Amalgamated Bank Reports Fourth Quarter and Full Year 2018 Financial Results

NEW YORK, Jan. 29, 2019 (GLOBE NEWSWIRE) -- Amalgamated Bank (Nasdaq: AMAL) ("Amalgamated") today announced financial results for the fourth quarter and full year ended December 31, 2018.

Fourth Quarter 2018 Highlights

- Net income of $8.4 million, or $0.26 per diluted share, as compared to a loss of $3.6 million, or ($0.13) per diluted share, for the fourth quarter of 2017
- Core earnings (non-GAAP) of $9.7 million, or $0.30 per diluted share, as compared to $4.8 million, or $0.17 per diluted share, for the fourth quarter of 2017
- Deposit growth of $72.5 million, or 7.2% annualized, compared to a balance of $4.0 billion on September 30, 2018, including $326.7 million short term deposits and the impact of runoff of $215.9 million in deposits held by our politically-active customers, referred to as political deposits
- Loan growth of $47.0 million, or 5.9% annualized, compared to a balance of $3.2 billion on September 30, 2018
- Cost of deposits was 0.27%, as compared to 0.25% for the third quarter of 2018 and 0.26% for the fourth quarter of 2017
- Net Interest Margin was 3.57%, as compared to 3.65% for the third quarter of 2018 and 3.22% for the fourth quarter of 2017; net interest margin for the fourth quarter of 2018 was lowered by seven basis points due to a one-time accounting adjustment
- Tier 1 Leverage, Common Equity Tier 1, and Total Risk-Based capital ratios were 8.86%, 13.22%, and 14.46%, respectively, at December 31, 2018
- Total nonperforming assets were $59.3 million or 1.27% of total assets as of December 31, 2018, compared to $58.0 million or 1.25% of total assets at September 30, 2018 and $89.0 million, or 2.20% of total assets at December 31, 2017

Full Year 2018 Highlights

- Net income of $37.0 million, or $1.21 per diluted share, as compared to $6.1 million, or $0.21 per diluted share, for the full year of 2017
- Core earnings (non-GAAP) of $41.6 million, or $1.36 per diluted share, as compared to $14.2 million, or $0.50 per diluted share, for the full year of 2017
- Deposit growth of $872.2 million, or 27.0%, compared to December 31, 2017, inclusive of $326.7 million of short term deposits and runoff of $59.8 million of political deposits
- Loan growth of $432.0 million, or 15.3% , compared to December 31, 2017
- Cost of deposits was 0.26%, as compared to 0.24% for the full year of 2017
- Net Interest Margin was 3.56%, as compared to 3.15% for the full year of 2017

Keith Mestrich, President and Chief Executive Officer of Amalgamated Bank, commented, "I am very proud of our results as I believe 2018 was one of the best years in our 95 year history, highlighted by the closing of our acquisition of New Resource Bank, the completion of our initial public offering, and the launch of the Amalgamated Charitable Foundation. Additionally, we delivered 27% deposit growth while experiencing minimal re-pricing as we continue to benefit from what is one of the lowest cost deposit franchises in the industry. Our many successes would not have been possible without the tireless efforts of our employees, who I would like to thank for helping us accomplish so much this past year. Looking ahead, we are excited with the many opportunities to expand our reach and grow the Bank as we continue to serve the needs of values-based institutions and clients across the country and continue earning our reputation as 'America's socially responsible bank.'"

Results of Operations, Quarter Ended December 31, 2018

Net income for the fourth quarter of 2018 was $8.4 million, or $0.26 per diluted share, compared to $9.4 million, or $0.29 per diluted share, for the third quarter of 2018 and a net loss of $3.6 million, or ($0.13) per diluted share, for the fourth quarter of 2017. The $12.0 million increase in net income for the fourth quarter of 2018, compared to the like period in 2017, was primarily due to a $9.0 million increase in net interest income, a $5.5 million decrease in provision for income taxes (due primarily to the impact of the Tax Cuts and Jobs Act passed in December 2017), and a $1.3 million increase in non-interest income, partially offset by a $3.4 million increase in non-interest expense (partially due to the New Resource Bank ("NRB") integration).

Core earnings (non-GAAP) for the fourth quarter of 2018 were $9.7 million, or $0.30 per diluted share, compared to $12.1 million or $0.38 per diluted share, for the third quarter of 2018 and $4.8 million, or $0.17 per diluted share, for the fourth quarter of 2017. Core earnings for the fourth quarter of 2018 excluded $1.6 million of expense related to the NRB acquisition and other adjustments including the tax effect of such adjustments.

Core earnings for the fourth quarter of 2018 were impacted by three items which lowered our reported diluted EPS by $0.05 in total. These items were the increase in the bonus pool of $1.0 million (pre-tax), an accounting adjustment to accrued interest receivable of $0.8 million (pre-tax), and a higher effective tax rate of 29.6% for the quarter which increased the provision for income taxes approximately $0.4 million.

Net interest income was $40.2 million for the fourth quarter of 2018, compared to $40.0 million for the third quarter of 2018 and $31.3 million for the fourth quarter of 2017. The year-over-year increase was primarily attributable to increases in average loans of $449.6 million (primarily from the NRB acquisition) and average securities of $172.1 million and an increase in yields on both loans and securities primarily as a result of rising rates, partially offset by an increase of $453.9 million in average interest bearing deposit balances.

Net interest margin was 3.57% for the fourth quarter of 2018, a decrease of eight basis points from 3.65% in the third quarter of 2018 and an increase of 35 basis points from 3.22% in the fourth quarter of 2017. The accretion of the loan mark from the loans we acquired in our NRB acquisition contributed five basis points to our net interest margin in the fourth quarter of 2018, compared to six basis points in the third quarter of 2018. The net interest margin in the fourth quarter of 2018 was also impacted by a one-time adjustment to write-off $0.8 million of accrued interest receivable from the fourth quarter of 2017. This adjustment lowered our reported net interest margin by 0.07%.

Provisions for loan losses totaled an expense of $0.9 million in the fourth quarter of 2018 compared to $0.8 million in the third quarter of 2018 and $0.4 million for the fourth quarter of 2017. The provision expense in the fourth quarter of 2018 was primarily driven by an increase in classified loans, partially offset by overall improvements in the historical loss factors.

Non-interest income was $7.6 million in the fourth quarter of 2018 compared to $7.5 million in the third quarter of 2018, and $6.3 million in the fourth quarter of 2017. The $1.3 million, or 21%, increase in the fourth quarter of 2018, compared to the like period in 2017, was primarily driven by $1.4 million of aggregate decreases in loss from the sale or impairment of securities and $0.5 million of aggregate increases in trust department fees and service charges on deposit accounts, partially offset by a $0.3 million decrease in bank-owned life insurance income due to claims in 2017 and $0.3 million decrease in gains on the sale of loans, and other real estate owned and other income.

Non-interest expense for the fourth quarter of 2018 was $35.0 million, an increase of $0.9 million from $34.1 million in the third quarter of 2018, and an increase of $3.3 million from $31.7 million in the fourth quarter of 2017. The linked quarter increase was primarily due a $1.3 million increase in the bonus accrual for employees due to performance above corporate targets and severance, a $1.5 million increase from the integration of the NRB acquisition, and a $1.5 million increase in other expenses driven primarily by an increase in the off-balance sheet reserve of $0.7 million. These increases were offset by the absence of $3.4 million of expense from our initial public offering in the third quarter of 2018.

We had a provision for income tax expense of $3.5 million for the fourth quarter of 2018, compared to $3.3 million for third quarter of 2018 and $9.0 million for the fourth quarter of 2017. Our effective tax rate for the fourth quarter of 2018 was 29.6%, compared to 26.1% for the third quarter of 2018. The increase in the effective tax rate was primarily related to a decrease in the value of the deferred tax asset.

Total loans, net of deferred origination fees, at December 31, 2018 were $3.2 billion, an increase of $47.0 million, or 5.9% annualized, as compared to September 30, 2018, and an increase of $432.0 million, or 15.3%, as compared to $2.8 billion as of December 31, 2017. Loan growth in the quarter was primarily driven by a $65.8 million increase in residential first liens and a $29.5 million increase in consumer loans (from the purchase of $42.2 million mission aligned residential solar loans) offset by a decrease in C&I loans of $28.7 million (driven by a $68.7 million strategic reduction in the indirect C&I portfolio and $35 million in commercial solar loan purchases), and a $28.9 million reduction in CRE and Multifamily (driven by prepayments in multifamily real-estate).

Deposits at December 31, 2018 were $4.1 billion, an increase of $72.5 million, or 7.2% annualized, as compared to $4.0 billion as of September 30, 2018, and an increase of $872.0 million, or 27.0%, as compared to $3.2 billion as of December 31, 2017. Deposit growth in 2018 included $361.9 million of deposits attributed to our acquisition of NRB. Deposits at December 31, 2018 included $326.7 million of short-term deposits from one customer that have since been moved off balance sheet. Deposits held by politically-active customers, such as campaigns, PACs and state and national party committees were $181.9 million as of December 31, 2018, a decrease of $215.9 million compared to $397.8 million as of September 30, 2018, and a decrease of $59.8 million compared to $241.7 million as of December 31, 2017. Noninterest-bearing deposits represented 42% of average deposits and 38% of ending deposits for the three months ended December 31, 2018, contributing to an average cost of deposits of 0.27% in the fourth quarter of 2018, a two basis point increase from the linked quarter.

Results of Operations, Full Year Ended December 31, 2018

Net income for the year ended December 31, 2018 was $37.0 million, or $1.21 per diluted share, as compared to $6.1 million, or $0.21 per diluted share, for the year ended December 31, 2017. The $30.9 million increase in net income for the year ended 2018 was primarily due to a $28.4 million increase in net interest income, a $6.9 million improvement in provision for loan losses, a $0.3 million reduction in provision for income taxes and a $0.9 million increase in non-interest income, partially offset by a $5.7 million increase in non-interest expense.

Core earnings (non-GAAP) for the year ended December 31, 2018 were $41.6 million, or $1.36 per diluted share, as compared to $14.2 million, or $0.50 per diluted share, for the year ended December 31, 2017. Core earnings for the year ended December 31, 2018 excluded $3.3 million in expenses related to the initial public offering and follow-on offering, $2.4 million in expenses related to the NRB acquisition and integration, $0.2 million in severance and $0.2 million in losses related to the sale of securities.

Net interest income was $149.7 million for the year ended December 31, 2018, as compared to $121.3 million for the year ended December 31, 2017. Net interest margin was 3.56% for the year ended December 31, 2018, compared to 3.15% for the same period in 2017, an increase of 41 basis points. The increase in net interest income was primarily due to the $375.9 million increase in average loans (primarily from the acquisition of NRB), the impact of higher interest rates on all interest earnings assets, and lower funding costs due to lower average FHLB advances.

Non-interest income increased 3.5% to $28.3 million for the year ended December 31, 2018, as compared to $27.4 million for the year ended December 31, 2017. The increase was primarily driven by $1.4 million of aggregate increases in service charges on deposit accounts and trust department fees due to an increase in customers, customer activity and the NRB acquisition, partially offset by increases in losses on the sale of loans and other real estate owned.

Non-interest expense for the year ended December 31, 2018 was $128.0 million, an increase of $5.7 million or 4.7%, from $122.3 million for the year ended December 31, 2017. The increase was primarily due to a $10.9 million increase in compensation and benefits (primarily due to the post-retirement benefit cancellation in 2017 of $9.8 million), a $3.7 million increase in professional fees (primarily related to our initial public offering and follow-on offering), a $2.4 million increase in data processing (primarily due to the NRB integration) and a $1.0 million increase from the amortization of intangible assets. The increase was partially offset by a $7.6 million decrease in borrowed funds prepayment fees and a $2.2 million decrease in occupancy and depreciation expense related to branch closures in 2017.

Financial Condition

Total assets were $4.7 billion at December 31, 2018, compared to $4.0 billion at December 31, 2017. The increase of $636.7 million was primarily driven by the addition of $412.1 million in total assets acquired, net of fair value adjustments, in the acquisition of NRB, and by an increase in investment securities of $226.3 million.

Nonperforming assets totaled $59.3 million, or 1.27% of period end total assets at December 31, 2018, a decrease of $29.8 million, compared with $89.0 million, or 2.20% of period end total assets at December 31, 2017.

The allowance for loan losses increased $0.8 million to $37.2 million at December 31, 2018 from $36.4 million at September 30, 2018, primarily driven by an increase in the allowance on classified loans, partially offset by improvement in historical loss factors. At December 31, 2018, we had $58.3 million of impaired loans for which a specific allowance of $9.6 million was made, compared to $57.0 million of impaired loans at September 30, 2018 for which a specific allowance of $9.8 million was made. The ratio of allowance to total loans was 1.15% at December 31, 2018 and 1.14% at September 30, 2018.

Capital

As of December 31, 2018, our Tier 1 Leverage Capital Ratio was 8.86%, Common Equity Tier 1 Capital Ratio was 13.22%, and Total Risk-Based Capital Ratio was 14.46%, compared to 8.94%, 12.95%, and 14.20%, respectively, as of September 30, 2018. As of December 31, 2017, our Tier 1 Leverage, Common Equity Tier 1, and Total Risk-Based capital ratios were 8.41%, 11.39%, and 12.80%, respectively. Stockholders' equity at December 31, 2018 was $431.7 million, compared to $344.1 million at December 31, 2017.

Our tangible book value per share was $12.92 as of December 31, 2018 compared to $12.57 as of September 30, 2018 and $12.02 as of December 31, 2017.

Conference Call

As previously announced, Amalgamated Bank will host a conference call today, January 29, 2019, to discuss its fourth quarter and full year 2018 results at 5:00pm (Eastern Time). The conference call can be accessed by dialing 1-877-407-9716 (domestic) or 1-201-493-6779 (international) and asking for the Amalgamated Bank Fourth Quarter and Full Year 2018 Earnings Call. A telephonic replay will be available approximately three hours after the call and can be accessed by dialing 1-844-512-2921, or for international callers 1-412-317-6671 and providing the access code 13685800. The telephonic replay will be available until 11:59 pm (Eastern Time) on February 5, 2019.

Interested investors and other parties may also listen to a simultaneous webcast of the conference call by logging onto the investor relations section of our website at http://ir.amalgamatedbank.com/. The online replay will remain available for a limited time beginning immediately following the call.

About Amalgamated Bank

Amalgamated Bank is a New York-based full-service commercial bank and a chartered trust company with a combined network of 14 branches in New York City, Washington D.C., and San Francisco, and a presence in Pasadena, CA and Boulder, CO. Amalgamated was formed in 1923 as Amalgamated Bank of New York by the Amalgamated Clothing Workers of America, one of the country's oldest labor unions. Amalgamated provides commercial banking and trust services nationally and offers a full range of products and services to both commercial and retail customers. Amalgamated is a proud member of the Global Alliance for Banking on Values and is a certified B Corporation®. As of December 31, 2018, our total assets were $4.7 billion, total net loans were $3.2 billion, and total deposits were $4.1 billion. Additionally, as of December 31, 2018, the trust business held $28.8 billion in assets under custody and $10.5 billion in assets under management.

Non-GAAP Financial Measures

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

Our management utilizes this information to compare our operating performance for 2018 versus certain periods in 2017 and to internally prepared projections. We believe these non-GAAP financial measures facilitate making period-to-period comparisons and are meaningful indications of our operating performance. In addition, because intangible assets such as goodwill and other discrete items unrelated to our core business that are excluded vary extensively from company to company, we believe that the presentation of this information allows investors to more easily compare our results to those of other companies.

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

Terminology

Certain terms used in this release are defined as follows:

"Core operating revenue" is defined as total net interest income plus non-interest income excluding gains and losses on sales of securities and excluding other than temporary impairment charges ("OTTI"). We believe the most directly comparable GAAP financial measure is the total of net interest income and non-interest income.

"Core non-interest expense" is defined as total non-interest expense excluding any prepayment of long-term borrowings, branch closures, costs related to bank acquisitions, initial public offering and follow on costs, restructuring/severance or post-retirement benefit cancellation impacts. We believe the most directly comparable GAAP financial measure is total non-interest expense.

“Core earnings” is defined as net income after tax excluding gains and losses on sales of securities and excluding OTTI, prepayment of long-term borrowings, branch closures, costs related to bank acquisitions, initial public offering and follow on costs, restructuring/severance, post-retirement benefit cancellation, taxes on notable pre-tax items, pension recycling taxes, valuation allowance release, and changes in tax laws. We believe the most directly comparable GAAP financial measure is net income.

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

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

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

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

Forward Looking Statements

Statements included in this release that are not historical in nature are intended to be, and are hereby identified as, forward-looking statements within the meaning of the Private Securities Litigation Reform Act, Section 21E of the Securities Exchange Act of 1934, as amended. 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, but other statements not based on historical information may also be considered forward-looking statements. Forward-looking statements statements are subject to known and unknown risks, uncertainties and other factors, any or all of which could cause actual results to differ materially from the results expressed or implied by such forward-looking statements. These risks and uncertainties include, but are not limited to: (i) deterioration in the financial condition of borrowers resulting in significant increases in loan losses and provisions for those losses; (ii) continuation of the historically low short-term interest rate environment; (iii) the inability of Amalgamated Bank to maintain the historical growth rate of its loan portfolio; (iv) changes in loan underwriting, credit review or loss reserve policies associated with economic conditions, examination conclusions, or regulatory developments; (v) effectiveness of Amalgamated Bank’s asset management activities in improving, resolving or liquidating lower-quality assets; (vi) the impact of competition with other financial institutions, including pricing pressures (including those resulting from the Tax Cuts and Jobs Act) and the resulting impact on Amalgamated Bank’s results, including as a result of compression to net interest margin; (vii) greater than anticipated adverse conditions in the national or local economies including in Amalgamated Bank’s core markets (viii) fluctuations or unanticipated changes in interest rates on loans or deposits or that affect the yield curve; (ix) the results of regulatory examinations; (x) the ability to grow and retain low-cost core deposits and retain large, uninsured deposits; (xi) a merger or acquisition; (xii) risks of expansion into new geographic or product markets; (xiii) any matter that would cause Amalgamated Bank to conclude that there was impairment of any asset, including intangible assets; (xiv) inability to comply with regulatory capital requirements, including those resulting from changes to capital calculation methodologies, required capital maintenance levels or regulatory requests or directives; (xv) risks associated with litigation, including the applicability of insurance coverage; (xvi) the risk of successful integration of the businesses Amalgamated Bank may acquire; (xvii) the vulnerability of Amalgamated Bank's network and online banking portals, and the systems of parties with whom Amalgamated Bank contracts, to unauthorized access, computer viruses, phishing schemes, spam attacks, human error, natural disasters, power loss and other security breaches; (xviii) the possibility of increased compliance costs resulting from increased regulatory oversight as a result of Amalgamated Bank becoming a publicly traded company; (xix) volatile credit and financial markets both domestic and foreign; (xx) potential deterioration in real estate values (xxi) the risk that the cost savings and any synergies expected from Amalgamated’s merger with New Resource Bank (“NRB”) may not be realized or take longer than anticipated to be realized; (xx) disruption from Amalgamated’s merger with NRB with customers, suppliers, employee or other business partners relationships; (xxi) the risk of successful integration of Amalgamated's and NRB's businesses; (xxii) reputational risk and the reaction of the parties' customers, suppliers, employees or other business partners to Amalgamated's merger with NRB; (xxiii) the risk that the integration of Amalgamated’s and NRB's operations will be more costly or difficult than expected; (xxiii) the availability and access to capital and (xxiv) the risk that the preliminary financial information reported herein and our current preliminary analysis will be different when our review is finalized. Additional factors which could affect the forward looking statements can be found in Amalgamated’s Registration Statement on Form 10, Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, and Current Reports on Form 8-K filed with the FDIC and available on the FDIC's website at https://efr.fdic.gov/fcxweb/efr/index.html. Amalgamated Bank disclaims any obligation to update or revise any forward-looking statements contained in this release, which speak only as of the date hereof, whether as a result of new information, future events or otherwise, except as required by law.

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

	Three Months Ended			Year Ended	
	December 31, 2018	September 30, 2018	December 31, 2017	2018	2017
INTEREST AND DIVIDEND INCOME					
Loans	$ 34,620	$ 33,788	$ 28,099	$ 129,904	$ 110,988
Securities	9,251	8,707	6,361	31,576	25,768
Federal Home Loan Bank of New York stock	239	161	427	1,040	1,657
Interest-bearing deposits in banks	350	443	207	1,444	645
Total interest and dividend income	44,460	43,099	35,094	163,964	139,058
INTEREST EXPENSE					
Deposits	2,713	2,559	2,028	9,573	7,368
Borrowed funds	1,542	498	1,812	4,646	10,393
Total interest expense	4,255	3,057	3,840	14,219	17,761
NET INTEREST INCOME	40,205	40,042	31,254	149,745	121,297
Provision (release) for loan losses	864	791	432	(260)	6,672
Net interest income after provision for loan losses	39,341	39,251	30,822	150,005	114,625
NON-INTEREST INCOME					
Trust department fees	4,807	4,698	4,636	18,790	18,526
Service charges on deposit accounts	2,187	2,225	1,836	8,183	7,021
Bank-owned life insurance	430	434	712	1,667	2,004
Gain (loss) on sale of investment securities available for sale, net	(139)	-	(697)	(249)	(615)
Other than temporary impairment (OTTI) of securities, net	10	-	(836)	8	(826)
Gain (loss) on sale of loans, net	13	13	128	(451)	168
Gain (loss) on other real estate owned, net	19	-	59	(494)	126
Other	228	177	420	864	966
Total non-interest income	7,555	7,547	6,258	28,318	27,370
NON-INTEREST EXPENSE					
Compensation and employee benefits, net	18,166	17,044	16,690	67,425	56,575
Occupancy and depreciation	4,247	4,172	4,791	16,481	18,674
Professional fees	2,825	5,243	3,061	13,688	10,025
FDIC deposit insurance	406	443	623	1,981	2,494
Data processing	3,986	2,787	2,262	11,570	9,199
Office maintenance and depreciation	974	796	1,114	3,643	4,338
Amortization of intangible assets	389	406	-	969	-
Advertising and promotion	819	1,075	877	3,411	3,860
Borrowed funds prepayment fees	-	5	-	8	7,615
Other	3,212	2,082	2,236	8,827	9,494
Total non-interest expense	35,024	34,053	31,654	128,003	122,274
Income before provision for income taxes	11,872	12,745	5,426	50,320	19,721
Provision for income taxes	3,520	3,328	9,023	13,298	13,613
Net income	8,352	9,417	(3,597)	37,022	6,108
Net income attributable to noncontrolling interests					
Net income attributable to Amalgamated Bank and subsidiaries	$ 8,352	$ 9,417	$ (3,597)	$ 37,022	$ 6,108

Earnings per common share - basic (1)	$ 0.26	$ 0.30	$ (0.13)	$ 1.22	$ 0.21
Earnings per common share - diluted (1)	$ 0.26	$ 0.29	$ (0.13)	$ 1.21	$ 0.21

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

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

Assets	**December 31, 2018**	**December 31, 2017**
	(Unaudited)	
Cash and due from banks	$ 10,510	$ 7,130
Interest-bearing deposits in banks	70,335	109,329
Total cash and cash equivalents	80,845	116,459
Securities:		
Available for sale, at fair value (amortized cost of $1,188,710 and $948,146, respectively)	1,175,170	943,359
Held-to-maturity (fair value of $4,104 and $9,718, respectively)	4,081	9,601
Loans receivable, net of deferred loan origination costs (fees)	3,247,831	2,815,878
Allowance for loan losses	(37,195)	(35,965)
Loans receivable, net	3,210,636	2,779,913
Accrued interest and dividends receivable	14,387	11,177
Premises and equipment, net	21,654	22,422
Bank-owned life insurance	79,149	72,960
Deferred tax asset	32,094	39,307
Goodwill and other intangible assets	21,039	-
Other assets	38,833	45,964
Total assets	$ 4,677,888	$ 4,041,162
Liabilities and Stockholders' Equity		
Deposits	$ 4,105,306	$ 3,233,108
Borrowed funds	92,875	402,605
Other liabilities	47,968	61,381
Total liabilities	4,246,149	3,697,094
Commitments and contingencies		
Stockholders' equity:		
Preferred Stock:		
Class B - par value $100,000 per share; 77 shares authorized; 67 shares issued and outstanding as of December 31, 2017	-	6,700
Common Stock:		
Class A - par value $.01 per share; 70,000,000 shares authorized; 31,771,585 and 28,060,980 shares issued and outstanding, respectively (1)	318	281
Additional paid-in capital (1)	308,678	243,771
Retained earnings	134,599	99,506
Accumulated other comprehensive loss, net of income taxes	(11,990)	(6,324)
Total Amalgamated Bank stockholders' equity	431,605	343,934
Noncontrolling interests	134	134
Total stockholders' equity	431,739	344,068
Total liabilities and stockholders' equity	$ 4,677,888	$ 4,041,162

(1) December 31, 2017 balances effected for stock split that occurred on July 27, 2018

Select Financial Data

	As of and for the Three Months Ended			**As of and for the Twelve Months Ended** [1]	
	December 31,	**September 30,**	**December 31,**	**December 31,**	
	2018	2018	2017 [1]	2018	2017 (1)
Selected Financial Ratios and Other Data:					
Earnings					
Basic	$ 0.26	$ 0.30	$ (0.13)	$ 1.22	$ 0.21

Diluted	0.26	0.29	(0.13)	1.21	0.21
Core Earnings (non-GAAP)					
Basic	$ 0.30	$ 0.38	$ 0.17	$ 1.37	$ 0.50
Diluted	0.30	0.38	0.17	1.36	0.50
Book value per common share (excluding minority interest)	13.58	13.25	12.26	13.58	12.26
Tangible book value per share (non-GAAP)	12.92	12.57	12.02	12.92	12.02
Common shares outstanding	31,771,585	31,771,585	28,060,985	31,771,585	28,060,985
Weighted average common shares outstanding, basic	31,771,585	31,771,585	28,060,985	30,368,673	28,060,985
Weighted average common shares outstanding, diluted	32,460,024	32,099,668	28,060,985	30,633,270	28,060,985

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

Select Financial Data

	As of and for the Three Months Ended			As of and for the Twelve Months Ended	
	December 31,	September 30,	December 31,	December 31,	
	2018	2018	2017	2018	2017
Selected Performance Metrics:					
Return on average assets	0.71%	0.82%	(0.35%)	0.84%	0.15%
Core return on average assets (non-GAAP)	0.82%	1.05%	0.48%	0.94%	0.35%
Return on average equity	7.77%	8.96%	(4.04%)	9.44%	1.74%
Core return on average tangible common equity (non-GAAP)	9.50%	12.17%	5.56%	11.06%	4.12%
Loan yield	4.32%	4.33%	4.08%	4.27%	4.17%
Securities yield	3.14%	3.11%	2.62%	3.01%	2.50%
Deposit cost	0.27%	0.25%	0.26%	0.26%	0.24%
Net interest margin	3.57%	3.65%	3.22%	3.56%	3.15%
Efficiency ratio	73.33%	71.56%	84.38%	71.89%	82.25%
Core efficiency ratio (non-GAAP)	69.44%	64.02%	75.24%	68.47%	80.12%
Asset Quality Ratios:					
Nonaccrual loans to total loans	0.74%	0.63%	0.70%	0.74%	0.70%
Nonperforming assets to total assets	1.27%	1.25%	2.20%	1.27%	2.20%
Allowance for loan losses to nonaccrual loans	156%	180%	183%	156%	183%
Allowance for loan losses to total loans	1.15%	1.14%	1.28%	1.15%	1.28%
Net (recoveries) charge-offs to average loans	0.01%	(0.03%)	0.23%	(0.05%)	0.24%
Capital Ratios:					
Tier 1 leverage capital ratio	8.86%	8.94%	8.41%	8.86%	8.41%
Tier 1 risk-based capital ratio	13.22%	12.95%	11.55%	13.22%	11.55%
Total risk-based capital ratio	14.46%	14.20%	12.80%	14.46%	12.80%
Common equity tier 1 capital ratio	13.22%	12.95%	11.39%	13.22%	11.39%

Loan Portfolio Composition

(In thousands)	At December 31, 2018		At September 30, 2018		At December 31, 2017	
	Amount	% of total loans	Amount	% of total loans	Amount	% of total loans
Commercial portfolio:						
Commercial and industrial	$ 556,537	17.2%	$ 585,279	18.3%	$ 687,417	24.4%
Multifamily mortgages	916,337	28.3%	956,307	30.0%	902,475	32.1%
Commercial real estate mortgages	440,704	13.6%	429,616	13.4%	352,475	12.5%
Construction and land development mortgages	46,178	1.4%	36,704	1.1%	11,059	0.4%
Total commercial portfolio	1,959,756	60.5%	2,007,906	62.8%	1,953,426	69.4%
Retail portfolio:						
Residential 1-4 family (1st mortgage)	1,083,204	33.4%	1,017,362	31.9%	769,058	27.3%
Residential 1-4 family (2nd mortgage)	27,206	0.8%	28,588	0.9%	31,559	1.1%
Consumer and other	171,184	5.3%	141,660	4.4%	61,929	2.2%
Total retail	1,281,594	39.5%	1,187,610	37.2%	862,546	30.6%
Total loans	3,241,350	100.0%	3,195,516	100.0%	2,815,972	100.0%

Net deferred loan origination fees	6,481	5,349	(94)
Allowance for loan losses	(37,195)	(36,414)	(35,965)
Total loans, net	$ 3,210,636	$ 3,164,451	$ 2,779,913

Net Interest Income Analysis

	Three Months Ended December 31, 2018			Three Months Ended September 30, 2018			Three Months Ended December 31, 2017		
(In thousands)	**Average Balance**	**Income / Expense**	**Yield / Rate**	**Average Balance**	**Income / Expense**	**Yield / Rate**	**Average Balance**	**Income / Expense**	**Yield / Rate**
Interest earning assets:									
Interest-bearing deposits in banks	$ 85,789	$ 350	1.62%	$ 114,464	$ 443	1.54%	90,893	$ 207	0.90%
Securities and FHLB stock	1,198,477	9,490	3.14%	1,130,719	8,867	3.11%	1,026,377	6,788	2.62%
Loans held for sale	-	-	0.00%	11,445	-	0.00%	-	-	0.00%
Total loans, net (1)	3,180,168	34,620	4.32%	3,097,318	33,789	4.33%	2,730,572	28,099	4.08%
Total interest earning assets	4,464,434	44,460	3.95%	4,353,946	43,099	3.93%	3,847,842	35,094	3.62%
Non-interest earning assets:									
Cash and due from banks	12,480			19,623			6,955		
Other assets	203,263			202,593			185,323		
Total assets	$4,680,177			$ 4,576,162			$ 4,040,120		
Interest bearing liabilities:									
Savings, NOW and money market deposits	1,839,662	$ 1,731	0.37%	1,804,535	$ 1,587	0.35%	1,436,928	$ 1,248	0.34%
Time deposits	444,131	982	0.88%	434,352	972	0.89%	392,981	781	0.79%
Total deposits	2,283,793	2,713	0.47%	2,238,887	2,559	0.45%	1,829,910	2,028	0.44%
Federal Home Loan Bank advances	258,505	1,542	2.37%	106,131	498	1.86%	493,970	1,812	1.46%
Total interest bearing liabilities	2,542,299	4,255	0.66%	2,345,018	3,057	0.52%	2,323,880	3,840	0.66%
Non interest bearing liabilities:									
Demand and transaction deposits	1,669,670			1,771,774			1,316,203		
Other liabilities	41,988			42,562.91			47,138		
Total liabilities	4,253,957			4,159,355			3,687,220		
Stockholders' equity	426,220			416,807			352,900		
Total liabilities and stockholders' equity	$4,680,177			$ 4,576,162			$ 4,040,120		
Net interest income / interest rate spread		40,205	3.29%		40,042	3.41%		31,254	2.96%
Net interest earning assets / net interest margin	$1,922,135		3.57%	$ 2,008,928		3.65%	$ 1,523,962		3.22%

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

Net Interest Income Analysis

	Year Ended December 31,					
	2018			2017		
(In thousands)	**Average Balance**	**Income / Expense**	**Yield / Rate**	**Average Balance**	**Income / Expense**	**Yield / Rate**
Interest earning assets:						
Interest-bearing deposits in banks	$ 87,606	$ 1,444	1.65%	$ 89,000	$ 645	0.72%
Securities and FHLB stock	1,081,950	32,616	3.01%	1,098,138	27,425	2.50%

Loans held for sale	-	-	0.00%	-	-	0.00%
Total loans, net (1)	3,039,779	129,904	4.27%	2,663,889	110,988	4.17%
Total interest earning assets	4,209,335	163,964	3.90%	3,851,026	139,058	3.61%
Non-interest earning assets:						
Cash and due from banks	13,243			6,703		
Other assets	190,740			176,838		
Total assets	$ 4,413,318			$ 4,034,567		
Interest bearing liabilities:						
Savings, NOW and money market deposits	1,681,545	6,005	0.36%	1,466,839	4,516	0.31%
Time deposits	416,482	3,568	0.86%	427,089	2,852	0.67%
Total deposits	2,098,027	9,573	0.46%	1,893,928	7,368	0.39%
Federal Home Loan Bank advances	253,257	4,646	1.83%	570,129	10,360	1.82%
Other Borrowings	0	0	2.30%	1,513	33	2.16%
Total borrowings	253,257	4,646	1.83%	571,642	10,393	1.82%
Total interest bearing liabilities	2,351,284	14,219	0.60%	2,465,570	17,761	0.72%
Non interest bearing liabilities:						
Demand and transaction deposits	1,626,373			1,173,215		
Other liabilities	43,424			45,602		
Total liabilities	4,021,081			3,684,387		
Stockholders' equity	392,237			350,180		
Total liabilities and stockholders' equity	$ 4,413,318			$ 4,034,567		
Net interest income / interest rate spread		149,745	3.29%		121,297	2.89%
Net interest earning assets / net interest margin	$ 1,858,051		3.56%	$ 1,385,457		3.15%

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

Deposit Portfolio Composition

(*in thousands*)	Three Months Ended					
	December 31, 2018		September 30, 2018		December 31, 2017	
	Average Amount	Weighted Average Rate	Average Amount	Weighted Average Rate	Average Amount	Weighted Average Rate
Non-interest bearing demand deposit accounts	$ 1,669,670	0.00%	$ 1,771,774	0.00%	$ 1,316,203	0.00%
Savings accounts	329,192	0.19%	327,098	0.17%	301,440	0.14%
Money market deposit accounts	1,304,363	0.41%	1,286,940	0.38%	930,509	0.43%
NOW accounts	206,107	0.45%	190,497	0.46%	204,979	0.27%
Time deposits	444,131	0.88%	434,352	0.89%	392,981	0.79%
	$ 3,953,464	0.27%	$ 4,010,661	0.25%	$ 3,146,113	0.26%

(*in thousands*)	Twelve Months Ended December 31,			
	2018		2017	
	Average Amount	Weighted Average Rate	Average Amount	Weighted Average Rate
Non-interest bearing demand deposit accounts	$ 1,626,373	0.00%	$ 1,173,215	0.00%
Savings accounts	318,882	0.16%	303,164	0.13%
Money market deposit accounts	1,161,309	0.40%	966,740	0.38%
NOW accounts	201,353	0.40%	196,936	0.22%
Time deposits	416,482	0.86%	427,089	0.67%
	$ 3,724,400	0.26%	$ 3,067,143	0.24%

Asset Quality

(*In thousands*)	At December 31, 2018	At September 30, 2018	At December 31, 2017
Loans 90 days past due and accruing	$ -	$ 491	$ 6,971
Nonaccrual loans excluding held for sale loans and restructured loans	8,379	4,986	4,914

Nonaccrual loans held for sale	-	-	4,186
Restructured loans - nonaccrual	15,482	15,293	14,785
Restructured loans - accruing	34,457	36,280	43,981
Other real estate owned	844	844	1,907
Impaired securities	93	103	12,296
Total nonperforming assets	$ 59,255	$ 57,997	$ 89,040
Nonaccrual loans:			
Commercial and industrial	$ 12,153	$ 12,218	$ 12,569
Multifamily	-	-	-
Commercial real estate	4,112	-	-
Construction and land development	-	-	-
Total commercial portfolio	16,265	12,218	12,569
Residential 1-4 family 1st mortgages	6,287	6,490	6,324
Residential 1-4 family 2nd mortgages	1,299	1,561	780
Consumer and other	10	10	26
Total retail portfolio	7,596	8,061	7,130
Total nonaccrual loans	$ 23,861	$ 20,279	$ 19,699
Nonperforming assets to total assets	1.27%	1.25%	2.20%
Nonaccrual assets to total assets	0.53%	0.46%	0.64%
Nonaccrual loans to total loans	0.74%	0.63%	0.70%
Allowance for loan losses to nonaccrual loans	156%	180%	183%
Troubled debt restructurings:			
TDRs included in nonaccrual loans	$ 15,482	$ 15,293	$ 14,785
TDRs in compliance with modified terms	$ 34,457	$ 36,280	$ 43,981

Reconciliation of GAAP to Non-GAAP Financial Measures

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

	For the Three Months Ended			For the Twelve Months Ended	
(in thousands)	December 31,	September 30	December 31,	December 31,	
	2018	2018	2017	2018	2017
Core operating revenue					
Net interest income (GAAP)	$ 40,205	$ 40,042	$ 31,254	$ 149,745	$ 121,297
Non interest income (GAAP)	7,555	7,547	6,259	28,318	27,370
Add: Securities loss, net and OTTI	129	-	1,533	241	1,441
Core operating revenue (non-GAAP)	$ 47,889	$ 47,589	$ 39,045	$ 178,304	$ 150,108
Core non-interest expenses					
Non-interest expense (GAAP)	$ 35,024	$ 34,053	$ 31,655	$ 128,003	$ 122,274
Less: Prepayment fees on borrowings	-	(5)	-	(8)	(7,615)
Less: Branch closure expense(1)	-	-	(816)	-	(2,105)
Less: Acquisition cost(2)	(1,633)	(148)	(357)	(2,363)	(357)
Less: Initial public offering and follow on cost (3)	120	(3,436)	-	(3,316)	-
Less: Severance (4)	(257)	-	(1,103)	(235)	(1,768)
Add: Post-retirement benefit cancellation(5)	-	-	-	-	9,838
Core non-interest expense (non-GAAP)	$ 33,254	$ 30,464	$ 29,379	$ 122,081	$ 120,267
Core Earnings					
Net Income (GAAP)	$ 8,352	$ 9,417	$ (3,597)	$ 37,022	$ 6,108
Add: Securities loss, net and OTTI	129	-	1,533	241	1,441
Add: Prepayment fees on borrowings	-	5	-	8	7,615
Add: Branch closure expense(1)	-	-	816	-	2,105
Add: Acquisition cost(2)	1,633	148	357	2,363	357
Add: Initial public offering and follow on cost (3)	(120)	3,436	-	3,316	-

Add: Severance [4]	257	-	1,103	235	1,768
Less: Post-retirement benefit cancellation[5]	-	-	-	-	(9,838)
Less: Tax on notable items	(563)	(911)	(1,313)	(1,629)	(1,342)
Add: Impacts of other tax changes	-	-	5,947	-	5,947
Core earnings (non-GAAP)	$ 9,688	$ 12,095	$ 4,846	$ 41,556	$ 14,161
Tangible common equity					
Stockholders Equity (GAAP)	$ 431,739	$ 421,028	$ 344,068	$ 431,739	$ 344,068
Less: Minority Interest (GAAP)	(134)	(134)	(134)	(134)	(134)
Less: Preferred Stock (GAAP)	-	-	(6,700)		(6,700)
Less: Goodwill (GAAP)	(12,936)	(12,936)	-	(12,936)	-
Less: Core deposit intangible (GAAP)	(8,102)	(8,491)	-	(8,102)	-
Tangible common equity (non-GAAP)	$ 410,567	$ 399,467	$ 337,234	$ 410,567	$ 337,234
Average tangible common equity					
Average Stockholders Equity (GAAP)	$ 426,207	$ 416,807	$ 352,900	$ 392,233	$ 350,180
Less: Minority Interest (GAAP)	(134)	(134)	(134)	(134)	(134)
Less: Preferred Stock (GAAP)	-	-	(6,700)	(2,753)	(6,700)
Less: Goodwill (GAAP)	(12,936)	(13,933)	-	(8,421)	-
Less: Core deposit intangible (GAAP)	(8,291)	(8,402)	-	(5,187)	-
Average tangible common equity (non-GAAP)	$ 404,845	$ 394,338	$ 346,066	$ 375,738	$ 343,346
Core return on average assets					
Core earnings (numerator) (non-GAAP)	9,688	12,095	4,846	41,556	14,161
Divided: Total average assets (denominator) (GAAP)	$ 4,680,153	4,576,162	4,040,120	4,413,312	4,034,567
Core return on average assets (non-GAAP)	0.82 %	1.05 %	0.48 %	0.94 %	0.35 %
Core return on average tangible common equity					
Core earnings (numerator) (non-GAAP)	9,688	12,095	4,846	41,556	14,161
Divided: Total average tangible common equity (denominator) (non-GAAP)	404,845	394,338	346,066	375,738	343,346
Core return on average tangible common equity (non-GAAP)	9.50 %	12.17 %	5.56 %	11.06 %	4.12 %
Core efficiency ratio					
Core non-interest expense (numerator) (non-GAAP)	33,254	30,464	29,379	122,081	120,267
Core operating revenue (denominator) (non-GAAP)	47,889	47,589	39,045	178,304	150,108
Core efficiency ratio (non-GAAP)	69.44 %	64.02 %	75.24 %	68.47 %	80.12 %

(1) Occupany and severance expense related to closure of branches during our branch rationalization
(2) Expense related to New Resource Bank acquisition
(3) Costs related to initial public offering and follow on costs in August and November 2018, respectively
(4) Salary and COBRA reimbursement expense for positions eliminated
(5) "One time" credit due to plan cancellation in the second quarter of 2017