



First Quarter 2026
Earnings Conference Call

April 23, 2026

C O R P O R A T E P A R T I C I P A N T S

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Sam Brown, *Chief Banking Officer*

C O N F E R E N C E C A L L P A R T I C I P A N T S

David Konrad, *KBW*

Justin Crowley, *Piper Sandler*

PRESENTATION

Operator

Good morning, ladies and gentlemen, and welcome to the Amalgamated Financial Corporation First Quarter 2026 Earnings Conference Call.

During today's presentation, all parties will be in a listen-only mode, with Q&A to follow. A replay of the call and the accompanying slides are available on our Investor Relations website. Please review the forward-looking statements and non-GAAP disclosures on Slide 2.

As a reminder, this conference call is being recorded.

I would now like to turn the call over to Mr. Jason Darby, Chief Financial Officer. Please go ahead, sir.

Jason Darby

Thank you, Operator, and good morning, everyone. We appreciate your participation in our earnings call.

With me today is Priscilla Sims Brown, our President and Chief Executive Officer. Additionally, Sam Brown, our Chief Banking Officer, is here for the Q&A portion of today's call. We'll look forward to your questions and try to limit repeating details you've already reviewed in the earnings materials.

I'll now turn the call over to Priscilla.

Priscilla Sims Brown

Good morning, everyone, and thank you for joining us.

I want to begin by thanking our colleagues across the bank, as always, for their continued focus and execution, and our customers and shareholders for their trust and partnership. Overall, we delivered a very strong first quarter that underscores the strength of our balance sheet and purpose-driven model. We grew net revenue by 9.7% to \$93.4 million. We expanded net interest margin nine basis points to 3.75%, increased on-balance sheet deposits \$229 million to \$8.2 billion, and maintained strong Tier 1 capital at above 9.3%.

Before commenting on the additional reserves we took this quarter, I'd like to dive into our results just a bit deeper. Our deposit franchise continued to perform exceptionally well, with broad-based strength across our core segments. Political deposits increased \$133 million to \$1.9 billion as the midterm elections approached. The labor franchise generated \$106 million of growth, and not-for-profit deposits grew \$115 million. Deposit mix was also improved, with average non-interest-bearing deposits increasing to 41% of total deposits.

Finally, super core deposits are approaching 60% of total on-balance sheet deposits, demonstrating the stable, durable funding that is unique to Amalgamated. We chose to keep more deposits on balance sheet this quarter to drive core net interest income, as the portfolio repositioning from selling lower-yielding securities is largely behind us. We plan to manage through the midterm election cycle with sufficient off-balance sheet deposits to absorb expected political deposit outflows after the elections, which should result in no borrowings post-election.

Loan growth was solid, with net loans up approximately \$66 million, or 1.3%, led by strong commercial real estate lending production. Loans in our growth mode categories, C&I, commercial real estate, and multifamily grew \$109 million, or 3.3%, reflecting solid originations, healthy mission-aligned demand, and

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continued credit discipline. Our PACE portfolio also expanded, with total assessments up \$15.8 million, or 1.2%, and bringing our PACE portfolio to approximately \$1.3 billion.

Now let me briefly address the additional reserves we took in the quarter, and Jason will have some further details as well. Included in our results was an incremental \$9.2 million provision tied to a single-borrower multifamily relationship that moved to nonaccrual during the quarter. The underlying collateral supports our position, and we are aggressively pursuing resolution options to preserve and optimize value. We view this as an isolated event with one borrower, which does not change our performance outlook.

The reserve bill impacted earnings per share by \$0.23, and yet we delivered solid core earnings of \$0.80 per share. With the momentum we saw in the quarter, we are focused on executing and delivering on our revenue and earnings targets over the balance of the year. You will see our optimism when Jason discusses our guidance increase in just a few minutes.

Looking ahead, our strategy builds on who we are and why customers choose Amalgamated. Mission-focused organizations and individuals who seek confidence that their capital is responsibly aligned with a partner who shares their purpose. That focus resonates nationally with customers in every state, enabling relationship-based banking and efficient growth within our model. We see real opportunity to expand thoughtfully and consolidate market share in our core segments as we continue investing in people, infrastructure, and technology to support disciplined, profitable growth, including progressing past \$10 billion in assets.

Now I'll turn the call over to Jason.

Jason Darby

Thank you, Priscilla.

I'll keep things moving so we can get to Q&A. On Slide 3, net income was \$25.2 million, or \$0.84 per diluted share, while core net income, a non-GAAP measure, was \$24.1 million, or \$0.80 per diluted share. The GAAP to core difference was driven primarily by strong off-balance sheet income as ICSV income increased \$1 million versus the linked quarter. We anticipate ICSV income will be strong throughout 2026, and we also plan to keep more deposits on balance sheet to build the bank's core earnings power.

Net interest income increased 3% to \$80.2 million, in line with our quarterly guidance. Additionally, our net interest margin expanded to 3.75%, driven by higher-yielding commercial loan originations and modest reductions in overall funding costs. Though we expect our net interest margin to moderately decline in the second quarter related to balance sheet growth.

On Slide 4, core non-interest income increased \$1.1 million to \$11.2 million, primarily from higher commercial banking fees, and also \$0.7 million of discrete BOLI income. Non-interest income has continued to deliver solid growth over the past year, reflecting meaningful progress towards our 85/15 diversification objective. Expenses decreased \$0.5 million, while core expenses increased \$0.3 million to \$45.3 million. The rise in core expenses is mainly due to branch renovation and relocation costs, and professional fees partially offset by a decrease in advertising expenses. Core expenses are tracking to our \$188 million full-year target. Our core efficiency ratio improved to 49.55%, demonstrating profitable scale and keeping us on track to deliver our 2026 goals.

Despite the reserve-increased headwind I'll address shortly, the quarter showed continued momentum and resilience across key metrics. Tier 1 leverage remained strong at 9.33%, and revenue per share exceeded \$3 for the first time in the bank's history. Illustratively excluding the reserve build, return on average assets would have been 1.41%, and return on tangible common equity 15.76%. While the setback is clear, we remain encouraged by our trajectory and the strength of the franchise value we've built.

Now let's go to Slide 10 and spend some time on credit quality. Last quarter we discussed one borrower in our D.C. market that showed stress related to their use of the Section 8 Rapid Rehousing Program, resulting in increased reserves of \$1.9 million across three loans and a related \$10.3 million increase in non-accrual multifamily loans. There were also another three loans totaling \$26.2 million with this borrower and a minority agent sponsor that were moved to criticized status. At that time, we were working with this borrower and the minority sponsor to restructure this portion of their portfolio. Before we closed the first quarter, the borrower indicated an expected default, resulting in the classification of all 10 loans within the \$78 million relationship, which included the four remaining performing loans of \$41.5 million.

Additional specific reserves of \$9.2 million were established across the relationship at varying levels based on loan level assessments, including consideration of collateral values reflected in third-party appraisals, occupancy, and in-place cash flows. Reserves on this borrower relationship now total \$11.1 million. We are evaluating resolution alternatives, which may include foreclosure, note sales, or other exit strategies. While the bank has not historically taken title to foreclosed properties, it is prepared to do so if necessary and will engage an experienced third-party property manager to preserve and maximize value prior to disposition.

As a result, non-performing assets rose to \$99.3 million, or 1.08% of total assets, while criticized classified loans increased \$51.6 million, primarily related to downgrades on the single borrower I just discussed. The allowance for credit losses increased to \$68.2 million, representing 1.35% of total loans, providing appropriate reserve coverage. Excluding the provision increase discussed above, the provision expense would have been \$4.2 million, primarily driven by expected consumer charge-offs and adding a specific reserve on a multifamily loan that moved to non-accrual status during the quarter, offset by credit losses releases due to lower required reserves on C&I and consumer loans.

In keeping with our practice of helpful disclosure, we have added a slide on Page 12 illustrating our D.C. metro area real estate exposure. We believe this situation to be borrower-specific and will be happy to answer follow-up questions.

I'll wrap up by turning to guidance on Slide 13, where we are raising our targets. Net interest income target is raised to \$333 million, and core pre-tax pre-provision earnings target is raised to \$183 million. This guidance raise is connected to our new annual balance sheet growth target of approximately 8% for 2026, as we derive more core earnings power from deposit gathering. We anticipate this to have a powerful and sustained positive impact on NII growth, and we estimate net interest income to increase to between \$81 million to \$83 million in the second quarter.

I do want to close on a positive note because we've accomplished a great deal. Even as we work through this specific challenge, our fundamentals are strong. We've delivered consistent revenue growth, exceptional deposit gathering, continued loan growth, disciplined cost management, and solid capital, all which keep us confident in our ability to deliver on our targets for the balance of the year and into the future.

We're now ready for questions. Operator?

Operator

Thank you. We will now be conducting a question-and-answer session. If you would like to ask a question, please press star, one on your telephone keypad. A confirmation tone will indicate your line is in the question queue. You may press star, two if you would like to remove your question from the queue. For participants using speaker equipment, it may be necessary to pick up your handset before pressing the star keys. One moment, please, while we poll for questions.

Thank you. Our first question comes from the line of David Konrad with KBW. Please proceed with your question.

David Konrad

Hi. Good morning. I've got a few questions here. One on the credit, obviously. Just talk a little bit about—I mean, two questions here. A little bit about your comfort with loan-to-value of about 85% on this relationship and maybe closer to 60% on the rest of your D.C. exposure. As you work through this, A, do you think you have enough margin here with that loan-to-value? Then B, this is probably a more difficult question, but any idea and any thoughts on the strategy like timing of resolution, what we should expect over the coming quarters?

Jason Darby

Sure. Hey, David. It's Jason. I'll answer the second question first and then talk a little bit more about the LTVs. From a resolution perspective, it's difficult to say because the news is fairly new to us and there were ongoing negotiations with the borrower that have since been changed. Where this will end up from a resolution perspective, I don't have the best answer for you in terms of predictability, but what I can say is the reserving that we took for the current quarter was really designed to limit any volatility that you might see going through the P&L into future quarters.

If I think about broadly how timing might play out, we talked last quarter about this borrower relationship and where it was heading and there were three loans that were classified as non-accrual at that point in time, totaling about \$10.3 million. Those would probably be the most likely to resolve sooner. The other ones where there is better collateral value and the bank is considering pursuing foreclosure amongst other options, there may be a longer tail on that, but I am confident that the volatility through the P&L will be well contained with the amount of reserves that we put up in the current quarter.

Maybe that leads into an answer now on the valuation. We think of this borrower relationship, and we did our best to carve it out of that VC profile that we provided for Investors in the earnings deck. But we think of this as a separate situation from a value perspective. If I look broadly across the relationship, it's 10 different loans that total \$78 million. Four of them, or \$41 million, weren't performing status before we received notification of the intent not to pay. The reserves that we put in place, that now total \$11 million, effectively get us to that 85% valuation.

We think that we took a very conservative approach with that valuation at this point in time for the purpose of making sure that we accounted for costs to sell or other types of embedded expense that might be recognized in relation to the situation that we're going to have to deal with here for the next few quarters. But the reality of it is we think that that reserve is pretty well contained at the moment. I wouldn't say that it's evenly distributed across all the loans. I think it's more weighted towards some of those loans that we previously disclosed. What I also hope is that that allows for us to have staged exits to these property situations as time unfolds.

David Konrad

Yeah, that makes sense. Maybe moving to better news, the outlook, the improved outlook, net interest income for the full year in that \$331 to \$333 range. Just wondered, Jason, if you could break down a little bit on the guide in terms of how you think both NIM will progress through the year, but also the balance sheet size as well. I mean, you talked a little bit about that going into next quarter.

Jason Darby

Yeah, certainly. Yeah, I think the balance sheet size, let's start there because that'll be a key driver of how the margin will ultimately start to play out. But the balance sheet ought to end up on a spot basis at around \$9.6 billion. It's potential to move around a little bit, but that's moving up about \$400 million from our original target. We had originally targeted 5% growth going to \$9.2 billion. We're now targeting \$9.6 billion by the end of the year at 8% growth. Now, we've gotten through a fair amount of that in the first quarter. The first quarter alone, the balance sheet grew to about \$9.2 billion, and that was about \$400 million of growth right there. I'm sorry, \$300 million of growth right there. We're going to start to see the benefit of that asset

expansion rolling through NII. We've projected \$81 million to \$83 million of NII for the second quarter, and we expect that to ramp upward as we continue to go throughout the year.

As I think about the margin, we will see a little bit of compression when we get into the second quarter. There'll be a little bit of non-accrual impact from the loans that we've just discussed that we'll have to bake into the margin. But as we continue to move throughout the year, we're expecting to see it expand and expand modestly from where we are today. I wouldn't expect it to be materially different, but I do expect it to expand to be modestly above where we are today after accounting for a slight reduction or compression in margin in the second quarter. I don't know if I got everything there. Was there a follow-on you wanted to ask on the guides?

David Konrad

No, no, that was perfect. Maybe the last one for me is just the fee income outlook as well with some of the changes there.

Jason Darby

Yeah, fee income. We're actually quite happy about that. It's been gradually but noticeably growing. I think where we are throughout the rest of the year is going to be rateable to what we saw in the first quarter on a core basis with modest improvement. The GAAP number was a little bit higher because of the fact that we had nice ICS income, and we had a little bit of BOLI that was discrete benefit that we received. But overall, I think we're looking at just about \$9.8 million to \$10 million per quarter in fee interest income and that will be evenly distributed across nice growth in commercial banking and continued acceleration of trust-related revenue as well.

David Konrad

Perfect. Thank you both.

Jason Darby

Thank you.

Operator

Our next question comes from the line of Justin Crowley with Piper Sandler. Please proceed with your question.

Justin Crowley

Hey, good morning, everyone.

Jason Darby

Hey, Justin.

Justin Crowley

Just want to go back to the multifamily relationship that migrated in the quarter. Can you give a little more detail on what was so unique or isolated about the situation and with this borrower and just what gets you to a point where you're feeling good about risk in the rest of the portfolio?

Priscilla Sims Brown

Justin, we're going to be somewhat limited, obviously, as we are in the midst of negotiations with this borrower on talking about it in too much detail, although I'm sure you'd love to know more. You can understand where we are on that. I guess I'll just start by reiterating some of the points we've made, which is this reserve build and non-accrual increase is driven by this one single borrower event primarily. What happened was pretty clear. It was a notice of intent to default, which occurred after the quarter, but before we closed the books. There was no broad portfolio weakness.

The notice triggered an accounting requirement that moved additional previously performing loans into non-accrual. Then the borrower does have ties to DC Rapid Rehousing and Section 8 programs as well, but Management really wants you to clearly understand that this loan was the borrower's behavior and financial condition as the driver, not the subsidy program itself. We reviewed the exposure across Rapid Rehousing more broadly. We looked at exposure across the broader DC Metro profile. When I say that I mean not just DC directly, but the states surrounding it. We really, really looked carefully at that whole kind of Metro area to see whether there were any other sort of similar characteristics.

We also, as you know, have provided quite a lot of detail on our New York portfolio in the past. That's still there. We looked at that real carefully. We looked at California, albeit a smaller portfolio. We found very little. We certainly see no, we see limited migration just outside of this relationship in any of these other areas besides what we've disclosed. I would also just say that the reserves were established conservatively up front to limit future P&L volatility. But we also want to retain flexibility to pursue an exit, an accelerated resolution if that proves to be the right thing for preserving value for shareholders.

Sam and Jason, I don't know if there's anything you want to add to that.

Sam Brown

No, I think that was very thorough.

Priscilla Sims Brown

Okay. Any other...

Justin Crowley

Yeah, I mean, so it wasn't specific to the Section 8 housing program. This was more borrower specific in terms of what has driven the weakness in this situation.

Priscilla Sims Brown

Rapid Rehousing and Section 8 are different. Section 8 is a federal program. Rapid Rehousing is a city program, which is established to take people generally off the street and give them housing temporarily under a year. That's what we looked at really carefully. We looked, again, at all of the Rapid Rehousing relationships we have. This borrower certainly had an over-dependence on the program, but the issues here were specific to the borrower himself, his own behaviors and his own financial conditions.

Justin Crowley

Okay, got it. Then I guess, shifting gears a little, on political deposits, you saw the increase for the quarter. A little bit of a slowdown from last quarter, but still moving higher. Just wondering if you could provide some color on what you're seeing there and how you think that trends as we head into the midterms later this year.

Priscilla Sims Brown

Sam, I'll ask you to address that, but what I will say is, Justin, as you've observed and you've seen it in our deck, there's a general trend that continues to follow on each cycle, which is it builds over time. Each trough is bigger than the trough before it, so they keep climbing. The low point's bigger than the low before and the high point's bigger than the high point before, and we don't see any indication that this will be different. Sam, I don't know if you have any other...

Sam Brown

Yeah, hey, Justin, it's Sam. I would just add a couple quick points because I think you're exactly right that we see these political deposits very much on track with prior trend. We're very pleased with our ability to have demonstrated all the way back to 2018 the predictability and the repeatable nature of how those deposits come in and out.

At \$133 million, certainly excellent growth. I would also just point you to the really strong diversified growth across all of our segments that contributed to this. Certainly, seeing political, labor, nonprofit all contributing over \$100 million to really smooth those ends and outs out and have contributed to quarter after quarter how our great team has been able to continue to grow the book.

Priscilla Sims Brown

That's a great point, Sam, because it's been the trend for quite a while now. We really are seeing strength not only in additional deposits to existing clients but also new clients across segments.

Justin Crowley

Okay, got it. I appreciate that. Then just on loan growth, a lot of that, once again, coming from the multifamily side, is that an area that you think continues to drive loan growth from here? What's the right way to think about that complexion as we get through the year?

Sam Brown

Yeah, great question, Justin. We're really pleased with the pipeline we've got ahead of us. Certainly, at 250% RBC, we still have a lot of availability under a concentration limit. The pipeline has a lot of, let's say there's plenty of exposure from market rate, which is like, there was a benefit from 421a in New York, all with really tightly underwritten financial metrics, ratios. Also, we've got a lot of addition of enhanced structural protections that reflect our elevated standards as we continue to grow the Company. I think you'll see strong growth, strong risk metrics, and we're going to continue to keep going in all the ways you would want to see us perform.

Jason Darby

Yeah, so I'll just quickly add, the targets that we set out, about 1.5% to 2% sequential loan growth in the net book, we're prepared to stay with those targets. We think they're very appropriate. Obviously, we're balancing between our growth more portfolios and those that are running off, so we'll expect to see a little bit higher growth rate just in the portfolios of C&I, Multifamily, and Siri versus the net book. Then we still have our PACE portfolio targets as well, Justin, so you should think of those as complementary from a growth perspective on the asset side. The opportunity for the bank to continue to have balance in loan generation is something that we are very focused on. We did have a nice quarter with Multifamily. We expect to see a little bit more balance between our C&I and Multifamily portfolios as we move throughout the balance of the year to help meet those targets.

Justin Crowley

Okay, great. You mentioned on the PACE side as you continue to add to that portfolio, and I think in the past you've talked a lot about a lot of potential, specifically in the C-PACE area. I think you have talked at

length about the partnership that you're in. Just curious how you're thinking about growing that book as that business ramps higher?

Sam Brown

Yeah, Justin, it's Sam again. C-PACE has been really tremendous for us. You obviously saw a really nice number in the last quarter. You saw more growth this quarter. We really like the pace at which those assets are coming on, no pun intended. That announcement of that partnership with Alletrify in October has been very strong. We're seeing a lot of contributions to the pipeline for that. I think you're going to see this continue to be a strong component of how we're going to grow the asset base and picking up some nice yield growth over the quarter as well.

Justin Crowley

Okay, great. I will leave it there. Thank you so much.

Priscilla Sims Brown

Thank you.

Operator

We have no further questions at this time. Ms. Sims Brown, I'd like to turn the floor back over to you for closing comments.

Priscilla Sims Brown

Thank you, Operator, and thank you all for listening in.

As we step back and think about the quarter, we feel that it was a very strong quarter. We delivered solid execution across the franchise, which allowed us to favorably revise our guidance. We're building on a consistent pattern of quarterly outperformance. Our financial and capital position remains strong. Our balance sheet is built to withstand adverse scenarios. At the same time, we're well-positioned for accelerated discipline growth.

Just as importantly, this quarter reinforces our risk discipline. When we identified an issue, we acted early. We acted conservatively. We expanded disclosure to you. We confirmed that the impact is contained without losing momentum anywhere else in the business. That combination of performance, discipline, and capital strength is exactly how we're positioning the bank for the long term. We thank you for your support, and we look forward to answering your questions after this call.

Operator

Ladies and gentlemen, this does conclude today's teleconference. You may disconnect your lines at this time. Thank you for your participation, and have a wonderful day.