amalgamated FINANCIAL CORP.

Second Quarter 2026

Earnings Conference Call

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CORPORATE PARTICIPANTS

Priscilla Sims Brown, *President and Chief Executive Officer*

Jason Darby, *Senior Executive Vice President and Chief Financial Officer*

Sam Brown, *Chief Banking Officer*

CONFERENCE CALL PARTICIPANTS

Justin Crowley, *Piper Sandler*

David Konrad, *KBW*

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

Operator

Good morning, ladies and gentlemen, and welcome to the Amalgamated Financial Corporation Second 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.

This quarter showcases the power of the franchise we've built. With the strongest balance sheet in our history and one of the most differentiated deposit franchises in banking, we're successfully converting balance sheet growth into record earnings, record profitability, and a scalable platform that bodes well for future top performance.

The bank has delivered outstanding results this quarter, including record net income of $34.8 million, core net income of $33.1 million, and profitability metrics that rank among the strongest in our history. Return on average assets exceeded 1.4%, return on tangible common equity exceeded 16%, and our core efficiency ratio remained below 50%, clear evidence that we are harvesting the earnings power of the franchise and creating a lasting platform for continued growth.

Revenue approached $100 million and revenue per share exceeded $3 for the second consecutive quarter. These results supported our decision to raise full-year 2026 guidance.

Over the past several years, we've strengthened the balance sheet, we've expanded our deposit franchise, built lending capabilities, enhanced our technology infrastructure, and invested in the people, processes, and systems needed to support growth. This quarter demonstrates that those investments are translating into greater earnings capacity, stronger profitability, increasing operating leverage, and ultimately shareholder value well into the future.

Importantly, we achieved this growth while maintaining strong capital, liquidity, and credit discipline. Our portfolio continues to perform well, and we remain focused on disciplined risk management as we grow.

These results reflect not only the growth of the franchise, but the quality and the resilience of that growth.

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On-balance sheet deposits increased $280 million, or 3.4% during the quarter, to a record $8.5 billion, highlighting the continued and differentiated performance of our deposit-gathering franchise. Political deposits increased approximately $212 million to $2.1 billions; labor increased $30 million; social and philanthropy deposits increased $55 million; and off-balance sheet deposits were over $1 billion. This deposit-led growth strategy provides unparalleled flexibility to shape our balance sheet.

That funding strength allowed us to continue optimizing the asset side of the balance sheet and deploying capital into an attractive mix of loans, PACE assessments, and securities. Total loans increased approximately $115 million during the quarter, while loans in growth mode commercial lending increased approximately $155 million, or 4.5%. As we continue to optimize the balance sheet and redeploy liquidity into higher-yielding assets, we believe there remains significant opportunity to further expand earnings power and operating leverage.

At the same time, we continue investing for the future. We continue to invest in our people alongside modernization initiatives across the organization, expanding our use of AI-enabled tools and building the technology infrastructure necessary to support efficient and scalable long-term growth. We believe these investments, combined with the strength of our balance sheet and our franchise, positions us well to deliver sustainable performance in the years ahead.

With that, I'll turn the call over to Jason.

Jason Darby

Thanks, Priscilla. I'll keep my remarks focused on what I believe is the defining theme of the quarter: harvesting the earnings power of the bank.

Over the past several quarters, we've bolstered our capital position, strengthened the balance sheet, invested in technology, and positioned the Bank for growth. In short, we've carefully built a better bank. This quarter's results offer a preview of the earnings potential we believe still lies ahead for Amalgamated.

The first key takeaway is that the earnings profile of the company continues to strengthen. As we've discussed over several quarters, our objective has never been growth for growth's sake. The objective has been to build a bank capable of generating higher and more sustainable earnings, while maintaining strong capital, liquidity, and credit discipline.

The results of this quarter provide further evidence the strategy is working. As Priscilla noted, revenue reached approximately $98 million, revenue per share was $3.18, and our core efficiency ratio was a well-managed 49.15%, demonstrating the scalability potential of the Bank as it grows.

The second key takeaway is that deposit-led balance sheet expansion is translating directly into earnings growth through continued improvement in asset optimization. Combined with approximately $461 million of average deposit growth with remarkably stable costs, commercial loans, PACE assessments, and traditional securities totaling $276 million were added at attractive yields and nongrowth loan portfolios generated approximately $39 million of redeployed cash through planned runoff. This repositioning will be ongoing and continue to convert into even stronger revenue generation and positive operating leverage.

The third key takeaway is our outlook remains positive. Briefly addressing credit, overall portfolio performance was stable. Provision expense normalized following the reserve actions taken during the previous quarter. Criticized and classified balances declined by approximately $9 million. And pass-rated loans continue to represent approximately 97% of the total portfolio. We remain actively engaged in managing the previously discussed multifamily relationship and continue to believe our reserve position appropriately reflects current conditions and risk assessments.

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As a result, we are pleased to again raise guidance. For net interest income, we are increasing our outlook from the prior high-end target of $333 million to a new range of $338 million to $340 million. For core pretax pre-provision earnings, we are increasing our outlook from the prior high-end target of $185 million to a new range of $188 million to $190 million. These are meaningful increases that reflect our confidence in the Bank, the momentum we're seeing across the balance sheet, and our ability to convert growth into earnings and sustainable shareholder value appreciation. We also believe we've got lots of runway left to go.

I'll close with some thoughts on tech and scale. As we look ahead and underlying drivers of performance continue to strengthen, we continue to invest in scalability. This quarter, we've introduced a view of our enterprise use of AI tools across multiple business functions and the building blocks for the tech infrastructure necessary to support efficient future growth. We look forward to updating you in future quarters on our progress on AI adoption, utilization and agentification as we move towards scalable efficiency.

Now we're ready for questions.

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 to remove yourself from the queue. For participants using speaker equipment, it may be necessary to pick up the handset before pressing the star keys.

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

Justin Crowley

Good morning everyone.

Priscilla Sims Brown

Good morning.

Justin Crowley

I wanted to start out on the loan growth. Really impressive results here. Just curious if you could talk through a little more, just perhaps the balance between originations and payoffs? And then just kind of how you're thinking about that trend over the next couple of quarters.

Sam Brown

Yes. Hey, Justin, it's Sam. Thanks for the question.

Look, we're really proud of what we're able to do in loan growth this quarter. Look, $115 million, great story, but the $155 million in growth mode from our commercial production is really fantastic, and we like that we were positive in all of our asset classes.

I think it's also great, though, to show that we were able to take the $39 million we were able to re-harvest out of lower-yielding assets and redeploy that into an even more optimized asset mix. We look forward to having all the levers across all of our asset types between loan growth, between PACE, between securities portfolio to continue driving that NII growth.

And look, we're continuing to invest in experts around the country to help support that origination effort and feel like we're really hitting our stride where we are seeing all the asset opportunity from the Bank really being able to be harvested here.

Jason Darby

I think I'll just add one or two other things. The target, we like the high end of our sequential growth range. We've been saying 1.5% to 2% net loan growth on a quarterly basis; I think we're going to be closer to 2% for Q3 and Q4. And to Sam's point, I think the momentum that's starting to build from some of the investments we made previously should really play into the 2027 theme which will continue a balance sheet expansion and responsible deployment of assets across a variety of classes.

Justin Crowley

Okay, great. That's super helpful.

Then I guess just to pivot then, just on the margin, you called out the prepayment penalties of 3 basis points but then—I'm not sure if I missed it in the materials, but how big of an impact was that non-accrual recovery in the period?

Jason Darby

It was about the same amount. So, the 3 basis points was probably a wash on the non-accrual impact. We did not expect that recapture. It was very fortunate for us, but that was about the impact from the margin perspective on that recapture. Obviously you saw the impact on the non-accrual loans being improved, and there was a bit of a recapture as well that happened through the provision in relation to that moment.

Justin Crowley

Right, okay. Trying to put it all together, how are you thinking about the margin trajectory from here as we get through the back half of the year? I know the average balance sheet may be impacted particularly in the fourth quarter. Just trying to square all that and just kind of how it gets you to the NII guide you provided.

Jason Darby

Sure. I think the margin story is that there was an outperformance in the current quarter because of the speed at which we were able to deploy the asset generation that Sam was referring to earlier and we pulled forward I think some margin and NII into the current quarter that will stay with us throughout the year, but the margin ought to moderate as we get throughout the back half of the year.

As you've aptly pointed out, we have to take a more disciplined approach to the balance sheet from a growth perspective heading into an election cycle because we have to make sure that we're not requiring leverage to support the inevitable deposit outflows, but we think right now the margin is at a good inflection point. There might be some modest compression, as you've noted, in the fourth quarter because of the mix shift of deposits when the off-balance sheet gets pulled back on to support the political deposit outflow.

All in, the NII ought to be a pretty stable, modestly upward trajectory from here. Margin also should be moderate, possible compression in the fourth quarter, but the real key is to think about 2027 as the restarting of the growth engine, rebuilding of the deposit base, as the presidential election cycle will start to kick off and therefore you should start to see improvements again or growth trajectory again in the NII, the earnings overall, and the margin.

Justin Crowley

Okay. Then what is—kind of related to that, what's kind of the right way to think about that balance sheet impact, maybe on an average basis as we get towards the end of the year, as you kind of use that off-balance sheet source to kind of fill the hole, if you will?

Jason Darby

Yes. So I think the way to think about the balance sheet, we have a target for $9.6 billion of asset. That will continue to be funded through excess liquidity that typically would reside off-balance sheet. We'll achieve that target by the third quarter and probably early in the third quarter that gives you an indication of how we're thinking about the average assets generating NII.

Then the way to think about the remainder of the year, we expect to leave off-balance sheet that which we think would support the political deposit outflow requirements and when we get to the end of the year, ideally, if we've optimally managed our balance sheet correctly, off-balance sheet deposits would be near zero and leverage would be zero as well.

So the timing of everything is difficult to predict because outflows can start earlier, they can happen a little bit later in the cycle, but the overall balance sheet we are targeting to be at $9.6 billion with very little off-balance sheet and also very little to no debt or leverage.

Justin Crowley

Okay, so does that kind of imply that you try to keep the average balance sheet—I know on any given day or at quarter end, it can maybe swing around, but on an average basis, kind of keep it flat through that volatility?

Jason Darby

The average balance, yes, it should be flattish. I think there's still a little bit of growth. It will probably under 1% on an average basis in Q3 and in Q4, but generally, that's the back half of the year. There's going to be a flattish, much more stable trajectory on the balance sheet size, particularly on the averages, in anticipation of the deposit outflows at the end of the election cycle, and then you'll start to see growth in the average assets along the spot basis as we get into 2027.

Justin Crowley

Okay. Got you. That's super helpful. Thanks for walking through all that.

Maybe just one last one, quickly on expenses. I think you called out in the release elevated compensation costs and then some technology expense. Is there anything that comes back out of the run rate, or are we talking more about just growth off current levels?

Jason Darby

I think it's a little bit more of the latter. It's growth off current levels. We do expect to see expenses continue to increase in Q3 and Q4. I would target $49 million in each of those two quarters as a general benchmark for where we're trying to finish the year. That would naturally push up our total expense guide from the $188 million we've been talking about to around $190 million. But when I talk about what's going to happen in the future quarters, there is going to be a little bit of trading out of one-time expense for layered and recurring expense.

So in the third quarter, the build will largely be related to planned costs that we have as we move out of our existing headquarter building into a new facility, which we're very excited about. We think that'll be great beacon for the bank going forward, but there will be an expense impact that we're expecting in the third quarter. In the fourth quarter, those expenses won't be with us anymore, but we'll continue to see layered

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expenses relative to the build-out we have in the technology infrastructure, our back office system compliance, and also some additional compensation-related expenses.

So overall, I think the trajectory will continue to include although there will be a little bit of trading between one-timers and future quarters versus continued layer of expenses.

Priscilla Sims Brown

The only thing I just want to reiterate and add to that is that, as we think about expenses, our focus still remains on investing in the future while just maintaining strong operating discipline that you've seen. So we're not pursuing growth at any cost. These investments we're making in technology and modernization and talent and infrastructure that we've discussed will provide scalability and efficiency over time.

Justin Crowley

Okay, and so is this like, I'm sure, some of it's direct, maybe some of it's indirect, but is any of this related to just gearing up for being a $10 billion bank at some point?

Priscilla Sims Brown

Well, actually, those investments have been made over a long period of time. We've been planning on $10 billion for quite some time so there's nothing specific to that, that's meaningful in the numbers. It's really what we talked about in the script. It's really that we are investing in technology, we're investing in people. The move to our new office space, for example, that's really customer-focused. I We really are increasing our ability to allow customers to have forums and better ways to interact with them.

So it's really just as Jason mentioned earlier, all about building a better bank, continuing to invest for the future, remaining competitive in a continually growing digital environment, all of those good things.

So nothing specific in the way of $10 billion or—we've been investing in the risk areas of the bank now for quite some time.

Justin Crowley

Perfect. Really appreciate it. I'll leave it there.

Priscilla Sims Brown

Thank you.

Operator

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

David Konrad

Hey, good morning everyone.

Jason, I have a question for you. I know there's so many moving parts in the next couple quarters, but maybe taking a step back, there seems to be such a large runway of this balance sheet remix. Have you ever given any thought to what the normalized NIM could be for the company?

Jason Darby

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I have and I want to be careful because normally I'll give more guidance when we come out with a 2027 plan. But I do think a way to think about is what we were able to accomplish with the average asset growth we had this quarter.

We brought on about $250 million across the commercial lending, the PACE assets and also our investment in traditional securities and blended—we were able to bring that in about 5.7%, somewhere closer to 6% range. And when we applied a simple cost of funds to that, the yield was around 4.10, 4.1%. So as I think about that, I can look forward and say that's very reflective of the asset turnover philosophy that we're deploying right now and so I can see that as being something that we could reach over time as realistic.

David Konrad

Yes. That makes sense. Okay.

Then maybe, Sam, the world seems to be changing this year quite a bit. Just maybe some thoughts, high level, on clean energy demand and is that increasing now in this environment and your thoughts there.

Sam Brown

Yes, thanks, David. Great question.

Certainly, there is a lot of change out in the environment, but there's also a lot of consistency in the environment and that demand continues to increase and our role in financing that demand is still very strong.

If you look around just a couple, I think data points that kind of help set the table for what the market looks like, first of all you've got—Deloitte put out a study that recently suggested a need of 30 to 66 gigawatts of renewable power generation by 2030—excuse me, of production in renewables, but the total need is estimated to be about 225 gigawatts. That really excludes even the 105 that's already identified for retirement.

The fact remains that renewables and storage really does have a cost advantage over gas. And the reality of the country can't meet demand without all of it. And so we really view that landscape as wide open for us. We're going to be very careful about the assets that we identify, ensuring we've got long-term contracted revenues, investment-grade counterparties, fixed-rate amortizing debt, but we see a lot of runway ahead for us and we continue to feel bullish on the space.

David Konrad

Great. That will do it for me. I have no questions on credit this quarter.

Priscilla Sims Brown

Great, David.

Operator

Thank you. We have reached the end of the question-and-answer session. I would like to turn the floor back to Priscilla Sims Brown for closing remarks.

Priscilla Sims Brown

Great. Thank you all. Thank you for those thoughtful questions. I also want to, as always, thank our colleagues across the Bank for their continued focus and execution, and of course, our customers and our shareholders for your trust and partnership.

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Looking ahead, we believe Amalgamated is exceptionally well positioned. We have a strong balance sheet, a differentiated and growing deposit franchise, improving profitability, and a clear strategy for scaling the company through continued investments in people, technology, and AI-enabled capabilities. The momentum we are seeing today reinforces our confidence in the future, and we remain focused on delivering long-term value for all stakeholders.

Thank you for your continued support, and we look forward to speaking with you in follow-up calls and in upcoming meetings. Have a great day.

Operator

This concludes today's conference. You may disconnect your lines at this time. Thank you for your participation, and enjoy the rest of your day.

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