	—	—	(1,127)
Commercial real estate	—	—	—	—
Construction and land development	—	—	—	—
Retail portfolio:				
Residential real estate lending	(4)	(1)	(164)	(59)
Consumer solar	(2,604)	(1,824)	(4,410)	(3,631)
Consumer and other	(10)	(221)	(106)	(239)
Total loan charge-offs	(3,439)	(3,772)	(5,901)	(6,782)
Recoveries of loans previously charged-off:				
Commercial portfolio:				
Commercial and industrial	10	38	14	42
Multifamily	—	—	—	—
Commercial real estate	—	—	—	—
Construction and land development	—	—	—	—
Retail portfolio:				
Residential real estate lending	648	89	795	327
Consumer solar	50	631	171	842
Consumer and other	9	6	18	14
Total loan recoveries	717	764	998	1,225
Net charge-offs	(2,722)	(3,008)	(4,903)	(5,557)
Provision for credit losses	1,766	3,116	2,656	6,728
Balance at end of period	$ 63,444	$ 67,431	$ 63,444	$ 67,431

During the quarter, the allowance for credit losses on loans decreased $1.0 million to $63.4 million at June 30, 2024 from $64.4 million at March 31, 2024. The ratio of allowance to total loans was 1.42% at June 30, 2024 and 1.46% at March 31, 2024.

At June 30, 2024 the allowance for credit losses on held-to-maturity securities was $0.7 million, compared to $0.7 million at March 31, 2024.

Allocation of Allowance for Credit Losses

The following table presents the allocation of the allowance for credit losses on loans and the percentage of the total amount of loans in each loan category listed as of the dates indicated:

	At June 30, 2024		At December 31, 2023	
(In thousands)	**Amount**	**% of total loans**	**Amount**	**% of total loans**
Commercial Portfolio:				
Commercial and industrial	$ 14,550	22.6 %	$ 18,331	22.9 %
Multifamily	4,671	27.5 %	2,133	26.1 %
Commercial real estate	1,502	8.4 %	1,276	8.0 %
Construction and land development	837	0.5 %	24	0.5 %
Total commercial portfolio	$ 21,560	59.0 %	$ 21,764	57.5 %
Retail Portfolio:				
Residential real estate lending	$ 12,404	31.4 %	13,273	32.3 %
Consumer Solar	27,026	8.6 % 33.1 %	27,978	9.3 %
Consumer and other	2,454	1.0 %	2,676	0.9 %
Total retail portfolio	$ 41,884	41.0 %	$ 43,927	42.5 %
Total allowance for credit losses on loans	$ 63,444		$ 65,691	

The following table presents the allocation of the allowance for credit losses on securities and the percentage of the total amount of held-to-maturity securities in each security category listed as of the dates indicated:

	At June 30, 2024		At December 31, 2023	
(In thousands)	**Amount**	**% of total held-to-maturity securities**	**Amount**	**% of total held-to-maturity securities**
Traditional securities:				
GSE certificates & CMOs	$ —	11.5 %	$ —	11.4 %
Non-GSE certificates & CMOs	53	4.6 %	54	4.7 %
ABS	—	16.4 %	—	16.5 %
Municipal	—	4.0 %	—	3.9 %
Total traditional securities	$ 53	36.5 %	$ 54	36.5 %
PACE assessments:				
Commercial PACE assessments	$ 256	15.4 %	$ 258	15.2 %
Residential PACE assessments	399	48.1 %	409	48.3 %
Total retail portfolio	$ 655	63.5 %	$ 667	63.5 %
Total allowance for credit losses on securities	$ 708		$ 721	

Nonperforming Assets

Nonperforming assets include all loans categorized as nonaccrual, other real estate owned and other repossessed assets. The accrual of interest on loans is discontinued, or the loan is placed on nonaccrual, when the full collection of principal and interest is in doubt. Interest on loans is generally recognized on the accrual basis. Interest is not accrued on loans that are more than 90 days delinquent on payments, and any interest that was accrued but unpaid on such loans is reversed from interest income at that time, or when deemed to be uncollectible. Interest subsequently received on such loans is recorded as interest income or alternatively as a reduction in the amortized cost of the loan if there is significant doubt as to the collectability of the unpaid principal balance. Loans are returned to accrual status when principal and interest amounts contractually due are brought current and future payments are reasonably assured.

The following table sets forth our nonperforming assets as of June 30, 2024 and December 31, 2023:

(In thousands)	June 30, 2024	December 31, 2023
Loans 90 days past due and accruing	$ —	$ —
Nonaccrual loans held for sale	989	989
Nonaccrual loans - Commercial	23,778	23,189
Nonaccrual loans - Retail	10,924	9,994
Nonaccrual securities	29	31
Total nonperforming assets	$ 35,720	$ 34,203
Nonaccrual loans:		
Commercial and industrial	$ 8,428	$ 7,533
Multifamily	—	—
Commercial real estate	4,231	4,490
Construction and land development	11,119	11,166
Total commercial portfolio	23,778	23,189
Residential real estate lending	7,756	7,218
Consumer solar	2,794	2,673
Consumer and other	374	103
Total retail portfolio	10,924	9,994
Total nonaccrual loans	$ 34,702	$ 33,183
Nonperforming assets to total assets	0.43 %	0.43 %
Nonaccrual assets to total assets	0.43 %	0.43 %
Nonaccrual loans to total loans	0.78 %	0.75 %
Allowance for credit losses on loans to nonaccrual loans	182.83 %	197.97 %
Allowance for credit losses on loans to total loans	1.42 %	1.49 %
Annualized net charge-offs to average loans	0.25 %	0.33 %

Nonperforming assets totaled $35.7 million, or 0.43% of period-end total assets at June 30, 2024, an increase of $1.5 million, compared with $34.2 million, or 0.43% of period-end total assets at December 31, 2023. The increase in non-performing assets at June 30, 2024 compared to December 31, 2023 assets was primarily driven by a $0.9 million and a $0.6 million increase in residential real estate nonaccrual loans and commercial and industrial nonaccrual loans, respectively.

Potential problem loans are loans which management has doubts as to the ability of the borrowers to comply with the present loan repayment terms. Potential problem loans are performing loans and include our special mention and substandard-accruing commercial loans and/or retail loans 30-89 days past due. Potential problem loans are not included in the nonperforming assets table above and totaled $69.6 million, or 0.8% of total assets, at June 30, 2024, as follows: $59.8 million are commercial loans currently in workout that management expects will be rehabilitated; $5.1 million are residential real estate loans at 30-89 days delinquent, and $4.7 million are consumer loans at 30-89 days delinquent.

Resell Agreements

As of June 30, 2024, we have entered into $137.5 million of short term investments of resell agreements backed by residential first-lien mortgage loans, with a weighted average interest rate of 6.61%. As of December 31, 2023, we have entered into $50.0

million of short term investments of resell agreements backed by residential first-lien mortgage loans, with a weighted interest rate of 6.34%.

Deferred Tax Asset

We had a deferred tax asset, net of deferred tax liabilities, of $47.7 million at June 30, 2024 and $56.6 million at December 31, 2023. As of June 30, 2024, our deferred tax assets were fully realizable with no valuation allowance held against the balance. Our management concluded that it was more-likely-than-not that the entire amount will be realized.

We will evaluate the recoverability of our net deferred tax asset on a periodic basis and record decreases (increases) as a deferred tax provision (benefit) in the Consolidated Statements of Income as appropriate.

Deposits

Deposits represent our primary source of funds. We are focused on growing our core deposits through relationship-based banking with our business and consumer clients. Total deposits were $7.45 billion at June 30, 2024, compared to $7.01 billion at December 31, 2023. We believe that our strong deposit franchise is attributable to our mission-based strategy of developing and maintaining relationships with our clients who share similar values and through maintaining a high level of service.

We gather deposits through each of our three branch locations across New York City, our one branch in Washington, D.C., our one branch in San Francisco and through the efforts of our commercial banking team including our Boston group which focuses nationally on business growth. Through our branch network, online, mobile and direct banking channels, we offer a variety of deposit products including demand deposit accounts, money market deposits, NOW accounts, savings and certificates of deposit, Insured Cash Sweep accounts, Certificate of Deposit Account Registry Service accounts, and brokered certificates of deposit. We bank politically active customers, such as campaigns, PACs ("political action committees"), and state and national party committees, which we refer to as political deposits. These deposits exhibit seasonality based on election cycles. As of June 30, 2024 and December 31, 2023, we had approximately $1.73 billion and $1.19 billion, respectively, in political deposits on- and off-balance sheet which are primarily in demand deposits.

Additionally, we utilize a custodial deposit transference structure through the IntraFi ICS ("Insured Cash Sweep") network for certain deposit programs whereby we, acting as custodian of account holder funds, places a portion of such account holder funds that are not needed to support near term settlement at one or more third-party banks insured by the FDIC (each, a "Program Bank"). Accounts opened at Program Banks are established in our name as custodian, for the benefit of our account holders. We remain the issuer of all accounts under the applicable account holder agreements and have sole custodial control and transaction authority over the accounts opened at Program Banks. We maintain the records of each account holder's deposits maintained at Program Banks. These off-balance sheet deposits totaled $1.06 billion at June 30, 2024 and $303.1 million at December 31, 2023. In return for record keeping services at Program Banks, the Company receives a servicing fee. For the three and six months ended June 30, 2024, the Company recognized $4.9 million and $9.0 million in servicing fee income. No servicing fee income was recognized during the three and six months ended June 30, 2023.

Total estimated uninsured deposits at June 30, 2024 and December 31, 2023 were $4.49 billion and $4.04 billion, respectively.

Maturities of time certificates of deposit and other time deposits of $250,000 or more outstanding at June 30, 2024 are summarized as follows:

Maturities as of June 30, 2024		
(In thousands)		
Within three months	$	11,815
After three but within six months		21,348
After six months but within twelve months		7,339
After twelve months		2,839
	$	43,341

Evaluation of Interest Rate Risk

Our simulation models incorporate various assumptions, which we believe are reasonable but which may have a significant impact on results such as: (1) the timing of changes in interest rates, (2) shifts or rotations in the yield curve, (3) loan and securities prepayment speeds for different interest rate scenarios, (4) interest rates and balances of indeterminate-maturity deposits for different scenarios, and (5) new volume and yield assumptions for loans, securities and deposits. Because of limitations inherent in any approach used to measure interest rate risk, simulation results are not intended as a forecast of the actual effect of a change in market interest rates on our results but rather to better plan and execute appropriate asset-liability management strategies and manage our interest rate risk.

In accordance with the Company's policies, the Company may enter into derivative transactions to hedge against interest rate risk. The impact of existing derivative contracts are included in the simulation analysis below.

Potential changes to our net interest income and economic value of equity in hypothetical rising and declining rate scenarios calculated as of June 30, 2024 are presented in the following table. The projections assume immediate, parallel shifts downward of the yield curve of 100, 200, 300 and 400 basis points and immediate, parallel shifts upward of the yield curve of 100, 200 and 300 basis points.

The results of this simulation analysis are hypothetical and should not be relied on as indicative of expected operating results. A variety of factors might cause actual results to differ substantially from what is depicted. For example, if the timing and magnitude of interest rate changes differ from those projected, our net interest income might vary significantly. Non-parallel yield curve shifts such as a flattening or steepening of the yield curve or changes in interest rate spreads, would also cause our net interest income to be different from that depicted. An increasing interest rate environment could reduce projected net interest income if deposits and other short-term liabilities re-price faster than expected or faster than our assets re-price. Actual results could differ from those projected if we grow assets and liabilities faster or slower than estimated, if we experience a net outflow of deposit liabilities or if our mix of assets and liabilities otherwise changes. Actual results could also differ from those projected if we experience substantially different repayment speeds in our loan portfolio than those assumed in the simulation model. Finally, these simulation results do not contemplate all the actions that we may undertake in response to potential or actual changes in interest rates, such as changes to our loan, investment, deposit, funding or hedging strategies.

Change in Market Interest Rates as of June 30, 2024	**Estimated Increase (Decrease) in:**			
Immediate Shift	Economic Value of Equity	Economic Value of Equity ($)	Year 1 Net Interest Income	Year 1 Net Interest Income ($)
+300 basis points	-17.0%	(243,215)	-5.2%	(15,105)
+200 basis points	-9.5%	(136,098)	-1.6%	(4,597)
+100 basis points	-3.2%	(46,234)	0.4%	1,142
-100 basis points	0.5%	7,197	-2.0%	(5,820)
-200 basis points	-3.1%	(43,787)	-4.9%	(14,059)
-300 basis points	-14.8%	(211,299)	-8.2%	(23,755)
-400 basis points	-37.0%	(528,030)	-14.0%	(40,699)

Liquidity

Liquidity refers to our ability to maintain cash flow that is adequate to fund our operations, support asset growth, maintain reserve requirements and meet present and future obligations of deposit withdrawals, lending obligations and other contractual obligations through either the sale or maturity of existing assets or by obtaining additional funding through liability management. Our liquidity risk management policy provides the framework that we use to maintain adequate liquidity and sources of available liquidity at levels that enable us to meet all reasonably foreseeable short-term, long-term and strategic liquidity demands. The Asset and Liability Management Committee is responsible for oversight of liquidity risk management activities in accordance with the provisions of our liquidity risk policy and applicable bank regulatory capital and liquidity laws and regulations. Our liquidity risk management process includes (i) ongoing analysis and monitoring of our funding requirements under various balance sheet and economic scenarios, (ii) review and monitoring of lenders, depositors, brokers and other liability holders to ensure appropriate diversification of funding sources and (iii) liquidity contingency planning to address liquidity needs in the event of unforeseen market disruption impacting a wide range of variables. We continuously monitor our liquidity position in order for our assets and liabilities to be managed in a manner that will meet our immediate and long-term funding requirements. We manage our liquidity position to meet the daily cash flow needs of customers, while maintaining an appropriate balance between assets and liabilities to meet the return on investment objectives of our stockholders. We also monitor our liquidity requirements in light of interest rate trends, changes in the economy, and the scheduled maturity and interest rate sensitivity of our securities and loan portfolios and deposits. Liquidity management is made more complicated because different balance sheet components are subject to varying degrees of management control. For example, the timing of maturities of our investment portfolio is fairly predictable and subject to a high degree of control when we make investment decisions. Net deposit inflows and outflows, however, are far less predictable and are not subject to the same degree of certainty.

In addition to assessing liquidity risk on a consolidated basis, we monitor the parent company's liquidity. The parent company's routine funding requirements consist primarily of operating expenses, dividends paid to shareholders, debt service, repurchases of common stock and funds used for acquisitions. The parent company obtains funding to meet its obligations from dividends collected from its subsidiaries and the issuance of debt and capital securities. Dividend payments to the parent company by its subsidiary bank are subject to regulatory review and statutory limitations and, in some instances, regulatory approval. The Company maintains sufficient funding to meet expected capital and debt service obligations for 24 months without the support of dividends from subsidiaries and assuming access to the wholesale markets is maintained. The Company maintains sufficient liquidity to meet its capital and debt service obligations for 12 months under adverse conditions without the support of dividends from subsidiaries or access to the wholesale markets.

Our liquidity position is supported by management of our liquid assets and liabilities and access to alternative sources of funds. Our short-term and long-term liquidity requirements are primarily to fund on-going operations, including payment of interest on deposits and debt, extensions of credit to borrowers and capital expenditures. These liquidity requirements are met primarily through our deposits, FHLBNY advances and the principal and interest payments we receive on loans and investment securities. Cash, interest-bearing deposits in third-party banks, securities available for sale and maturing or prepaying balances in our investment and loan portfolios are our most liquid assets. Other sources of liquidity that are available to us include the sale of loans we hold for investment, securitization of loans or PACE assessments, the ability to acquire additional national market non-core deposits, borrowings through the Federal Reserve's discount window and the issuance of debt or equity securities. We believe that the sources of available liquidity are adequate to meet our current and reasonably foreseeable future liquidity needs.

At June 30, 2024, our cash and equivalents, which consist of cash and amounts due from banks and interest-bearing deposits in other financial institutions, amounted to $58.0 million, or 0.7% of total assets, compared to $90.6 million, or 1.1% of total assets at December 31, 2023. The $32.6 million, or 36.0%, decrease is due to normal business activity, paydowns of borrowings, and strategic investment securities purchases, offset by investments in resell agreements. Our available for sale securities at June 30, 2024 were $1.69 billion, or 20.5% of total assets, compared to $1.48 billion, or 18.6% of total assets at December 31, 2023. Investment securities with an aggregate fair value of $1.32 billion at June 30, 2024 were pledged to secure outstanding advances, letters of credit, provide additional borrowing potential, and collateralize municipal deposits. Additionally, mortgage loans with an unpaid principal balance of $2.4 billion and $2.3 billion respectfully, were pledged to the FHLBNY to secure outstanding advances, letters of credit and to provide additional borrowing potential.

The liability portion of the balance sheet serves as our primary source of liquidity. Over the long term, we plan to meet our future cash needs through the generation of deposits. Customer deposits have historically provided a sizeable source of relatively stable and low-cost funds. We are also a member of the FHLBNY, from which we can borrow for leverage or liquidity purposes. The FHLBNY requires that securities and qualifying loans be pledged to secure any advances. At June 30, 2024, we had $9.14 million advances from the FHLBNY and a remaining credit availability of $2.21 billion. In addition, we maintain borrowing capacity of approximately $971.3 million with the Federal Reserve's discount window that is secured by certain securities from our portfolio which are not pledged for other purposes.

We also had $68.1 million in subordinated debt, net of issuance costs. Our cash, off-balance sheet deposits, and borrowing capacity totaled $4.28 billion of immediately available funds, in addition to unpledged securities with two-day availability of $241.0 million for total liquidity within two-days of $4.52 billion, which provided coverage for 101% of total uninsured deposits.

Capital Resources

Total stockholders' equity at June 30, 2024 was $646.1 million, compared to $585.4 million at December 31, 2023, an increase of $60.7 million. The increase was primarily driven by $54.0 million of net income and a $12.4 improvement in accumulated other comprehensive loss due to the tax effected mark-to-market on our securities portfolio, offset by $6.8 million in dividends paid at $0.22 per outstanding share, and $0.3 million of common stock repurchases.

We are subject to various regulatory capital requirements administered by federal banking regulators. Failure to meet minimum capital requirements can initiate certain mandatory and possibly additional discretionary actions by federal banking regulators that, if undertaken, could have a direct material effect on our financial statements.

Regulatory capital rules adopted in July 2013 and fully phased in as of January 1, 2019, which are referred to as the Basel III rules, impose minimum capital requirements for bank holding companies and banks. The Basel III rules apply to all national and state banks and savings associations regardless of size and bank holding companies and savings and loan holding companies with consolidated assets of more than $3 billion. In order to avoid restrictions on capital distributions or discretionary bonus payments to executives, a covered banking organization must maintain the fully phased in “capital conservation buffer” of 2.5% on top of its minimum risk-based capital requirements. This buffer must consist solely of common equity Tier 1 risk-based capital, but the buffer applies to all three measurements (common equity Tier 1 risk-based capital, Tier 1 capital and total capital). The capital conservation is equal to 2.5% of risk-weighted assets.

The following table shows the regulatory capital ratios for the Bank and the Company at the dates indicated:

	Actual		For Capital Adequacy Purposes(1)		To Be Considered Well Capitalized	
	Amount	**Ratio**	**Amount**	**Ratio**	**Amount**	**Ratio**
(In thousands)						
June 30, 2024						
Consolidated:						
Total capital to risk weighted assets	$ 837,756	16.04 %	$ 417,832	8.00 %	N/A	N/A
Tier 1 capital to risk weighted assets	704,289	13.48 %	313,374	6.00 %	N/A	N/A
Tier 1 capital to average assets	704,289	8.42 %	334,583	4.00 %	N/A	N/A
Common equity tier 1 to risk weighted assets	704,289	13.48 %	235,031	4.50 %	N/A	N/A
Bank:						
Total capital to risk weighted assets	$ 814,284	15.59 %	$ 417,823	8.00 %	$ 522,278	10.00 %
Tier I capital to risk weighted assets	748,936	14.34 %	313,367	6.00 %	417,823	8.00 %
Tier I capital to average assets	748,936	8.95 %	334,573	4.00 %	418,216	5.00 %
Common equity tier 1 to risk weighted assets	748,936	14.34 %	235,025	4.50 %	339,481	6.50 %
December 31, 2023						
Consolidated:						
Total capital to risk weighted assets	$ 788,207	15.64 %	$ 403,277	8.00 %	N/A	N/A
Tier 1 capital to risk weighted assets	654,555	12.98 %	302,458	6.00 %	N/A	N/A
Tier 1 capital to average assets	654,555	8.07 %	324,511	4.00 %	N/A	N/A
Common equity tier 1 to risk weighted assets	654,555	12.98 %	226,843	4.50 %	N/A	N/A
Bank:						
Total capital to risk weighted assets	$ 752,828	14.93 %	$ 403,266	8.00 %	$ 504,083	10.00 %
Tier 1 capital to risk weighted assets	689,724	13.68 %	302,450	6.00 %	403,266	8.00 %
Tier 1 capital to average assets	689,724	8.50 %	324,515	4.00 %	405,643	5.00 %
Common equity tier 1 to risk weighted assets	689,724	13.68 %	226,837	4.50 %	327,654	6.50 %

(1) Amounts are shown exclusive of the capital conservation buffer of 2.50%.

As of June 30, 2024, the Bank was categorized as “well capitalized” under the prompt corrective action measures and met the capital conservation buffer requirements.

Contractual Obligations

We have entered into contractual obligations in the normal course of business that involve elements of credit risk, interest rate risk and liquidity risk. The following table summarizes these relations as of June 30, 2024:

June 30, 2024

(In thousands)	**Total**	**Less than 1 year**	**1-3 years**	**3-5 years**	**More than 5 years**
FHLBNY Advances	$ 9,135	$ 9,135	$ —	$ —	$ —
Subordinated Debt	68,117	—	—	—	68,117
Operating Leases	25,819	5,394	20,425	—	—
Certificates of Deposit	380,881	159,294	186,470	26,885	8,232
	$ 483,952	$ 173,823	$ 206,895	$ 26,885	$ 76,349

Investment Obligations

The Company is party to agreements with Pace Funding Group LLC, which operates Home Run Financing, for the purchase of PACE assessments until the end of January 2025. These investments are to be held in the Company's available for sale and held-to-maturity investment portfolio. As of June 30, 2024, the Company had purchased $781.6 million of these obligations and had an estimated remaining commitment of $106.6 million. The PACE assessments have equal-lien priority with property taxes and generally rank senior to first lien mortgages. The Company anticipates these commitments will be funded by means of normal cash flows, a reduction in cash and cash equivalents, or by pay-downs and maturities of loans and other investments.

Item 3. Quantitative and Qualitative Disclosures about Market Risk.

Material changes in our market risk as of June 30, 2024 from that presented in the 2023 Annual Report are described in Part II, Item 1A of this Form 10-Q below. Our interest rate sensitivity position at June 30, 2024 is set forth in the table labeled “Evaluation of Interest Rate Risk” in Management’s Discussion and Analysis of Financial Condition and Results of Operation of this Quarterly Report on Form 10-Q and incorporated herein by this reference.

Item 4. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

Under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, we have evaluated the effectiveness of our disclosure controls and procedures (as defined in Exchange Act Rule 13a-15(e), as of June 30, 2024. Based on such evaluations, our principal executive officer and principal financial officer concluded that, as of such date, our disclosure controls and procedures were effective.

Changes in Internal Control Over Financial Reporting

The Company implemented new internal controls in response to entering into derivative transactions. There was no change in our internal control over financial reporting (as such term is defined in Exchange Act Rule 13a-15(f)) that occurred during the quarter ended June 30, 2024 that materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II

Item 1. Legal Proceedings.

We are subject to certain pending and threatened legal proceedings that arise out of the ordinary course of business. Additionally, we, like all banking organizations, are subject to regulatory examinations and investigations. Based upon management's current knowledge, following consultation with legal counsel, in the opinion of management, there is no pending or threatened legal matter that would result in a material adverse effect on our consolidated financial condition or results of operation, either individually or in the aggregate.

Item 1A. Risk Factors.

Investing in shares of our common stock involves certain risks, including those identified and described in Item 1A. of our Annual Report on Form 10-K for the fiscal year ended December 31, 2023, as filed with the SEC on March 7, 2024, as well as cautionary statements contained in this report, including those under the caption "*Cautionary Note Regarding Forward-Looking Statements*," risks and matters described elsewhere in this report and in our other filings with the SEC.

There have been no material changes to the risk factors previously disclosed in our Annual Report on Form 10-K for the fiscal year ended December 31, 2023.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

The following table contains information regarding purchases of our common stock during the three months ended June 30, 2024 by or on behalf of the Company or any "affiliate purchaser" as defined in Rule 10b-18(a)(3) under the Exchange Act:

	Issuer Purchases of Equity Securities			
Period (Settlement Date)	**Total number of shares purchased [1]**	**Average price paid per share**	**Total number of shares purchased as part of publicly announced plans or programs**	**Approximate dollar value that may yet be purchased under plans or programs [2]**
April 1 through April 30, 2024	846	$ 24.61	—	$ 19,549,731
May 1 through May 31, 2024	50,540	14.30	—	$ 19,549,731
June 1 through June 30, 2024	40,809	22.09	—	$ 19,549,731
Total	**92,195**	**$ 17.84**	**—**	

(1) Includes 58,421 shares withheld by the Company for options exercises, 33,774 shares withheld for taxes related to the exercise or vesting of options and stock awards, as well as 0 shares repurchased pursuant to the share repurchase program described in footnote (2).

(2) Effective February 25, 2022, the Company's Board of Directors approved an increase to the share repurchase program authorizing the repurchase of an aggregate amount up to $40 million of the Company's outstanding common stock. The authorization did not require the Company to acquire any specified number of shares and can be suspended or discontinued without prior notice. Under this authorization, no common stock was purchased during the second quarter of 2024. The approximate dollar value that may yet to be purchased under the plans or programs is $19.5 million.

Item 5. Other Information

Securities Trading Plans of Directors and Executive Officers

During the three months ended June 30, 2024, none of the Company's directors of executive officers adopted or terminated any contract, instruction, or written plan for the purchase or sale of the Company's securities that was intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) or any "non-Rule 10b5-1 trading arrangement" as defined in item 408(c) of Regulation S-K.

Item 6. Exhibits.

Exhibit No.	Description of Exhibit
3.1	Certificate of Incorporation of Amalgamated Financial Corp. (incorporated by reference to Exhibit 3.1 to Amalgamated Financial Corp.'s Current Report on Form 8-K filed with the SEC on March 1, 2021).
3.2	Bylaws of Amalgamated Financial Corp. (incorporated by reference to Exhibit 3.1 to Amalgamated Financial Corp.'s Current Report on Form 8-K filed with the SEC on April 8, 2024).
4.1	Pursuant to Item 601(b)(4)(iii)(A), other instruments that define the rights of holders of the long-term indebtedness of Amalgamated Financial Corp. and its subsidiaries that does not exceed 10% of its consolidated assets have not been filed; however, Amalgamated Financial Corp. agrees to furnish a copy of any such agreement to the SEC upon request.
31.1	Rule 13a-14(a) Certification of the Chief Executive Officer
31.2	Rule 13a-14(a) Certification of the Chief Financial Officer
32.1	Section 1350 Certifications
101	Interactive data files for the Quarterly Report on Form 10-Q of Amalgamated Financial Corp. for the quarter ended June 30, 2024, formatted in iXBRL (Inline eXtensible Business Reporting Language): (i) Consolidated Statements of Financial Condition at June 30, 2024 and December 31, 2023, (ii) Consolidated Statements of Income for the quarters ended June 30, 2024 and 2023, (iii) Consolidated Statements of Comprehensive Income for the quarters ended June 30, 2024 and 2023, (iv) Consolidated Statements of Changes in Shareholders' Equity for the quarters ended June 30, 2024 and 2023, (v) Consolidated Statements of Cash Flows for the quarters ended June 30, 2024 and 2023 and (vi) Notes to Consolidated Financial Statements (unaudited).
104	The cover page of Amalgamated Financial Corp.'s Form 10-Q Report for the quarter ended June 30, 2024, formatted in iXBRL (included with the Exhibit 101 attachments).

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

AMALGAMATED FINANCIAL CORP.

August 6, 2024	By:	/s/ Priscilla Sims Brown
		Priscilla Sims Brown President and Chief Executive Officer (*Principal Executive Officer*)
August 6, 2024	By:	/s/ Jason Darby
		Jason Darby Chief Financial Officer (*Principal Financial Officer)*
August 6, 2024	By:	/s/ Leslie Veluswamy
		Leslie Veluswamy Chief Accounting Officer *(Principal Accounting Officer)*

Exhibit 31.1

Rule 13a-14(a) Certification of the Chief Executive Officer

I, Priscilla Sims Brown, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Amalgamated Financial Corp.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s Board of Directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: August 6, 2024

/s/ Priscilla Sims Brown

Priscilla Sims Brown, President and Chief Executive Officer

Exhibit 31.2

Rule 13a-14(a) Certification of the Chief Financial Officer

I, Jason Darby, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Amalgamated Financial Corp.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s Board of Directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: August 6, 2024

/s/ Jason Darby

Jason Darby, Chief Financial Officer

Exhibit 32.1

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Amalgamated Financial Corp. (the "Company") on Form 10-Q for the period ended June 30, 2024 as filed with the U.S. Securities and Exchange Commission on the date hereof (the "Report"), the undersigned officers each certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 that, to his knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Priscilla Sims Brown
Priscilla Brown
President and Chief Executive Officer
August 6, 2024

/s/ Jason Darby
Jason Darby
Chief Financial Officer
August 6, 2024