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**FEDERAL DEPOSIT INSURANCE CORPORATION  
WASHINGTON, D.C. 20006**

**FORM 8-K**

**CURRENT REPORT**

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

**Date of Report (Date of earliest event reported): March 16, 2020**

**AMALGAMATED BANK**  
**(Exact name of registrant as specified in its charter)**

**New York**  
**(State or other jurisdiction**  
**of incorporation)**

**13-4920330**  
**(IRS employer identification no.)**

**275 Seventh Avenue, New York, New York**  
**(Address of principal executive offices)**

**10001**  
**(Zip Code)**

**Registrant's telephone number, including area code: (212) 895-8988**

**Not Applicable**  
**(Former name or former address, if changed since last report)**

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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

<b>Title of each class</b>	<b>Trading symbol(s)</b>	<b>Name of each exchange on which registered</b>
Class A Common Stock, \$0.01 par value per share	AMAL	The Nasdaq Stock Market

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR § 230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR § 240.12b-2).

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. ☐

**Item 7.01. Regulation FD Disclosure.**

On March 16, 2020, Amalgamated Bank (the “Company”) will make presentations to certain institutional investors using the materials that are included as Exhibit 99.1 to this Current Report on Form 8-K (the “Investor Presentation”). The Company may use the Investor Presentation, possibly with modifications, in presentations from time to time thereafter to current and potential investors, analysts, lenders, business partners, acquisition candidates, customers, employees and others with an interest in the Company and its business.

By furnishing this Current Report on Form 8-K, including the Investor Presentation, the Company makes no admission as to the materiality of any information in this Report, including without limitation the Investor Presentation. The Investor Presentation contains forward-looking statements. See page 1 of the Investor Presentation for a discussion of certain forward-looking statements that are included therein and the risks and uncertainties related thereto. The Investor Presentation also includes financial information not prepared in accordance with generally accepted accounting principles (“Non-GAAP Financial Measures”). A reconciliation of the Non-GAAP Financial Measures to financial information prepared in accordance with generally accepted accounting principles (“GAAP”), as required by Regulation G, appears on page 27 and 28 of the Investor Presentation. The Company believes that the Non-GAAP Financial Measures provide investors additional ways to view our operations, when considered with both our GAAP results and the reconciliation to net income and net cash provided by operating activities, which we believe provide a more complete understanding of our business than could be obtained absent this disclosure. We believe the Non-GAAP Financial Measures also provide investors a useful tool to assess shareholder value.

The information in this Item 7.01, including Exhibit 99 shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and shall not be deemed incorporated by reference into any filing with the Federal Deposit Insurance Corporation, except as expressly set forth by specific reference in such a filing.

**Item 9.01. Exhibits.**

- (a) Financial statements of businesses acquired. N/A
- (b) Pro forma financial information. N/A
- (c) Shell company transactions. N/A
- (d) Exhibits. See Exhibit Index to this report.

**Exhibit Index****Exhibit No. Description**

99.1	Investor Presentation dated March 16, 2020 (furnished only).
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**SIGNATURE**

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 hereunto duly authorized.

AMALGAMATED BANK

By: /s/ Keith Mestrich

Name: Keith Mestrich

Title: Chief Executive Officer and President

Date: March 16, 2020

# AMALGAMATED BANK

Q1 2020



[amalgamatedbank.com](https://amalgamatedbank.com)  
Member FDIC

# Safe Harbor Statements

## **FORWARD-LOOKING STATEMENTS**

Statements included in this presentation 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. In this presentation, our statements regarding estimated share repurchases, exploration of establishing a bank holding company, our planned commercial market expansion, establishment of climate-related goals and estimated changes in interest rates are “forward-looking” statements. All forward-looking statements are subject to known and unknown risks, uncertainties and other factors, any or all of which could cause actual results to differ materially from the results expressed or implied by such forward-looking statements. Additional factors which could affect the forward looking statements can be found in Amalgamated's Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, and Current Reports on Form 8-K filed with the FDIC and available on the FDIC's website at <https://efr.fdic.gov/fcxweb/efr/index.html>. Amalgamated Bank disclaims any obligation to update or revise any forward-looking statements contained in this presentation, which speak only as of the date hereof, whether as a result of new information, future events or otherwise.

## **NON-GAAP FINANCIAL MEASURES**

This presentation contains certain non-GAAP financial measures including, without limitation, “Core Net Income,” “Core Non-interest Income,” “Core Non-interest Income / Average Assets,” “Core Operating Revenue,” “Core Non-interest Expense,” “Core Non-interest Expense / Average Assets,” “Core Efficiency Ratio,” “Core Earnings,” “Core ROAA,” “Core ROAE” and “Core ROATCE.”

We believe these non-GAAP financial measures provide useful information to management and investors that is supplementary to our financial condition, results of operations and cash flows computed in accordance with GAAP. Specifically, we believe these non-GAAP financial measures (a) allow management and investors to better assess our performance by removing volatility that is associated with discrete items that are unrelated to our core business, and (b) enable a more complete understanding of factors and trends affecting our business.

Non-GAAP financial measures, however, have inherent limitations, are not required to be uniformly applied, and are not audited. Accordingly, these non-GAAP financial measures should not be considered as substitutes for GAAP financial measures, and we strongly encourage investors to review the GAAP financial measures included in this presentation 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 presentation with other companies' non-GAAP financial measures having the same or similar names. As such, you should not view these disclosures as a substitute for results determined in accordance with GAAP, and they are not necessarily comparable to non-GAAP financial measures that other companies use. Reconciliations of non-GAAP financial disclosures to what we believe to be the most directly comparable GAAP measures found in this presentation are set forth in the final pages of this presentation and also may be viewed on the company's website, [amalgamatedbank.com](http://amalgamatedbank.com).

You should assume that all numbers presented are unaudited unless otherwise noted.

# 2019 Highlights

## Full Year 2019

- ✓ Revenues **+7.7%**
- ✓ Net Income **+5.7%**
- ✓ Core Net Income **+15.9%**<sup>1</sup>
- ✓ Deposits **+13.0%**
- ✓ Net Loans **+7.1%**
- ✓ Assets **+13.7%**
- ✓ Tangible Book Value per Share **+13.5%**

## For 4Q19 or as of December 31, 2019

- ✓ Total Assets **\$5.3bn**
- ✓ Assets Under Management and/or Custody **\$46.2bn**
- ✓ Net Loans **\$3.4bn**
- ✓ Total Deposits **\$4.6bn**
- ✓ PACE Assessments **\$264mm**
- ✓ Nonperforming Assets **1.25%** of Total Assets
- ✓ Tier 1 Leverage Ratio **8.90%**
- ✓ ROAE **9.75%**, and Core ROATCE **10.68%**<sup>1</sup>

## Developments

- ✓ 4Q19 Dividend of \$0.08 per share, increased from the previous quarter by \$0.02
- ✓ 1Q20 share repurchase estimated at \$7mm; \$2.1mm remaining
- ✓ Credit is stable and we are monitoring for effects of COVID-19 on our portfolio
  - ✓ Bank does not adopt CECL until 2023
  - ✓ Expect to increase qualitative factors in Loan Loss Allowance in 1Q20
- ✓ 2020 Guidance under review given pandemic and change in interest rate environment
- ✓ Bank resiliency plan in place for operational continuity during the pandemic

1. See non-GAAP reconciliations on pages 26-27



# Amalgamated Bank Overview

## Commercial Bank and Chartered Trust Company

### Distinct Heritage

- Founded by Amalgamated Clothing Workers of America (ACWA) labor union in 1923 as NYC's first labor bank
- Amalgamated supports financial equity by providing access to banking products and services
- Workers United union ownership of 40% of Amalgamated shares
- First bank to offer free checking accounts to working New Yorkers

### Targeted Customer Base

- Clients are drawn to Amalgamated for its values-based business practices and banking team's expertise in critical areas
- Proud to bank mission-based nonprofits, unions, philanthropies, political organizations, and social impact enterprises
- Largest B Corp bank and member of Global Alliance for Banking on Values

### Unique Business Model

- Low-cost deposit funding is deployed into lower risk assets, to achieve attractive risk-adjusted returns
- Lower capital required from low-risk balance sheet creates opportunities for higher returns
- Committed to energy efficient asset investments such as Property Assessed Clean Energy (PACE) and solar energy projects

## We are proud of our missioned aligned initiatives and accomplishments

- ✓ Created the Corporate Social Responsibility (CSR) Committee to assist in creating strategy for ESG goals and for developing, implementing and monitoring initiatives and policies to meet that strategy
- ✓ A founding signatory, we were one of three US based banks to sign the UN Principles for Responsible Banking (UNPRB) and joined UNPRB's Collective Commitment to Climate Action
- ✓ We joined the newly launched Partnership for Carbon Accounting Finance, a global collaboration to develop a methodology to measure the carbon footprint of all asset classes in our industry
  - ✓ As a member, we intend to set climate-related goals, including Science Based Targets, and report progress on our initiatives annually
- ✓ We were the only bank to sign Everytown's gun safety corporate call to action
- ✓ Winner of B Corp's Best for the World award



# Uniquely Positioned Business Model

## Niche targeted mission-based customer segment

### LABOR UNIONS

- 30,000+ Labor Organizations
- 14.6mm Americans
- International, National and Local



### SUSTAINABILITY

- Environmental action organizations
- Sustainable businesses
- Clean energy companies



### PHILANTHROPIES

- \$350bn in assets from progressive philanthropies
- 1,300 private foundations



### SOCIAL ENTERPRISES

- Multi-billion impact investing market
- 1,800+ B-Corps



### NON-PROFITS

- 1.5mm organizations
- 11.7% of American wages



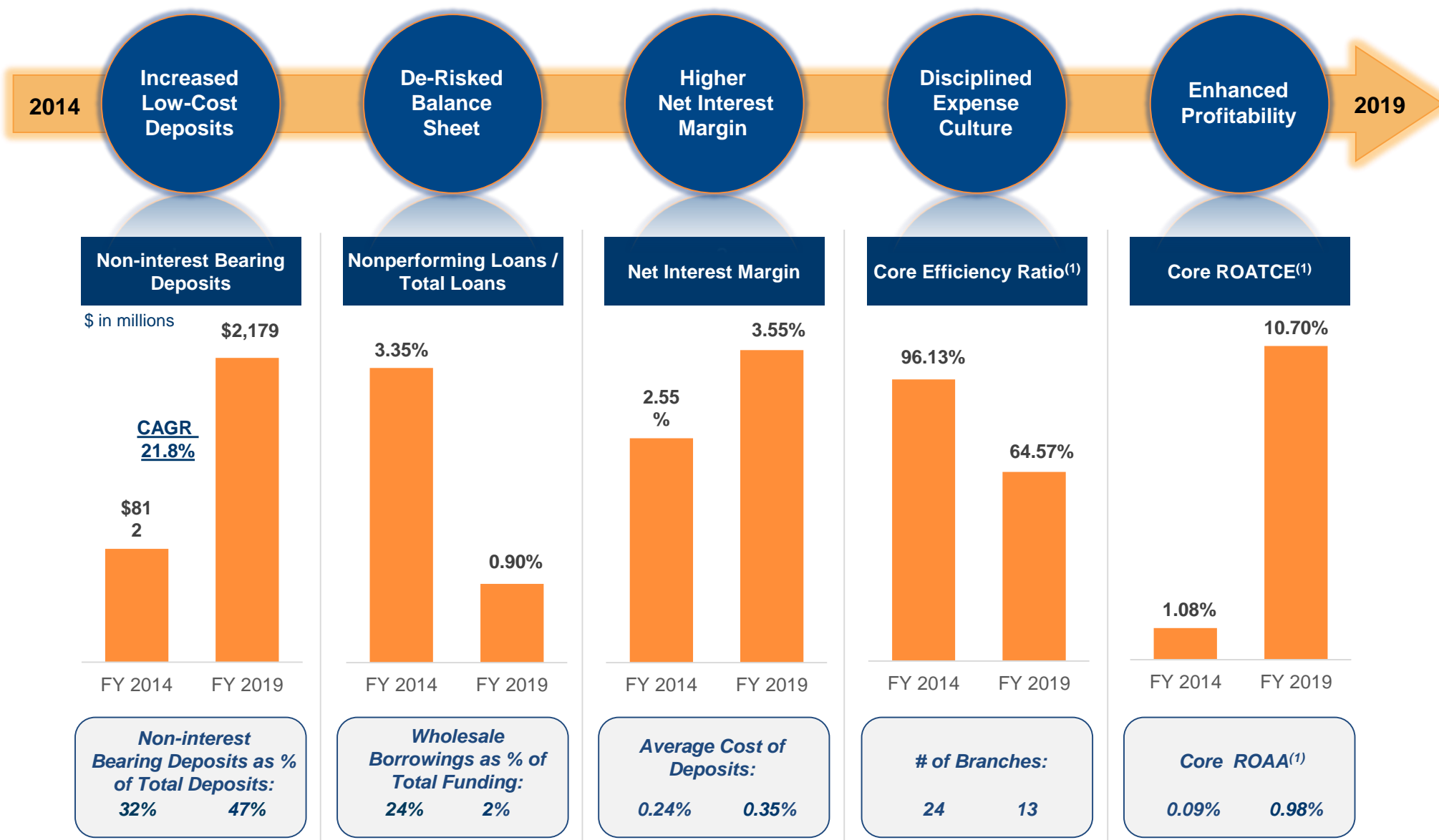
### POLITICAL ORGANIZATIONS

- 19,500 Democratic candidates
- 2020 Democratic National Convention (DNC)



Source: The State of Minority Business Enterprises: U.S. Department of Commerce (2007) Next Street Segmented Growth Strategy study as of March 2016 commissioned by Amalgamated. Target customer assets represent total market opportunity and does not exclude assets of existing Amalgamated clients; includes progressive philanthropies, social advocacy and human needs organizations, and labor unions and excludes social enterprises and political organizations.

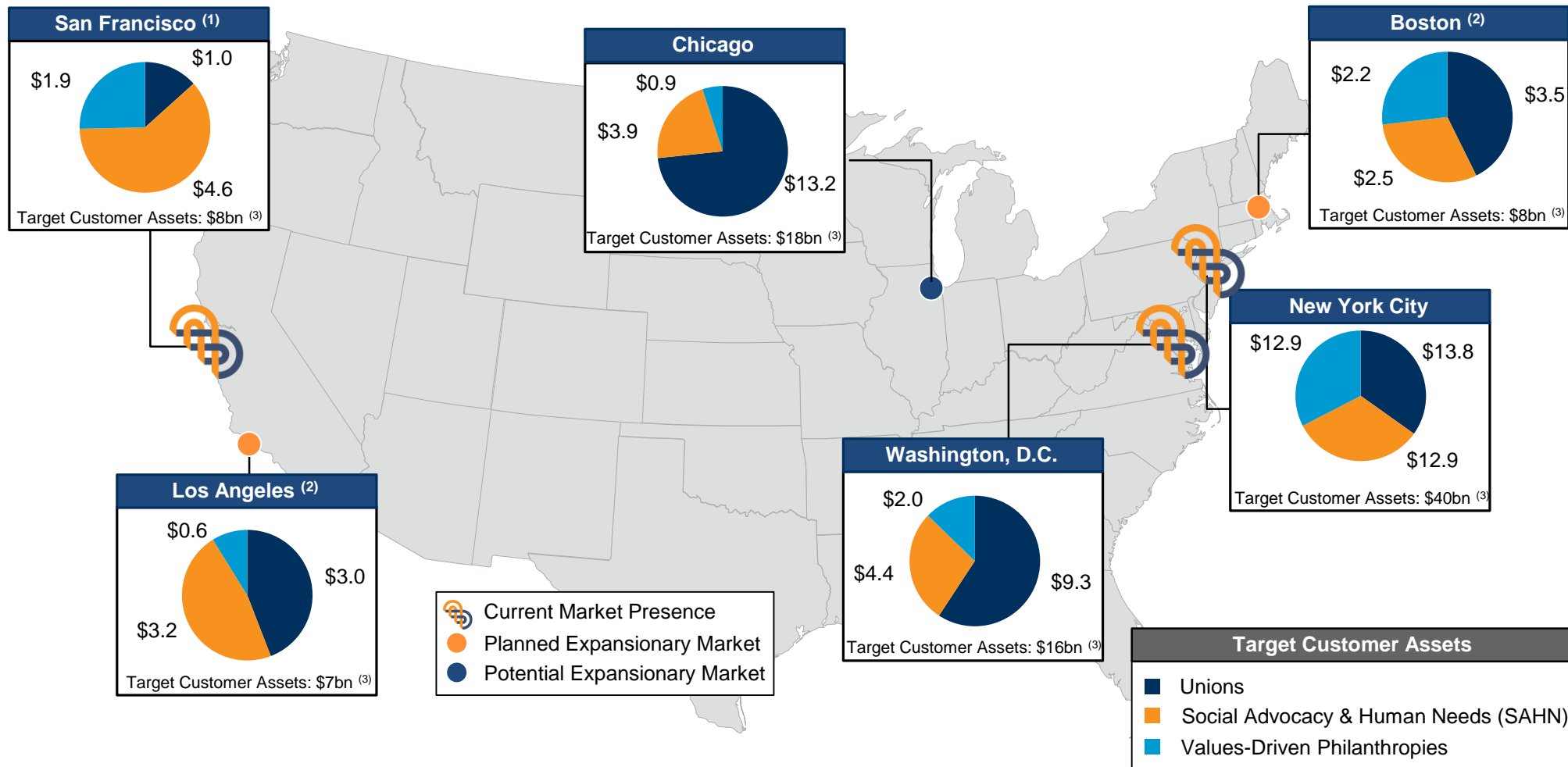
# Successfully Improved Operating Performance



1. See non-GAAP reconciliations on pages 26-27

# Attractive Geographic Focus

- Current footprint includes New York City, Washington D.C. and San Francisco
- Planned expansion into Commercial markets in Boston and Los Angeles in 2020

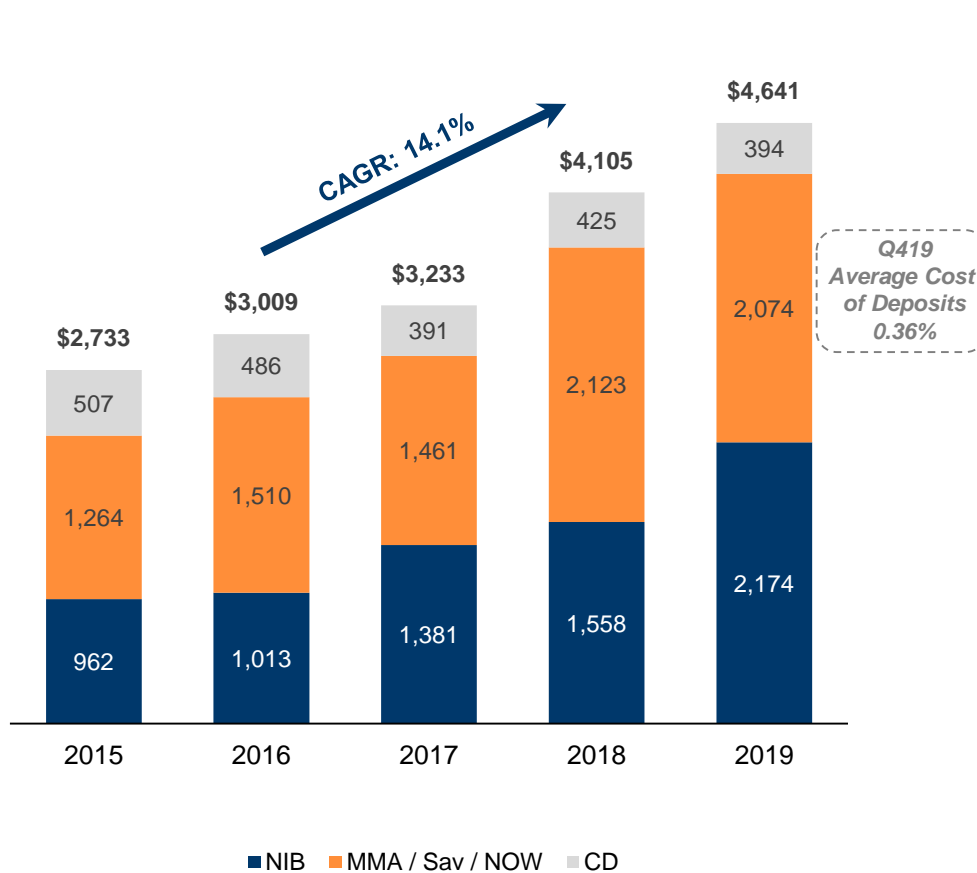


1. Amalgamated Bank completed its acquisition of San Francisco based New Resource Bank on May 18, 2018
2. Planned Commercial market expansion offices to open in 2020
3. Source: Next Street Segmented Growth Strategy study as of March 2016 commissioned by Amalgamated; Target customer assets represent total market opportunity and does not exclude assets of existing Amalgamated clients; includes progressive philanthropies, social advocacy and human needs organizations, and labor unions and excludes social enterprises and political organizations

# Low-Cost, Low Beta Core Deposit Franchise

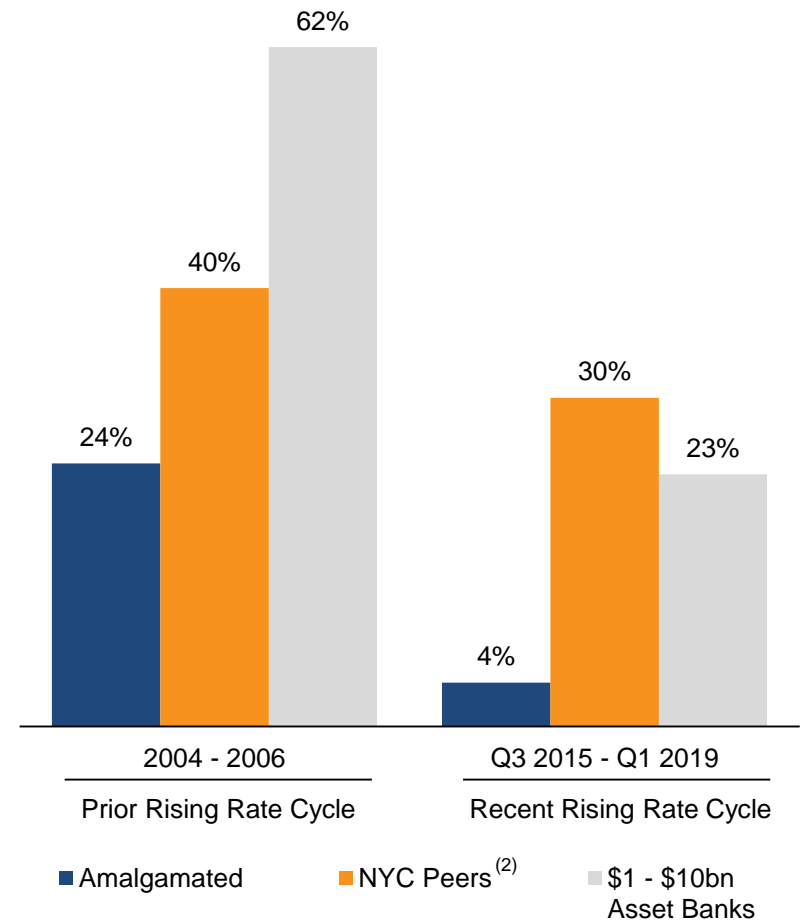
## Annual Deposit Growth (EOM)

\$ in millions



## Deposit Beta Analysis

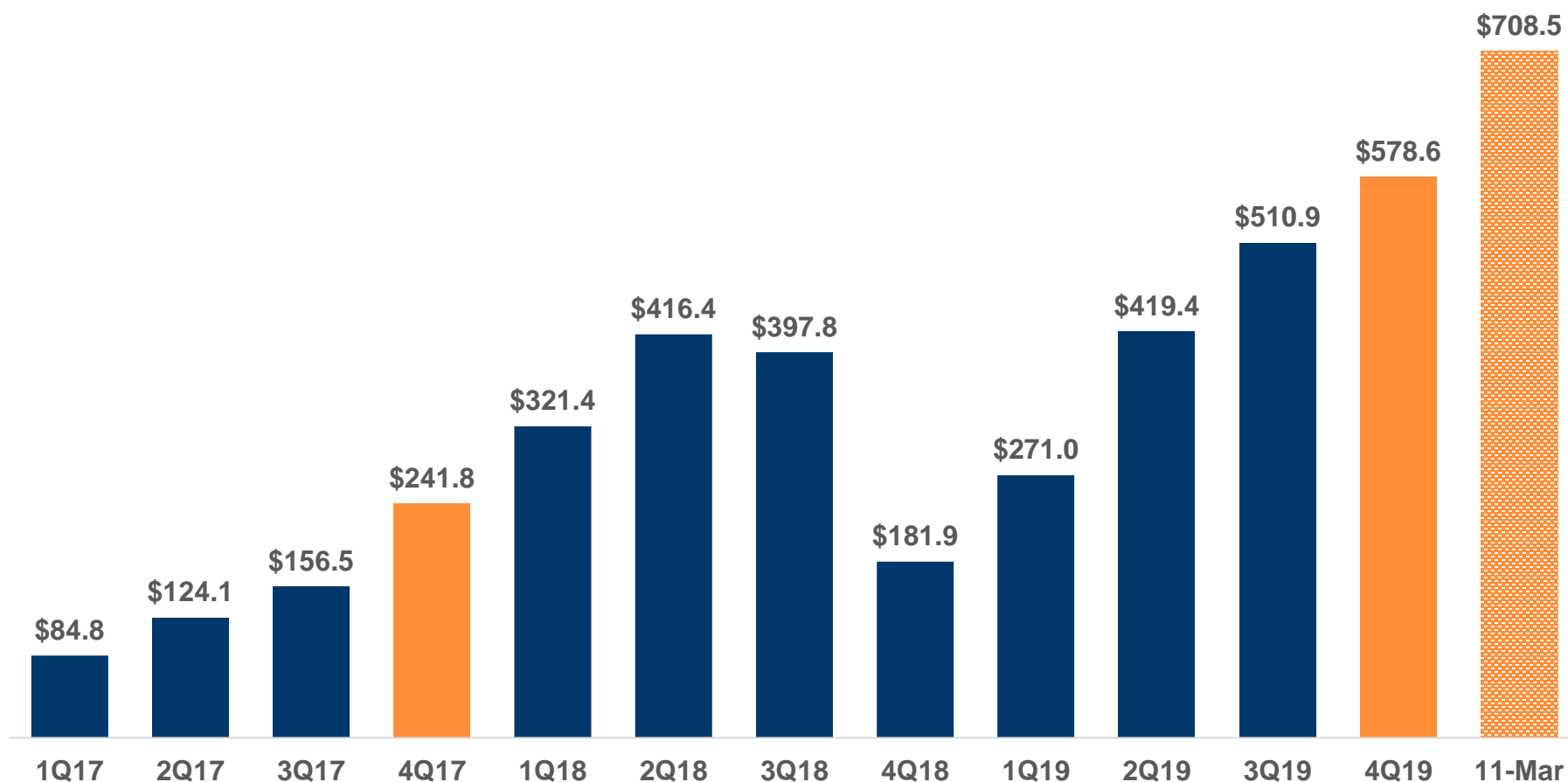
\$ in millions



1. Deposit beta analysis reflects the change in average cost of deposits as a percentage of the change in the target federal funds rate
2. NYC Peers are \$1.5bn to \$10.0bn asset New York City MSA banks with less than 12.0% tangible common equity / tangible assets

## Political Deposits<sup>(1)</sup> Trend

\$ in millions



1. Deposits from politically active customers such as campaigns, PACs, and state and national party committees

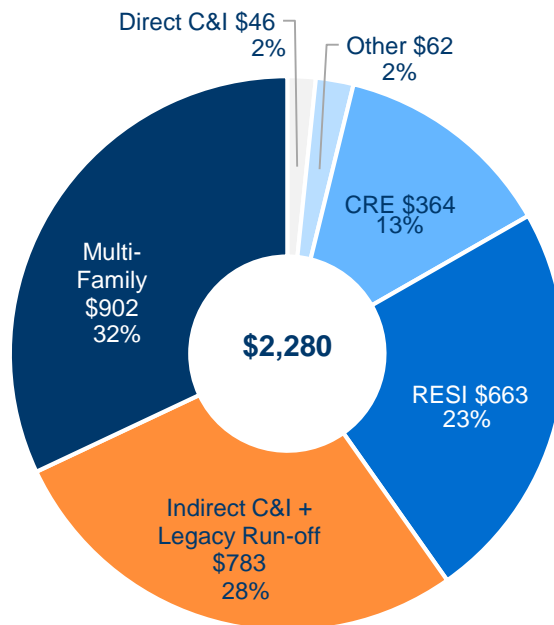
# Conservative Asset Allocation

- Shift away from Indirect C&I and Legacy run-off into Residential Lending
- De-risking of C&I portfolio began in early 2018 and is approximately 90% complete by year-end 2019

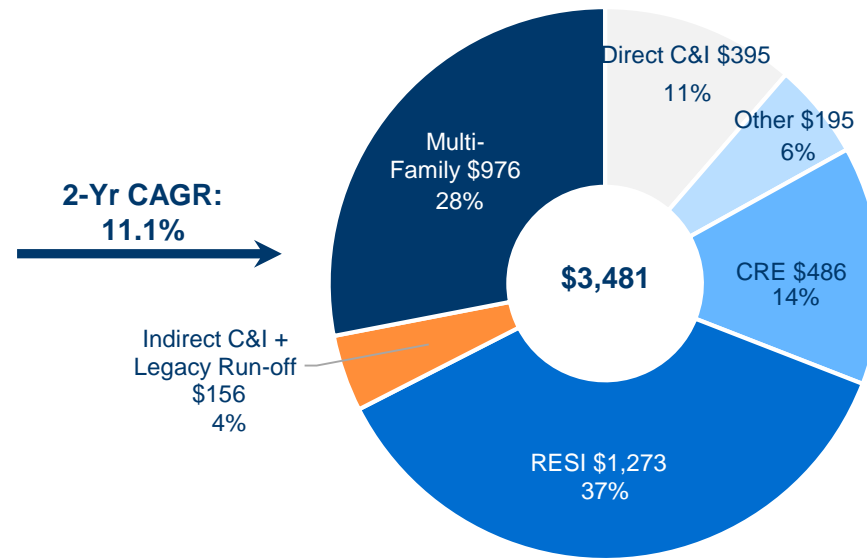
## Loans, net<sup>(1)</sup>

\$ in millions

### 2017 Composition



### 2019 Composition



1. Loan composition as year-end for respective year, on a gross basis before deferred FAS91 loan fees and loan loss allowance

# Conservative Asset Allocation

- NPA excluding run-off portfolios is 0.45%
- Approximately 4% of portfolio makes up 78% of NPA

## Non-Performing Asset Portfolio, December 31, 2019

\$ in millions

		Book Bal	Total NPA	% of Book Bal	NPA Performing	% of Book Bal	NPA Non-Performing	% of Book Bal
Residential		\$1,273	\$1	0.09%	-	0.00%	\$1	0.09%
Multi-Family		\$976	\$0	0.04%	\$0	0.04%	-	0.00%
Commercial Real Estate		\$486	\$12	2.57%	\$5	1.05%	\$7	1.51%
C&I Direct		\$395	\$1	0.20%	\$0	0.01%	\$1	0.20%
SBA		\$122	-	0.00%	-	0.00%	-	0.00%
Consumer		\$73	\$0	0.01%	-	0.00%	\$0	0.01%
Run-off portfolios	Residential - Purchased pre-2010	\$96	\$28	29.25%	\$21	21.57%	\$7	7.68%
	C&I Indirect	\$60	\$24	39.56%	\$9	14.95%	\$15	24.61%
<b>Total</b>		<b>\$3,481</b>	<b>\$67</b>	<b>1.92%</b>	<b>\$35</b>	<b>1.01%</b>	<b>\$31</b>	<b>0.90%</b>
Run-off Portfolio		\$156	\$52	33.22%				
Non Run-off Portfolio		\$3,325	\$15	0.45%				

# Conservative Asset Allocation

- **Strict credit culture in place to maintain conservative credit standards and underwrite each loan on our balance sheet**
- **Expanded into residential Property Assessed Clean Energy (“PACE”) financing which allows residential borrowers to finance energy efficient home improvements**

Loan Type	Loan-to-Value (LTV)	FICO
Residential Real Estate <sup>(1)</sup> (purchased or originated post 2012)	59%	765
Multifamily <sup>(2)</sup> (portfolio)	58%	N/A
CRE <sup>(3)</sup> (at origination)	57%	N/A
PACE <sup>(4)</sup>	8%	N/A

1. Residential Real Estate Loans purchased or originated post-2012

2. At December 31, 2019 our total multifamily portfolio is \$976.4 million, and our total multifamily loan exposure in New York State is approximately \$795 million. Approximately 67% of these loans are to buildings with at least one rent regulated unit and approximately 50% of all units in the portfolio are rent regulated.

3. CRE exposure is also predominantly in the New York metropolitan area and includes loans on office buildings, retail centers, industrial facilities, medical facilities and mixed-use buildings

4. Average assessment-to-value at origination for our residential PACE purchases was 8% for \$261.4 million of PACE assessments purchased in 2019



## What is PACE?

- ✓ Property Assessed Clean Energy (PACE) assessments
- ✓ Consumer financing for qualifying residential home improvements
- ✓ PACE assessment is recorded as a special tax assessment and is senior to any mortgages
- ✓ Municipalities administer remittance as part of its normal tax billing and collection process
- ✓ Assessment remains with the property, not with the property owner

## PACE Portfolio at Amalgamated

- ✓ PACE assessments totaled \$264 million at year-end 2019 with a premium of less than 3%
- ✓ Estimated yield in the low to mid 4%; purchased at a premium with yields expected to vary based on prepayments
- ✓ Average PACE assessment-to-value below 10%
- ✓ Reported in Held-to-maturity securities on balance sheet

## Investment in PACE Funding Group (PFG)

- ✓ Strategic investment of \$2.5 million with PFG where the bank will provide investment capital, and commitment to purchase PACE financing products
- ✓ Will provide values-aligned financing for customers of PACE assessments
- ✓ Working with PFG to expand into the New York market



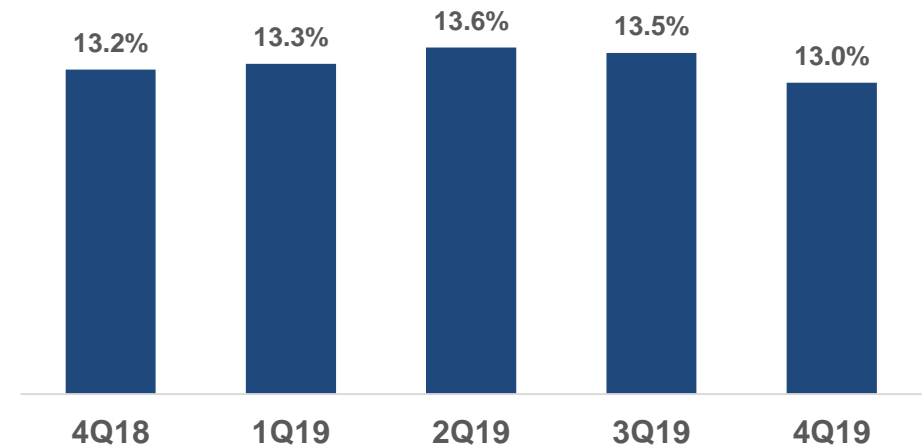
# Increased Capital Return Opportunity

Amalgamated prudently manages its capital in-line with its lower risk profile

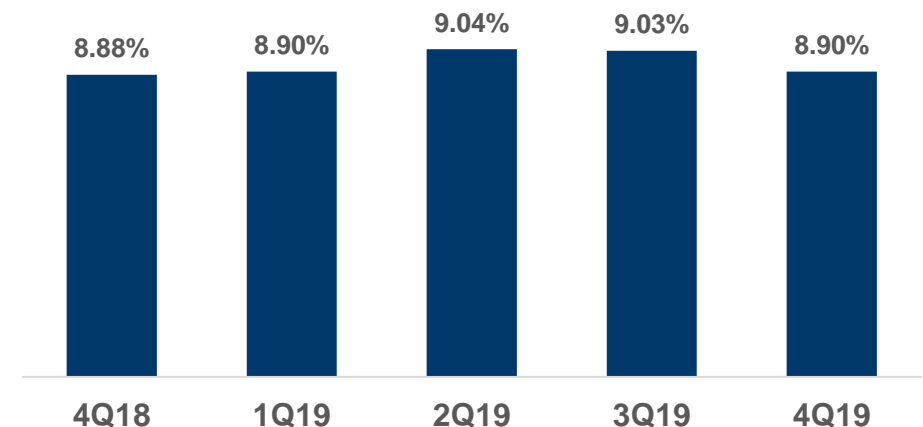
## Capital Overview

- Strong capital ratios with Bank deemed “well capitalized”
- Exploring establishing a Bank Holding Company (BHC)
- 4Q19 Dividend of \$0.08 per share, increased from the previous quarter by \$0.02
- 1Q20 share repurchase estimated at \$7mm
- Additional capital capacity imbedded in balance sheet with lower yield assets which can be reduced to free up leverage capital

## Common Equity Tier 1 Ratio



## Tier 1 Leverage Ratio



1) Capital requirements under the Federal Deposit Insurance Act (FDIA)

# Interest Rate Risk Scenarios

## Interest Rate Scenarios and Estimated Change in Net Interest Income

\$ in thousands

Change in Market Interest Rates as of Dec 31, 2019	Estimated Increase (Decrease) in:			
Immediate Shift (basis points)	Economic Value of Equity (%)	Economic Value of Equity (\$)	Year 1 Net Interest Income (%)	Year 1 Net Interest Income (\$)
+400	-21.0%	(193,902)	3.1%	5,574
+300	-13.9%	(128,686)	4.6%	8,416
+200	-6.8%	(62,441)	5.5%	10,102
+100	-0.8%	(7,065)	4.8%	8,755
-100	-7.6%	(70,480)	-6.8%	(12,436)

## Floating Rate Assets

- ✓ Floating rate assets represent approximately one quarter of total interest earning assets
- ✓ Includes all variable, and adjustable rate loans with reset < 6mo

Dec-19	Floating %
Loans	15%
Securities	41%
<b>Interest Earning Assets</b>	<b>23%</b>

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.



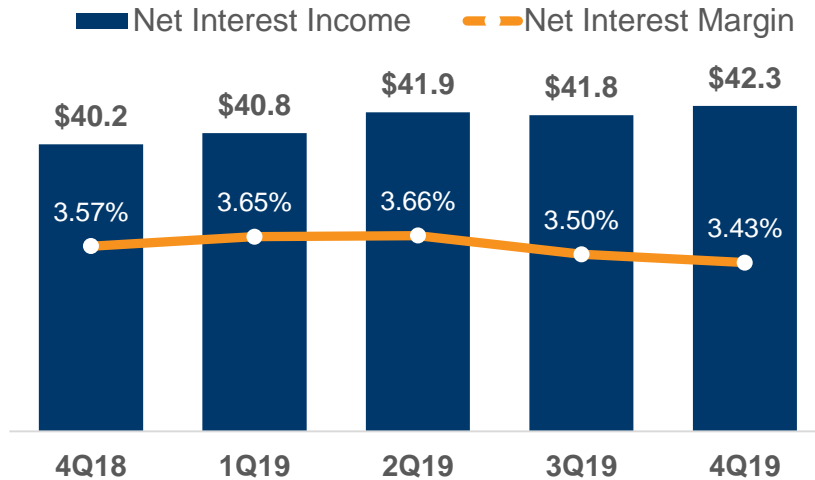
# Financial Update



# Net Interest Income and Margin

## Net Interest Income & Margin

\$ in millions

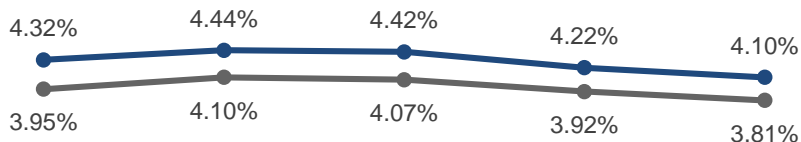


## 4Q19 Highlights

- ✓ Net interest income was \$42.3 million, compared to \$41.8 million in 3Q19

4Q19 vs. 4Q18 changes due to:

- ✓ Increases:
  - Average interest earning assets increased \$162 million
  - Average noninterest-bearing deposits increased \$88 million
- ✓ Offsets:
  - Lower yield on interest earning assets
- ✓ 4Q19 NIM at 3.43%; a decrease of 7 bps and 14 bps, compared to 3Q19 and 4Q18, respectively



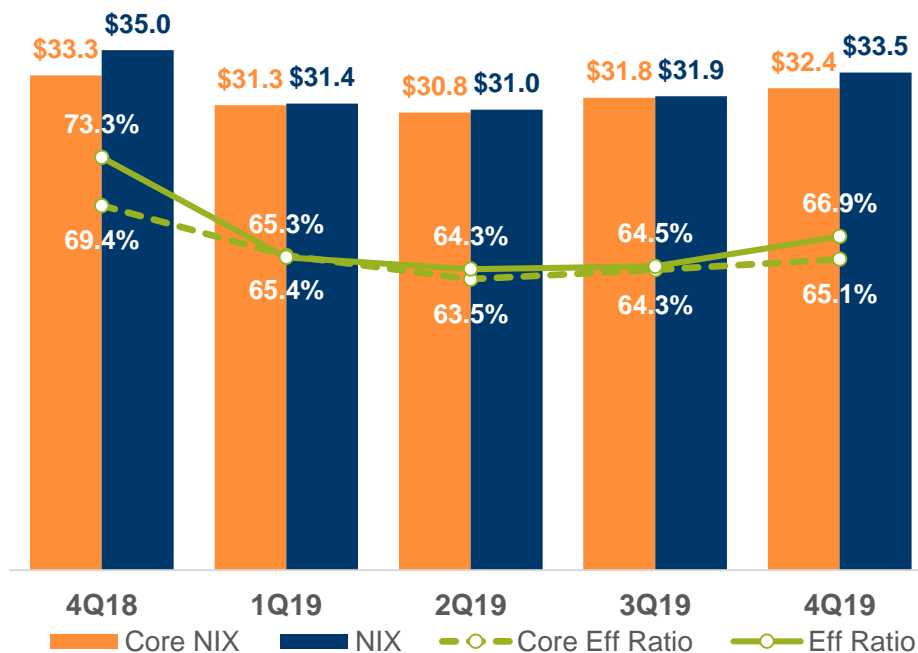




# Non-Interest Expense and Efficiency

## Non-Interest Expense

\$ in millions



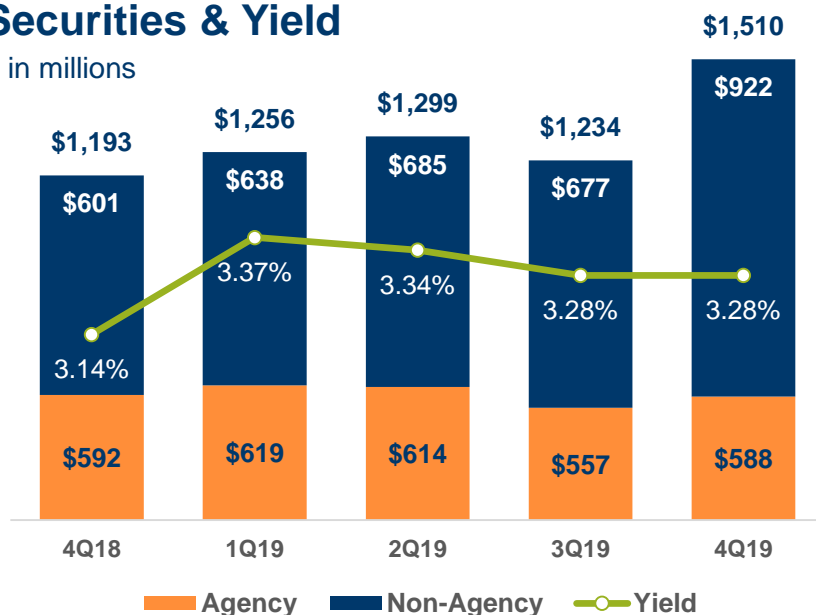
## 4Q19 Highlights

- ✓ Core efficiency ratio of 63.50% for 2Q19<sup>(1)</sup>
- ✓ Non-interest expense for the 2Q19 was \$31.0 million, \$0.4 million decrease from 1Q19
- ✓ Core non-interest expense<sup>(1)</sup> for the 2Q19 was \$30.8 million, \$0.5 million decrease and \$1 million increase compared to 1Q19 and 2Q18, respectively

1. See non-GAAP reconciliations on pages 26-27

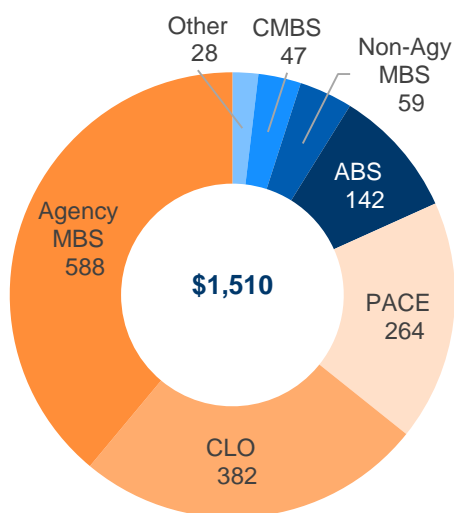
## Securities & Yield

\$ in millions



## 4Q19 Securities Composition

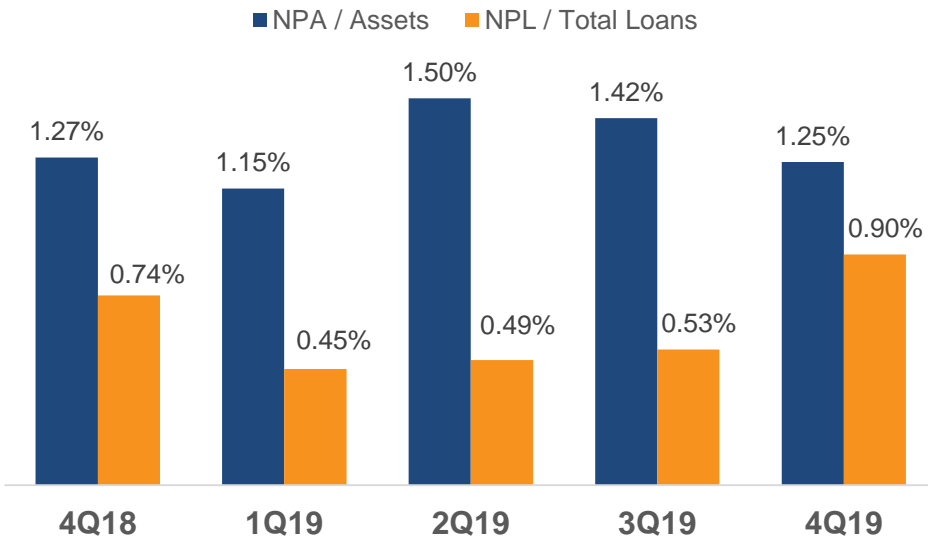
\$ in millions



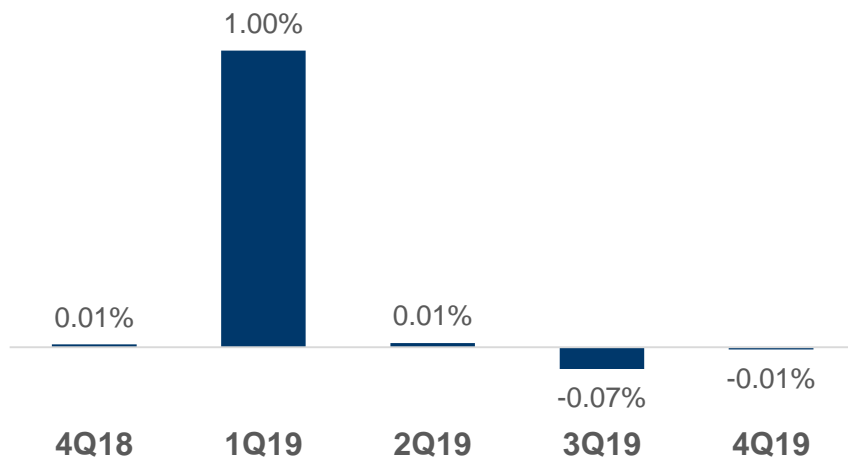
## 4Q19 Highlights

- ✓ Investment Securities totaled \$1.5 billion book value for 4Q19
- ✓ Securities increase of \$276 million from 3Q19 is primarily due to an increase in PACE assessments
- ✓ 87% of all non-agency MBS/ABS securities are AAA rated and 99% are A rated or higher; all CLO's are AAA rated
- ✓ As of 4Q19 average subordination for the C&I CLOs is 42%

## Credit Quality Ratios



## NCO / Average Loans



## 4Q19 Highlights

- ✓ Nonperforming assets were \$73.9 million as of 2Q19, compared to \$56.6 million in 1Q19
  - ✓ \$17.4 million increase was due to \$6.8 million increase in loan 90 days past due and accruing and the restructuring of one substandard indirect C&I loan of \$10.8 million
- ✓ Net Charge-offs negligible with the exception of 1Q19
  - ✓ Increase in 1Q19 was due to charge-off of one indirect C&I loan (\$8.4 million) for which there were previously built-up specific reserves

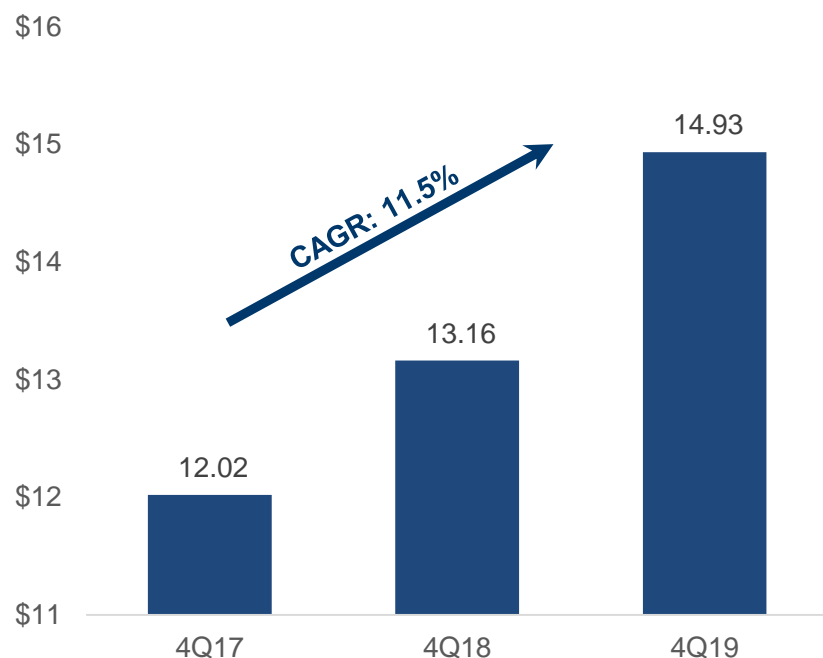




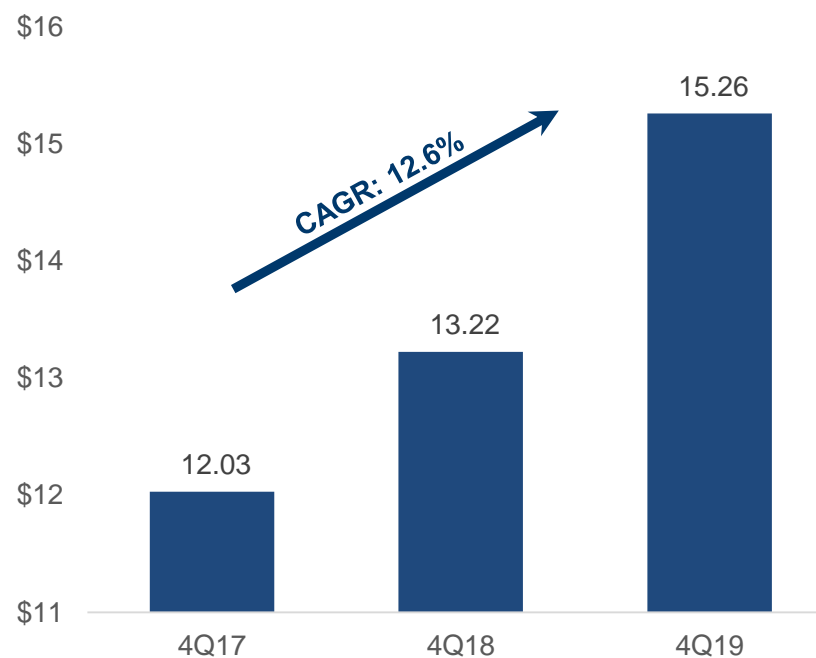
# Tangible Book Value Per Share

## Steady, Stable Growth in Tangible Book Value per Share

### Tangible Book Value per Share



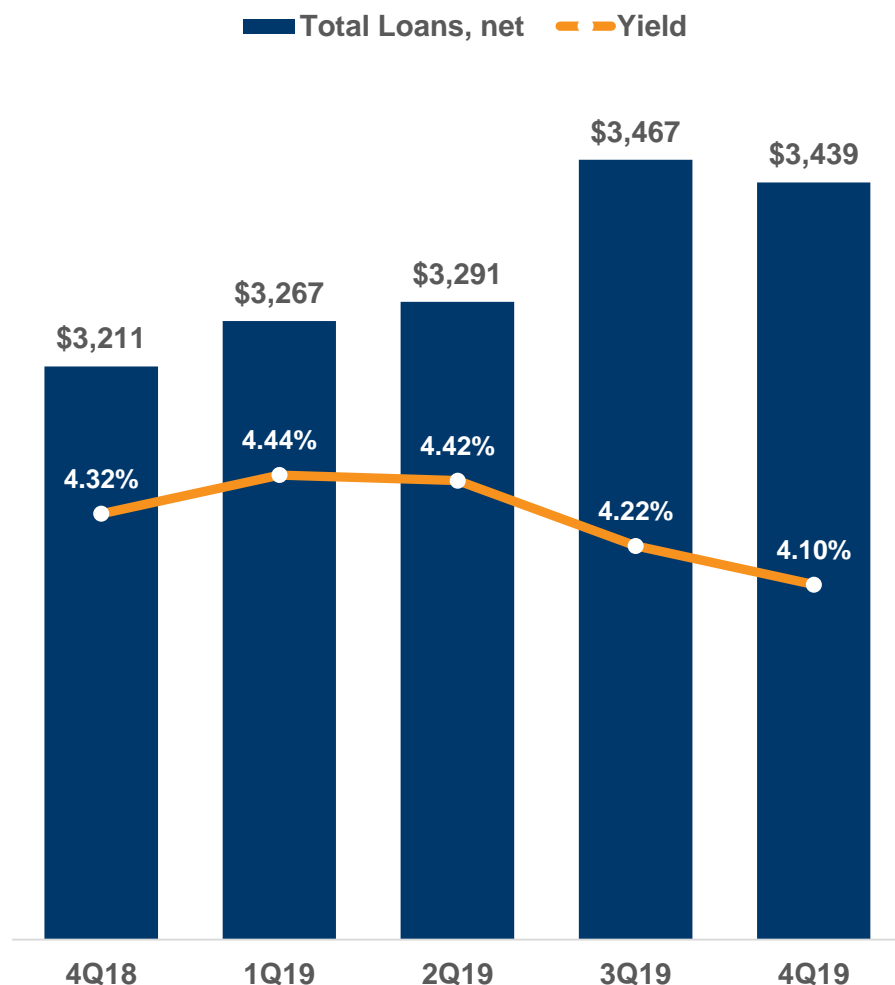
### Adjusted Tangible Book Value per Share<sup>(1)</sup> with Capital Returns Added Back (Dividends & Share Buybacks)



(1) Adjusted BV per share includes add back of dividends in 2017-19 and share buyback equity in 2019, divided by respective 2017-18 YE shares outstanding #; see non-GAAP reconciliations on pages 26-27

## Loans, net

\$ in millions



## 4Q19 Highlights

- ✓ Total loans decreased slightly by \$28.3 million, or 0.8% compared to 3Q19
- ✓ 4Q19 Yield at 4.13%; decrease of 9 bps and 19 bps compared to 3Q19 and 4Q18 respectively
- ✓ Held-to-maturity securities growth due to increase in Property Assessed Clean Energy (“PACE”) assessments of \$177.5 million, bringing our total PACE assessments to \$263.8 million
  - ✓ Other (non-PACE) held-to-maturity securities of \$28.9 million

## Strong Levels of Liquidity

Liquidity sources amount to \$3.5bn as of December 31, 2019

- ✓ Capacity to borrow from Federal Home Loan Bank (FHLB) presents largest source of balance sheet funding
- ✓ Ability to borrow based on existing balance sheet assets as collateral, primarily mortgage (commercial and multi-fam)

Key Sources of Liquidity	Timing	Amount (\$MM) as of Dec 2019	% of Deposits
Cash	Immediate	120	3%
FHLB Borrowing Potential	Immediate	1,380	30%
Potential Political Deposit Runoff	Months	(450)	-10%
<b>Immediate Core Liquidity</b>		<b>1,050</b>	<b>23%</b>
Saleable Non-Pledge-able Securities	Days	450	10%
Est. Wholesale Borrowings Capacity	Weeks	690	15%
Est. Pledge-able unpledged Loans	Months	936	20%
Apx. Saleable Non-Pledge-able Loans	Months	410	9%
<b>Total</b>		<b>3,536</b>	<b>76%</b>



# Appendix

# Reconciliation of Non-GAAP Financial Measures

(in thousands)

	For the Three Months Ended			For the Twelve Months Ended	
	December 31, 2019	September 30, 2019	December 31, 2018	December 31, 2019	December 31, 2018
<b>Core operating revenue</b>					
Net interest income (GAAP)	\$ 42,250	\$ 41,757	\$ 40,205	\$ 166,637	\$ 149,745
Non interest income (GAAP)	7,776	7,659	7,555	29,201	28,318
Add: Securities loss (gain)	(218)	50	139	(83)	249
<i>Core operating revenue (non-GAAP)</i>	<i>\$ 49,808</i>	<i>\$ 49,466</i>	<i>\$ 47,899</i>	<i>\$ 195,755</i>	<i>\$ 178,304</i>
<b>Core non-interest expenses</b>					
Non-interest expense (GAAP)	\$ 33,490	\$ 31,886	\$ 35,025	\$ 127,827	\$ 128,003
Less: Prepayment fees on borrowings	-	-	-	-	(8)
Less: Branch closure expense <sup>(1)</sup>	(957)	(51)	-	(1,008)	-
Less: Acquisition cost <sup>(2)</sup>	-	-	(1,633)	-	(2,363)
Less: Initial public offering and follow on cost <sup>(3)</sup>	-	-	120	-	(3,316)
Less: Severance <sup>(4)</sup>	(101)	(47)	(257)	(419)	(235)
<i>Core non-interest expense (non-GAAP)</i>	<i>\$ 32,432</i>	<i>\$ 31,788</i>	<i>\$ 33,254</i>	<i>\$ 126,400</i>	<i>\$ 122,081</i>
<b>Core net income</b>					
Net Income (GAAP)	\$ 12,008	\$ 13,195	\$ 15,984	\$ 47,202	\$ 44,654
Add: Securities loss (gain)	(218)	50	139	(83)	249
Add: Prepayment fees on borrowings	- #	- #	-	-	8
Add: Branch closure expense <sup>(1)</sup>	957	51	-	1,008	-
Add: Acquisition cost <sup>(2)</sup>	-	-	1,633	-	2,363
Add: Initial public offering and follow on cost <sup>(3)</sup>	-	-	(120)	-	3,316
Add: Severance <sup>(4)</sup>	101	47	257	419	235
Less: Tax on notable items	(227)	(40)	(563)	(359)	(1,629)
Less: Deferred tax asset realization	-	-	(7,632)	-	(7,632)
<i>Core net income (non-GAAP)</i>	<i>\$ 12,621</i>	<i>\$ 13,303</i>	<i>\$ 9,698</i>	<i>\$ 48,188</i>	<i>\$ 41,564</i>
<b>Tangible common equity</b>					
Stockholders Equity (GAAP)	\$ 490,544	\$ 486,312	\$ 439,371	\$ 490,544	\$ 439,371
Less: Minority Interest (GAAP)	(134)	(134)	(134)	(134)	(134)
Less: Goodwill (GAAP)	(12,936)	(12,936)	(12,936)	(12,936)	(12,936)
Less: Core deposit intangible (GAAP)	(6,728)	(7,072)	(8,102)	(6,728)	(8,102)
<i>Tangible common equity (non-GAAP)</i>	<i>\$ 470,746</i>	<i>\$ 466,170</i>	<i>\$ 418,198</i>	<i>\$ 470,747</i>	<i>\$ 418,198</i>

(1) Occupancy and other 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 in Aug 2018 and follow on in Nov 2018

(4) Salary and COBRA reimbursement expense for positions eliminated

# Reconciliation of Non-GAAP Financial Measures

(in thousands)	For the Three Months Ended			For the Twelve Months Ended	
	December 31,	September 30,	December 31,	December 31,	
	2019	2019	2018	2019	2018
<b>Average tangible common equity</b>					
Average Stockholders Equity (GAAP)	\$ 488,744	\$ 482,208	\$ 426,290	\$ 470,727	\$ 392,255
Less: Minority Interest (GAAP)	(134)	(134)	(134)	(134)	(134)
Less: Preferred Stock (GAAP)	-	-	-	-	(2,753)
Less: Goodwill (GAAP)	(12,936)	(12,936)	(12,936)	(12,936)	(8,421)
Less: Core deposit intangible (GAAP)	(6,895)	(7,240)	(8,291)	(7,400)	(5,187)
<i>Average tangible common equity (non-GAAP)</i>	<i>\$ 468,778</i>	<i>\$ 461,898</i>	<i>\$ 404,928</i>	<i>\$ 450,258</i>	<i>\$ 375,760</i>
<b>Core return on average assets</b>					
Core net income (numerator) (non-GAAP)	12,621	13,303	9,698	48,188	41,564
Divided: Total average assets (denominator) (GAAP)	5,139,701	4,965,971	4,680,235	4,937,924	4,413,328
<i>Core return on average assets (non-GAAP)</i>	<i>0.97%</i>	<i>1.06%</i>	<i>0.82%</i>	<i>0.98%</i>	<i>0.94%</i>
<b>Core return on average tangible common equity</b>					
Core net income (numerator) (non-GAAP)	12,621	13,303	9,698	48,188	41,564
Divided: Average tangible common equity (denominator) (non-GAAP)	468,778	461,898	404,929	450,258	375,760
<i>Core return on average tangible common equity (non-GAAP)</i>	<i>10.68%</i>	<i>11.43%</i>	<i>9.50%</i>	<i>10.70%</i>	<i>11.06%</i>
<b>Core efficiency ratio</b>					
Core non-interest expense (numerator) (non-GAAP)	32,432	31,788	33,254	126,400	122,081
Core operating revenue (denominator) (non-GAAP)	49,808	49,466	47,899	195,755	178,304
<i>Core efficiency ratio (non-GAAP)</i>	<i>65.11%</i>	<i>64.26%</i>	<i>69.43%</i>	<i>64.57%</i>	<i>68.47%</i>



# Thank You



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