

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 March 31, 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

(State or other jurisdiction of incorporation or organization)

85-2757101

(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 May 6, 2024, the registrant had 30,524,039 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;
- continued fluctuation of the interest rate environment, including changes in net interest margin or changes that affect the yield curve on investments;
- 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, including changes in the allowance for credit losses resulting from the adoption and implementation of the Current Expected Credit Loss (“CECL”) methodology;
- 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)

	March 31, 2024 (unaudited)	December 31, 2023
Assets		
Cash and due from banks	\$ 3,830	\$ 2,856
Interest-bearing deposits in banks	151,374	87,714
Total cash and cash equivalents	155,204	90,570
Securities:		
Available for sale, at fair value:		
Traditional securities	1,445,793	1,429,739
Property Assessed Clean Energy ("PACE") assessments	82,258	53,303
	1,528,051	1,483,042
Held-to-maturity, at amortized cost:		
Traditional securities, net allowance for credit losses of \$53 and \$54, respectively	616,172	620,232
PACE assessments, net of allowance for credit losses of \$657 and \$667, respectively	1,057,790	1,076,602
	1,673,962	1,696,834
Loans held for sale	2,137	1,817
Loans receivable, net of deferred loan origination costs	4,423,780	4,411,319
Allowance for credit losses	(64,400)	(65,691)
Loans receivable, net	4,359,380	4,345,628
Resell agreements	131,242	50,000
Federal Home Loan Bank of New York ("FHLBNY") stock, at cost	4,603	4,389
Accrued interest receivable	53,436	55,484
Premises and equipment, net	7,128	7,807
Bank-owned life insurance	106,137	105,528
Right-of-use lease asset	19,797	21,074
Deferred tax asset, net	49,171	56,603
Goodwill	12,936	12,936
Intangible assets, net	2,034	2,217
Equity method investments	14,801	13,024
Other assets	16,663	25,371
Total assets	\$ 8,136,682	\$ 7,972,324
Liabilities		
Deposits	\$ 7,305,765	\$ 7,011,988
Subordinated debt, net	70,570	70,546
Other borrowings	69,135	234,381
Operating leases	27,250	30,646
Other liabilities	47,024	39,399
Total liabilities	\$ 7,519,744	\$ 7,386,960
Stockholders' equity		
Common stock, par value \$0.01 per share (70,000,000 shares authorized; 30,736,141 and 30,736,141 shares issued, respectively, and 30,510,393 and 30,428,359 shares outstanding, respectively)	\$ 307	\$ 307
Additional paid-in capital	287,198	288,232
Retained earnings	412,190	388,033
Accumulated other comprehensive loss, net of income taxes	(78,872)	(86,004)
Treasury stock, at cost (225,748 and 307,782 shares, respectively)	(4,018)	(5,337)
Total Amalgamated Financial Corp. stockholders' equity	616,805	585,231
Noncontrolling interests	133	133
Total stockholders' equity	616,938	585,364
Total liabilities and stockholders' equity	\$ 8,136,682	\$ 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 March 31,	
	2024	2023
INTEREST AND DIVIDEND INCOME		
Loans	\$ 51,952	\$ 44,806
Securities	42,390	39,512
Interest-bearing deposits in banks	2,592	618
Total interest and dividend income	96,934	84,936
INTEREST EXPENSE		
Deposits	25,891	13,835
Borrowed funds	3,006	3,821
Total interest expense	28,897	17,656
NET INTEREST INCOME		
Provision for credit losses	68,037	67,280
Net interest income after provision for credit losses	66,449	62,322
NON-INTEREST INCOME		
Trust Department fees	3,854	3,929
Service charges on deposit accounts	6,136	2,455
Bank-owned life insurance income	609	781
Losses on sale of securities	(2,774)	(3,086)
Gains on sale of loans, net	47	3
Equity method investments income	2,072	153
Other income	285	973
Total non-interest income	10,229	5,208
NON-INTEREST EXPENSE		
Compensation and employee benefits	22,273	22,014
Occupancy and depreciation	2,904	3,399
Professional fees	2,376	2,230
Data processing	4,629	4,549
Office maintenance and depreciation	663	728
Amortization of intangible assets	183	222
Advertising and promotion	1,219	1,587
Federal deposit insurance premiums	1,050	718
Other expense	2,855	3,180
Total non-interest expense	38,152	38,627
Income before income taxes	38,526	28,903
Income tax expense	11,277	7,565
Net income	\$ 27,249	\$ 21,338
Earnings per common share - basic	\$ 0.89	\$ 0.69
Earnings per common share - diluted	\$ 0.89	\$ 0.69

See accompanying notes to consolidated financial statements (unaudited)

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

	Three Months Ended March 31,	
	2024	2023
Net income	\$ 27,249	\$ 21,338
Other comprehensive income (loss), net of taxes:		
Change in total obligation for postretirement benefits, prior service credit, and other benefits	43	48
Net unrealized gains (losses) on securities:		
Unrealized holding gains (losses) on securities available for sale	6,402	12,099
Reclassification adjustment for losses realized in income	2,774	3,086
Accretion of net unrealized loss on securities transferred to held-to-maturity	595	488
Net unrealized gains (losses) on securities	9,771	15,673
Other comprehensive income, before tax	9,814	15,721
Income tax expense	(2,682)	(4,331)
Total other comprehensive income, net of taxes	7,132	11,390
Total comprehensive income, net of taxes	\$ 34,381	\$ 32,728

See accompanying notes to consolidated financial statements (unaudited)

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

Three Months Ended March 31, 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	—	—	—	27,249	—	—	27,249	—	27,249
Repurchase of common stock	(10,000)	—	—	—	—	(285)	(285)	—	(285)
Common stock issued under Employee Stock Purchase Plan	10,175	—	60	—	—	184	244	—	244
Dividends on common stock, \$0.10 per share	—	—	—	(3,092)	—	—	(3,092)	—	(3,092)
Exercise of stock options, net of repurchases	24,540	—	(426)	—	—	426	—	—	—
Restricted stock units vesting, net of repurchases	57,319	—	(1,749)	—	—	994	(755)	—	(755)
Stock-based compensation expense	—	—	1,081	—	—	—	1,081	—	1,081
Other comprehensive income, net of taxes	—	—	—	—	7,132	—	7,132	—	7,132
Balance at March 31, 2024	<u>30,510,393</u>	<u>\$ 307</u>	<u>\$ 287,198</u>	<u>\$412,190</u>	<u>\$ (78,872)</u>	<u>\$ (4,018)</u>	<u>\$ 616,805</u>	<u>\$ 133</u>	<u>\$ 616,938</u>

Three Months Ended March 31, 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 principle	30,700,198	307	286,947	312,450	(108,707)	—	490,997	133	491,130
Net income	—	—	—	21,338	—	—	21,338	—	21,338
Repurchase of common stock	(128,803)	—	—	—	—	(2,425)	(2,425)	—	(2,425)
Common stock issued under Employee Stock Purchase Plan	21,919	—	(25)	—	—	413	388	—	388
Dividends on common stock, \$0.10 per share	—	—	—	(3,115)	—	—	(3,115)	—	(3,115)
Exercise of stock options, net of repurchases	6,631	—	(91)	—	—	—	(91)	—	(91)
Restricted stock units vesting, net of repurchases	42,354	—	(354)	—	—	(140)	(494)	—	(494)
Stock-based compensation expense	—	—	1,037	—	—	—	1,037	—	1,037
Other comprehensive income, net of taxes	—	—	—	—	11,390	—	11,390	—	11,390
Balance at March 31, 2023	<u>30,642,299</u>	<u>\$ 307</u>	<u>\$ 287,514</u>	<u>\$330,673</u>	<u>\$ (97,317)</u>	<u>\$ (2,152)</u>	<u>\$ 519,025</u>	<u>\$ 133</u>	<u>\$ 519,158</u>

See accompanying notes to consolidated financial statements (unaudited)

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

	Three Months Ended March 31,	
	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 27,249	\$ 21,338
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	886	869
Amortization of intangible assets	183	222
Deferred income tax expense	4,750	3,308
Provision for credit losses	1,588	4,958
Stock-based compensation expense	1,081	1,037
Net amortization on loan fees, costs, premiums, and discounts	792	36
Net amortization on securities premiums, discounts, and net unrealized loss on securities transferred to held-to-maturity	341	408
Net income from equity method investments	(2,072)	(153)
Net loss on sale of securities available for sale	2,774	3,086
Net gain on sale of loans	(47)	(3)
Net gain on redemption of bank-owned life insurance	—	(225)
Proceeds from sales of loans held for sale	7,084	3,459
Originations of loans held for sale	(7,357)	(1,176)
Increase in cash surrender value of bank-owned life insurance	(609)	(556)
Net gain on repurchase of subordinated debt	—	(780)
Decrease in accrued interest receivable	2,048	597
Decrease in other assets	9,985	6,403
Decrease in other liabilities	(17,414)	(7,975)
Net cash provided by operating activities	<u>31,262</u>	<u>34,853</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Net increase in loans	(15,434)	(94,742)
Purchase of securities available for sale	(142,368)	(17,220)
Purchase of securities held-to-maturity	(38,918)	(98,893)
Proceeds from sales of securities available for sale	78,827	145,305
Maturities, principal payments and redemptions of securities available for sale	46,038	42,144
Maturities, principal payments and redemptions of securities held-to-maturity	61,975	21,082
Decrease (increase) in resell agreements	(81,242)	10,323
Increase in equity method investments	295	288
Decrease (increase) in FHLB NY stock, net	(214)	26,100
Purchases of premises and equipment, net	(207)	(263)
Proceeds from redemption of bank-owned life insurance	—	980
Net cash (used in) provided by investing activities	<u>(91,248)</u>	<u>35,104</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Net increase in deposits	293,777	446,324
Net decrease in other borrowings	(165,246)	(440,000)
Repurchase of subordinated debt	—	(3,220)
Common stock issued under Employee Stock Purchase Plan	244	388
Repurchase of common stock	(285)	(2,425)

Dividends paid	(3,115)	(3,082)
Payments related to repurchase of common stock for equity awards	(755)	(585)
Net cash provided by (used in) financing activities	124,620	(2,600)
Increase in cash, cash equivalents, and restricted cash	64,634	67,357
Cash, cash equivalents, and restricted cash at beginning of year	90,570	63,540
Cash, cash equivalents, and restricted cash at end period	<u>\$ 155,204</u>	<u>\$ 130,897</u>
Supplemental disclosures of cash flow information:		
Interest paid during the period	\$ 34,527	\$ 15,509
Income taxes paid during the period	317	291
Right-of-use assets obtained in exchange for lease liabilities	560	—
Purchase of securities available for sale, net not settled	21,000	—

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 three months ended March 31, 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.

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 results for prior period amounts continue to be reported in accordance with previously applicable GAAP.

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	<u>\$ 24,602</u>	<u>\$ (6,777)</u>	<u>\$ 17,825</u>

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.

Notes to Consolidated Financial Statements (unaudited)

2. ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

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

<i>(In thousands)</i>	<u>Balance as of January 1, 2024</u>	<u>Current Period Change</u>	<u>Income Tax Effect</u>	<u>Balance as of March 31, 2024</u>
Unrealized gains (losses) on benefits plans	\$ (1,481)	\$ 43	\$ (11)	\$ (1,449)
Unrealized gains (losses) on available for sale securities	(74,348)	9,176	(2,508)	(67,680)
Unaccreted unrealized loss on securities transferred to held-to-maturity	(10,175)	595	(163)	(9,743)
Total	<u>\$ (86,004)</u>	<u>\$ 9,814</u>	<u>\$ (2,682)</u>	<u>\$ (78,872)</u>

<i>(In thousands)</i>	<u>Balance as of January 1, 2023</u>	<u>Current Period Change</u>	<u>Income Tax Effect</u>	<u>Balance as of March 31, 2023</u>
Unrealized gains (losses) on benefits plans	\$ (1,652)	\$ 48	\$ (13)	\$ (1,617)
Unrealized gains (losses) on available for sale securities	(95,539)	15,185	(4,184)	(84,538)
Unaccreted unrealized loss on securities transferred to held-to-maturity	(11,516)	488	(134)	(11,162)
Total	<u>\$ (108,707)</u>	<u>\$ 15,721</u>	<u>\$ (4,331)</u>	<u>\$ (97,317)</u>

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

<i>(In thousands)</i>	Three Months Ended March 31,	
	<u>2024</u>	<u>2023</u>
Postretirement Benefit Plans		
Change in obligation for postretirement benefits and for prior service credit	\$ 36	\$ 40
Reclassification adjustment for prior service expense included in compensation and employee benefits	7	7
Change in obligation for other benefits	—	1
Change in total obligation for postretirement benefits and for prior service credit and for other benefits	43	48
Income tax expense	(11)	(13)
Net change in total obligation for postretirement benefits and prior service credit and for other benefits	32	35
Securities		
Unrealized holding gains on available for sale securities	6,402	12,099
Reclassification adjustment for losses realized in loss on sale of securities	2,774	3,086
Accretion of net unrealized loss on securities transferred to held-to-maturity recognized in interest income from securities	595	488
Change in unrealized gains on available for sale securities	9,771	15,673
Income tax expense	(2,671)	(4,318)
Net change in unrealized gains on securities	7,100	11,355
Total	<u>\$ 7,132</u>	<u>\$ 11,390</u>

Notes to Consolidated Financial Statements (unaudited)

3. INVESTMENT SECURITIES

The amortized cost and fair value of investment securities available for sale and held-to-maturity as of March 31, 2024 are as follows:

	March 31, 2024			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
<i>(In thousands)</i>				
Available for sale:				
Traditional securities:				
Government sponsored entities ("GSE") residential CMOs ("collateralized mortgage obligations")	\$ 503,557	\$ 263	\$ (38,032)	\$ 465,788
Non-GSE certificates & CMOs	206,361	—	(19,908)	186,453
ABS	685,746	315	(17,771)	668,290
Corporate	140,026	—	(18,653)	121,373
Other	4,197	—	(308)	3,889
	<u>1,539,887</u>	<u>578</u>	<u>(94,672)</u>	<u>1,445,793</u>
PACE assessments:				
Residential PACE assessments	81,282	976	—	82,258
	<u>81,282</u>	<u>976</u>	<u>—</u>	<u>82,258</u>
Total available for sale	<u>\$ 1,621,169</u>	<u>\$ 1,554</u>	<u>\$ (94,672)</u>	<u>\$ 1,528,051</u>
	<u>Amortized Cost</u>	<u>Gross Unrecognized Gains</u>	<u>Gross Unrecognized Losses</u>	<u>Fair Value</u>
Held-to-maturity:				
Traditional securities:				
GSE certificates & CMOs	\$ 193,070	\$ 952	\$ (20,712)	\$ 173,310
Non-GSE certificates & CMOs	78,510	—	(6,706)	71,804
ABS	278,249	96	(6,519)	271,826
Municipal	66,396	126	(11,463)	55,059
	<u>616,225</u>	<u>1,174</u>	<u>(45,400)</u>	<u>571,999</u>
PACE assessments:				
Commercial PACE assessments	256,661	—	(29,767)	226,894
Residential PACE assessments	801,786	—	(79,058)	722,728
	<u>1,058,447</u>	<u>—</u>	<u>(108,825)</u>	<u>949,622</u>
Allowance for credit losses	<u>(710)</u>			
Total held-to-maturity	<u>\$ 1,673,962</u>	<u>\$ 1,174</u>	<u>\$ (154,225)</u>	<u>\$ 1,521,621</u>

As of March 31, 2024, available for sale securities with a fair value of \$1.28 billion and held-to-maturity securities with a fair value of \$544.5 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.

Notes to Consolidated Financial Statements (unaudited)

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			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
<i>(In thousands)</i>				
Available for sale:				
Traditional securities:				
Government sponsored entities (GSE) residential CMOs ("collateralized mortgage obligations")	\$ 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
	<u>1,532,471</u>	<u>99</u>	<u>(102,832)</u>	<u>1,429,739</u>
PACE assessments:				
Residential PACE assessments	52,863	440	—	53,303
	<u>52,863</u>	<u>440</u>	<u>—</u>	<u>53,303</u>
Total available for sale	<u>\$ 1,585,334</u>	<u>\$ 539</u>	<u>\$ (102,831)</u>	<u>\$ 1,483,042</u>
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
	<u>620,286</u>	<u>1,296</u>	<u>(46,164)</u>	<u>575,418</u>
PACE assessments:				
Commercial PACE assessments	258,306	—	(29,211)	229,095
Residential PACE assessments	818,963	—	(73,967)	744,996
	<u>1,077,269</u>	<u>—</u>	<u>(103,178)</u>	<u>974,091</u>
Allowance for credit losses	<u>(721)</u>			
Total held-to-maturity	<u>\$ 1,696,834</u>	<u>\$ 1,296</u>	<u>\$ (149,342)</u>	<u>\$ 1,549,509</u>

There were no transfers to or from securities held-to-maturity during the three months ended March 31, 2024 or the three months ended March 31, 2023.

Notes to Consolidated Financial Statements (unaudited)

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 March 31, 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	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
<i>(In thousands)</i>				
Due within one year	\$ 3,000	\$ 2,938	\$ —	\$ —
Due after one year through five years	63,881	59,373	9,443	9,129
Due after five years through ten years	305,694	291,046	118,141	117,180
Due after ten years	538,676	522,453	1,275,508	1,150,198
	<u>\$ 911,251</u>	<u>\$ 875,810</u>	<u>\$ 1,403,092</u>	<u>\$ 1,276,507</u>

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

	Three Months Ended,	
	March 31, 2024	March 31, 2023
<i>(In thousands)</i>		
Proceeds	<u>\$ 78,827</u>	<u>\$ 145,305</u>
Realized gains	\$ —	\$ —
Realized losses	(2,774)	(3,086)
Net realized losses	<u>\$ (2,774)</u>	<u>\$ (3,086)</u>

There were no sales of held-to-maturity securities during the three months ended March 31, 2024 or the three months ended March 31, 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 March 31, 2024 and March 31, 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.

Notes to Consolidated Financial Statements (unaudited)

The following summarizes the fair value and unrealized losses for available for sale securities as of March 31, 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:

March 31, 2024						
(In thousands)	Less Than Twelve Months		Twelve Months or Longer		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Available for sale:						
Traditional securities:						
GSE certificates & CMOs	\$ 13,115	\$ 52	\$ 394,753	\$ 37,980	\$ 407,868	\$ 38,032
Non-GSE certificates & CMOs	—	—	186,453	19,908	186,453	19,908
ABS	49,551	33	411,349	17,738	460,900	17,771
Corporate	—	—	121,373	18,653	121,373	18,653
Other	198	1	3,691	307	3,889	308
Total available for sale	\$ 62,864	\$ 86	\$ 1,117,619	\$ 94,586	\$ 1,180,483	\$ 94,672

December 31, 2023						
(In thousands)	Less Than Twelve Months		Twelve Months or Longer		Total	
	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 months ended March 31, 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 March 31, 2024, none of the Company's available-for-sale debt securities were in an unrealized loss position due to credit 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 March 31, 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 March 31, 2024.

Held-to-maturity securities

Notes to Consolidated Financial Statements (unaudited)

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 March 31, 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 \$31.6 million and \$35.1 million at March 31, 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 March 31, 2024:

<i>(In thousands)</i>	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)	(8)	(11)
Charge-offs	—	—	—	—
Recoveries	—	—	—	—
Ending balance	<u>\$ 53</u>	<u>\$ 256</u>	<u>\$ 401</u>	<u>\$ 710</u>

The following table presents the activity in the allowance for credit losses for securities held-to-maturity for the three months ended March 31, 2023:

<i>(In thousands)</i>	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	(1)	7	39	45
Charge-offs	(26)	—	—	(26)
Recoveries	—	—	—	—
Ending balance	<u>\$ 58</u>	<u>\$ 262</u>	<u>\$ 367</u>	<u>\$ 687</u>

Notes to Consolidated Financial Statements (unaudited)

4. LOANS RECEIVABLE, NET

Loans receivable are summarized as follows:

	March 31, 2024	December 31, 2023
<i>(In thousands)</i>		
Commercial and industrial	\$ 1,014,084	\$ 1,010,998
Multifamily	1,175,467	1,148,120
Commercial real estate	353,598	353,432
Construction and land development	23,266	23,626
Total commercial portfolio	2,566,415	2,536,176
Residential real estate lending	1,419,321	1,425,596
Consumer solar	398,501	408,260
Consumer and other	39,543	41,287
Total retail portfolio	1,857,365	1,875,143
Total loans receivable	4,423,780	4,411,319
Allowance for credit losses	(64,400)	(65,691)
Total loans receivable, net	\$ 4,359,380	\$ 4,345,628

Included in commercial and industrial loans are government guaranteed loans with a balance of \$224.7 million at March 31, 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 March 31, 2024 and December 31, 2023.

The following table presents information regarding the past due status of the Company's loans as of March 31, 2024:

	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
<i>(In thousands)</i>							
Commercial and industrial	\$ 113	\$ 19	\$ 8,750	\$ —	\$ 8,882	\$ 1,005,202	\$ 1,014,084
Multifamily	—	—	—	—	—	1,175,467	1,175,467
Commercial real estate	—	—	4,354	—	4,354	349,244	353,598
Construction and land development	—	—	11,124	—	11,124	12,142	23,266
Total commercial portfolio	113	19	24,228	—	24,360	2,542,055	2,566,415
Residential real estate lending	9,406	5,458	4,763	—	19,627	1,399,694	1,419,321
Consumer solar	2,585	1,579	3,852	—	8,016	390,485	398,501
Consumer and other	534	876	176	—	1,586	37,957	39,543
Total retail portfolio	12,525	7,913	8,791	—	29,229	1,828,136	1,857,365
	\$ 12,638	\$ 7,932	\$ 33,019	\$ —	\$ 53,589	\$ 4,370,191	\$ 4,423,780

Notes to Consolidated Financial Statements (unaudited)

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

	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
<i>(In thousands)</i>							
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
	<u>\$ 27,751</u>	<u>\$ 5,320</u>	<u>\$ 33,183</u>	<u>\$ —</u>	<u>\$ 66,254</u>	<u>\$ 4,345,065</u>	<u>\$ 4,411,319</u>

There were no loan modifications granted to borrowers experiencing financial difficulty during the three months ended March 31, 2024.

The following table presents information regarding loan modifications granted to borrowers experiencing financial difficulty during the three months ended March 31, 2023:

	Term Extension	
	Three Months Ended March 31, 2023	
	Amortized Cost	% of Portfolio
<i>(Dollars in thousands)</i>		
Commercial and industrial	\$ 626	0.1 %
Commercial real estate	866	0.3 %
Construction and land development	6,887	18.2 %

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

	Term Extension
	Three Months Ended March 31, 2023
Commercial and industrial	Modification added a weighted average 1.0 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.
Construction and land development	Modifications added a weighted average 0.8 years to the life of the modified loans.

In the prior twelve months, ten loan modifications were made to borrowers experiencing financial difficulty. One loan that was modified during this period had a payment default during the three months ended March 31, 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

Notes to Consolidated Financial Statements (unaudited)

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 March 31, 2024:

<i>(In thousands)</i>	Term Loans by Origination Year					Revolving loans	Revolving Loans Converted to Term	Total
	2024	2023	2022	2021	2020 & Prior			
Commercial and Industrial:								
Pass	\$ 24,254	\$ 151,201	\$ 195,629	\$ 192,446	\$ 254,474	\$ 133,950	\$ —	\$ 951,954
Special Mention	—	—	86	13,750	4,695	1,406	—	19,937
Substandard	—	—	570	17,844	20,549	2,078	—	41,041
Doubtful	—	—	—	—	1,091	61	—	1,152
Total commercial and industrial	\$ 24,254	\$ 151,201	\$ 196,285	\$ 224,040	\$ 280,809	\$ 137,495	\$ —	\$ 1,014,084
Current period gross charge-offs	\$ —	\$ 250	\$ 150	\$ —	\$ —	\$ —	\$ —	\$ 400
Multifamily:								
Pass	\$ 50,247	\$ 223,462	\$ 364,213	\$ 44,108	\$ 482,807	\$ 2	\$ —	\$ 1,164,839
Special Mention	—	—	—	—	8,347	—	—	8,347
Substandard	—	—	—	—	2,281	—	—	2,281
Doubtful	—	—	—	—	—	—	—	—
Total multifamily	\$ 50,247	\$ 223,462	\$ 364,213	\$ 44,108	\$ 493,435	\$ 2	\$ —	\$ 1,175,467
Current period gross charge-offs	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Commercial real estate:								
Pass	\$ 15,958	\$ 42,021	\$ 59,599	\$ 48,314	\$ 175,732	\$ 3,847	\$ —	\$ 345,471
Special Mention	—	—	—	—	3,773	—	—	3,773
Substandard	—	—	—	—	4,354	—	—	4,354
Doubtful	—	—	—	—	—	—	—	—
Total commercial real estate	\$ 15,958	\$ 42,021	\$ 59,599	\$ 48,314	\$ 183,859	\$ 3,847	\$ —	\$ 353,598
Current period gross charge-offs	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Construction and land development:								
Pass	\$ —	\$ —	\$ —	\$ —	\$ 6,943	\$ 5,199	\$ —	\$ 12,142
Special Mention	—	—	—	—	—	—	—	—
Substandard	—	—	—	—	—	11,124	—	11,124
Doubtful	—	—	—	—	—	—	—	—
Total construction and land development	\$ —	\$ —	\$ —	\$ —	\$ 6,943	\$ 16,323	\$ —	\$ 23,266
Current period gross charge-offs	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —

Notes to Consolidated Financial Statements (unaudited)

Residential real estate lending:																
Pass	\$	17,544	\$	136,060	\$	419,329	\$	316,789	\$	525,799	\$	—	\$	—	\$	1,415,521
Special Mention		—		—		—		—		—		—		—		—
Substandard		—		—		722		1,029		2,049		—		—		3,800
Doubtful		—		—		—		—		—		—		—		—
Total residential real estate lending	\$	17,544	\$	136,060	\$	420,051	\$	317,818	\$	527,848	\$	—	\$	—	\$	1,419,321
Current period gross charge-offs	\$	—	\$	—	\$	—	\$	—	\$	160	\$	—	\$	—	\$	160
Consumer solar:																
Pass	\$	—	\$	30,527	\$	101,034	\$	127,718	\$	135,835	\$	—	\$	—	\$	395,114
Special Mention		—		—		—		—		—		—		—		—
Substandard		—		24		1,409		941		1,013		—		—		3,387
Doubtful		—		—		—		—		—		—		—		—
Total consumer solar	\$	—	\$	30,551	\$	102,443	\$	128,659	\$	136,848	\$	—	\$	—	\$	398,501
Current period gross charge-offs	\$	—	\$	—	\$	171	\$	1,298	\$	337	\$	—	\$	—	\$	1,806
Consumer and other:																
Pass	\$	383	\$	2,056	\$	14,401	\$	11,579	\$	10,930	\$	—	\$	—	\$	39,349
Special Mention		—		—		—		—		—		—		—		—
Substandard		—		6		20		101		67		—		—		194
Doubtful		—		—		—		—		—		—		—		—
Total consumer and other	\$	383	\$	2,062	\$	14,421	\$	11,680	\$	10,997	\$	—	\$	—	\$	39,543
Current period gross charge-offs	\$	—	\$	3	\$	—	\$	—	\$	93	\$	—	\$	—	\$	96
Total Loans:																
Pass	\$	108,386	\$	585,327	\$	1,154,205	\$	740,954	\$	1,592,520	\$	142,998	\$	—	\$	4,324,390
Special Mention		—		—		86		13,750		16,815		1,406		—		32,057
Substandard		—		30		2,721		19,915		30,313		13,202		—		66,181
Doubtful		—		—		—		—		1,091		61		—		1,152
Total loans	\$	108,386	\$	585,357	\$	1,157,012	\$	774,619	\$	1,640,739	\$	157,667	\$	—	\$	4,423,780
Current period gross charge-offs	\$	—	\$	253	\$	321	\$	1,298	\$	590	\$	—	\$	—	\$	2,462

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

<i>(In thousands)</i>	Term Loans by Origination Year						Revolving loans	Revolving Loans Converted to Term	Total							
	2023	2022	2021	2020	2019 & Prior											
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

Notes to Consolidated Financial Statements (unaudited)

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

Notes to Consolidated Financial Statements (unaudited)

The activities in the allowance by portfolio for the three months ended March 31, 2024 are as follows:

<i>(In thousands)</i>	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	\$ 18,331	\$ 2,133	\$ 1,276	\$ 24	\$ 13,273	\$ 27,978	\$ 2,676	\$ 65,691
Provision for (recovery of) credit losses	(1,938)	2,315	129	829	(853)	482	(74)	890
Charge-offs	(400)	—	—	—	(160)	(1,806)	(96)	(2,462)
Recoveries	4	—	—	—	147	121	9	281
Ending balance	<u>\$ 15,997</u>	<u>\$ 4,448</u>	<u>\$ 1,405</u>	<u>\$ 853</u>	<u>\$ 12,407</u>	<u>\$ 26,775</u>	<u>\$ 2,515</u>	<u>\$ 64,400</u>

The activities in the allowance by portfolio for the three months ended March 31, 2023 are as follows:

<i>(In thousands)</i>	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	(263)	2,236	149	(5)	263	1,325	(93)	3,612
Charge-offs	—	(1,127)	—	—	(58)	(1,807)	(18)	(3,010)
Recoveries	4	—	—	—	238	211	8	461
Ending Balance - ACL	<u>\$ 16,473</u>	<u>\$ 7,030</u>	<u>\$ 2,455</u>	<u>\$ 354</u>	<u>\$ 14,849</u>	<u>\$ 22,762</u>	<u>\$ 3,400</u>	<u>\$ 67,323</u>

The amortized cost basis of loans on nonaccrual status and the specific allowance as of March 31, 2024 are as follows:

<i>(In thousands)</i>	Nonaccrual with No Allowance	Nonaccrual with Allowance	Reserve
Commercial and industrial	\$ 625	\$ 8,125	\$ 5,674
Commercial real estate	4,354	—	—
Construction and land development	8,804	2,320	822
Total commercial portfolio	13,783	10,445	6,496
Residential real estate lending	4,763	—	—
Consumer solar	3,852	—	—
Consumer and other	176	—	—
Total retail portfolio	8,791	—	—
	<u>\$ 22,574</u>	<u>\$ 10,445</u>	<u>\$ 6,496</u>

Notes to Consolidated Financial Statements (unaudited)

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

<i>(In thousands)</i>	<u>Nonaccrual with No Allowance</u>	<u>Nonaccrual with Allowance</u>	<u>Reserve</u>
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	—	—
	<u>\$ 26,262</u>	<u>\$ 6,921</u>	<u>\$ 4,485</u>

The below table summarizes collateral dependent loans which were individually evaluated to determine expected credit losses as of March 31, 2024:

<i>(In thousands)</i>	<u>Real Estate Collateral Dependent</u>	<u>Associated Allowance for Credit Losses</u>
Commercial real estate	\$ 4,354	\$ —
Construction and land development	16,323	822
	<u>\$ 20,677</u>	<u>\$ 822</u>

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

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

As of March 31, 2024 and December 31, 2023, mortgage loans with an unpaid principal balance of \$2.37 billion and \$2.35 billion, respectively, were pledged to the FHLBNY to secure outstanding advances and letters of credit.

There were \$1.5 million in related party loans outstanding as of March 31, 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 March 31, 2024 and December 31, 2023, respectively.

Notes to Consolidated Financial Statements (unaudited)

5. DEPOSITS

Deposits are summarized as follows:

	March 31, 2024		December 31, 2023	
	Amount	Weighted Average Rate	Amount	Weighted Average Rate
<i>(In thousands)</i>				
Non-interest-bearing demand deposit accounts	\$ 3,182,047	0.00 %	\$ 2,940,398	0.00 %
NOW accounts	200,900	1.05 %	200,382	0.99 %
Money market deposit accounts	3,222,271	2.96 %	3,100,681	2.89 %
Savings accounts	341,054	1.34 %	340,860	1.20 %
Time deposits	197,265	3.44 %	187,457	3.01 %
Brokered certificates of deposit ("CDs")	162,228	4.99 %	242,210	5.09 %
Total deposits	<u>\$ 7,305,765</u>	<u>1.60 %</u>	<u>\$ 7,011,988</u>	<u>1.62 %</u>

The scheduled maturities of time deposits and brokered CDs as of March 31, 2024 are as follows:

<i>(In thousands)</i>	Balance
2024	\$ 157,931
2025	80,544
2026	46,613
2027	39,497
2028	26,884
Thereafter	8,024
Total	<u>\$ 359,493</u>

Time deposits greater than \$250,000 totaled \$45.9 million as of March 31, 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 \$66.7 million and \$63.1 million as of March 31, 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 \$61.4 million as of March 31, 2024 and \$56.4 million as of December 31, 2023.

Included in total deposits are state and municipal deposits totaling \$61.7 million and \$51.9 million as of March 31, 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.

Notes to Consolidated Financial Statements (unaudited)

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 March 31, 2024, the value of the other eligible assets had an estimated market value net of haircut totaling \$2.07 billion (comprised of securities of \$395.1 million and mortgage loans of \$1.67 billion). The fair value of assets pledged to the FHLBNY is required to exceed outstanding advances. There were \$9.1 million outstanding FHLB advances as of March 31, 2024 and \$4.4 million in outstanding FHLBNY advances as of December 31, 2023. For the three months ended March 31, 2024, and 2023, interest expense on FHLBNY advances was zero and \$3.0 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 March 31, 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. At March 31, 2024, there was an outstanding balance of \$60.0 million related to the BTFP due in 2024 with a weighted average rate of 4.71%, and an outstanding balance of \$230.0 million due in 2024 with a weighted average rate of 4.50% at December 31, 2023. For the three months ended March 31, 2024, and 2023, interest expense on other borrowings was \$2.4 million and \$0.2 million, respectively.

Notes to Consolidated Financial Statements (unaudited)

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 March 31, 2024 and 2023 was \$0.6 million and \$0.6 million, respectively.

During the three months ended March 31, 2024 the Company did not repurchase any subordinated notes. During the three months ended March 31, 2023, the Company repurchased subordinated notes with a par value of \$4.0 million for cash paid of \$3.2 million, respectively.

Gains on repurchases of subordinated debt for the three months ended March 31, 2024 and 2023 were zero and \$0.8 million, respectively, and are recorded in Non-interest income - other on the consolidated statements of income.

Notes to Consolidated Financial Statements (unaudited)

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. As of March 31, 2024 and March 31, 2023, we had 21 thousand and 50 thousand anti-dilutive shares, respectively.

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

	Three Months Ended March 31,	
	2024	2023
<i>(In thousands, except per share amounts)</i>		
Net income attributable to Amalgamated Financial Corp.	\$ 27,249	\$ 21,338
Dividends paid on preferred stock	—	—
Income attributable to common stock	\$ 27,249	\$ 21,338
Weighted average common shares outstanding, basic	30,476	30,706
Basic earnings per common share	<u>\$ 0.89</u>	<u>\$ 0.69</u>
Income attributable to common stock	\$ 27,249	\$ 21,338
Weighted average common shares outstanding, basic	30,476	30,706
Incremental shares from assumed conversion of options and RSUs	261	233
Weighted average common shares outstanding, diluted	30,737	30,939
Diluted earnings per common share	<u>\$ 0.89</u>	<u>\$ 0.69</u>

Notes to Consolidated Financial Statements (unaudited)

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 March 31, 2024 follows:

	Number of Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term	Intrinsic Value <i>(in thousands)</i>
Outstanding, January 1, 2024	342,260	\$ 13.17	2.6 years	
Granted	—	—	—	
Forfeited/ Expired	—	—	—	
Exercised	(42,000)	11.00	—	
Outstanding, March 31, 2024	300,260	13.47	2.6 years	\$ 3,161
Vested and Exercisable, March 31, 2024	300,260	\$ 13.47	2.6 years	\$ 3,161

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 months ended March 31, 2024 or for the three months ended March 31, 2023 as all options had been fully expensed as of December 31, 2020. The fair value of all awards outstanding as of March 31, 2024 and December 31, 2023 was \$3.2 million and \$4.7 million, respectively. No cash was received for options exercised in the three months ended March 31, 2024 or for the three months ended March 31, 2023.

The Company repurchased 17,460 shares and 3,999 shares for options exercised in the three months ended March 31, 2024 and March 31, 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 1,046,692 shares were available for issuance as of March 31, 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.

Notes to Consolidated Financial Statements (unaudited)

A summary of the status of the Company's time-based vesting RSUs as of March 31, 2024 follows:

	Shares	Grant Date Fair Value
Unvested, January 1, 2024	291,762	\$ 19.48
Awarded	106,235	23.20
Forfeited/Expired	—	—
Vested	(63,622)	20.22
Unvested, March 31, 2024	334,375	\$ 20.52

A summary of the status of the Company's performance-based vesting RSUs as of March 31, 2024 follows:

	Shares	Grant Date Fair Value
Unvested, January 1, 2024	125,963	\$ 19.68
Awarded	79,545	22.26
Forfeited/Expired	—	—
Vested	(23,880)	14.97
Unvested, March 31, 2024	181,628	\$ 21.43

During the three months ended March 31, 2024, the Company granted 36,737 performance-based RSUs at a fair value of \$23.20 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 55,106 shares, respectively.

During the three months ended March 31, 2024, the Company granted 38,385 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 57,578 shares, respectively.

During the three months ended March 31, 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 March 31, 2024, the Company reserved 272,442 shares for issuance upon vesting of performance-based RSUs assuming the Company's employees achieve the maximum share payout.

The Company repurchased 30,183 shares and 21,738 shares for RSUs vested in the three months ended March 31, 2024 and 2023, respectively.

Of the 516,003 unvested RSUs and PSUs on March 31, 2024, the minimum units that will vest, solely due to a service test, are 334,375. The maximum units that will vest, assuming the highest payout on performance and market-based units, are 606,817.

Compensation expense attributable to RSUs and PSUs was \$1.0 million for the three months ended March 31, 2024, and \$0.9 million for the three months ended March 31, 2023. The company recorded an expense of \$0.1 million and \$0.1 million attributable to RSUs granted to directors for the three months ended March 31, 2024 and March 31, 2023, respectively. As of March 31, 2024, there was \$11.9 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 1.4 years.

Notes to Consolidated Financial Statements (unaudited)

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 share 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)
Remaining shares available for purchase at March 31, 2024	<u>414,673</u>

The expense related to the discount on purchased shares for the three months ended March 31, 2024 and March 31, 2023 was \$37 thousand and \$58 thousand, respectively, and is recorded within compensation and employee benefits expense on the Consolidated Statements of Income.

Notes to Consolidated Financial Statements (unaudited)

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.

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:

(In thousands)	March 31, 2024			
	Level 1	Level 2	Level 3	Total
Available for sale securities:				
Traditional securities:				
GSE certificates & CMOs	\$ —	\$ 465,788	\$ —	\$ 465,788
Non-GSE certificates & CMOs	—	186,453	—	186,453
ABS	—	668,290	—	668,290
Corporate	—	121,373	—	121,373
Other	198	3,691	—	3,889
PACE assessments:				
Residential PACE assessments	—	—	82,258	82,258
Total assets carried at fair value	\$ 198	\$ 1,445,595	\$ 82,258	\$ 1,528,051

Notes to Consolidated Financial Statements (unaudited)

	December 31, 2023			
	Level 1	Level 2	Level 3	Total
<i>(In thousands)</i>				
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	<u>\$ 199</u>	<u>\$ 1,429,540</u>	<u>\$ 53,303</u>	<u>\$ 1,483,042</u>

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 March 31, 2024 and March 31, 2023:

	Residential PACE Assessments	
	March 31, 2024	March 31, 2023
<i>(In thousands)</i>		
Balance of recurring Level 3 assets at January 1	\$ 53,303	\$ —
Amortization included in interest income	261	—
Change in unrealized holding gains/losses included in other comprehensive income	536	—
Purchases	34,879	—
Sales	(6,284)	—
Principal paydowns	(437)	—
Balance of recurring Level 3 assets at March 31	<u>\$ 82,258</u>	<u>\$ —</u>

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.

Notes to Consolidated Financial Statements (unaudited)

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

		March 31, 2024		
(In thousands)	Fair Value	Valuation Technique	Unobservable Input	Range (Weighted Average)
Residential PACE assessments	\$ 82,258	Discounted cash flow	Conditional prepayment rate	7.0%-26.0% (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% (18.2%)

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:

		March 31, 2024			
(In thousands)	Carrying Value	Level 1	Level 2	Level 3	Estimated Fair Value
Fair Value Measurements:					
Individually analyzed loans	\$ 1,498	\$ —	\$ —	\$ 1,498	\$ 1,498
	\$ 1,498	\$ —	\$ —	\$ 1,498	\$ 1,498

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

Notes to Consolidated Financial Statements (unaudited)

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:

(In thousands)	March 31, 2024				Estimated Fair Value
	Carrying Value	Level 1	Level 2	Level 3	
Financial assets:					
Cash and cash equivalents	\$ 155,204	\$ 155,204	\$ —	\$ —	\$ 155,204
Held-to-maturity securities	1,673,962	—	571,999	949,622	1,521,621
Loans held for sale	2,137	—	—	2,137	2,137
Loans receivable, net	4,359,380	—	—	4,026,693	4,026,693
Resell agreements	131,242	—	—	131,242	131,242
Accrued interest receivable	53,436	281	13,111	40,044	53,436
Financial liabilities:					
Deposits payable on demand	\$ 6,946,272	\$ —	\$ 6,946,272	\$ —	\$ 6,946,272
Time deposits and brokered CDs	359,493	—	357,684	—	357,684
FHLBNY advances	9,135	—	8,818	—	8,818
Other borrowings	60,000	—	59,958	—	59,958
Subordinated debt, net	70,570	—	56,456	—	56,456
Accrued interest payable	6,640	—	6,640	—	6,640

Notes to Consolidated Financial Statements (unaudited)

	December 31, 2023				
<i>(In thousands)</i>	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

Notes to Consolidated Financial Statements (unaudited)

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:

	<u>March 31, 2024</u>	<u>December 31, 2023</u>
<i>(In thousands)</i>		
Commitments to extend credit	\$ 511,509	\$ 514,206
Standby letters of credit	31,213	31,678
Total	<u>\$ 542,722</u>	<u>\$ 545,884</u>

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 \$4.9 million as of March 31, 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 \$0.7 million for the three months ended March 31, 2024, and \$0.1 million for the three months ended March 31, 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 March 31, 2024, the Company had purchased \$753.7 million of these obligations and had an estimated remaining commitment of \$119.7 million. The PACE assessments have equal-lien priority with property taxes and generally rank senior to first lien mortgages. These investments are currently held in the Company's 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.

Notes to Consolidated Financial Statements (unaudited)

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 March 31, 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:

<i>(In thousands)</i>	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023
Operating lease cost	\$ 1,840	\$ 1,777
Cash paid for amounts included in the measurement of operating leases liability	\$ 4,186	\$ 2,813
Note: Sublease income and variable income or expense considered immaterial		

The weighted average remaining lease term on operating leases at March 31, 2024 and March 31, 2023 was 2.9 years and 3.6 years, respectively.

The weighted average discount rate used for the operating lease liability was 3.15% and 3.24% at March 31, 2024 and March 31, 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 March 31, 2024:

<i>(In thousands)</i>	As of March 31, 2024
2024	\$ 8,076
2025	10,797
2026	8,881
2027	747
2028	—
Thereafter	—
Total undiscounted operating lease payments	28,501
Less: present value adjustment	1,251
Total Operating leases liability	<u>\$ 27,250</u>

Notes to Consolidated Financial Statements (unaudited)

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, 2023 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, 2023. During the three months ended March 31, 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 March 31, 2024 and December 31, 2023, the carrying amount of goodwill was \$12.9 million.

Intangible Assets

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:

<i>(In thousands)</i>	Total
2024	\$ 547
2025	574
2026	419
2027	265
2028	111
Thereafter	118
Total	\$ 2,034

Accumulated amortization of the core deposit intangible was \$7.0 million as of March 31, 2024.

Amortization expense recognized on the core deposit intangible was \$0.2 million and \$0.2 million for the three months ended March 31, 2024 and March 31, 2023, respectively.

Notes to Consolidated Financial Statements (unaudited)

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 March 31, 2024, the Company's maximum exposure to loss is \$63.0 million.

	<u>March 31, 2024</u>	<u>December 31, 2023</u>
<i>(In thousands)</i>		
Unconsolidated Variable Interest Entities		
Tax credit investments included in equity investments	\$ 10,801	\$ 9,024
Loan commitments	52,222	52,222
Funded portion of loan commitments	52,222	52,222

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

	Three Months Ended	
	March 31,	
	<u>2024</u>	<u>2023</u>
<i>(In thousands)</i>		
Tax credits and other tax benefits recognized	\$ 863	\$ 813

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 March 31, 2024, as compared to December 31, 2023, and our results of operations for the three month periods ended March 31, 2024 and March 31, 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 March 31, 2024. As of March 31, 2024, our total assets were \$8.14 billion, our total loans, net of allowance for credit losses were \$4.36 billion, our total deposits were \$7.31 billion, and our stockholders' equity was \$616.9 million. As of March 31, 2024, our trust business held \$34.95 billion in assets under custody and \$13.87 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™ 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.

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.

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 first quarter of 2024 was \$27.2 million, or \$0.89 per diluted share, compared to \$21.3 million, or \$0.69 per diluted share, for the first quarter of 2023. The \$5.9 million increase was primarily due to a \$7.2 million increase in interest income on loans, a \$2.9 million increase in interest income on securities, a \$2.0 million increase in interest on interest-bearing deposits in banks, a \$5.0 million increase in non-interest income, and a \$3.4 million decrease in provision for credit losses, offset by an increase in interest expense of \$11.2 million primarily related to deposits, and a \$3.7 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 March 31, 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:

(In thousands)	Three Months Ended March 31, 2024			Three Months Ended March 31, 2023		
	Average Balance	Income / Expense	Yield / Rate	Average Balance	Income / Expense	Yield / Rate
Interest-earning assets:						
Interest-bearing deposits in banks	\$ 205,369	\$ 2,592	5.08 %	\$ 90,962	\$ 618	2.76 %
Securities ⁽¹⁾	3,170,356	41,064	5.21 %	3,361,750	39,193	4.73 %
Resell Agreements	79,011	1,326	6.75 %	18,644	319	6.94 %
Total loans, net ⁽²⁾	4,390,489	51,952	4.76 %	4,129,460	44,806	4.40 %
Total interest-earning assets	7,845,225	96,934	4.97 %	7,600,816	84,936	4.53 %
Non-interest-earning assets:						
Cash and due from banks	5,068			4,015		
Other assets	226,270			217,020		
Total assets	\$ 8,076,563			\$ 7,821,851		
Interest-bearing liabilities:						
Savings, NOW and money market deposits	\$ 3,591,551	\$ 21,872	2.45 %	\$ 3,091,228	\$ 9,555	1.25 %
Time deposits	188,045	1,576	3.37 %	149,814	297	0.80 %
Brokered CDs	190,240	2,443	5.16 %	367,684	3,983	4.39 %
Total interest-bearing deposits	3,969,836	25,891	2.62 %	3,608,726	13,835	1.55 %
Other borrowings	288,093	3,006	4.20 %	347,878	3,821	4.45 %
Total interest-bearing liabilities	4,257,929	28,897	2.73 %	3,956,604	17,656	1.81 %
Non-interest-bearing liabilities:						
Demand and transaction deposits	3,138,238			3,286,964		
Other liabilities	79,637			75,798		
Total liabilities	7,475,804			7,319,366		
Stockholders' equity	600,759			502,485		
Total liabilities and stockholders' equity	\$ 8,076,563			\$ 7,821,851		
Net interest income / interest rate spread		\$ 68,037	2.24 %		\$ 67,280	2.72 %
Net interest-earning assets / net interest margin	\$ 3,587,296		3.49 %	\$ 3,644,212		3.59 %
Total deposits / total cost of deposits	\$ 7,108,074		1.46 %	\$ 6,895,690		0.81 %
Total funding / total cost of funds	\$ 7,396,167		1.57 %	\$ 7,243,568		0.99 %

⁽¹⁾ Includes FHLB NY stock in the average balance, and dividend income on FHLB NY stock in interest income

⁽²⁾ Includes prepayment penalty income in 1Q2024 and 1Q2023 of \$18 and \$0 thousand, respectively

Net interest income was \$68.0 million for the first quarter of 2024, compared to \$67.3 million for the first quarter of 2023. The \$0.7 million increase from the first 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 2.24% for the three months ended March 31, 2024, compared to 2.72% for the same period in 2023, a decrease of 48 basis points. Our net interest margin was 3.49% for the first quarter of 2024, a decrease of 10 basis points from 3.59% in the first quarter of 2023. This was largely due to increases in interest-bearing liabilities outpacing increases in interest-earning assets, and increases in the cost of funds outpacing increases in yields.

The yield on average earning assets was 4.97% for the three months ended March 31, 2024, compared to 4.53% for the same period in 2023, an increase of 44 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 2.73% for the three months ended March 31, 2024, an increase of 92 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 44% of average deposits for the three months ended March 31, 2024, compared to 48% for the three months ended March 31, 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:

<i>(In thousands)</i>	Three Months Ended March 31, 2024 over March 31, 2023		
	Volume	Changes Due To Rate	Net Change
Interest-earning assets:			
Interest-bearing deposits in banks	\$ 1,085	\$ 889	\$ 1,974
Securities	(2,296)	4,167	1,871
Resell agreements	1,044	(37)	1,007
Total loans, net	3,145	4,001	7,146
Total interest income	2,978	9,020	11,998
Interest-bearing liabilities:			
Savings, NOW and money market deposits	2,728	9,589	12,317
Time deposits	269	1,010	1,279
Brokered CDs	(1,964)	424	(1,540)
Total deposits	1,033	11,023	12,056
Other borrowings	1,734	(2,549)	(815)
Total interest expense	2,767	8,474	11,241
Change in net interest income	\$ 211	\$ 546	\$ 757

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 March 31, 2024 and 2023

Provision for credit losses totaled an expense of \$1.6 million for the first quarter of 2024 compared to an expense of \$5.0 million for the same period in 2023. The provision for credit losses on loans totaled an expense of \$0.9 million, the provision for credit losses on securities totaled a recovery of \$11 thousand, and the provision for credit losses on off-balance sheet credit exposures was an expense of \$0.7 million. Overall, the provision expense on loans was primarily driven by increases in specific loan

reserves, charge-offs on the solar loan portfolio, 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, sales of loans, income from equity method investments, and other income.

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

<i>(In thousands)</i>	Three Months Ended March 31,	
	2024	2023
Trust Department fees	\$ 3,854	\$ 3,929
Service charges on deposit accounts	6,136	2,455
Bank-owned life insurance income	609	781
Losses on sale of securities	(2,774)	(3,086)
Gains on sale of loans, net	47	3
Equity method investments income	2,072	153
Other income	285	973
Total non-interest income	\$ 10,229	\$ 5,208

Three Months Ended March 31, 2024 and 2023

Non-interest income was \$10.2 million for the first quarter of 2024, compared to \$5.2 million for the first quarter in 2023. The increase of \$5.0 million in the first quarter of 2024 compared to the corresponding quarter in 2023 was primarily due to a \$3.6 million increase in service charges on deposit accounts primarily due to increases in ICS One-Way Sell income, and an increase in income from equity investments of \$1.9 million. This was partially offset by a decrease in other income of \$0.7 million primarily attributed to a gain on the repurchase of subordinated debt in the first quarter of 2023.

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 \$3.9 million in the first quarter of 2024, compared to \$3.9 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:

<i>(In thousands)</i>	Three Months Ended March 31,	
	2024	2023
Compensation and employee benefits	\$ 22,273	\$ 22,014
Occupancy and depreciation	2,904	3,399
Professional fees	2,376	2,230
Data processing	4,629	4,549
Office maintenance and depreciation	663	728
Amortization of intangible assets	183	222
Advertising and promotion	1,219	1,587
Federal deposit insurance premiums	1,050	718
Other expense	2,855	3,180
Total non-interest expense	\$ 38,152	\$ 38,627

Three Months Ended March 31, 2024 and 2023

Non-interest expense for the first quarter of 2024 was \$38.2 million, a decrease of \$0.4 million from \$38.6 million for the first quarter of 2023. The decrease was driven by a \$0.5 million decrease in occupancy and depreciation due to a gain from settlement of a lease termination, a \$0.4 million decrease in advertising and promotion expense, and a \$0.3 million decrease in other expense, offset by \$0.4 million increase in federal deposit insurance premiums expense, by a \$0.3 million increase in compensation expense, and a \$0.2 million increase in professional fees.

Income Taxes

Three Months Ended March 31, 2024 and 2023

We had a provision for income tax expense of \$11.3 million for the first quarter of 2024, compared to \$7.6 million for the first quarter of 2023. Our effective tax rate for the first quarter of 2024 was 29.2%, compared to 26.2% for the first quarter of 2023. In the first quarter of 2024, we concluded on the analysis related to a state and city tax examination that began in 2023, resulting in an adjustment of \$0.9 million that was recorded as income tax expense in the quarter. Excluding this adjustment, our effective tax rate for the first quarter of 2024 was 26.9%.

Financial Condition

Balance Sheet

Our total assets were \$8.14 billion at March 31, 2024, compared to \$7.97 billion at December 31, 2023. Notable changes within individual balance sheet line items include a \$81.2 million increase in resell agreements, an increase in cash of \$64.6 million and a \$22.1 million increase in securities, a \$13.8 million increase in loans receivable, net, a \$293.8 million increase in deposits, and a \$165.3 million decrease in other borrowings.

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 March 31, 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 March 31, 2024 and December 31, 2023, we had available for sale securities of \$1.53 billion and \$1.48 billion, respectively.

At March 31, 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 \$1.67 billion at March 31, 2024, and \$1.70 billion at December 31, 2023.

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 \$18.5 million at March 31, 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 March 31, 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 \$11 thousand for the three months ended March 31, 2024, compared to an expense of \$45 thousand for the three months ended March 31, 2023.

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 March 31, 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.

<i>(In thousands)</i>	March 31, 2024		December 31, 2023	
	Amount	% of Portfolio	Amount	% of Portfolio
Available for sale:				
<i>Traditional securities:</i>				
GSE certificates & CMOs	\$ 465,788	14.5 %	\$ 480,615	15.1 %
Non-GSE certificates & CMOs	186,453	5.8 %	196,860	6.2 %
ABS	668,290	20.9 %	627,635	19.7 %
Corporate	121,373	3.8 %	120,741	3.8 %
Other	3,889	0.1 %	3,888	0.1 %
<i>PACE assessments:</i>				
Residential PACE assessments	82,258	2.6 %	53,303	1.7 %
Total available for sale	1,528,051	47.7 %	1,483,042	46.6 %
Held-to-maturity:				
<i>Traditional securities:</i>				
GSE certificates & CMOs	\$ 193,070	6.0 %	\$ 194,329	6.1 %
Non-GSE certificates & CMOs	78,510	2.5 %	79,406	2.5 %
ABS	278,249	8.7 %	279,916	8.8 %
Municipal	66,396	2.1 %	66,635	2.1 %
<i>PACE assessments:</i>				
Commercial PACE assessments	256,661	8.0 %	258,306	8.1 %
Residential PACE assessments	801,786	25.0 %	818,963	25.8 %
Total held-to-maturity	1,674,672	52.3 %	1,697,555	53.4 %
Total securities	\$ 3,202,723	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 March 31, 2024								
<i>(In thousands)</i>	One Year or Less		One to Five Years		Five to Ten Years		Due after Ten Years	
	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:								
<i>Traditional securities:</i>								
GSE certificates & CMOs	\$ —	— %	\$ 16,677	3.0 %	\$ 88,228	2.1 %	\$ 398,652	3.9 %
Non-GSE certificates & CMOs	—	— %	—	— %	—	— %	206,361	3.4 %
ABS	—	— %	2,664	6.7 %	225,689	7.2 %	457,393	6.1 %
Corporate	3,000	6.5 %	57,020	4.2 %	80,006	3.8 %	—	— %
Other	—	— %	4,197	6.1 %	—	— %	—	— %
<i>PACE assessments:</i>								
Residential PACE assessments	—	— %	—	— %	—	— %	81,282	7.7 %
Held-to-maturity:								
<i>Traditional securities:</i>								
GSE certificates & CMOs	—	— %	14,875	3.3 %	22,140	3.0 %	156,055	3.3 %
Non-GSE certificates & CMOs	—	— %	—	— %	—	— %	78,510	3.4 %
ABS	—	— %	—	— %	114,601	7.1 %	163,648	5.8 %
Municipal	—	— %	9,443	3.7 %	3,540	2.3 %	53,413	2.8 %
<i>PACE assessments:</i>								
Commercial PACE assessments	—	— %	—	— %	—	— %	256,661	5.3 %
Residential PACE assessments	—	— %	—	— %	—	— %	801,786	5.1 %
Total securities	\$ 3,000	6.5 %	\$ 104,876	4.0 %	\$ 534,204	5.6 %	\$ 2,653,761	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 March 31, 2024:

<i>(In thousands)</i>	Amount	%	Expected Avg. Life in Years	% Floating	Credit Ratings					Total
					<i>Highest Rating if split rated</i>					
					% AAA	% AA	% A	% BBB	% Not Rated	
CLO Commercial & Industrial	\$ 569,455	60 %	2.8	100 %	98 %	2 %	0 %	0 %	0 %	100 %
Consumer	150,318	16 %	6.2	0 %	15 %	18 %	67 %	0 %	0 %	100 %
Mortgage	138,184	15 %	2.3	0 %	100 %	0 %	0 %	0 %	0 %	100 %
Student	88,582	9 %	4.4	22 %	84 %	16 %	0 %	0 %	0 %	100 %
Total Securities:	\$ 946,539	100 %	3.4	62 %	84 %	5 %	11 %	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 86% 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 \$4.36 billion as of March 31, 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.

In the first quarter of 2024, we purchased \$0.7 million of commercial loans that are unconditionally guaranteed by the U.S. Government and \$2.3 million of commercial energy efficient loans.

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

(In thousands)

	March 31, 2024		December 31, 2023	
	Amount	% of total loans	Amount	% of total loans
<i>Commercial portfolio:</i>				
Commercial and industrial	\$ 1,014,084	22.9 %	\$ 1,010,998	22.9 %
Multifamily mortgages	1,175,467	26.6 %	1,148,120	26.1 %
Commercial real estate mortgages	353,598	8.0 %	353,432	8.0 %
Construction and land development mortgages	23,266	0.5 %	23,626	0.5 %
Total commercial portfolio	2,566,415	58.0 %	2,536,176	57.5 %
<i>Retail portfolio:</i>				
Residential real estate lending	1,419,321	32.1 %	1,425,596	32.3 %
Consumer solar	398,501	9.0 %	408,260	9.3 %
Consumer and other	39,543	0.9 %	41,287	0.9 %
Total retail portfolio	1,857,365	42.0 %	1,875,143	42.5 %
Total loans	4,423,780	100.0 %	4,411,319	100.0 %
Allowance for credit losses	(64,400)		(65,691)	
Total loans, net	\$ 4,359,380		\$ 4,345,628	

Commercial loan portfolio

Our commercial loan portfolio comprised 58.0% of our total loan portfolio at March 31, 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 March 31, 2024 by exposure was \$4.1 million with a median size of \$1.0 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 March 31, 2024, which comprised 22.9% of our total loan portfolio. During the three months ended March 31, 2024, the C&I loan portfolio increased by 0.3% 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 70% 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 \$1.18 billion at March 31, 2024, which comprised 26.6% of our total loan portfolio. During the three months ended March 31, 2024, the multifamily loan portfolio increased by 2.4% 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 \$353.6 million at March 31, 2024, which comprised 8.0% of our total loan portfolio. During the three months ended March 31, 2024, the CRE loan portfolio was largely unchanged from \$353.4 million at December 31, 2023.

Retail loan portfolio

Our retail loan portfolio comprised 42.0% of our total loan portfolio at March 31, 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 March 31, 2024, approximately 80% of our residential 1-4 family mortgage loans were either originated by our loan officers since 2012 or were acquired in our acquisition of New Resource Bank, and 20% were purchased or acquired. Our residential real estate lending loans totaled \$1.42 billion at March 31, 2024, which comprised 76.4% of our retail loan portfolio and 32.1% of our total loan portfolio. As of March 31, 2024, our residential real estate lending loans decreased by 0.4% 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 \$398.5 million at March 31, 2024, which comprised 9.0% 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 \$39.5 million at March 31, 2024, which comprised 0.9% 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 March 31, 2024:

<i>(In thousands)</i>	<u>One year or less</u>	<u>After one but within five years</u>	<u>After five years but within 15 years</u>	<u>After 15 years</u>	<u>Total</u>
<i>Commercial Portfolio:</i>					
Commercial and industrial	\$ 333,159	\$ 220,903	\$ 267,625	\$ 192,397	\$ 1,014,084
Multifamily	157,430	659,817	357,185	1,035	1,175,467
Commercial real estate	96,615	173,506	76,920	6,557	353,598
Construction and land development	21,686	1,580	—	—	23,266
<i>Retail Portfolio:</i>					
Residential real estate lending	8	6,087	139,903	1,273,323	1,419,321
Consumer solar	98	2,442	56,984	338,977	398,501
Consumer and other	806	2,422	27,105	9,210	39,543
Total Loans	<u>\$ 609,802</u>	<u>\$ 1,066,757</u>	<u>\$ 925,722</u>	<u>\$ 1,821,499</u>	<u>\$ 4,423,780</u>

The following table presents our loans held for investment with maturity due after March 31, 2025:

<i>(In thousands)</i>	<u>Fixed</u>	<u>Adjustable</u>	<u>Total</u>
<i>Commercial Portfolio:</i>			
Commercial and industrial	\$ 506,541	\$ 174,384	\$ 680,925
Multifamily	1,002,459	15,578	1,018,037
Commercial real estate	256,983	—	256,983
Construction and land development	1,580	—	1,580
<i>Retail Portfolio:</i>			
Residential real estate lending	781,771	637,542	1,419,313
Consumer solar	398,403	—	398,403
Consumer and other	38,579	158	38,737
Total Loans	<u>\$ 2,986,316</u>	<u>\$ 827,662</u>	<u>\$ 3,813,978</u>

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 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 months ended March 31, 2024 and March 31, 2023:

(In thousands)	Three Months Ended March 31,	
	2024	2023
Balance at beginning of period	\$ 65,691	\$ 45,031
Adoption of ASU No. 2016-13	—	21,229
Loan charge-offs:		
<i>Commercial portfolio:</i>		
Commercial and industrial	(400)	—
Multifamily	—	(1,127)
Commercial real estate	—	—
Construction and land development	—	—
<i>Retail portfolio:</i>		
Residential real estate lending	(160)	(58)
Consumer solar	(1,806)	(1,807)
Consumer and other	(96)	(18)
Total loan charge-offs	(2,462)	(3,010)
Recoveries of loans previously charged-off:		
<i>Commercial portfolio:</i>		
Commercial and industrial	4	4
Multifamily	—	—
Commercial real estate	—	—
Construction and land development	—	—
<i>Retail portfolio:</i>		
Residential real estate lending	147	238
Consumer solar	121	211
Consumer and other	9	8
Total loan recoveries	281	461
Net charge-offs	(2,181)	(2,549)
Provision for credit losses	890	3,612
Balance at end of period	\$ 64,400	\$ 67,323

During the quarter, the allowance for credit losses on loans decreased \$1.3 million to \$64.4 million at March 31, 2024 from \$65.7 million at December 31, 2023. The ratio of allowance to total loans was 1.46% at March 31, 2024 and 1.49% at December 31, 2023.

At March 31, 2024 the allowance for credit losses on held-to-maturity securities was \$0.7 million, compared to \$0.7 million at December 31, 2023.

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:

<i>(In thousands)</i>	At March 31, 2024		At December 31, 2023	
	Amount	% of total loans	Amount	% of total loans
<i>Commercial Portfolio:</i>				
Commercial and industrial	\$ 15,997	22.9 %	\$ 18,331	22.9 %
Multifamily	4,448	26.6 %	2,133	26.1 %
Commercial real estate	1,405	8.0 %	1,276	8.0 %
Construction and land development	853	0.5 %	24	0.5 %
Total commercial portfolio	\$ 22,703	58.0 %	\$ 21,764	57.5 %
<i>Retail Portfolio:</i>				
Residential real estate lending	\$ 12,407	32.1 %	\$ 13,273	32.3 %
Consumer Solar	26,775	9.0 % 33.1 %	27,978	9.3 %
Consumer and other	2,515	0.9 %	2,676	0.9 %
Total retail portfolio	\$ 41,697	42.0 %	\$ 43,927	42.5 %
Total allowance for credit losses on loans	\$ 64,400		\$ 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:

<i>(In thousands)</i>	At March 31, 2024		At December 31, 2023	
	Amount	% of total held-to-maturity securities	Amount	% of total held-to-maturity securities
<i>Traditional securities:</i>				
GSE certificates & CMOs	\$ —	11.5 %	\$ —	11.4 %
Non-GSE certificates & CMOs	53	4.7 %	54	4.7 %
ABS	—	16.6 %	—	16.5 %
Municipal	—	4.0 %	—	3.9 %
Total traditional securities	\$ 53	36.8 %	\$ 54	36.5 %
<i>PACE assessments:</i>				
Commercial PACE assessments	\$ 256	15.3 %	\$ 258	15.2 %
Residential PACE assessments	401	47.9 %	409	48.3 %
Total retail portfolio	\$ 657	63.2 %	\$ 667	63.5 %
Total allowance for credit losses on securities	\$ 710		\$ 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 March 31, 2024 and December 31, 2023:

<i>(In thousands)</i>	March 31, 2024	December 31, 2023
Loans 90 days past due and accruing	\$ —	\$ —
Nonaccrual loans held for sale	989	989
Nonaccrual loans - Commercial	24,228	23,189
Nonaccrual loans - Retail	8,791	9,994
Nonaccrual securities	31	31
Total nonperforming assets	\$ 34,039	\$ 34,203
Nonaccrual loans:		
Commercial and industrial	\$ 8,750	\$ 7,533
Multifamily	—	—
Commercial real estate	4,354	4,490
Construction and land development	11,124	11,166
Total commercial portfolio	24,228	23,189
Residential real estate lending	4,763	7,218
Consumer solar	3,852	2,673
Consumer and other	176	103
Total retail portfolio	8,791	9,994
Total nonaccrual loans	\$ 33,019	\$ 33,183
Nonperforming assets to total assets	0.42 %	0.43 %
Nonaccrual assets to total assets	0.42 %	0.43 %
Nonaccrual loans to total loans	0.75 %	0.75 %
Allowance for credit losses on loans to nonaccrual loans	195.04 %	197.97 %
Allowance for credit losses on loans to total loans	1.46 %	1.49 %
Annualized net charge-offs to average loans	0.20 %	0.33 %

Nonperforming assets totaled \$34.0 million, or 0.42% of period-end total assets at March 31, 2024, a decrease of \$0.2 million, compared with \$34.2 million, or 0.43% of period-end total assets at December 31, 2023. The decrease in non-performing assets at March 31, 2024 compared to December 31, 2023 assets was primarily driven by a \$2.5 million decrease in residential real estate nonaccrual loans, offset by a \$1.2 million increase in commercial and industrial nonaccrual loans, and a \$1.2 million increase in consumer solar nonaccrual loans.

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 loans 30-89 days past due. Potential problem loans are not included in the nonperforming assets table above and totaled \$88.4 million, or 1.1% of total assets, at March 31, 2024, as follows: \$67.9 million are commercial loans currently in workout that management expects will be rehabilitated; \$14.9 million are residential real estate loans at 30-89 days delinquent, and \$5.6 million are consumer loans at 30-89 days delinquent.

Resell Agreements

As of March 31, 2024, we have entered into \$131.2 million of short term investments of resell agreements backed by residential first-lien mortgage loans, with a weighted interest rate of 6.68%. 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 \$49.2 million at March 31, 2024 and \$56.6 million at December 31, 2023. As of March 31, 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 \$7.31 billion at March 31, 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 March 31, 2024 and December 31, 2023, we had approximately \$1.44 billion and \$1.19 billion, respectively, in political deposits 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 \$456.8 million at March 31, 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 months ended March 31, 2024, the Company recognized \$2.9 million in servicing fee income compared to \$148 thousand for the three months ended December 31, 2023.

Total estimated uninsured deposits at March 31, 2024 and December 31, 2023 were \$4.07 billion and \$4.04 billion, respectively.

Maturities of time certificates of deposit and other time deposits of \$250,000 or more outstanding at March 31, 2024 are summarized as follows:

Maturities as of March 31, 2024

<i>(In thousands)</i>	
Within three months	\$ 24,752
After three but within six months	10,045
After six months but within twelve months	8,267
After twelve months	2,839
	<u>\$ 45,903</u>

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.

Potential changes to our net interest income and economic value of equity in hypothetical rising and declining rate scenarios calculated as of March 31, 2024 are presented in the following table. The projections assume immediate, parallel shifts downward of the yield curve of 100 and 200 basis points and immediate, parallel shifts upward of the yield curve of 100, 200, 300, and 400 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 March 31, 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 (\$)
+400 basis points	-22.7%	(357,476)	-10.5%	(29,865)
+300 basis points	-14.5%	(229,137)	-4.9%	(14,066)
+200 basis points	-7.4%	(116,802)	-1.2%	(3,308)
+100 basis points	-0.9%	(14,505)	0.6%	1,775
-100 basis points	-3.2%	(51,163)	-3.2%	(9,155)
-200 basis points	-8.9%	(140,331)	-8.0%	(22,928)

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 March 31, 2024, our cash and equivalents, which consist of cash and amounts due from banks and interest-bearing deposits in other financial institutions, amounted to \$155.2 million, or 1.9% of total assets, compared to \$90.6 million, or 1.1% of total assets at December 31, 2023. The \$64.6 million, or 71.3%, increase is due to normal business activity and strategic investment securities sales. Our available for sale securities at March 31, 2024 were \$1.53 billion, or 18.8% 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 \$1.28 billion at March 31, 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 \$1.67 billion 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 March 31, 2024, we had \$9.1 million advances from the FHLBNY and a remaining credit availability of \$2.03 billion. In addition, we maintain borrowing capacity of approximately \$1.02 billion with the Federal Reserve's discount window or BTFP that is secured by certain securities from our portfolio which are not pledged for other purposes. The outstanding balance related to borrowings from the BTFP at March 31, 2024 was \$60.0 million, and is recorded in Other borrowings on the Consolidated Statements of Financial Condition.

We also had \$70.6 million in subordinated debt, net of issuance costs. Our cash, off-balance sheet deposits, and borrowing capacity totaled \$3.69 billion of immediately available funds, in addition to unpledged securities with two-day availability of \$171.0 million for total liquidity within two-days of \$3.86 billion, which provided coverage for 95% of total uninsured deposits.

Capital Resources

Total stockholders' equity at March 31, 2024 was \$616.9 million, compared to \$585.4 million at December 31, 2023, an increase of \$31.6 million. The increase was primarily driven by \$27.2 million of net income for the quarter and an \$7.1 million improvement in accumulated other comprehensive loss due to the tax effected mark-to-market on our securities portfolio, offset by \$3.1 million in dividends paid at \$0.10 per outstanding share, and \$0.2 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
<i>(In thousands)</i>						
March 31, 2024						
Consolidated:						
Total capital to risk weighted assets	\$ 812,933	16.35 %	\$ 397,804	8.00 %	N/A	N/A
Tier 1 capital to risk weighted assets	680,109	13.68 %	298,353	6.00 %	N/A	N/A
Tier 1 capital to average assets	680,109	8.29 %	328,199	4.00 %	N/A	N/A
Common equity tier 1 to risk weighted assets	680,109	13.68 %	223,765	4.50 %	N/A	N/A
Bank:						
Total capital to risk weighted assets	\$ 782,171	15.73 %	\$ 397,787	8.00 %	\$ 497,234	10.00 %
Tier I capital to risk weighted assets	719,921	14.48 %	298,341	6.00 %	397,787	8.00 %
Tier I capital to average assets	719,921	8.77 %	328,194	4.00 %	410,243	5.00 %
Common equity tier 1 to risk weighted assets	719,921	14.48 %	223,755	4.50 %	323,202	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 March 31, 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 March 31, 2024:

March 31, 2024

<i>(In thousands)</i>	Total	Less than 1 year	1-3 years	3-5 years	More than 5 years
<i>FHLBNY Advances</i>	\$ 9,135	\$ 9,135	\$ —	\$ —	\$ —
<i>Subordinated Debt</i>	70,570	—	—	—	70,570
<i>Other Borrowings</i>	60,000	60,000	—	—	—
<i>Operating Leases</i>	28,501	8,076	20,425	—	—
<i>Certificates of Deposit</i>	359,493	157,931	166,654	26,884	8,024
	<u>\$ 527,699</u>	<u>\$ 235,142</u>	<u>\$ 187,079</u>	<u>\$ 26,884</u>	<u>\$ 78,594</u>

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 March 31, 2024, the Company had purchased \$753.7 million of these obligations and had an estimated remaining commitment of \$119.7 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 March 31, 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 March 31, 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 March 31, 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

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 March 31, 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 March 31, 2024 by or on behalf of the Company or any "affiliate purchaser" as defined in Rule 10b-18(a)(3) under the Exchange Act:

Period (Settlement Date)	Issuer Purchases of Equity Securities			
	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⁾
January 1 through January 31, 2024	21,705	\$ 24.87	—	\$ 19,781,192
February 1 through February 29, 2024	25,441	24.70	—	\$ 19,781,192
March 1 through March 31, 2024	10,497	23.17	10,000	\$ 19,549,731
Total	57,643	\$ 24.48	10,000	

(1) Includes 17,460 shares withheld by the Company for options exercises, 30,813 shares withheld for taxes related to the exercise or vesting of stock awards, as well as 10,000 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, \$232 thousand of common stock was purchased during the first 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

On February 16, 2024, Edgar Romney, Executive Vice President, Chief Strategy and Administrative Officer, adopted a Rule 10b5-1 trading arrangement that is intended to satisfy the affirmative defense of Rule 10b5-1(c) for the sale of up to 28,020 shares of the Company's common stock, net of shares to be withheld for taxes upon the exercise or vesting of underlying stock awards, with such transactions to occur during sale periods beginning on or after May 16, 2024 and ending on the earlier of May 15, 2025 or the date on which all shares authorized for sale have been sold in conformance with the terms of the arrangement.

Item 6. Exhibits.

<u>Exhibit No.</u>	<u>Description of Exhibit</u>
3.1	<u>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).</u>
3.2	<u>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).</u>
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	<u>Rule 13a-14(a) Certification of the Chief Executive Officer</u>
31.2	<u>Rule 13a-14(a) Certification of the Chief Financial Officer</u>
32.1	<u>Section 1350 Certifications</u>
101	Interactive data files for the Quarterly Report on Form 10-Q of Amalgamated Financial Corp. for the quarter ended March 31, 2024, formatted in iXBRL (Inline eXtensible Business Reporting Language): (i) Consolidated Statements of Financial Condition at March 31, 2024 and December 31, 2023, (ii) Consolidated Statements of Income for the quarters ended March 31, 2024 and 2023, (iii) Consolidated Statements of Comprehensive Income for the quarters ended March 31, 2024 and 2023, (iv) Consolidated Statements of Changes in Shareholders' Equity for the quarters ended March 31, 2024 and 2023, (v) Consolidated Statements of Cash Flows for the quarters ended March 31, 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 March 31, 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.

May 7, 2024	By: /s/ Priscilla Sims Brown _____ Priscilla Sims Brown President and Chief Executive Officer <i>(Principal Executive Officer)</i>
May 7, 2024	By: /s/ Jason Darby _____ Jason Darby Chief Financial Officer <i>(Principal Financial Officer)</i>
May 7, 2024	By: /s/ Leslie Veluswamy _____ Leslie Veluswamy Chief Accounting Officer <i>(Principal Accounting Officer)</i>

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: May 7, 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: May 7, 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 March 31, 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
May 7, 2024

/s/ Jason Darby

Jason Darby
Chief Financial Officer
May 7, 2024