FEDERAL DEPOSIT INSURANCE CORPORATION
WASHINGTON, DC 20006

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, 2019
OR

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

For transition period from_____to_____

FDIC Certificate Number: 622

(Exact name of Registrant as specified in its charter)

New York	**13-4920330**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)

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

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

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 13, 2019, the Registrant had 31,841,585 shares of Class A common stock outstanding at $0.01 par value per share.

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Class A common stock, par value $0.01 per share	AMAL	Nasdaq Stock Market, LLC

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CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

Statements included in this report that are not historical in nature are intended to be, and are hereby identified as, forward-looking statements for purposes of the safe harbor provided by Section 21E of the Exchange Act. The words “may,” “will,” “anticipate,” “should,” “would,” “believe,” “contemplate,” “expect,” “estimate,” “continue,” “may” and “intend,” as well as other similar words and expressions of the future, are intended to identify forward-looking statements. These forward-looking statements include 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.

These forward-looking statements involve significant risks and uncertainties that could cause our actual results to differ materially from those anticipated in such statements. Potential risks and uncertainties include, but are not limited to, those described under “*Risk Factors*” and the following:

- our ability to maintain our reputation;
- our ability to carry out our business strategy prudently, effectively and profitably;
- our ability to attract customers based on shared values or mission alignment;
- projections on loans, assets, deposits, liabilities, revenues, expenses, net income, capital expenditures, liquidity, dividends, capital structure or other financial items;
- future provisions for loan losses, increases in nonperforming assets, impairment of investors, our allowance for loan and lease losses (“allowance”) and our accounting policies with respect to any of these items;
- our asset quality and any loan charge-offs;
- the composition of our loan portfolio;
- our ability to allocate our capital prudently, effectively and profitably;
- our ability to pay dividends;
- our ability to achieve organic loan and deposit growth and the composition of such growth;
- our ability to identify and effectively acquire potential acquisition or merger targets, including our ability to be seen as an acquirer of choice and our ability to obtain regulatory approval for any acquisition or merger;
- time and effort necessary to resolve nonperforming assets;
- fluctuations in the values of our assets and liabilities and off-balance sheet exposures;
- general economic conditions (both generally and in our markets) may be less favorable than expected, which could result in, among other things, a deterioration in credit quality, a reduction in demand for credit and a decline in real estate values;
- the general decline in the real estate and lending markets, particularly in our market areas, may negatively affect our financial results;
- changes in the demand for our products and services;
- other financial institutions having greater financial resources and being able to develop or acquire products that enable them to compete more successfully than we can;
- restrictions or conditions imposed by our regulators on our operations or the operations of banks we

acquire may make it more difficult for us to achieve our goals;

- legislative or regulatory changes, including changes in accounting standards and compliance requirements, may adversely affect us;
- possible changes in trade, monetary and fiscal policies of, and other activities undertaken by, governments, agencies, central banks and similar organizations;
- changes in any applicable law, rule, regulation or practice with respect to tax or legal issues, whether of general applicability or specific to us and our subsidiaries;
- competitive pressures among depository and other financial institutions may increase significantly;
- changes in the interest rate environment may reduce margins or the volumes or values of the loans we make or have acquired;
- adverse changes in the bond and equity markets;
- cybersecurity risk, including potential network breaches, business disruptions or financial losses;
- our ability to attract and retain key personnel can be affected by the increased competition for experienced employees in the banking industry;
- the possibility of earthquakes and other natural disasters affecting the markets in which we operate;
- war or terrorist activities causing further deterioration in the economy or causing instability in credit markets;
- economic, governmental or other factors may prevent the projected population, residential and commercial growth in the markets in which we operate; and
- descriptions of assumptions underlying or relating to any of the foregoing.

All forward-looking statements are necessarily only estimates of future results, and there can be no assurance that actual results will not differ materially from expectations, and, therefore, you are cautioned not to 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. In particular, you should consider the numerous risks described in Item 1A, “Risk Factors,” of our Annual Report on Form 10-K filed with the FDIC on March 28, 2019, for a description of some of the important factors that may affect actual outcomes. Further, any forward-looking statement speaks only as of the date on which it is made and we undertake no 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)

	March 31, 2019	December 31, 2018
Assets	(Unaudited)	
Cash and due from banks	$ 6,691	$ 10,510
Interest-bearing deposits in banks	125,463	70,335
Total cash and cash equivalents	132,154	80,845
Securities:		
Available for sale, at fair value (amortized cost of $1,246,844 and $1,188,710, respectively)	1,242,721	1,175,170
Held-to-maturity (fair value of $9,481 and $4,105, respectively)	9,317	4,081
Loans receivable, net of deferred loan origination costs (fees)	3,298,407	3,247,831
Allowance for loan losses	(31,392)	(37,195)
Loans receivable, net	3,267,015	3,210,636
Accrued interest and dividends receivable	14,872	14,387
Premises and equipment, net	20,743	21,654
Bank-owned life insurance	79,485	79,149
Right-of-use lease asset	53,306	-
Deferred tax asset	35,017	39,697
Goodwill and other intangible assets	20,650	21,039
Other assets	39,199	38,831
Total assets	$ 4,914,479	$ 4,685,489
Liabilities		
Deposits	$ 4,107,075	$ 4,105,306
Borrowed funds	253,775	92,875
Operating leases	68,404	-
Other liabilities	29,746	47,937
Total liabilities	4,459,000	4,246,118
Commitments and contingencies	-	-
Stockholders' equity		
Common stock, par value $.01 per share (70,000,000 shares authorized; 31,771,585 shares issued and outstanding)	318	318
Additional paid-in capital	309,033	308,678
Retained earnings	151,138	142,231
Accumulated other comprehensive loss, net of income taxes	(5,144)	(11,990)
Total Amalgamated Bank stockholders' equity	455,345	439,237
Noncontrolling interests	134	134
Total stockholders' equity	455,479	439,371
Total liabilities and stockholders' equity	$ 4,914,479	$ 4,685,489

See accompanying notes to consolidated financial statements

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

	Three Months Ended March 31, 2019	Three Months Ended March 31, 2018
INTEREST AND DIVIDEND INCOME		
Loans	$ 35,296	$ 29,173
Securities	9,875	6,243
Federal Home Loan Bank of New York stock	310	391
Interest-bearing deposits in banks	293	436
Total interest and dividend income	45,774	36,243
INTEREST EXPENSE		
Deposits	2,946	2,089
Borrowed funds	2,055	1,353
Total interest expense	5,001	3,442
NET INTEREST INCOME	40,773	32,801
Provision for (recovery of) loan losses	2,186	851
Net interest income after provision for loan losses	38,587	31,950
NON-INTEREST INCOME		
Trust Department fees	4,721	4,649
Service charges on deposit accounts	1,871	1,779
Bank-owned life insurance	420	404
Gain (loss) on sale of investment securities available for sale, net	292	(101)
Gain (loss) on other real estate owned, net	(249)	(27)
Other	362	311
Total non-interest income	7,417	7,015
NON-INTEREST EXPENSE		
Compensation and employee benefits, net	17,430	15,376
Occupancy and depreciation	4,271	4,002
Professional fees	3,165	3,193
FDIC deposit insurance	491	554
Data processing	2,749	2,336
Office maintenance and depreciation	887	947
Amortization of intangible assets	389	-
Advertising and promotion	622	646
Other	1,444	1,734
Total non-interest expense	31,448	28,788
Income before income taxes	14,556	10,177
Income tax expense (benefit)	3,743	2,516
Net income	10,813	7,661
Net income attributable to noncontrolling interests	-	-
Net income attributable to Amalgamated Bank and subsidiaries	$ 10,813	$ 7,661
Earnings per common share - basic (1)	$ 0.34	$ 0.27
Earnings per common share - diluted (1)	$ 0.33	$ 0.27

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

See accompanying notes to consolidated financial statements

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

	Three Months Ended March 31,	
	2019	**2018**
Net income	$ 10,813	$ 7,661
Other comprehensive income, net of taxes:		
Net actuarial loss (gain) on pension plans and prior service credit	47	65
Net unrealized gains (losses) on securities available for sale	9,417	(7,161)
Other comprehensive income (loss), before tax	9,464	(7,096)
Income tax benefit (expense)	(2,618)	1,953
Total other comprehensive income (loss), net of taxes	6,846	(5,143)
Total comprehensive income, net of taxes	$ 17,659	$ 2,518

See accompanying notes to consolidated financial statements

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

	Preferred Stock Class B	Common Stock Class A	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Total Stockholders' Equity	Noncontrolling Interest	Total Equity
Balance at December 31, 2018	$ -	$ 318	$ 308,678	$ 142,231	$ (11,990)	$ 439,237	$ 134	$ 439,371
Net income	-	-	-	10,813	-	10,813	-	10,813
Dividend paid on class A common stock	-	-	-	(1,906)	-	(1,906)	-	(1,906)
Stock-based compensation expense	-	-	355	-	-	355	-	355
Other comprehensive income, net of taxes	-	-	-	-	6,846	6,846	-	6,846
Balance at March 31, 2019	$ -	$ 318	$ 309,033	$ 151,138	$ (5,144)	$ 455,345	$ 134	$ 455,479

	Preferred Stock Class B	Common Stock Class A	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Total Stockholders' Equity	Noncontrolling Interest	Total Equity
Balance at December 31, 2017 (1)	$ 6,700	$ 281	$ 243,771	$ 99,506	$ (6,324)	$ 343,934	$ 134	$ 344,068
Net income	-	-	-	7,661	-	7,661	-	7,661
Other comprehensive loss, net of taxes	-	-	-	-	(5,143)	(5,143)	-	(5,143)
Balance at March 31, 2018	$ 6,700	$ 281	$ 243,771	$ 107,167	$ (11,467)	$ 346,452	$ 134	$ 346,586

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

See accompanying notes to consolidated financial statements

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

	Three Months Ended March 31, 2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income attributable to Amalgamated Bank	$ 10,813	$ 7,661
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	1,079	998
Amortization of intangible assets	389	-
Deferred income tax expense	2,120	2,821
Provision for (recovery of) loan losses	2,186	851
Stock-based compensation expense	355	-
Net amortization (accretion) on loan loan fees, costs, premiums, and discounts	23	(259)
Net amortization on securities	70	143
OTTI recognized in earnings	(1)	2
Net loss (gain) on sale of securities available for sale	(292)	101
Net loss (gain) on sale of loans	22	(29)
Net loss (gain) on sale of other real estate owned	182	27
Proceeds from sales of loans held for sale	3,755	3,973
Decrease (increase) in cash surrender value of bank-owned life insurance	(336)	420
Decrease (increase) in accrued interest and dividends receivable	(485)	(433)
Decrease (increase) in other assets	3,356	(11,012)
Right-of-use lease asset amortization	2,507	-
Increase (decrease) in operating leases liability, net	(2,718)	-
Decrease in accrued interest payable	227	80
Increase (decrease) in other liabilities	(3,120)	8,711
Net cash provided by operating activities	20,132	14,055
CASH FLOWS FROM INVESTING ACTIVITIES		
Originations and purchases of loans, net of principal repayments	(59,091)	(139,427)
Purchase of securities available for sale	(142,773)	(185,424)
Purchase of securities held to maturity	(5,250)	(2,000)
Proceeds from sales of securities available for sale	49,921	54,846
Maturities, principal payments and redemptions of securities available for sale	34,940	90,543
Maturities, principal payments and redemptions of securities held to maturity	15	2,237
Net decrease (increase) of Federal Home Loan Bank of New York stock	(7,240)	37
Purchases of premises and equipment	(168)	(198)
Proceeds from sale of other real estate owned	60	782
Net cash used in investing activities	(129,586)	(178,604)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net increase (decrease) in deposits	1,769	102,459
Net increase (decrease) in FHLB advances	160,900	(825)
Net increase (decrease) in federal funds purchased	-	(5)
Cash dividend paid	(1,906)	-
Net cash provided by financing activities	160,763	101,629
Increase (decrease) in cash, cash equivalents, and restricted cash	51,309	(62,919)
Cash, cash equivalents, and restricted cash at beginning of year	80,845	116,459
Cash, cash equivalents, and restricted cash at end of year	$ 132,154	$ 53,540
Supplemental disclosures of cash flow information:		
Interest paid during the year	$ 4,774	$ 3,362
Income taxes paid during the year	$ 170	$ 318
Supplemental non-cash investing activities:		
Initial recognition of Right-of-use lease asset	$ 55,813	$ -
Initial recognition of Operating leases liability	$ 71,122	$ -
Loans transferred to other real estate owned	$ 455	$ -

See accompanying notes to consolidated financial statements

1. BASIS OF PRESENTATION

The accounting and reporting policies of Amalgamated Bank (the "Bank") conform to accounting principles generally accepted in the United States of America (GAAP) and predominant practices within the banking industry. The Bank uses the accrual basis of accounting for financial statement purposes.

The accompanying unaudited consolidated financial statements include the accounts of the Bank and its majority-owned and wholly-owned subsidiaries. All significant inter-company transactions and balances are eliminated in consolidation. In the opinion of the Bank's management, all adjustments necessary for a fair presentation of the consolidated financial position and the results of operations for the interim periods presented have been included. These unaudited consolidated financial statements should be read in conjunction with the audited financial statements and notes thereto in the Bank's Audited Financial Statements for the year ended December 31, 2018 included in the Bank's Form 10-K filed with the FDIC on March 28, 2019.

2. RECENT ACCOUNTING PRONOUNCEMENTS

Adoption of Accounting Standards in 2018

In the first quarter of 2018, the Bank adopted Accounting Standards Update ("ASU") 2014-09, "Revenue from Contracts with Customers (Topic 606)" which implements a common revenue standard that clarifies the principles for recognizing revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. While the guidance in ASU 2014-09 supersedes most existing industry-specific revenue recognition accounting guidance, most of the Bank's revenue comes from financial instrument interest income and other sources which are not within the scope of ASU 2014-09. The Bank's revenue streams that are determined within scope are recorded in "Trust Department fees" and "Service charges on deposit accounts" within non-interest income. The following table presents the Bank's non-interest income:

(In thousands)	Three Months Ended March 31, 2019	Three Months Ended March 31, 2018
Trust Department fees	$ 4,721	$ 4,649
Service charges on deposit accounts	1,871	1,779
Bank-owned life insurance	420	404
Gain (loss) on sale of investment securities available for sale, net	292	(101)
Gain (loss) on other real estate owned, net	(249)	(27)
Other income	362	311
Total non-interest income	$ 7,417	$ 7,015

For revenue streams within scope, the Bank recognizes revenue as obligations are satisfied to its customers. The Bank adopted Topic 606 using the modified retrospective method applied to all in scope revenue streams and adoption did not result in a change to the accounting for any in scope revenue streams. As such, no cumulative effect adjustment to retained earnings was recorded at January 1, 2018. Additionally, as a result of the Bank's ongoing assessment of Topic 606, the Bank has determined its recognition practices continue to be in compliance with the amended guidance through March 31, 2019. The Bank evaluated its significant customer contracts and determined its trust advisory fee service agreements and retail banking service charges on deposit accounts are in scope of the amended guidance. The Bank's trust advisory fee service arrangements are generally for union-affiliated health and pension welfare trusts where the Bank's fee structure as investment manager is either a flat fee or percentage points of the related market value. The fees are mainly paid either monthly or quarterly on an as-performed service basis. The Bank's retail banking service charge on deposit account arrangements for non-commercial clients are comprised of the accumulation of small, homogeneous standard arrangements of fee types such as service fees, ATM/Debit Fees, escrow fees, return item fees, minimum balance fees, gift card fees, safe deposit rental fees and prepaid card fees. Fee arrangements for commercial clients are comprised mainly of the accumulation of homogeneous standard arrangements for cash management services with fee types such as depository services, image cash letter, ACH, account reconciliation, positive pay, controlled disbursement, and treasury management.

Adoption of Accounting Standards in 2019

In March 2017, the FASB amended existing guidance for ASU 2017-07, "Compensation - Retirement Benefits (Topic 715): Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost" to improve the presentation of net periodic pension cost and net periodic postretirement benefit cost. The amendments required that an employer report the service cost component in the same line item or items as other compensation costs arising from services rendered by the pertinent employees during the period. The other components of net benefit costs are required to be presented in the income statement separately from the service cost component and outside a subtotal of income from operations, if one is presented. The line item used in the income statement to present the other components of net benefit cost must be disclosed. Additionally, only the service cost component of net benefit cost is eligible for capitalization, if applicable. For public business entities, ASU 2017-07 was effective for annual periods beginning after December 15, 2017, including interim periods within those periods. The amendments should be applied retrospectively for the presentation of the

service cost component and the other components of net periodic pension cost and net periodic postretirement benefit cost in the income statement. The amendments allow a practical expedient that permits an employer to use the amounts disclosed in its pension and postretirement benefit plan note for the prior comparative periods as the estimation basis for applying the retrospective presentation requirements. The amendment requires disclosure that the practical expedient was used. The Bank previously elected to delay adopting the guidance to maintain current year comparability to prior year's disclosure regarding a prior service credit curtailment. In the first quarter of 2019, the Bank adopted the guidance using the practical expedient for prior comparative periods.

In February 2016, the FASB issued ASU 2016-02 "Leases (Topic 842)". The new lease accounting standard requires the recognition of a right of use asset and related lease liability by lessees for leases classified as operating leases under current GAAP. Topic 842, which replaces the current guidance under Topic 840, retains a distinction between finance leases and operating leases. The recognition, measurement, and presentation of expenses and cash flows arising from a lease by lessee does not significantly change from current GAAP. For leases with a term of 12 months or less, a lessee is permitted to make an accounting policy election by class of underlying asset not to recognize right of use assets and lease liabilities. The standard became effective for annual reporting periods beginning after December 15, 2018. A modified retrospective transition approach must be applied for leases existing at, or entered into after, the beginning of the earliest comparative period presented in the consolidated financial statements. Transition accounting for leases that expired before the earliest comparative period presented is not required. The Bank elected the effective date transition method of applying the new leases standard at the beginning of the period of adoption on January 1, 2019. The standard provides a number of optional practical expedients in transition. The Bank elected the 'package of practical expedients', which permits the Bank not to reassess prior conclusions about lease identification, lease classification and initial direct costs and continue to account for leases that commenced prior to the adoption date as operating leases. The Bank analyzed all its significant leases to determine if a lease was in scope of the ASU and determined 15 facilities leases were in scope. Based on leases outstanding at December 31, 2018, the Bank recorded a $71.1 million Operating leases liability and a $55.8 million related Right-of-use asset upon commencement on January 1, 2019. The measurement of the Right-of-use asset included a $15.3 million reduction to account for accrued rent previously established under Topic 840. The Bank has presented its Right-of-use asset and related Operating leases liability on the Consolidated Statements of Financial Condition. The balances contained within reflect all related initial measurement and subsequent accounting through the first quarter of 2019. Refer to Note 12 - Leases for further details.

Accounting Standards Effective in 2020 onward

In August 2018, the FASB issued ASU 2018-13, "Fair Value Measurement (Topic 820)—Disclosure Framework—Changes to the Disclosure Requirements for Fair Value Measurement", which improves the effectiveness of fair value measurement disclosures. The amendments modify the disclosure requirements on fair value measurements in Topic 820, Fair Value Measurement as follows: removes disclosure requirements for the amount and reasons for transfer between Level 1 and Level 2 assets and liabilities in the fair value hierarchy; modifies disclosure requirements for transfers in to and out of Level 3 assets and liabilities in the fair value hierarchy; adds disclosure requirements for the changes in unrealized gains and losses for the period included in other comprehensive income for recurring Level 3 fair value measurements and the range and weighted average of significant unobservable inputs used to develop Level 3 fair value measurements. The amendments in this update are effective for all entities for fiscal years beginning after December 15, 2019, and interim periods within those fiscal years, with early adoption, including adoption in an interim period, permitted.

In June 2016, the FASB amended existing guidance for ASU 2017-04, "Intangibles – Goodwill and Other (Topic 350)", to simplify the subsequent measurement of goodwill. The amendment requires an entity to perform its annual, or interim, goodwill impairment test by comparing the fair value of a reporting unit with its carrying amount and recognizing an impairment charge for the amount by which the carrying amount of the reporting unit exceeds its fair value, not to exceed the total amount of goodwill allocated to that reporting unit. The amendments also eliminate the requirement for any reporting unit with a zero or negative carrying amount to perform a qualitative assessment and, if it fails that qualitative test, to perform Step 2 of the goodwill impairment test. The amendments are effective for public business entities for annual or interim goodwill impairment tests in fiscal years beginning after December 15, 2019. Early adoption is permitted for interim or annual goodwill impairment tests performed on testing dates after January 1, 2017. The amendments should be applied prospectively. An entity is required to disclose the nature of and reason for the change in accounting principle upon transition in the first annual period and in the interim period within the first annual period when the entity initially adopts the amendments. As a result of the Bank's acquisition of New Resource Bank ("NRB") in the second quarter of 2018, the Bank is evaluating early adoption of the amended guidance. Adoption of ASU 2017-04 is not expected to have a material effect on the Bank's operating results or financial condition.

In June 2016, the FASB issued ASU 2016-13, "Financial Instruments – Credit Losses (Topic 326) – Measurement of Credit Losses on Financial Instruments." ASU 2016-13 significantly changes the impairment model for most financial assets that are measured at amortized cost and certain other instruments from an incurred loss model to an expected loss model and also provides for recording

credit losses on available for sale debt securities through an allowance account. ASU 2016-13 also requires certain incremental disclosures. ASU 2016-13 is effective for the Bank for annual reporting periods beginning after December 15, 2020 due to the Bank's qualification as an emerging growth company under the Jumpstart Our Business Startups Act. The Bank plans to adopt ASU 2016-13 in the first quarter of 2021 using the required modified retrospective method with a cumulative effect adjustment as of the beginning of the reporting period. In preparation for adoption, the Bank has performed work in assessing and enhancing its technology environment and related data needs and availability. Additionally a Management Committee comprised of members from multiple departments has been established to monitor the Bank's progress towards timely adoption. As adoption will require the implementation of significant changes to the existing credit loss estimation model and is dependent on the economic forecast, evaluating the overall impact of the ASU on the Bank's Consolidated Financial Statements is not yet determinable.

3. OTHER COMPREHENSIVE INCOME (LOSS)

The Bank records unrealized gains and losses, net of taxes, on securities available for sale in other comprehensive income (loss) in the Consolidated Statements of Changes in Stockholders' Equity. Gains and losses on securities available for sale are reclassified to operations as the gains or losses are recognized. Other-than-temporary impairment ("OTTI") losses on debt securities are reflected in earnings as realized losses to the extent the impairment is related to credit losses. The amount of the impairment related to other factors is recognized in other comprehensive income (loss). The Bank also recognizes as a component of other comprehensive income (loss) the actuarial gains or losses as well as the prior service costs or credits that arise during the period from post-retirement benefit plans.

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

	Three Months Ended March 31,	
	2019	**2018**
(In thousands)		
Change in total obligation for postretirement benefits and for prior service credit and for other benefits	$ 47	$ 65
Income tax effect	(14)	(18)
Net change in total obligation for postretirement benefits and prior service credit and for other benefits	33	47
Unrealized holding gains (losses) on available for sale securities	$ 9,710	$ (7,264)
Reclassification adjustment for losses (gains) realized in income	(293)	103
Change in unrealized gains (losses) on available for sale securities	9,417	(7,161)
Income tax effect	(2,604)	1,971
Net change in unrealized gains (losses) on available for sale securities	6,813	(5,190)
Total	$ 6,846	$ (5,143)

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

(In thousands)	Balance as of January 1, 2019	Current Period Change	Income Tax Effect	Balance as of March 31, 2019
Unrealized losses on benefits plans	$ (2,193)	$ 47	$ (14)	$ (2,160)
Unrealized losses on available for sale securities	$ (9,797)	$ 9,417	$ (2,604)	$ (2,984)
Total	$ (11,990)	$ 9,464	$ (2,618)	$ (5,144)

The following represents the reclassifications out of accumulated other comprehensive loss:

(In thousands)	Three Months Ended March 31, 2019	Three Months Ended March 31, 2018	Affected Line Item in the Consolidated Statements of Income
Realized gains (losses) on sale of available for sale securities	$ (292)	$ 101	Gain (loss) on sale of investment securities available for sale
Recognized gains (losses) on OTTI securities	(1)	2	Other than temporary impairment (OTTI) of securities, net
Income tax (benefit)	81	(28)	Provision for income taxes
Total reclassification, net of income tax	$ (212)	$ 75	
Prior service credit on pension plans and other postretirement benefits	$ (7)	$ (7)	Compensation and employee benefits, net
Income tax expense	2	2	Provision for income taxes
Total reclassification, net of income tax	$ (5)	$ (5)	
Total reclassifications, net of income tax	$ (217)	$ 70	

4. INVESTMENT SECURITIES

The amortized cost and fair value of investment securities available for sale and held to maturity as of March 31, 2019 are as follows:

	March 31, 2019			
(In thousands)	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Available for sale:				
Mortgage-related:				
GSE residential certificates	$ 77,278	$ 14	$ (1,357)	$ 75,935
GSE CMOs	293,323	2,716	(2,964)	293,075
GSE commercial certificates & CMO	242,000	1,542	(1,516)	242,026
Non-GSE residential certificates	86,956	295	(473)	86,778
Non-GSE commercial certificates	61,034	18	(169)	60,883
	760,591	4,585	(6,479)	758,697
Other debt:				
U.S. Treasury	200	-	(1)	199
ABS	457,145	1,071	(2,089)	456,127
Trust preferred	17,955	-	(1,385)	16,570
Corporate	9,953	225	(40)	10,138
Other	1,000	-	(10)	990
	486,253	1,296	(3,525)	484,024
Total available for sale	$ 1,246,844	$ 5,881	$ (10,004)	$ 1,242,721
Held to maturity:				
Mortgage-related:				
GSE residential certificates	$ 652	$ 10	$ -	$ 662
Non GSE commercial certificates	315	-	-	315
	967	10	-	977
Other debt:				
Municipal	5,250	157	-	5,407
Other	3,100	-	(2)	3,098
	8,350	157	(2)	8,505
Total held to maturity	$ 9,317	$ 167	$ (2)	$ 9,482

As of March 31, 2019, available for sale and held to maturity securities with a fair value of $693.0 million and $0.6 million, respectively, were pledged. The majority of the securities were pledged to the Federal Home Loan Bank of New York ("FHLB") 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 and to collateralize municipal deposits.

The amortized cost and fair value of investment securities available for sale and held to maturity as of December 31, 2018 are as follows:

	December 31, 2018			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
(In thousands)				
Available for sale:				
Mortgage-related:				
GSE residential certificates	$ 82,083	$ -	$ (2,312)	$ 79,771
GSE CMOs	273,364	1,776	(4,152)	270,988
GSE commercial certificates & CMO	235,805	538	(3,177)	233,166
Non-GSE residential certificates	102,446	120	(1,204)	101,362
Non-GSE commercial certificates	55,594	12	(546)	55,060
	749,292	2,446	(11,391)	740,347
Other debt:				
U.S. Treasury	200	-	(2)	198
ABS	406,813	423	(3,240)	403,996
Trust preferred	17,954	-	(1,964)	15,990
Corporate	13,451	249	(51)	13,649
Other	1,000	-	(10)	990
	439,418	672	(5,267)	434,823
Total available for sale	$ 1,188,710	$ 3,118	$ (16,658)	$ 1,175,170
Held to maturity:				
Mortgage-related:				
GSE residential certificates	$ 656	$ -	$ -	$ 656
Non GSE commercial certificates	325	12	(2)	335
	981	12	(2)	991
Other debt	3,100	14	-	3,114
Total held to maturity	$ 4,081	$ 26	$ (2)	$ 4,105

The following 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, 2019. 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
(In thousands)				
Due within one year	$ 1,200	$ 1,189	$ -	$ -
Due after one year through five years	10,253	10,258	3,100	3,098
Due after five years through ten years	114,634	113,252	-	-
Due after ten years	360,166	359,325	5,250	5,407
	$ 486,253	$ 484,024	$ 8,350	$ 8,505

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

	Three Months Ended,	
	March 31, 2019	March 31, 2018
(In thousands)		
Proceeds	$ 49,921	$ 54,846
Realized gains	$ 477	$ 141
Realized losses	(185)	(242)
Net realized gains (losses)	$ 292	$ (101)

The Bank controls and monitors inherent credit risk in its securities portfolio through diversification, concentration limits, periodic securities reviews, and by investing a significant portion of the 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").

The following summarizes the fair value and unrealized losses for those available for sale securities as of March 31, 2019, 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, 2019					
	Less Than Twelve Months		Twelve Months or Longer		Total	
(In thousands)	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Mortgage-related:						
GSE residential certificates	$ -	$ -	$ 70,963	$ (1,357)	$ 70,963	$ (1,357)
GSE CMOs	-	-	102,062	(2,964)	102,062	(2,964)
GSE commercial certificates	23,529	(98)	134,819	(1,418)	158,348	(1,516)
Non-GSE residential certificates	-	-	54,459	(473)	54,459	(473)
Non-GSE commercial certificates	37,124	(139)	4,970	(30)	42,094	(169)
Other debt:						
ABS	158,561	(963)	114,063	(1,126)	272,624	(2,089)
Trust preferred	-	-	16,570	(1,385)	16,570	(1,385)
Corporate	4,913	(40)	-	-	4,913	(40)
US Treasury	-	-	199	(1)	199	(1)
Other	-	-	990	(10)	990	(10)
	$ 224,127	$ (1,240)	$ 499,095	$ (8,764)	$ 723,222	$ (10,004)

	December 31, 2018					
	Less Than Twelve Months		Twelve Months or Longer		Total	
(In thousands)	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Mortgage-related:						
GSE residential certificates	$ -	$ -	$ 79,770	$ (2,312)	$ 79,770	$ (2,312)
GSE CMOs	15,003	(47)	94,436	(4,105)	109,439	(4,152)
GSE commercial certificates	14,438	(71)	183,119	(3,106)	197,557	(3,177)
Non-GSE residential certificates	12,862	(75)	68,064	(1,129)	80,926	(1,204)
Non-GSE commercial certificates	41,650	(546)	-	-	41,650	(546)
Other debt:						
ABS	294,703	(3,107)	15,688	(133)	310,391	(3,240)
Trust preferred	-	-	15,990	(1,964)	15,990	(1,964)
Corporate	4,900	(51)	-	-	4,900	(51)
US Treasury	-	-	198	(2)	198	(2)
Other	-	-	990	(10)	990	(10)
	$ 383,556	$ (3,897)	$ 458,255	$ (12,761)	$ 841,811	$ (16,658)

The temporary impairment of fixed income securities (mortgage-related securities, U.S. Treasury and GSE securities, trust preferred securities and corporate debt) is primarily attributable to changes in overall market interest rates and/or changes in credit spreads since the investments were acquired. In general, as market interest rates rise and/or credit 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.

As of March 31, 2019, excluding GSE and U.S. Treasury securities, temporarily impaired securities totaled $394.8 million with an unrealized loss of $4.2 million. With the exception of $5.2 million which were not rated, the remaining 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. Management considers that the temporary impairment of these investments as of March 31, 2019 is primarily due to an increase in market interest rates and spreads since the time these investments were acquired.

During the quarter ended March 31, 2019, the Bank recorded a $1,000 OTTI recovery compared to an OTTI loss of $2,000 for the quarter ended March 31, 2018.

For all the Bank's security investments that are temporarily impaired as of March 31, 2019, management does not have the intent to sell these investments, does not believe it will be necessary to do so before anticipated recovery, and believes the Bank has the ability to hold these investments. The Bank expects to collect all amounts due according to the contractual terms of these investments. Therefore the Bank does not consider these securities to be other-than-temporarily impaired at March 31, 2019. None of these positions or other securities held in the portfolio or sold during the year were purchased with the intent of selling them or would otherwise be classified as trading securities under ASC No. 320, Investments – Debt and Equity Securities.

Events which may cause material declines in the fair value of debt and equity security investments may include, but are not limited to, deterioration of credit metrics, higher incidences of default, worsening liquidity, worsening global or domestic economic conditions or adverse regulatory action. Management does not believe that there are any cases of unrecorded OTTI as of March 31, 2019; however, it is reasonably possible that the Bank may recognize OTTI in future periods.

5. LOANS RECEIVABLE, NET

Loans receivable are summarized as follows:

(In thousands)	March 31, 2019	December 31, 2018
Commercial and industrial	$ 527,200	$ 556,537
Multifamily mortgages	921,588	916,337
Commercial real estate mortgages	428,534	440,704
Construction and land development mortgages	45,734	46,178
Total commercial portfolio	1,923,056	1,959,756
Residential 1-4 family 1st mortgages	1,176,551	1,083,204
Residential 1-4 family 2nd mortgages	26,906	27,206
Consumer and other	164,412	171,184
Total retail portfolio	1,367,869	1,281,594
	3,290,925	3,241,350
Net deferred loan origination costs (fees)	7,482	6,481
	3,298,407	3,247,831
Allowance for loan losses	(31,392)	(37,195)
	$ 3,267,015	$ 3,210,636

The following table presents information regarding the aging of the Bank's loans as of March 31, 2019:

(In thousands)	30-89 Days Past Due	Non-Accrual	90 Days or More Delinquent and Still Accruing Interest (1)	Total Past Due	Current and Not Accruing Interest	Current	Total Loans Receivable
Commercial and industrial	$ 7,967	$ 1,100	$ 6,935	$ 16,002	$ 2,634	$ 508,564	$ 527,200
Multifamily mortgages	-	-	-	-	-	921,588	921,588
Commercial real estate mortgages	3,349	-	222	3,571	4,019	420,944	428,534
Construction and land development mortgages	1,602	-	-	1,602	-	44,132	45,734
Total commercial portfolio	12,918	1,100	7,157	21,175	6,653	1,895,228	1,923,056
Residential 1-4 family 1st mortgages	5,595	5,160	-	10,755	609	1,165,187	1,176,551
Residential 1-4 family 2nd mortgages	995	1,078	-	2,073	-	24,833	26,906
Consumer and other	2,353	206	-	2,559	-	161,853	164,412
Total retail portfolio	8,943	6,444	-	15,387	609	1,351,873	1,367,869
	$ 21,861	$ 7,544	$ 7,157	$ 36,562	$ 7,262	$ 3,247,101	$ 3,290,925

(1) At March 31, 2019, the Bank had four Commercial and industrial loans with a total outstanding balance of $6.9 million, all related to one relationship that had matured. These loans were well secured and continue to make payments and accrue interest during this period.

The following table presents information regarding the aging of the Bank's loans as of December 31, 2018:

(In thousands)	30-89 Days Past Due	Non-Accrual	90 Days or More Delinquent and Still Accruing Interest	Total Past Due	Current and Not Accruing Interest	Current	Total Loans Receivable
Commercial and industrial	$ 8,658	$ 9,512	$ -	$ 18,170	$ 2,641	$ 535,726	$ 556,537
Multifamily mortgages	4,930	-	-	4,930	-	911,407	916,337
Commercial real estate mortgages	2,085	-	-	2,085	4,112	434,507	440,704
Construction and land development mortgages	-	-	-	-	-	46,178	46,178
Total commercial portfolio	15,673	9,512	-	25,185	6,753	1,927,818	1,959,756
Residential 1-4 family 1st mortgages	6,141	5,846	-	11,987	441	1,070,776	1,083,204
Residential 1-4 family 2nd mortgages	1,099	1,299	-	2,398	-	24,808	27,206
Consumer and other	280	10	-	290	-	170,894	171,184
Total retail portfolio	7,520	7,155	-	14,675	441	1,266,478	1,281,594
	$ 23,193	$16,667	$ -	$ 39,860	$ 7,194	$ 3,194,296	$3,241,350

In general, a modification or restructuring of a loan constitutes a troubled debt restructuring ("TDR") if the Bank grants a concession to a borrower experiencing financial difficulty. Loans modified as TDRs are placed on non-accrual status until the Bank determines that future collection of principal and interest is reasonably assured, which generally requires that the borrower demonstrate performance according to the restructured terms for a period of at least six months. The Bank's TDRs primarily involve rate reductions, forbearance of arrears or extension of maturity. TDRs are included in total impaired loans as of the respective date.

The following table presents information regarding the Bank's TDRs as of March 31, 2019:

(In thousands)	Accruing	Non-Accrual	Total
Residential 1-4 family 1st mortgages	$ 20,588	$ 2,554	$ 23,142
Residential 1-4 family 2nd mortgages	1,970	313	2,283
Commercial real estate mortgages	10,883	-	10,883
Commercial and industrial	-	2,588	2,588
	$ 33,441	$ 5,455	$ 38,896

The following table presents information regarding the Bank's TDRs as of December 31, 2018:

(In thousands)	Accruing	Non-Accrual	Total
Residential 1-4 family 1st mortgages	$ 21,554	$ 3,009	$ 24,563
Residential 1-4 family 2nd mortgages	1,980	320	2,300
Commercial real estate mortgages	10,923	-	10,923
Commercial and industrial	-	12,153	12,153
	$ 34,457	$ 15,482	$ 49,939

The following tables summarize the Bank's loan portfolio by credit quality indicator as of March 31, 2019:

(In thousands)	Commercial and Industrial	Multifamily	Commercial Real Estate	Construction and Land Development	Total Commercial Portfolio
Credit Quality Indicator:					
Pass	$ 478,329	$ 921,588	$ 406,079	$ 45,734	$ 1,851,730
Special Mention	9,301	-	1,733	-	11,034
Substandard	39,570	-	20,722	-	60,292
Doubtful	-	-	-	-	-
	$ 527,200	$ 921,588	$ 428,534	$ 45,734	$ 1,923,056

(In thousands)	Residential 1-4 Family 1st Mortgages	Residential 1-4 Family 2nd Mortgages	Consumer and Other	Total Retail Portfolio
Credit Quality Indicator:				
Pass	$ 1,171,391	$ 25,828	$ 164,206	$ 1,361,425
Substandard	5,160	1,078	206	6,444
	$ 1,176,551	$ 26,906	$ 164,412	$ 1,367,869

The following tables summarize the Bank's loan portfolio by credit quality indicator as of December 31, 2018:

(In thousands)	Commercial and Industrial	Multifamily	Commercial Real Estate	Construction and Land Development	Total Commercial Portfolio
Credit Quality Indicator:					
Pass	$ 498,986	$ 916,337	$ 419,806	$ 41,408	$ 1,876,537
Special Mention	22,162	-	-	-	22,162
Substandard	25,877	-	20,898	4,770	51,545
Doubtful	9,512	-	-	-	9,512
	$ 556,537	$ 916,337	$ 440,704	$ 46,178	$ 1,959,756

(In thousands)	Residential 1-4 Family 1st Mortgages	Residential 1-4 Family 2nd Mortgages	Consumer and Other	Total Retail Portfolio
Credit Quality Indicator:				
Pass	$ 1,077,358	$ 25,907	$ 171,174	$ 1,274,439
Substandard	5,846	1,299	10	7,155
	$ 1,083,204	$ 27,206	$ 171,184	$ 1,281,594

The above 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 Bank 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 table provides information regarding the methods used to evaluate the Bank's loan portfolio for impairment by portfolio as of March 31, 2019:

(In thousands)	Commercial and Industrial	Multifamily	Commercial Real Estate	Construction and Land Development	Total Commercial Portfolio
Loans receivable:					
Individually evaluated for impairment	$ 3,768	$ -	$ 14,902	$ -	$ 18,670
Collectively evaluated for impairment	523,432	921,588	413,632	45,734	1,904,386
	$ 527,200	$ 921,588	$ 428,534	$ 45,734	$ 1,923,056

	Residential 1-4 Family 1st Mortgages	Residential 1-4 Family 2nd Mortgages	Consumer and Other	Total Retail Portfolio
Loans receivable:				
Individually evaluated for impairment	$ 26,228	$ 3,174	$ -	$ 29,402
Collectively evaluated for impairment	1,150,323	23,732	164,412	1,338,467
	$ 1,176,551	$ 26,906	$ 164,412	$ 1,367,869

The following table provides information regarding the Bank's allowance by portfolio based upon the method of evaluating loan impairment as of March 31, 2019:

(In thousands)	Commercial and Industrial	Multifamily	Commercial Real Estate	Construction and Land Development	Total Commercial Portfolio
Allowance for loan losses:					
Individually evaluated for impairment	$ 1	$ -	$ -	$ -	$ 1
Collectively evaluated for impairment	10,401	4,610	2,404	524	17,939
	$ 10,402	$ 4,610	$ 2,404	$ 524	$ 17,940

	Residential 1-4 Family 1st Mortgages	Residential 1-4 Family 2nd Mortgages	Consumer and Other	Total Retail Portfolio
Allowance for loan losses:				
Individually evaluated for impairment	$ 989	$ 512	$ -	$ 1,501
Collectively evaluated for impairment	9,909	1,317	725	11,951
	$ 10,898	$ 1,829	$ 725	$ 13,452

The following table provides information regarding the methods used to evaluate the Bank's loan portfolio for impairment by portfolio as of December 31, 2018:

(In thousands)	Commercial and Industrial	Multifamily	Commercial Real Estate	Construction and Land Development	Total Commercial Portfolio
Loans receivable:					
Individually evaluated for impairment	$ 12,153	$ -	$ 15,035	$ -	$ 27,188
Collectively evaluated for impairment	544,384	916,337	425,669	46,178	1,932,568
	$ 556,537	$ 916,337	$ 440,704	$ 46,178	$ 1,959,756

	Residential 1-4 Family 1st Mortgages	Residential 1-4 Family 2nd Mortgages	Consumer and Other	Total Retail Portfolio
Loans receivable:				
Individually evaluated for impairment	$ 27,734	$ 3,427	$ -	$ 31,161
Collectively evaluated for impairment	1,055,470	23,779	171,184	1,250,433
	$ 1,083,204	$ 27,206	$ 171,184	$ 1,281,594

The following table provides information regarding the Bank's allowance by portfolio based upon the method of evaluating loan impairment as of December 31, 2018:

(In thousands)	Commercial and Industrial	Multifamily	Commercial Real Estate	Construction and Land Development	Total Commercial Portfolio
Allowance for loan losses:					
Individually evaluated for impairment	$ 8,067	$ -	$ -	$ -	$ 8,067
Collectively evaluated for impairment	7,979	4,736	2,573	1,089	16,377
	$ 16,046	$ 4,736	$ 2,573	$ 1,089	$ 24,444

	Residential 1-4 Family 1st Mortgages	Residential 1-4 Family 2nd Mortgages	Consumer and Other	Total Retail Portfolio
Allowance for loan losses:				
Individually evaluated for impairment	$ 1,042	$ 445	$ -	$ 1,487
Collectively evaluated for impairment	9,093	1,407	764	11,264
	$ 10,135	$ 1,852	$ 764	$ 12,751

The activities in the allowance by portfolio for the three months ended March 31, 2019 are as follows:

(In thousands)	Commercial and Industrial	Multifamily	Commercial Real Estate	Construction and Land Development	Total Commercial Portfolio
Balance at beginning	$ 16,046	$ 4,736	$ 2,573	$ 1,089	$ 24,444
Provision for (recovery of) loan losses	2,733	(126)	(169)	(565)	1,873
Charge-offs	(8,383)	-	-	-	(8,383)
Recoveries	6	-	-	-	6
Ending Balance	$ 10,402	$ 4,610	$ 2,404	$ 524	$ 17,940

(In thousands)	Residential 1-4 Family 1st Mortgages	Residential 1-4 Family 2nd Mortgages	Consumer and Other	Total Retail Portfolio
Balance at beginning	$ 10,135	$ 1,852	$ 764	$ 12,751
Provision for (recovery of) loan losses	501	(158)	(30)	313
Charge-offs	(69)	(40)	(57)	(166)
Recoveries	331	175	48	554
Ending Balance	$ 10,898	$ 1,829	$ 725	$ 13,452

The activities in the allowance by portfolio for the three months ended March 31, 2018 are as follows:

	Commercial and Industrial	Multifamily	Commercial Real Estate	Construction and Land Development	Total Commercial Portfolio
	(In thousands)				
Balance at beginning of year	$ 15,455	$ 5,280	$ 3,377	$ 188	$ 24,300
Provision for loan losses	1,323	(525)	(182)	5	621
Charge-offs	-	-	-	-	-
Recoveries	-	-	-	-	-
Ending Balance	$ 16,778	$ 4,755	$ 3,195	$ 193	$ 24,921

	Residential 1-4 Family 1st Mortgages	Residential 1-4 Family 2nd Mortgages	Consumer and Other	Total Retail Portfolio
	(In thousands)			
Balance at beginning of year	$ 8,582	$ 2,683	$ 400	$ 11,665
Provision for loan losses	620	(610)	220	230
Charge-offs	(75)	(203)	(91)	(369)
Recoveries	388	499	48	935
Ending Balance	$ 9,515	$ 2,369	$ 577	$ 12,461

The following is additional information regarding the Bank's individually impaired loans and the allowance related to such loans as of March 31, 2019 and December 31, 2018:

	March 31, 2019			
(In thousands)	Recorded Investment	Average Recorded Investment	Unpaid Principal Balance	Related Allowance
Loans without a related allowance:				
Residential 1-4 family 1st mortgages	$ 3,086	$ 3,129	$ 4,371	$ -
Residential 1-4 family 2nd mortgages	401	764	401	-
	3,487	3,893	4,772	-
Loans with a related allowance:				
Residential 1-4 family 1st mortgages	23,142	23,853	26,411	989
Residential 1-4 family 2nd mortgages	2,773	2,537	2,773	512
Commercial real estate mortgages	14,902	14,969	15,026	-
Commercial and industrial	3,768	7,961	7,641	1
	44,585	49,320	51,851	1,502
Total individually impaired loans:				
Residential 1-4 family 1st mortgages	26,228	26,982	30,782	989
Residential 1-4 family 2nd mortgages	3,174	3,301	3,174	512
Commercial real estate mortgages	14,902	14,969	15,026	-
Commercial and industrial	3,768	7,961	7,641	1
	$ 48,072	$ 53,213	$ 56,623	$ 1,502

	December 31, 2018			
	Recorded Investment	Average Recorded Investment	Unpaid Principal Balance	Related Allowance
(In thousands)				
Loans without a related allowance:				
Residential 1-4 family 1st mortgages	$ 3,171	$ 3,640	$ 4,804	$ -
Residential 1-4 family 2nd mortgages	1,126	563	1,126	-
	4,297	4,203	5,930	-
Loans with a related allowance:				
Residential 1-4 family 1st mortgages	24,563	25,854	27,728	1,042
Residential 1-4 family 2nd mortgages	2,301	2,544	2,301	445
Commercial real estate mortgages	15,035	10,468	15,096	-
Commercial and industrial	12,153	12,361	16,041	8,067
	54,052	51,227	61,166	9,554
Total individually impaired loans:				
Residential 1-4 family 1st mortgages	27,734	29,494	32,532	1,042
Residential 1-4 family 2nd mortgages	3,427	3,107	3,427	445
Commercial real estate mortgages	15,035	10,468	15,096	-
Commercial and industrial	12,153	12,361	16,041	8,067
	$ 58,349	$ 55,430	$ 67,096	$ 9,554

As of March 31, 2019 and December 31, 2018, mortgage loans, net of hair-cuts, with an estimated value of $810.7 million and $792.0 million, respectively, are pledged to the FHLB to secure outstanding advances, letters of credit and borrowing capacity.

There were two related party loans outstanding as of March 31, 2019 and three outstanding as of December 31, 2018 with total principal balances of $1.0 million and $1.0 million, respectively. As of March 31, 2019, all related party loans were current.

6. DEPOSITS

Deposits are summarized as follows:

	March 31, 2019		December 31, 2018	
	Amount	Weighted Average Rate	Amount	Weighted Average Rate
(In thousands)				
Non-interest bearing demand deposit accounts	$ 1,709,921	0.00%	$ 1,565,503	0.00%
NOW accounts	223,195	0.43%	230,859	0.41%
Savings accounts	342,713	0.22%	335,254	0.21%
Money market deposit accounts	1,377,129	0.31%	1,548,699	0.30%
Time deposits	439,136	1.24%	424,991	1.00%
Brokered CD	14,981	0.00%	-	0.00%
	$ 4,107,075	0.28%	$ 4,105,306	0.26%

Note: The weighted average rate for total deposits includes non-interest bearing demand deposit accounts.

The scheduled maturities of time deposits, including brokered CD's are as follows:

	March 31, 2019
(In thousands)	
2019	$ 351,543
2020	73,976
2021	22,724
2022	2,527
2023	2,408
Thereafter	939
	$ 454,117

Time deposits of $250,000 or more aggregated to $82.8 million and $65.4 million as of March 31, 2019 and December 31, 2018, respectively.

From time to time the Bank 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 $203.0 million and $176.5 million as of March 31, 2019 and December 31, 2018, respectively. The average balance of such deposits was approximately $189.2 million and $133.3 million as of the quarter ended March 31, 2019 and the year ended December 31, 2018, respectively.

Our total deposits include deposits from Workers United and its related entities in the amounts of $104.4 million and $120.9 million as of March 31, 2019 and December 31, 2018, respectively.

Included in total deposits are state and municipal deposits totaling $100.4 million and $100.5 million as of March 31, 2019 and December 31, 2018, respectively. Such deposits are secured by letters of credit issued by the FHLB or by securities pledged with the FHLB.

7. BORROWED FUNDS

Borrowed funds are summarized as follows:

	March 31, 2019		December 31, 2018	
	Amount	Weighted Average Rate	Amount	Weighted Average Rate
(In thousands)				
FHLB advances	$ 253,775	2.47%	$ 92,875	2.13%

FHLB advances are collateralized by the FHLB stock owned by the Bank plus a pledge of other eligible assets comprised of securities and mortgage loans. As of March 31, 2019, the value of the other eligible assets has an estimated market value net of haircut totaling $1.2 billion (comprised of securities of $418.4 million and mortgage loans of $810.7 million). The pledged securities and mortgage loans have been delivered to the FHLB. The fair value of assets pledged to the FHLB is required to be not less than 110% of the outstanding advances.

The following table summarizes the carrying value of significant categories of borrowed funds as of March 31, 2019 by contractual maturity:

	FHLB Advances
(In thousands)	
2019	$ 237,200
2020	16,575
	$ 253,775

8. EARNINGS PER SHARE

The two-class method is used in the calculation of basic and diluted 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 options are not considered participating securities and the Bank has no other participating securities. The assumed conversion of our options was dilutive for the quarter ended March 31, 2019 and therefore was included in the computation of diluted earnings per share. The factors used in the earnings per share computation follow:

	Three Months Ended March 31,	
	2019	2018
(In thousands, except per share amounts)		
Net income attributable to Amalgamated Bank	$ 10,813	$ 7,661
Dividends paid on preferred stock	-	-
Income attributable to common stock	$ 10,813	$ 7,661
Weighted average common shares outstanding, basic	31,772	28,061
Basic earnings per common share	**$ 0.34**	**$ 0.27**
Income attributable to common stock	$ 10,813	$ 7,661
Weighted average common shares outstanding, basic	31,772	28,061
Incremental shares from assumed conversion of options	550	-
Weighted average common shares outstanding, diluted	32,322	28,061
Diluted earnings per common share	**$ 0.33**	**$ 0.27**

9. EMPLOYEE BENEFIT PLANS

Long Term Incentive Plan

During the three months ended March 31, 2019, there was no change in the options outstanding and no new options or other equity instruments were issued by the Bank.

A summary of the status of the Bank's options as of March 31, 2019 follows:

	Number of Options	Weighted Avg Exercise Price
Outstanding, December 31, 2018	2,304,720	$ 12.85
Granted	-	-
Exercised	-	-
Forfeited	-	-
Outstanding, March 31, 2019	2,304,720	12.85
Vested and Exercisable, March 31, 2019	1,755,652	$ 12.39

The weighted average remaining contractual life of the outstanding options at March 31, 2019 is 7.2 years. The weighted average remaining life of the options exercisable at March 31, 2019 is 6.9 years. The range of exercise prices is $11.00 to $14.65 per share.

Total option compensation costs for the three months ended March 31, 2019 was $0.4 million and is recorded within the Consolidated Statements of Income. Of the unvested portion of the options, $1.1 million and $0.7 million will be recognized in 2019 and 2020, respectively.

10. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

Level 1 - Valuations are based on quoted prices in active markets for identical assets or liabilities. Accordingly, valuation of these assets and liabilities does not entail a significant degree of judgment. Examples include most U.S. Government securities and exchange-traded equity securities.

Level 2 - Valuations are based on either quoted prices in markets that are not considered to be active or significant inputs to the methodology that are observable, either directly or indirectly. Financial instruments in this level would generally include mortgage-related securities and other debt issued by GSEs, non-GSE mortgage-related securities, corporate debt, certain redeemable fund investments and certain trust preferred securities.

Level 3 - Valuations are based on inputs to the methodology that are unobservable and significant to the fair value measurement. These inputs reflect management's own judgments about the assumptions that market participants would use in pricing the assets and liabilities.

The following summarizes those financial instruments measured at fair value in the consolidated statements of financial condition categorized by the relevant class of investment and level of the fair value hierarchy:

	March 31, 2019			
	Level 1	Level 2	Level 3	Total
(In thousands)				
Available for sale securities:				
Mortgage-related:				
GSE residential certificates	$ -	$ 75,935	$ -	$ 75,935
GSE CMOs	-	293,075	-	293,075
GSE commercial certificates	-	242,026	-	242,026
Non-GSE residential certificates	-	86,778	-	86,778
Non-GSE commercial certificates	-	60,883	-	60,883
Other debt:				
U.S. Treasury	199	-	-	199
ABS	-	456,127		456,127
Trust preferred	-	16,570	-	16,570
Corporate	-	10,138	-	10,138
Other	-	990	-	990
Total assets carried at fair value	$ 199	$ 1,242,522	$ -	$ 1,242,721

	December 31, 2018			
	Level 1	Level 2	Level 3	Total
(In thousands)				
Available for sale securities:				
Mortgage-related:				
GSE residential certificates	$ -	$ 79,771	$ -	$ 79,771
GSE CMOs	-	270,988	-	270,988
Non-GSE residential certificates	-	101,362	-	101,362
GSE commercial certificates	-	233,166	-	233,166
Non-GSE commercial certificates	-	55,060	-	55,060
Other debt:	-			
U.S. Treasury	198	-	-	198
ABS	-	403,996		403,996
Trust preferred	-	15,990	-	15,990
Corporate	-	13,649	-	13,649
Other	-	990	-	990
Total assets carried at fair value	$ 198	$ 1,174,972	$ -	$ 1,175,170

During the periods ended March 31, 2019 and December 31, 2018, there were no transfers of financial instruments between Level 1 and Level 2 and there were no financial instruments measured at fair value and categorized as Level 3 in the consolidated statement of financial condition.

The following tables summarize assets measured at fair value on a non-recurring basis:

	March 31, 2019				
(In thousands)	Carrying Value	Level 1	Level 2	Level 3	Estimated Fair Value
Fair Value Measurements:					
Impaired loans	$ 46,570	$ -	$ -	$ 46,570	$ 46,570
Other real estate owned	1,058	-	-	1,173	1,173
	$ 47,628	$ -	$ -	$ 47,743	$ 47,743

	December 31, 2018				
(In thousands)	Carrying Value	Level 1	Level 2	Level 3	Estimated Fair Value
Fair Value Measurements:					
Impaired loans	$ 48,795	$ -	$ -	$ 48,795	$ 48,795
Other real estate owned	844	-	-	977	977
	$ 49,639	$ -	$ -	$ 49,772	$ 49,772

A description of the methods, factors and significant assumptions utilized in estimating the fair values for significant categories of financial instruments follows:

- Securities – 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. Held to maturity securities are generally categorized as Level 2.

- Deposits – Deposits without a defined maturity date are valued at the amount payable on demand. Certificates of deposit, which are categorized as Level 2, are valued using a present value technique that incorporates current rates offered by the Bank for certificates of comparable remaining maturity.

- Borrowed funds – FHLB advances and repurchase agreements are valued using a present value technique that incorporates current rates offered by the FHLB for advances of comparable remaining maturity. FHLB advances and repurchase agreements are categorized as Level 2.

- FHLB stock – FHLB stock is a non-marketable equity security categorized as Level 2 and reported at cost, which equals par value (the amount at which shares have been redeemed in the past). No significant observable market data is available for this security.

- Other – The Bank holds or issues other financial instruments for which management considers the carrying value to approximate fair value. Such items include cash and due from banks; interest-bearing deposits in banks, and accrued interest receivable and payable. Many of these items are short term in nature with minimal risk characteristics.

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.

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 Bank's total enterprise value.

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

	March 31, 2019				
(In thousands)	**Carrying Value**	**Level 1**	**Level 2**	**Level 3**	**Estimated Fair Value**
Financial assets:					
Cash and cash equivalents	$ 132,154	$ 132,154	$ -	$ -	$ 132,154
Available for sale securities	1,242,721	199	1,242,522	-	1,242,721
Held to maturity securities	9,317	-	9,481	-	9,481
Loans receivable, net	3,267,015	-	-	3,227,980	3,227,980
FHLBNY stock (1)	14,426	-	14,426		14,426
Accrued interest and dividends receivable	14,872	-	14,872	-	14,872
Other assets (2)	818	-	-	818	818
Financial liabilities:					
Deposits payable on demand	3,652,958	-	3,652,958	-	3,652,958
Time deposits	454,117	-	454,311	-	454,311
Borrowed funds	253,775	-	253,569	-	253,569
Accrued interest payable	1,259	-	1,259	-	1,259

(1) Prices not quoted in active markets but redeemable at par.

(2) Loans held for sale recorded in other assets.

	December 31, 2018				
(In thousands)	Carrying Value	Level 1	Level 2	Level 3	Estimated Fair Value
Financial assets:					
Cash and cash equivalents	$ 80,845	$ 80,845	$ -	$ -	$ 80,845
Available for sale securities	1,175,170	198	1,174,972	-	1,175,170
Held to maturity securities	4,081	-	4,103	-	4,103
Loans receivable, net	3,210,636	-	-	3,143,214	3,143,214
FHLBNY stock (1)	7,186	-	7,186		7,186
Accrued interest and dividends receivable	14,387	-	14,387	-	14,387
Other assets (2)	587	-	-	587	587
Financial liabilities:					
Deposits payable on demand	3,680,314	-	3,680,314	-	3,680,314
Time deposits	424,991	-	424,937	-	424,937
Borrowed funds	92,875	-	92,505	-	92,505
Accrued interest payable	1,032	-	1,032	-	1,032

(1) Prices not quoted in active markets but redeemable at par

(2) loans held for sale recorded in other assets.

11. COMMITMENTS, CONTINGENCIES AND OFF BALANCE SHEET RISK

Credit Commitments

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

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

(In thousands)	At March 31, 2019		At December 31, 2018	
Commitments to extend credit	$	342,563	$	271,474
Standby letters of credit		13,280		14,024
Total	$	355,843	$	285,498

Commitments to extend credit are agreements 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 Bank'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 Bank 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 Bank considers this carrying value, which is not material, to approximate the estimated fair value of these financial instruments.

The Bank reserves for the credit risk inherent in off balance sheet credit commitments. This reserve, which is included in other liabilities, amounted to approximately $1.1 million and $1.6 million as of March 31, 2019 and December 31, 2018, respectively.

12. LEASES

The Bank as a lessee has operating leases primarily consisting of real estate arrangements where the Bank operates its headquarters, branches and business production offices. All leases identified as in scope are accounted for as operating leases as of March 31, 2019. 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 leases liability on the Consolidated Statements of Financial Condition. The ROU asset represents the Bank's right to use the underlying asset for the lease term and the lease liabilities represent the obligation to make lease payments arising from the lease. The ROU asset and related lease liability were recognized at commencement on the adoption date of January 1, 2019 and are primarily based on the present value of lease payments over the lease term. The Bank 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 lease liability. The IBR reflects the interest rate the Bank 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 for the three months ended March 31, 2019:

(In thousands)		
Operating lease cost	$	2,523
Cash paid for amounts included in the measurement of Operating leases liability	$	2,732
Weighted average remaining lease term on operating leases (in years)		7.2
Weighted average discount rate used for operating leases liability		3.24%

Note: Sublease income and variable income or expense considered immaterial

Rent expense under Topic 840 for the three months ended March 31, 2018 was $2.7 million.

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:

(In thousands)		
2019 remaining	$	8,044
2020		10,743
2021		10,583
2022		10,233
2023		9,725
Thereafter		28,395
Total undiscounted operating lease payments		77,723
Less: present value adjustment		9,319
Total Operating leases liability	$	68,404

The following table presents the remaining commitments for operating lease payments for the next five years in accordance with previous lease accounting standards under Topic 840 (in thousands):

Year Ending December 31,		
2019	$	10,776
2020		10,743
2021		10,583
2022		10,233
2023		9,725
Thereafter		28,395
	$	80,455

13. BUSINESS COMBINATIONS

On May 18, 2018, the Bank closed on its acquisition of NRB, and NRB merged with and into the Bank. The merger was structured as an all-stock transaction except for the cash out of existing options at the agreed upon price of $9.67 per share. The Bank acquired assets of $412.1 million, on a fair value basis, including $335.2 million in loans, and $21.4 million in investment securities and assumed $361.9 million of deposits as of the acquisition date.

Under the terms of the merger agreement, the Bank acquired NRB at a purchase price of $58.8 million and issued an aggregate of 3,710,600 common shares and $1.3 million in cash in exchange for all the issued and outstanding common stock of NRB. The Bank recorded goodwill of $12.9 million and a core deposit intangible of $9.1 million, which are not deductible for tax purposes.

The Bank accounted for the acquisition under the acquisition method of accounting in accordance with FASB ASC 805, “Business Combinations.” Accordingly, the assets acquired and liabilities assumed were recorded at their respective acquisition date fair values, and identifiable intangible assets were recorded at fair value.

The following table summarizes the preliminary fair value of the assets acquired and liabilities assumed:

(In thousands)		**May 18, 2018**
Cash and due from banks	$	33,085
Securities		21,367
Loans		335,152
Bank owned life insurance		5,336
Core deposit intangible assets		9,071
Other assets		8,059
Total Assets Acquired	$	412,070
Deposits	$	361,898
Other liabilities acquired		4,320
Total Liabilities Assumed	$	366,218
Net assets acquired		45,852
Consideration - stock		57,447
Consideration - cash		1,341
Total Consideration Paid		58,788
Goodwill Recorded on Acquisition	$	12,936

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

(In thousands)		
2019 remaining	$	985
2020		1,370
2021		1,207
2022		1,047
2023		888
Thereafter		2,216
Total	$	7,713

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

The following discussion and analysis presents information concerning our consolidated financial condition as of March 31, 2019, as compared to December 31, 2018, and our results of operations for the three months ended March 31, 2019 and March 31, 2018. 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, 2018. 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. Comments regarding our business that are not historical facts are considered forward-looking statements that involve inherent risks and uncertainties. Actual results may differ materially from those contained in these forward-looking statements. For additional information regarding our cautionary disclosures, see the "*Cautionary Statement Regarding Forward-Looking Statements*" beginning on page ii of this report.

Unless we state otherwise or the context otherwise requires, references in this report to "we," "our," "us," the "Bank" and "Amalgamated" refer to Amalgamated Bank and its consolidated subsidiaries.

Overview

Our business

Amalgamated Bank is a commercial bank and chartered trust company headquartered in New York, New York with approximately $4.9 billion in total assets, $3.3 billion in total loans and $4.1 billion in total deposits as of March 31, 2019.

We were 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 and food service industries, remains a significant stockholder, holding approximately 40% of our equity as of March 31, 2019.

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 12 branch locations across four boroughs of New York City, one branch office in Washington, D.C., one branch in San Francisco, our domestic representative office in Pasadena, California, one loan production office in Falls Church, Virginia, one loan production office in Boulder, Colorado 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 mortgages, 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. As of March 31, 2019, we oversaw $30.1 billion in assets and managed $11.8 billion in investments.

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, 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. We have obtained B Corporation™ certification, a distinction we earned after being evaluated under rigorous standards of social and environmental performance, accountability, and transparency. We are also the largest of 10 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.

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, the most significant of which are described in Note 1 of our audited consolidated financial statements, starting on page 84 of our Form 10-K filed with the FDIC on March 28, 2019. To prepare financial statements in conformity with GAAP, management makes estimates, assumptions and judgments based on available information. These estimates, assumptions and judgments affect the amounts reported in the financial statements and accompanying notes. These estimates, assumptions and judgments are based on information available as of the date of the financial statements and, as this information changes, actual results could differ from the estimates, assumptions and judgments reflected in the financial statements. In particular, we have identified the determination of the allowance for loan losses (the "allowance") to be the accounting area that, due to the estimates, assumptions and judgments inherent in such policy, requires the most subjective or complex judgments and, as such, could be most subject to revision as new or additional information becomes available or circumstances change, including overall changes in the economic climate and/or market interest rates. Therefore, we consider it to be a critical accounting policy and have discussed this policy with the Audit Committee of our Board of Directors.

Management has also identified accounting policies that, due to the estimates, assumptions and judgments inherent in those policies, are significant in understanding our financial statements. Management has presented the application of these policies to the Audit Committee of our Board of Directors. Additional information about our significant accounting policies and estimates can be found in Note 1 of our consolidated financial statements, starting on page 84 of our Form 10-K filed with the FDIC on March 28, 2019. In particular, we have identified the use of fair values in determining the carrying values of certain assets and liabilities and income taxes to be significant accounting policies and have discussed these policies with the Audit Committee of our Board of Directors.

Our critical and significant accounting policies are also more fully described in "Significant Accounting Policies and Estimates" in our Annual Report on Form 10-K for the year ended December 31, 2018. There were no material changes to our critical and significant accounting policies or the estimates made pursuant to those policies during the most recent quarter.

SELECTED FINANCIAL DATA

The following table sets forth our unaudited selected historical consolidated financial data for the periods and as of the dates indicated. This data should be read in conjunction with the unaudited consolidated financial statements and the notes thereto contained elsewhere in this report and the information contained in this "*Management's Discussion and Analysis of Financial Condition and Results of Operations*."

(In thousands)	Three Months Ended March 31, 2019	Three Months Ended March 31, 2018
Selected Operating Data:		
Interest income	$ 45,774	$ 36,243
Interest expense	5,001	3,442
Net interest income	40,773	32,801
Provision for (recovery of) loan losses	2,186	851
Net interest income after provision for loan losses	38,587	31,950
Non-interest income	7,417	7,015
Non-interest expense	31,448	28,788
Income before income taxes	14,556	10,177
Provision (benefit) for income taxes	3,743	2,516
Net income	$ 10,813	$ 7,661
Selected Financial Data:		
Total assets	$ 4,914,479	$ 4,154,035
Total cash and cash equivalents	132,154	53,540
Investment securities	1,252,038	985,351
Total net loans	3,267,015	2,881,909
Bank-owned life insurance	79,485	72,540
Total deposits	4,107,075	3,335,567
Borrowed funds	253,775	401,775
Total common stockholders' equity	455,345	339,752
Total stockholders' equity	455,479	346,586
Selected Financial Ratios and Other Data (1):		
Earnings		
Basic	$ 0.34	$ 0.27
Diluted	0.33	0.27
Book value per common share (excluding minority interest)	14.33	12.35
Common shares outstanding	31,771,585	28,060,984
Weighted average common shares outstanding, basic	31,771,585	28,060,984
Weighted average common shares, outstanding diluted	32,321,585	28,060,984

(1) March 31, 2018 balances effected for stock split that occurred on July 27, 2018

	Three Months Ended March 31,	
	2019	2018
Selected Performance Metrics:		
Return on average assets	0.92%	0.77%
Return on average equity	9.82%	8.96%
Loan yield	4.44%	4.15%
Securities yield	3.37%	2.83%
Deposit cost	0.31%	0.26%
Net interest margin	3.65%	3.43%
Efficiency ratio	65.26%	71.67%
Asset Quality Ratios:		
Nonaccrual loans to total loans	0.45%	0.71%
Nonperforming assets to total assets	1.15%	1.35%
Allowance for loan losses to nonaccrual loans	212%	180%
Allowance for loan losses to total loans	0.95%	1.26%
Annualized net charge-offs (recoveries) to average loans	1.00%	(0.02%)
Capital Ratios:		
Tier 1 leverage capital ratio	8.90%	8.60%
Tier 1 risk-based capital ratio	13.31%	11.58%
Total risk-based capital ratio	14.33%	12.83%
Common equity tier 1 capital ratio	13.31%	11.36%

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 loan 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.

We had net income for the first quarter of 2019 of $10.8 million, or $0.33 per average diluted share, compared to $7.7 million, or $0.27 per average diluted share, for the first quarter of 2018. The $3.2 million increase in net income for the first quarter of 2019, compared to the first quarter of 2018, was primarily due to an $8.0 million increase in net interest income, partially offset by a $2.7 million increase in non-interest expense, a $1.3 million increase in our provision for loan losses, and a $1.2 million increase in our provision for income taxes.

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, FHLB advances 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.

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 accordance with criteria noted above:

(In thousands)	Three Months Ended March 31, 2019			Three Months Ended March 31, 2018		
	Average Balance	**Income / Expense**	**Yield / Rate**	**Average Balance**	**Income / Expense**	**Yield / Rate**
Interest earning assets:						
Interest-bearing deposits in banks	$ 73,296	$ 293	1.62%	$ 75,078	$ 436	2.35%
Securities and FHLB stock	1,225,700	10,185	3.37%	950,143	6,633	2.83%
Loans held for sale	2,818	-	0.00%	-	-	0.00%
Total loans, net (1)	3,224,604	35,296	4.44%	2,849,310	29,174	4.15%
Total interest earning assets	4,526,418	45,774	4.10%	3,874,531	36,243	3.79%
Non-interest earning assets:						
Cash and due from banks	9,988			6,906		
Other assets	251,468			173,339		
Total assets	$ 4,787,874			$ 4,054,776		
Interest bearing liabilities:						
Savings, NOW and money market deposits	1,877,349	$ 1,867	0.40%	1,489,690	$ 1,301	0.35%
Time deposits	440,428	1,079	0.99%	386,256	788	0.83%
Total deposits	2,317,777	2,946	0.52%	1,875,946	2,089	0.45%
Federal Home Loan Bank advances	328,476	2,046	2.53%	360,101	1,353	1.52%
Other Borrowings	1,333	9	2.64%	-	-	0.00%
Total interest bearing liabilities	2,647,586	5,001	0.77%	2,236,047	3,442	0.62%
Non interest bearing liabilities:						
Demand and transaction deposits	1,598,637			1,423,451		
Other liabilities	95,187			48,352		
Total liabilities	4,341,410			3,707,850		
Stockholders' equity	446,464			346,926		
Total liabiliites and stockholders' equity	$ 4,787,874			$ 4,054,776		
Net interest income / interest rate spread		40,773	3.34%		32,801	3.17%
Net interest earning assets / net interest margin	$ 1,878,832		3.65%	$ 1,638,484		3.43%

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

Our net interest income was $40.8 million for the first quarter of 2019, an increase of $8.0 million, or 24.3%, from the first quarter of 2018. This increase was primarily attributable to an increase in average net loans of $375.3 million, an increase in average securities of $275.6 million, an increase in the yield on average loans of 29 basis points, and an increase in the yield on average securities and FHLB stock of 54 basis points. These increases were partially offset by an increase in average interest bearing deposits of $441.8 million, an increase in the rate paid on interest bearing deposits of seven basis points, and an increase in the rate paid on FHLB borrowings of 101 basis points. We also recognized $0.6 million of accretion income on loans acquired in our acquisition of NRB that closed in the second quarter of 2018, adding five basis points to our net interest margin in the first quarter of 2019.

Our net interest spread was 3.34% for the first quarter of 2019, compared to 3.17% for the first quarter of 2018, an increase of 17 basis points. Our net interest margin was 3.65% for the first quarter of 2019, compared to 3.43% for the first quarter of 2018, an increase of 22 basis points.

The yield on average earning assets was 4.10% for the first quarter of 2019, compared to 3.79% for the first quarter of 2018, an increase of 31 basis points. This increase was driven primarily by an increase in yields on securities and loans due to an increasing Federal Funds rate.

The average rate on interest-bearing liabilities was 0.77% for the first quarter of 2019, an increase of 15 basis points from the first quarter of 2018, which was primarily due to higher rates on deposits and borrowings as a result of an increasing Federal Funds rate. The average rate paid on interest-bearing deposits was 0.52% for the first quarter of 2019, an increase of seven basis points from the first quarter of 2018, which was primarily due to an increase in deposit rates in response to an increasing Federal Funds rate. Noninterest-bearing deposits represented 40.8% of average deposits for the three months ended March 31, 2019, contributing to a total cost of deposits of 31 basis points in the first quarter of 2019.

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 (rates). The table below presents the effect of volume and rate changes on interest income and expense. Changes in volume are changes in the average balance multiplied by the previous period's average rate. Changes in rate are changes in the average rate multiplied by the average balance from the previous period. The net changes attributable to the combined impact of both rate and volume have been allocated proportionately to the changes due to volume and the changes due to rate:

	Three Months Ended March 31, 2019 over March 31, 2018		
(In thousands)	Changes Due To		
	Volume	Rate	Net Change
Interest earning assets:			
Interest-bearing deposits in banks	$ (10)	$ (133)	$ (143)
Securities and FHLB stock	2,145	1,406	3,551
Total loans, net	4,017	2,106	6,123
Total interest income	6,152	3,379	9,531
Interest bearing liabilities:			
Savings, NOW and money market deposits	369	197	566
Time deposits	119	172	291
Total deposits	488	369	857
Federal Home Loan Bank advances	(769)	1,462	693
Other Borrowings	9	-	9
Total borrowings	(760)	1,462	702
Total interest expense	(272)	1,831	1,559
Change in net interest income	$ 6,424	$ 1,548	$ 7,972

Provision for Loan Losses

We establish an allowance through a provision for loan losses charged as an expense in our Consolidated Statements of Income. The provision for loan losses is the amount of expense that, based on our judgment, is required to maintain the allowance at an adequate level to absorb probable losses inherent in the loan portfolio at the balance sheet date and that, in management's judgment, is appropriate under GAAP. Our determination of the amount of the allowance and corresponding provision for loan losses considers ongoing evaluations of the credit quality and level of credit risk inherent in our loan portfolio, levels of nonperforming loans and charge-offs, statistical trends and economic and other relevant factors. The allowance is increased by provisions charged to expense and decreased by provisions released from expense or by actual charge-offs, net of recoveries on prior loan charge-offs. In accordance with accounting guidance for business combinations, we recorded all loans acquired in our acquisition of NRB at their estimated fair value at the date of acquisition with no carryover of the related allowance.

Our provisions for loan losses totaled a $2.2 million for the first quarter of 2019, compared to $0.9 million for the first quarter of 2018. The provision for the first quarter of 2019 was primarily driven by additional allowance on criticized and classified loans in the C&I portfolio. The provision for the first quarter of 2018 was primarily due to higher specific reserves on C&I loans offset by recoveries in the retail portfolio.

For a further discussion of the allowance for loan losses, see "*Allowance for Loan Losses*" below.

Non-Interest Income

Our non-interest income primarily includes Trust Department fees, which consist of fees received in connection with investment and custodial management services of investment accounts, service fees charged on deposit accounts, income on bank-owned life insurance, or BOLI, gain or loss on other real estate owned, and gain or loss on the sale of investment securities available for sale.

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

(In thousands)	Three Months Ended March 31, 2019	Three Months Ended March 31, 2018
Trust Department fees	$ 4,721	$ 4,649
Service charges on deposit accounts	1,871	1,779
Bank-owned life insurance	420	404
Gain (loss) on sale of investment securities available for sale, net	292	(101)
Gain (loss) on other real estate owned, net	(249)	(27)
Other income	362	311
Total non-interest income	$ 7,417	$ 7,015

Our non-interest income increased to $7.4 million for the first quarter of 2019, up $0.4 million, or 5.7%, from $7.0 million in the first quarter of 2018. The increase was primarily due to higher gains on the sale of investment securities of $0.3 million in the first quarter of 2019 compared to a loss of $0.1 million in the first quarter of 2018 and modest increases in Trust Department fees, service charges on deposit accounts, and other income. These increases were partially offset by higher losses on the liquidation of residential real estate acquired as the result of foreclosure on delinquent residential mortgages.

Our investment management business earns fees from a real estate fund that will wind down over the next few years. This fund generated $1.0 million in fees, included within Trust Department fees, during the first quarter of 2019, and $1.0 million in fees during the first quarter of 2018. In the second quarter of 2019, we distributed $60 million in assets from this fund back to investors and expect our fees on this fund to decrease by approximately $150,000 per quarter, or $600,000 annually, as result. We expect that management fees from this real estate fund will decline as properties are liquidated.

Non-Interest Expense

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

	Three Months Ended March 31,	
(In thousands)	2019	2018
Compensation and employee benefits	$ 17,430	$ 15,376
Occupancy and depreciation	4,271	4,002
Professional fees	3,165	3,193
FDIC deposit insurance	491	554
Data processing	2,749	2,336
Office maintenance and depreciation	887	947
Amortization of intangible assets	389	-
Advertising and promotion	622	646
Other	1,444	1,734
Total non-interest expense	$ 31,448	$ 28,788

Our non-interest expense increased to $31.4 million for the first quarter of 2019, up $2.7 million, or 9.2%, from $28.8 million for the first quarter of 2018. The increase was primarily due to a $2.1 million increase in compensation and employee benefits expense, primarily due to our acquisition of NRB and other increases in salaries and benefits, a $0.4 million increase in data processing expense, and $0.4 million of amortization expense on intangible assets related to the core deposit intangible from our acquisition of NRB. These increases were partially offset by a $0.2 million reduction in other expenses driven primarily by the release of $0.6 million in off-balance sheet provision in the first quarter of 2019 of which $0.3 million was related to the indirect C&I loan which experienced a charge-off in the quarter.

Income Taxes

We had income tax expense of $3.7 million for the three months ended March 31, 2019, compared to $2.5 million for the three months ended March 31, 2018. The $1.2 million increase in income tax expense was primarily due to an increase in pre-tax earnings of $4.4 million in the three months ended March 31, 2019, compared to the three months ended March 31, 2018. Our effective tax rate was 25.7% for the three months ended March 31, 2019, compared to 24.7% for the three months ended March 31, 2018.

Financial Condition

Balance Sheet

Our total assets were $4.9 billion at March 31, 2019, compared to $4.7 billion at December 31, 2018. The $229.0 million increase was driven primarily by $72.7 million increase in investment securities, $51.3 million increase in cash and cash equivalents, $56.4 million increase in loans receivable, net and the addition of a $53.3 million right of use asset as the result of adopting *ASC 842 – Leases* in the first quarter of 2019. Our total loans, net, were $3.3 billion at March 31, 2019, compared to $3.2 billion at December 31, 2018. The increase of $56.4 million is described below.

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 goals and to provide collateral for certain types of deposits or borrowings. 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. GNMA is a wholly-owned U.S. Government corporation whereas FHLMC and FNMA are private corporations controlled by the U.S. Government. Mortgage-related securities may include mortgage pass-through certificates, participation certificates and collateralized mortgage obligations.

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 during the three months ended March 31, 2019 or for the year ended December 31, 2018. 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 both March 31, 2019 and December 31, 2018, we had available for sale securities of $1.2 billion. The activity was primarily from purchases of fixed rate asset backed and agency securities, partially offset by sales, primarily agency securities, and pay-downs.

The held to maturity securities portfolio primarily consists of tax exempt Municipal securities, GSE residential certificates and other debt. We carry these securities at amortized cost. We had held to maturity securities of $9.3 million at March 31, 2019, and $4.1 million at December 31, 2018.

Certain securities have fair values less than amortized cost and, therefore, contain unrealized losses. At March 31, 2019, we evaluated those securities which had an unrealized loss for OTTI, and determined all of the decline in value to be temporary. There were $726.3 million of investment securities with unrealized losses at March 31, 2019 of which $23.1 million had a continuous unrealized loss position for 12 consecutive months or longer that was greater than 5% of amortized cost. We anticipate full recovery of amortized cost with respect to these securities by the time that these securities mature, or sooner in the case that a more favorable market interest rate environment causes their fair value to increase. We do not intend to sell these securities and it is more likely than not that we will be required to sell them before full recovery of their amortized cost basis, which may be at the time of their maturity.

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

	March 31, 2019		December 31, 2018	
(In thousands)	**Amount**	**% of Portfolio**	**Amount**	**% of Portfolio**
Available for sale:				
Mortgage-related:				
GSE residential certificates	$ 75,935	6.1%	$ 79,771	6.8%
GSE residential CMOs	293,075	23.4%	270,988	23.0%
GSE commercial certificates & CMO	242,026	19.3%	233,166	19.8%
Non-GSE residential certificates	86,778	6.9%	101,362	8.6%
Non-GSE commercial certificates	60,883	4.9%	55,060	4.7%
Other debt:				
U.S. Treasury	199	0.0%	198	0.0%
ABS	456,127	36.4%	403,996	34.1%
Trust preferred	16,570	1.3%	15,990	1.4%
Corporate	10,138	0.8%	13,649	1.1%
Other	990	0.1%	990	0.1%
Total available for sale	1,242,721	99.3%	1,175,170	99.6%
Held to maturity:				
Mortgage-related:				
GSE residential certificates	652	0.1%	656	0.1%
Non GSE commercial certificates	315	0.0%	325	0.0%
Other debt:				
Municipal	5,250	0.4%	-	0.0%
Other	3,100	0.2%	3,100	0.3%
Total held to maturity	9,317	0.7%	4,081	0.4%
Total securities	$ 1,252,038	100.0%	$ 1,179,251	100.0%

The following table shows contractual maturities and yields for the securities avilable for sale portfolio:

Contractual Maturity as of March 31, 2019

(*In thousands*)	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:								
Mortgage-related:								
GSE residential certificates	$ -	0.0%	$ -	0.0%	$ 15,661	1.6%	$ 61,617	2.3%
GSE residential CMOs	-	0.0%	-	0.0%	5,150	1.4%	288,173	3.0%
GSE commercial certificates & CMO	-	0.0%	59,281	2.3%	45,268	2.9%	137,451	2.7%
Non-GSE residential certificates	-	0.0%	-	0.0%	-	0.0%	86,956	3.1%
Non-GSE commercial certificates	-	0.0%	-	0.0%	-	0.0%	61,034	3.5%
Other debt:								
U.S. Treasury	200	1.5%	-	0.0%	-	0.0%	-	0.0%
ABS	-	0.0%	10,253	3.9%	86,726	3.8%	360,166	3.9%
Trust preferred	-	0.0%	-	0.0%	17,955	3.2%	-	0.0%
Corporate	-	0.0%	-	0.0%	9,953	6.3%	-	0.0%
Other	1,000	2.8%	-	0.0%	-	0.0%	-	0.0%
Held to maturity:								
Mortgage-related:								
GSE residential certificates	-	0.0%	-	0.0%	15	6.4%	637	3.7%
Non GSE commercial certificates	-	0.0%	-	0.0%	-	0.0%	315	5.5%
Other debt:								
Municipal	-	0.0%	-	0.0%	-	0.0%	5,250	3.4%
Other	-	0.0%	3,100	3.3%	-	0.0%	-	0.0%
Total securities	$ 1,200	2.5%	$ 72,634	2.6%	$ 180,728	3.4%	$1,001,599	3.3%

(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 ABS securities by sector and ratings:

March 31, 2019

ABS Securities:

					Credit Ratings *Highest Rating if split rated*				
(In thousands)	Amount	%	Expected Avg. Life in Years	% Floating	% AAA	% AA	% A	% Not Rated	Total
CLO Commercial & Industrial	$ 257,784	57%	4.0	100%	100%	0%	0%	0%	100%
Consumer	58,928	13%	4.1	0%	25%	5%	63%	7%	100%
Mortgage	75,190	16%	2.3	100%	100%	0%	0%	0%	100%
Student	64,225	14%	5.1	59%	85%	8%	7%	0%	100%
Total Securities:	$ 456,127	100%	3.9	81%	88%	2%	9%	1%	100%

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, were $3.3 billion as of March 31, 2019 compared to $3.2 billion as of December 31, 2018. 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 first 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 2019, we purchased $45.5 million of Property Assessed Clean Energy loans made to help borrowers finance the installation of energy efficient improvements in residential properties, the repayment of which is paid as part of their tax assessment. These loans are reported as residential loans. Also in the first quarter of 2019, we purchased $6.3 million of longer reset adjustable rate commercial loans that are unconditionally guaranteed by the United States government. We plan to selectively evaluate the purchase of additional loan pools that meet our underwriting criteria as part of our strategic plan.

The following table sets forth the composition of our loan portfolio, including our purchased loan pools, as of March 31, 2019 and December 31, 2018:

(In thousands)	At March 31, 2019		At December 31, 2018	
	Amount	% of total loans	Amount	% of total loans
Commercial portfolio:				
Commercial and industrial	$ 527,200	16.0%	$ 556,537	17.2%
Multifamily mortgages	921,588	28.0%	916,337	28.3%
Commercial real estate mortgages	428,534	13.0%	440,704	13.6%
Construction and land development mortgages	45,734	1.4%	46,178	1.4%
Total commercial portfolio	1,923,056	58.4%	1,959,756	60.5%
Retail portfolio:				
Residential 1-4 family (1st mortgage)	1,176,551	35.8%	1,083,204	33.4%
Residential 1-4 family (2nd mortgage)	26,906	0.8%	27,206	0.8%
Consumer and other	164,412	5.0%	171,184	5.3%
Total retail	1,367,869	41.6%	1,281,594	39.5%
Total loans	3,290,925	100.0%	3,241,350	100.0%
Net deferred loan origination fees (costs)	7,482		6,481	
Allowance for loan losses	(31,392)		(37,195)	
Total loans, net	$ 3,267,015		$ 3,210,636	

Commercial loan portfolio

Our commercial loan portfolio comprised 58% of our total loan portfolio at March 31, 2019 and 61% of our total loan portfolio at December 31, 2018. 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. The primary source of repayment for C&I loans is generally operating cash flows of the business. We also seek to minimize risks related to these loans by requiring such loans to be collateralized by various business assets (including inventory, equipment and accounts receivable). 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 will generally be mission aligned with our core values including organic and natural products, sustainable companies, clean energy, nonprofits, and B Corporations ™.

Our C&I loans totaled $527.2 million at March 31, 2019, which comprised 16% of our total loan portfolio. During the first three months of 2019, the C&I loan portfolio decreased by 5.3% from $556.5 million at December 31, 2018 as a result of our decision to deemphasize certain parts of this portfolio. We expect to continue reducing the size of our indirect C&I portfolio as a result of our strategic decision to no longer originate these loans. As of April 30, 2019, we have reduced our indirect C&I portfolio by $127 million through pay-offs and sales.

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 80% of their exposure in NYC—our largest geographic concentration. 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.

CRE. Our CRE loans are used to purchase or refinance office buildings, retail centers, industrial facilities, medical facilities and mixed-used buildings. Included in this total are 42 owner-occupied buildings which account for an aggregate total of $51.9 million in loans as of March 31, 2019.

Retail loan portfolio

Our retail loan portfolio comprised 42% of our loan portfolio at March 31, 2019 and 40% of our loan portfolio at December 31, 2018. The major categories of our retail loan portfolio are discussed below.

Residential 1-4 family first mortgage. Our residential 1-4 family first 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 retained by such originators. As of March 31, 2019, 69% of our residential 1-4 family first mortgage loans were either originated by our loan officers since 2012, or were acquired in our acquisition of NRB, and 23% were purchased from three third parties on or after July, 2014, and 8% were purchased by us from other originators before 2010.

Residential 1-4 family second mortgage. Our residential 1-4 family second mortgage loans are residential mortgages that are primarily secured by single-family homes, which are both owner occupied and investor owned. In 2008, we purchased $260 million in residential 1-4 family second mortgages from a third party, and we have subsequently experienced significant losses on these mortgages. As of March 31, 2019, 61% of our residential 1-4 family second mortgage portfolio is from this 2008 purchase, while the remaining 39% of the portfolio has been either originated by us or acquired by us in our acquisition of NRB and has not experienced any losses. The losses in the portfolio we purchased in 2008 have been steadily declining over time. Net losses from 2010 to 2014 were 7.4% of ending balances. We began to actively manage the legacy purchased loans in this portfolio in 2014, and the net recovery rate from 2015 through 2018 averaged 1.3% of ending balances. In the first quarter of 2019, the portfolio saw a 0.50% net recovery against ending balances.

Consumer and other. Our consumer and other portfolio is comprised of purchased student loans, residential solar loans, unsecured consumer loans and overdraft lines. Our consumer and other loans totaled $164.4 million at March 31, 2019, which comprised 5% of our total loan portfolio, compared to $171.2 million, or 5% of our total loan portfolio, at December 31, 2018.

Maturities and Sensitivity of Loans to Changes in Interest Rates

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, 2019 and December 31, 2018:

(In thousands)	One year or less	After one but within five years	After 5 years	Total
March 31, 2019:				
Commercial Portfolio:				
Commercial and industrial	$ 78,985	$ 271,649	$ 176,566	$ 527,200
Multifamily	55,140	637,817	228,631	921,588
Commercial real estate	45,724	266,156	116,654	428,534
Construction and land development	13,463	18,110	14,161	45,734
Retail Portfolio:				
Residential 1-4 family (1st mortgage)	17	1,417	1,175,117	1,176,551
Residential 1-4 family (2nd mortgage)	-	16	26,890	26,906
Consumer and other	764	3,525	160,123	164,412
Total Loans	$ 194,093	$ 1,198,690	$ 1,898,142	$ 3,290,925

(In thousands)	After one but within five years	After 5 years	Total
Gross loan maturing after one year with:			
Fixed interest rates	$ 935,308	$ 1,179,434	$ 2,114,742
Floating or adjustable interest rates	263,382	718,708	982,090
Total Loans	$ 1,198,690	$ 1,898,142	$ 3,096,832

(In thousands)	One year or less	After one but within five years	After 5 years	Total
December 31, 2018:				
Commercial Portfolio:				
Commercial and Industrial	$ 88,320	$ 302,905	$ 165,312	$ 556,537
Multifamily	54,038	615,296	247,003	916,337
Commercial Real Estate	48,581	265,494	126,629	440,704
Construction and land development	16,994	15,923	13,261	46,178
Retail Portfolio:				
Residential 1-4 family (1st Mortgage)	24	800	1,082,380	1,083,204
Residential 1-4 family (2nd Mortgage)	-	18	27,188	27,206
Consumer and Other	809	4,045	166,330	171,184
Total Loans	$ 208,766	$ 1,204,481	$ 1,828,103	$ 3,241,350

(In thousands)	After one but within five years	After 5 years	Total
Gross loan maturing after one year with:			
Fixed Interest Rates	$ 908,753	$ 1,135,775	$ 2,044,528
Floating or adjustable interest rates	295,728	692,328	988,056
Total Loans	$ 1,204,481	$ 1,828,103	$ 3,032,584

Allowance for Loan Losses

We maintain the allowance at a level we believe is sufficient to absorb probable incurred losses in our loan portfolio given the conditions at the time. Management determines the adequacy of the allowance based on periodic evaluations of the loan portfolio and other factors, including end-of-period loan levels and portfolio composition, observable trends in nonperforming loans, our historical loan losses, known and inherent risks in the portfolio, underwriting practices, adverse situations that may impact a borrower's ability to repay, the estimated value and sufficiency of any underlying collateral, credit risk grade assessments, loan impairment and economic conditions. These evaluations are inherently subjective as they require management to make material estimates, all of which may be susceptible to significant change. The allowance is increased by provisions for loan losses charged to expense and decreased by actual charge-offs, net of recoveries or previous amounts charged-off.

The allowance consists of specific allowances for loans that are individually classified as impaired and general components. Impaired loans include loans placed on nonaccrual status and TDRs. Loans are considered impaired when, based on current information and events, it is probable that we will be unable to collect all amounts due in accordance with the original contractual terms of the loan agreements. When determining if we will be unable to collect all principal and interest payments due in accordance with the original contractual terms of the loan agreement, we consider the borrower's overall financial condition, resources and payment record, support from guarantors, and the realized value of any collateral. Loans that experience insignificant payment delays and payment shortfalls generally are not classified as impaired. Management determines the significance of payment delays and payment shortfalls on a case-by-case basis, taking into consideration all of the circumstances surrounding the loan and the borrower, including the length of the delay, the reasons for the delay, the borrower's prior payment record, and the amount of the shortfall in relation to the principal and interest owed.

Impaired loans are individually identified and evaluated for impairment based on a combination of internally assigned risk ratings and a defined dollar threshold. If a loan is impaired, a specific reserve is applied to the loan so that the loan is reported, net, at the discounted expected future cash flows or at the fair value of collateral if repayment is collateral dependent. Impaired loans which do not meet the criteria for individual evaluation are evaluated in homogeneous pools of loans with similar risk characteristics.

In accordance with the accounting guidance for business combinations, there was no allowance brought forward on any of the loans we acquired in our acquisition of NRB. For purchased non-credit impaired loans, credit discounts representing the principal losses expected over the life of the loan are a component of the initial fair value and the discount is accreted to interest income over the life of the loan. Subsequent to the acquisition date, the method used to evaluate the sufficiency of the credit discount is similar to organic loans, and if necessary, additional reserves are recognized in the allowance.

The following tables present, by loan type, the changes in the allowance for the periods indicated:

(In thousands)	Three Months Ended March 31, 2019	2018
Balance at beginning of period	$ 37,195	$ 35,965
Loan charge-offs:		
Commercial portfolio:		
Commercial and industrial	8,383	-
Multifamily	-	-
Commercial real estate	-	-
Construction and land development	-	-
Retail portfolio:		
Residential 1-4 family (1st mortgage)	69	75
Residential 1-4 family (2nd mortgage)	40	203
Consumer and other	57	91
Total loan charge-offs	8,549	369
Recoveries of loans previously charged-off:		
Commercial portfolio:		
Commercial and industrial	6	-
Multifamily	-	-
Commercial real estate	-	-
Construction and land development	-	-
Retail portfolio:		
Residential 1-4 family (1st mortgage)	331	388
Residential 1-4 family (2nd mortgage)	175	499
Consumer and other	48	48
Total loan recoveries	560	935
Net (recoveries) charge-offs	7,989	(566)
Provision for (recovery of) loan losses	2,186	851
Balance at end of period	$ 31,392	$ 37,382

The allowance decreased to $31.4 million at March 31, 2019 from $37.2 million at December 31, 2018, a decrease of $5.8 million primarily due to the charge-off of one C&I loan that had a specific reserve of $8.1 million in the first quarter of 2019, partially offset by increases on the allowance for two downgraded C&I loans and an increase in historical loss factors on leveraged loans. At March 31, 2019, we had $48.1 million of impaired loans for which we made a specific allowance of $1.5 million, compared to $58.3 million of impaired loans at December 31, 2018 for which we made a specific allowance of $9.6 million. The ratio of allowance to total loans was 0.95% for March 31, 2019 and 1.15% for December 31, 2018. The decrease is primarily attributable to the reduction in specific reserves on the C&I loan mentioned above.

Allocation of Allowance for Loan Losses

The following table present the allocation of the allowance and the percentage of the total amount of loans in each loan category listed as of the dates indicated:

	At March 31, 2019		At December 31, 2018	
(In thousands)	**Amount**	**% of total loans**	**Amount**	**% of total loans**
Commercial Portfolio:				
Commercial and industrial	$ 10,402	16.0%	$ 16,046	17.2%
Multifamily	4,610	28.0%	4,736	28.3%
Commercial real estate	2,404	13.0%	2,573	13.6%
Construction and land development	524	1.4%	1,089	1.4%
Total commercial portfolio	17,940	58.4%	24,444	60.5%
Retail Portfolio:				
Residential 1-4 family (1st mortgage)	10,898	35.8%	10,135	33.4%
Residential 1-4 family (2nd mortgage)	1,829	0.8%	1,852	0.8%
Consumer and other	725	5.0%	764	5.3%
Total retail portfolio	13,452	41.6%	12,751	39.5%
Total allowance for loan losses	$ 31,392		$ 37,195	

Nonperforming Assets

Nonperforming assets include all loans categorized as nonaccrual or restructured, 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. We generally do not accrue interest on loans that are 90 days or more past due (unless we are in the process of collection or an extension and feel that the customer is not in financial difficulty). When a loan is placed on nonaccrual, previously accrued but unpaid interest is reversed and charged against interest income and future accruals of interest are discontinued. Payments by borrowers for loans on nonaccrual are applied to loan principal. Loans are returned to accrual status when, in our judgment, the borrower's ability to satisfy principal and interest obligations under the loan agreement has improved sufficiently to reasonably assure recovery of principal and the borrower has demonstrated a sustained period of repayment performance. In general, we require a minimum of six consecutive months of timely payments in accordance with the contractual terms before returning a loan to accrual status.

A loan is identified as a TDR, when we, for economic or legal reasons related to the borrower's financial difficulties, grant a concession to the borrower. The concessions may be granted in various forms, including interest rate reductions, principal forgiveness, extension of maturity date, waiver or deferral of payments and other actions intended to minimize potential losses. A loan that has been restructured as a TDR may not be disclosed as a TDR in years subsequent to the restructuring if certain conditions are met. Generally, a nonaccrual loan that is restructured remains on nonaccrual status for a period no less than six months to demonstrate that the borrower can meet the restructured terms. However, the borrower's performance prior to the restructuring or other significant events at the time of restructuring may be considered in assessing whether the borrower can meet the new terms and may result in the loan being returned to accrual status after a shorter performance period. If the borrower's performance under the new terms is not reasonably assured, the loan remains classified as a nonaccrual loan.

The following table sets forth our nonperforming assets as of March 31, 2019 and December 31, 2018:

(In thousands)	March 31, 2019	December 31, 2018
Loans 90 days past due and accruing	$ 7,157	$ -
Nonaccrual loans excluding held for sale loans and restructured loans	9,351	8,379
Nonaccrual loans held for sale	-	-
Restructured loans - nonaccrual	5,455	15,482
Restructured loans - accruing	33,441	34,457
Other real estate owned	1,057	844
Impaired securities	90	93
Total nonperforming assets	$ 56,551	$ 59,255
Nonaccrual loans:		
Commercial and industrial	$ 3,734	$ 12,153
Multifamily	-	-
Commercial real estate	4,019	4,112
Construction and land development	-	-
Total commercial portfolio	7,753	16,265
Residential 1-4 family 1st mortgages	5,769	6,287
Residential 1-4 family 2nd mortgages	1,078	1,299
Consumer and other	206	10
Total retail portfolio	7,053	7,596
Total nonaccrual loans	$ 14,806	$ 23,861
Nonperforming assets to total assets	1.15%	1.27%
Nonaccrual assets to total assets	0.32%	0.53%
Nonaccrual loans to total loans	0.45%	0.74%
Allowance for loan losses to nonaccrual loans	212%	156%
Troubled debt restructurings:		
TDRs included in nonaccrual loans	$ 5,455	$ 15,482
TDRs in compliance with modified terms	$ 33,441	$ 34,457

Total nonperforming assets were $56.6 million at March 31, 2019 compared to $59.3 million at December 31, 2018. The $2.7 million decrease was primarily driven by an $8.4 million charge-off related to one C&I loan partially offset by an increase of $7.2 million in loans 90 days past due and accruing related to delays in renewing loans from one borrower.

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 substandard-accruing commercial loans and/or loans 30-89 days past due. These loans are not included in the nonperforming assets table above and totaled $60.8 million, or 1.3% of total assets, at March 31, 2019. $55.3 million of these loans are commercial loans currently in workout, with the expectation that all will be rehabilitated. $5.5 million are residential 1-4 family loans, with $4.0 million at 30 days delinquent, and $1.5 million at 60 days delinquent.

Deferred Tax Asset

We had a deferred tax asset, net of deferred tax liabilities, of $34.5 million at March 31, 2019 and $39.3 million at December 31, 2018. A valuation allowance is required for deferred tax assets if, based on available evidence, it is more likely than not that all or some portion of the asset will not be realized due to the inability to generate sufficient taxable income in the period and/or of the character necessary to utilize the benefit of the deferred tax asset. The more-likely-than-not criterion means the likelihood of realization is greater than 50%. When evaluating whether it is more likely than not that all or some portion of the deferred tax asset will not be realized, all available evidence, both positive and negative, that may affect the ability to realize deferred tax assets should be identified and considered in determining the appropriate amount of the valuation allowance. Management assesses all the available positive and negative evidence to estimate if sufficient future taxable income will be generated to utilize the existing deferred tax assets. As of March 31, 2019, 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 $4.1 billion at both March 31, 2019 and December 31, 2018. 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 12 branch locations across four boroughs of New York City, our one branch in Washington, D.C., our one branch in San Francisco that was acquired in our acquisition of New Resource Bank and through the efforts of our commercial banking team 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. We bank politically active customers, such as campaigns, PACs, 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, 2019 and December 31, 2018, we had approximately $271.0 million and $181.9 million, respectively, in political deposits which are primarily in demand deposits. We believe that decreases in our political deposits related to the last election cycle have stabilized and we expect these deposits to continue increasing as we head into the 2020 presidential election cycle.

The following table sets forth the average balance amounts and the average rates paid on deposits held by us for the three months ended March 31, 2019 and March 31, 2018, respectively:

	At March 31,			
(In thousands)	2019		2018	
	Average Amount	Weighted Average Rate	Average Amount	Weighted Average Rate
Non-interest bearing demand deposit accounts	$ 1,598,637	0.00%	$ 1,423,450	0.00%
NOW accounts	224,686	0.45%	206,624	0.29%
Savings accounts	337,477	0.21%	305,192	0.14%
Money market deposit accounts	1,315,186	0.44%	977,874	0.43%
Time deposits	432,771	0.96%	386,256	0.83%
Brokered CD	7,657	2.93%	-	0.00%
	$ 3,916,414	0.31%	$ 3,299,396	0.26%

Maturities of time certificates of deposit and other time deposits of $100,000 or more outstanding at March 31, 2019 are summarized as follows:

Maturities as of March 31, 2019		
(In thousands)		
Within three months	$	70,513
After three but within six months		18,084
After six months but within twelve months		20,841
After Twelve months		22,645
	$	132,083

Borrowings and Other Interest-Bearing Liabilities

Other than deposits, we also utilize FHLB advances as a supplementary funding source to finance our operations. Our advances from the FHLB are collateralized by residential, multifamily real estate loans and securities.

As of March 31, 2019, borrowings totaled $253.8 million with a period ending weighted average rate of 2.47%. The maximum month-end balance of borrowing during the first quarter was $363.8 million. The average balance of borrowing for the first quarter of 2019 was $329.8 million with an average rate of 2.53%.

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.

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, FHLB 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, 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, 2019, our cash and equivalents, which consist of cash and amounts due from banks and interest-bearing deposits in other financial institutions, amounted to $132.2 million, or 2.7% of total assets, compared to $80.8 million, or 1.7% of total

assets at December 31, 2018. Our available for sale securities at March 31, 2019 were $1.2 billion, or 25.2% of total assets, compared to $1.2 billion, or 25.1% of total assets at December 31, 2018. Investment securities with an aggregate fair value of $136.2 million at March 31, 2019 were pledged to secure public deposits and repurchase agreements.

The liability portion of the balance sheet serves as our primary source of liquidity. 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 FHLB, from which we can borrow for leverage or liquidity purposes. The FHLB requires that securities and qualifying loans be pledged to secure any advances. At March 31, 2019, we had $254 million in advances from the FHLB and a remaining credit availability of $1.1 billion. In addition, we maintain borrowing capacity of approximately $62.5 million with the Federal Reserve's discount window that is secured by certain securities from our portfolio which are not pledged for other purposes.

Capital Resources

Total stockholders' equity at March 31, 2019 was $455.5 million, compared to $439.4 million at December 31, 2018, an increase of $16.1 million, or 3.7%. The increase was primarily driven by net income of $10.8 million for the three months ended March 31, 2019, and a $6.8 million decrease in unrealized losses on available for sale securities due to the decrease in long-term interest rates during the first quarter of 2019.

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.

Federal regulations impose minimum regulatory capital requirements on all institutions with deposits insured by the FDIC. On January 1, 2015, the U.S. Basel III final rule replaced the existing Basel I-based approach for calculating risk-weighted assets. Basel III introduced a new minimum ratio of common equity Tier 1 capital ("CET1") and raised the minimum ratios for Tier 1 capital, total capital, and Tier 1 leverage. The final rule emphasizes common equity Tier 1 capital and implements strict eligibility criteria for regulatory capital instruments and changed the methodology for calculating risk-weighted assets to enhance risk sensitivity. In addition, in order to avoid restrictions on capital distributions or discretionary bonus payments to executives, a covered banking organization must maintain a "capital conservation buffer" of 2.5% on top of its minimum risk-based capital requirements. This buffer must consist solely of CET1, but the buffer applies to all three measurements (CET1, Tier 1 capital and total capital).

As of March 31, 2019, we were categorized as "well capitalized" under the prompt corrective action measures and met the now fully phased-in capital conservation buffer requirements. The following table shows the regulatory capital ratios for us at the dates indicated:

	Actual		For Capital Adequacy Purposes		To Be Considered Well Capitalized	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
(In thousands)						
March 31, 2019						
Total capital to risk weighted assets	$ 457,952	14.33 %	$ 255,706	8.00 %	$ 319,632	10.00 %
Tier I capital to risk weighted assets	425,499	13.31 %	191,779	6.00 %	255,706	8.00 %
Tier I capital to average assets	425,499	8.90 %	191,144	4.00 %	238,930	5.00 %
Common equity tier 1 to risk weighted assets	425,499	13.31 %	143,834	4.50 %	207,761	6.50 %
December 31, 2018						
Total capital to risk weighted assets	$ 454,078	14.46 %	$ 251,287	8.00 %	$ 314,109	10.00 %
Tier I capital to risk weighted assets	415,267	13.22 %	188,465	6.00 %	251,287	8.00 %
Tier I capital to average assets	415,267	8.88 %	187,126	4.00 %	233,908	5.00 %
Common equity tier 1 to risk weighted assets	415,267	13.22 %	141,349	4.50 %	204,171	6.50 %

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, 2019 and December 31, 2018:

March 31, 2019

(In thousands)	Total	Less than 1 year	1-3 years	3-5 years	More than 5 years
Long Term Debt	$ 253,775	$ 253,775	$ -	$ -	$ -
Operating Leases	77,722	10,723	21,365	19,664	25,970
	$ 331,497	$ 264,498	$ 21,365	$ 19,664	$ 25,970

December 31, 2018

(In thousands)	Total	Less than 1 year	1-3 years	3-5 years	More than 5 years
Long Term Debt	$ 92,875	$ 76,300	$ 16,575	$ -	$ -
Operating Leases	80,455	10,776	21,326	19,958	28,395
	$ 173,330	$ 87,076	$ 37,901	$ 19,958	$ 28,395

Off-Balance Sheet items

We are a party to financial instruments with off-balance sheet risk in the normal course of business to meet the financing needs of our customers. These financial instruments include commitments to extend credit, commercial letters of credit and standby letters of credit. Those instruments involve, to varying degrees, elements of credit and interest rate risk in excess of the amount recognized in the consolidated statements of financial condition. The contractual or notional amounts of those instruments reflect the extent of involvement we have in particular classes of financial instruments.

Commitments to extend credit are agreements to lend to a customer as long as there is no violation of any condition established in the contract. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. Since many of the commitments are expected to expire without being drawn upon, the total commitment amount does not necessarily represent future cash requirements. We evaluate each customer's creditworthiness on a case-by-case basis. The amount of collateral obtained, if deemed necessary by us upon extension of credit, is based on management's credit evaluation of the

counterparty. Collateral is primarily obtained in the form of commercial and residential real estate (including income producing commercial properties).

Standby letters of credit are conditional commitments issued by us to guarantee to a third-party the performance of a customer. Those guarantees are primarily issued to support public and private borrowing arrangements, bond financing and similar transactions. The credit risk involved in issuing letters of credit is essentially the same as that involved in extending loan facilities to customers.

Commitments to make loans are generally made for periods of 60 days or less. The fixed rate commercial loan commitments have interest rates ranging from 1.0% to 8.0% and maturities up to 2049. Variable rate loan commitments have interest rates ranging from 3.0% to 11.3% and maturities up to 2049. Our exposure to credit loss in the event of non-performance by the other party to the financial instrument for commitments to extend credit and standby letters of credit is represented by the contractual or notional amount of those instruments. We use the same credit policies in making commitments and conditional obligations as for funded instruments. We do not anticipate any material losses as a result of the commitments and standby letters of credit.

At March 31, 2019, we had commitments to extend credit totaling $342.6 million and standby letters of credit totaling $13.3 million.

Item 3. Quantitative and Qualitative Disclosures about Market Risk.

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 as a means 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, 2019 are presented in the following table. The projections assume immediate, parallel shifts downward of the yield curve of 100 basis points and immediate, parallel shifts upward of the yield curve of 100, 200, 300 and 400 basis points. In the current interest rate environment, a downward shift of the yield curve of 200, 300 and 400 basis points does not provide us with meaningful results.

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, 2019	**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%	$ (187,935)	-1.1%	$ (1,950)
+300 basis points	-15.8%	(130,912)	0.5%	944
+200 basis points	-9.0%	(74,080)	1.7%	2,940
+100 basis points	-3.2%	(26,110)	1.9%	3,199
-100 basis points	-3.8%	(31,289)	-6.0%	(10,321)

Item 4. Controls and Procedures.

Under the supervision and with the participation of our management, including the participation of our Chief Executive Officer and our Chief Financial Officer, we conducted an evaluation of our disclosure controls and procedures, as such term is defined in Rules 13a-15(e) and 15d-15(e) promulgated under the Exchange Act.

Based upon the determination of the material weakness disclosed in our Annual Report on Form 10-K for the year ended December 31, 2018 filed on March 28, 2019, our Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures were not effective as of March 31, 2019. The control deficiency is related to the completeness and accuracy of deferred income taxes.

Management, with oversight from our Audit Committee, has begun improving our review and documentation policies and procedures related to deferred incomes taxes. These improved controls and procedures will be tested as we apply our controls related to tax accounting during 2019. Our goal is to remediate this control deficiency during 2019, subject to there being sufficient opportunities to conclude, through testing, that the remediated controls are operating effectively.

Changes in Internal Controls

There was no change in our internal control over financial reporting that occurred during the quarter ended March 31, 2019 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

The design of any system of controls and procedures is based in part upon certain assumptions about the likelihood of future events. There can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions, regardless of how remote.

PART II

Item 1. Legal Proceedings.

We are subject to certain pending and threatened legal actions that arise out of the normal course of business. Management, following consultation with legal counsel, does not expect the ultimate disposition of any or a combination of these matters to have a material adverse effect on our business. However, given the nature, scope and complexity of the extensive legal and regulatory landscape applicable to our business (including laws and regulations governing consumer protection, fair lending, fair labor, privacy, ERISA, information security and anti-money laundering and anti-terrorism laws), we, like all banking organizations, are subject to heightened legal and regulatory compliance and litigation risk.

Item 1A. Risk Factors.

There have been no material changes to our risk factors previously disclosed in Item 1A, Risk Factors, of the Bank's Form 10-K filed with the FDIC on March 28, 2019.

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

None.

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information.

None.

Item 6. Exhibits.

Exhibit No.	Description of Exhibit
3.1	Amended and Restated Organization Certificate of Amalgamated Bank[1]
3.2	By-Laws of Amalgamated Bank[1]
31.1	Rule 13a-14(a) Certification of the Chief Executive Officer
31.2	Rule 13a-14(a) Certification of the Chief Financial Officer
32.1	Section 1350 Certifications

(1) Incorporated by reference to the Bank's Registration on Form 10 filed with the FDIC on July 19, 2018

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 BANK

May 13, 2019

By: /s/ Keith Mestrich
Keith Mestrich
President and Chief Executive Officer
(*Principal Executive Officer*)

May 13, 2019

By: /s/ Andrew Labenne
Andrew Labenne
Chief Financial Officer
(*Principal Financial Officer*)

May 13, 2019

By: /s/ Jason Darby
Jason Darby
Chief Accounting Officer
(*Principal Accounting Officer*)

Exhibit 31.1

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

I, Keith Mestrich, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Amalgamated Bank

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 13, 2019

/s/ Keith Mestrich

Keith Mestrich, President and Chief Executive Officer

Exhibit 31.2

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

I, Andrew Labenne, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Amalgamated Bank.

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 13, 2019

/s/ Andrew Labenne
Andrew Labenne, 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 Bank (the "Bank") on Form 10-Q for the period ended March 31, 2019 as filed with the Federal Deposit Insurance Corporation on the date hereof (the "Report"), the undersigned, the Chief Executive Officer and the Chief Financial Officer of the Bank, 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 Bank.

/s/ Keith Mestrich
Keith Mestrich
President and Chief Executive Officer
May 13, 2019

/s/ Andrew Labenne
Andrew Labenne
Chief Financial Officer
May 13, 2019