

Amalgamated Financial Corp.

Second Quarter 2021 Earnings Presentation

July 29, 2021



amalgamatedbank.com
Member FDIC

Safe Harbor Statements

INTRODUCTION

On March 1, 2021 (the “Effective Date”), Amalgamated Financial Corp. (the “Company”) completed its holding company reorganization and acquired all of the outstanding stock of Amalgamated Bank (the “Bank”). In this presentation, unless the context indicates otherwise, references to “we,” “us,” and “our” refer to the Company and the Bank. However, if the discussion relates to a period before the Effective Date, the terms refer only to the Bank.

FORWARD-LOOKING STATEMENTS

This presentation contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act, Section 21E of the Securities Exchange Act of 1934, as amended. Any statement that does not describe historical or current facts is a forward-looking statement. These statements generally can be identified by forward-looking terminology, such as “plan,” “seek to,” “outlook,” “guidance,” “may,” “will,” “anticipate,” “should,” “would,” “believe,” “contemplate,” “expect,” “estimate,” “continue,” “initiatives,” and “intend,” as well as other similar words and expressions of the future. These forward-looking statements include, but are not limited to, our 2021 Guidance and statements related to future loss/income (included projected non-interest income) of solar tax equity investments. These forward-looking statements are subject to known and unknown risks, uncertainties and other factors, many of which are beyond our control and 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:

- negative economic and political conditions that adversely affect the general economy, housing prices, the real estate market, the job market, consumer confidence, the financial condition of our borrowers and consumer spending habits, which may affect, among other things, the level of non-performing assets, charge-offs and provision expense;
- the rate of growth (or lack thereof) in the economy and employment levels, as well as general business and economic conditions, coupled with the risk that adverse conditions may be greater than anticipated in the markets that we serve;
- the COVID-19 pandemic and its continuing effects on the economic and business environments in which we operate;
- continuation of the historically low short-term interest rate environment;
- fluctuations or unanticipated changes in interest rates on loans or deposits or that affect the yield curve;
- our inability to maintain the historical growth rate of our loan portfolio;
- changes in loan underwriting, credit review or loss reserve policies associated with economic conditions, examination conclusions, or regulatory developments either as they currently exist or as they may be affected by conditions associated with the COVID-19 pandemic;
- the impact of competition with other financial institutions, many of which are larger and have greater resources, and fintechs, as well as changes in the competitive environment;
- our ability to meet heightened regulatory and supervisory requirements;
- our ability to grow and retain low-cost core deposits and retain large, uninsured deposits;
- any matter that would cause us to conclude that there was impairment of any asset, including intangible assets;
- 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;
- risks associated with litigation, including the applicability of insurance coverage;
- the risk of not achieving anticipated cost savings related to reduction in the number of branch locations and other expense areas;
- a failure in or breach of our operational or security systems or infrastructure, or those of third party vendors or other service providers, including as a result of unauthorized access, computer viruses, phishing schemes, spam attacks, human error, natural disasters, power loss and other security breaches, the risk of any of which could be exacerbated by employees and others working remotely as a result of the effects of the COVID-19 pandemic;
- volatile credit and financial markets both domestic and foreign;
- the risk that the preliminary financial information reported herein and our current preliminary analysis could be different when our review is finalized; and
- unexpected challenges related to our executive officer transitions and/or retention.

Additional factors which could affect the forward-looking statements can be found in our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, and Current Reports on Form 8-K filed with the SEC and available on the SEC’s website at www.sec.gov/. Forward-looking statements are based upon the current beliefs and expectations of management, and on information currently available to management. We disclaim any obligation to update or revise any forward-looking statements contained in this presentation, which speak only as of the date hereof, or to update the reasons why actual results could differ from those contained in or implied by such statements, whether as a result of new information, future events or otherwise, except as required by law.



Safe Harbor Statements cont.

NON-GAAP FINANCIAL MEASURES

This presentation contains certain non-GAAP financial measures including, without limitation, “Core Operating Revenue,” “Core Non-interest Expense,” “Tangible Common Equity,” “Average Tangible Common Equity,” “Core Efficiency Ratio,” “Core Net Income,” “Core ROAA,” 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 on 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 bank’s website, amalgamatedbank.com.

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



2Q21 Highlights

INCOME STATEMENT

- GAAP net income of \$0.33 per diluted share; core net income of \$0.32 per diluted share⁽¹⁾
- Pre-tax, pre-provision income⁽²⁾ of \$15.9 million compared to \$13.1 million in 1Q21
- Core pre-tax, pre-provision income of \$15.6 million compared to \$14.1 million in 1Q21
- Efficiency ratio of 66.35% in 2Q21, compared to 71.53% in 1Q21 ⁽¹⁾
 - Efficiency ratio is unfavorably impacted 2 pct pts and 6 pct pts from equity method investments in solar initiatives in 2Q21 and 1Q21 respectively

BALANCE SHEET

- Deposits increased \$189.9 million compared to 1Q21 primarily due to continued growth in political deposits and new relationships in core markets
- Property Assessed Clean Energy (PACE) grew \$94.2 million to \$545.8 million in 2Q21 primarily from Commercial PACE
- Loans decreased \$85.4 million primarily due to existing customer refinancing, and C&I paydowns

CAPITAL

- Repurchased approximately 154,000 shares, or \$2.5 million of common stock
- Capital ratios remained strong with CET1 of 13.63% and Tier 1 Leverage of 7.93%
- Tangible book value of \$17.07 compared to \$16.75 as of 1Q21



(1) See non-GAAP disclosures on pages 21-22

(2) Pre-tax, pre-provision income is defined as net interest income plus non-interest income less non-interest expense

Priscilla Sims Brown – President and CEO

EARLY OBSERVATIONS

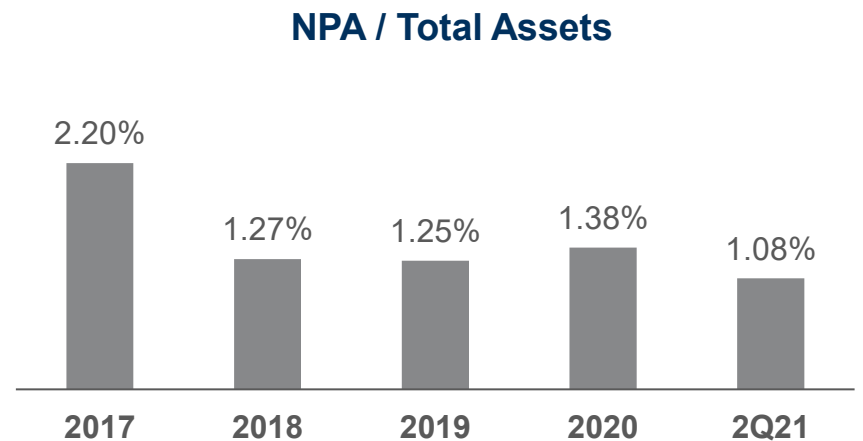
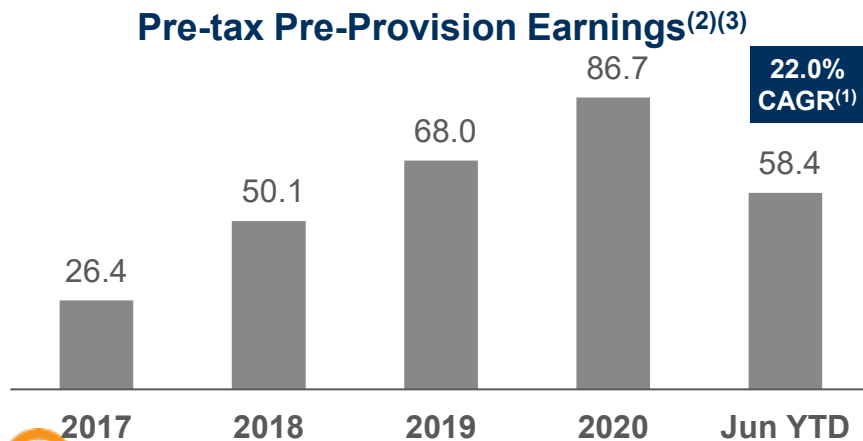
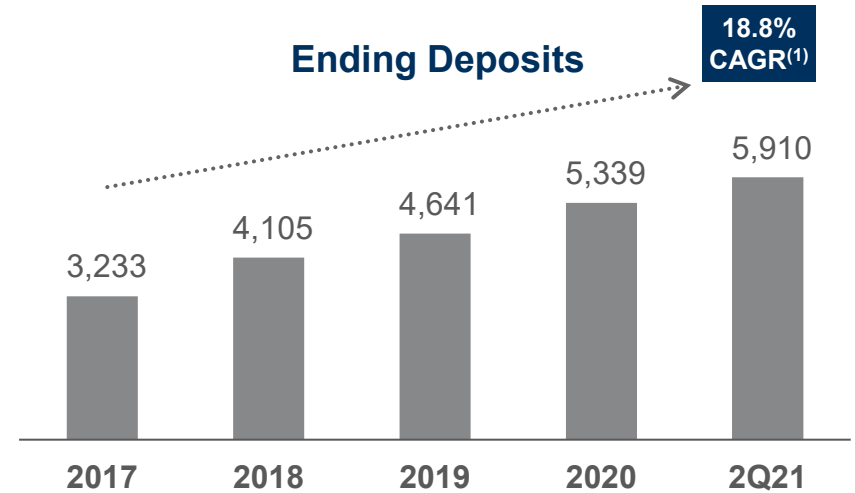
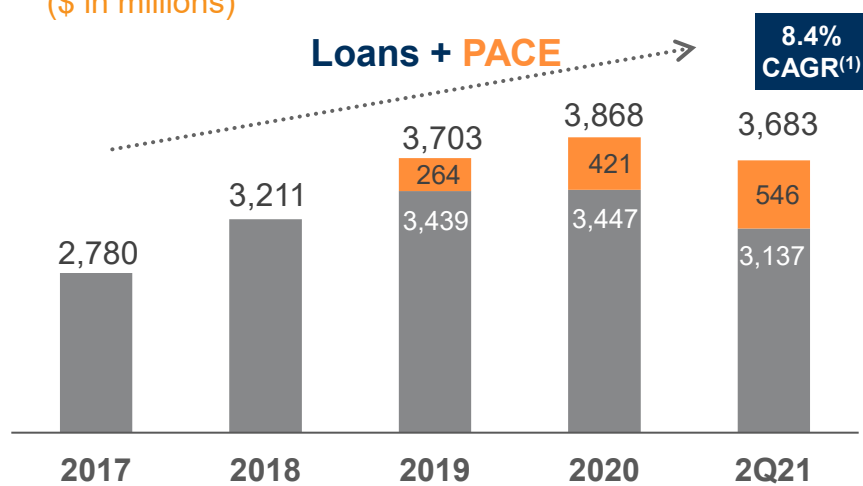
- Significant opportunities to better tell the story of Amalgamated's mission to an increasing market of receptive listeners
- Expand and grow the Amalgamated brand to gain share and drive business
- Develop opportunities to expand our lending platform into attractive segments which fit our core mission
- Pair growth opportunities with continued emphasis on underwriting and credit management practices
- Evaluate geographic expansion through both organic opportunities and/or M&A



Trends

KEY FINANCIAL TRENDS THROUGH 2Q21

(\$ in millions)



(1) Compounded Annual Growth Rate ("CAGR")

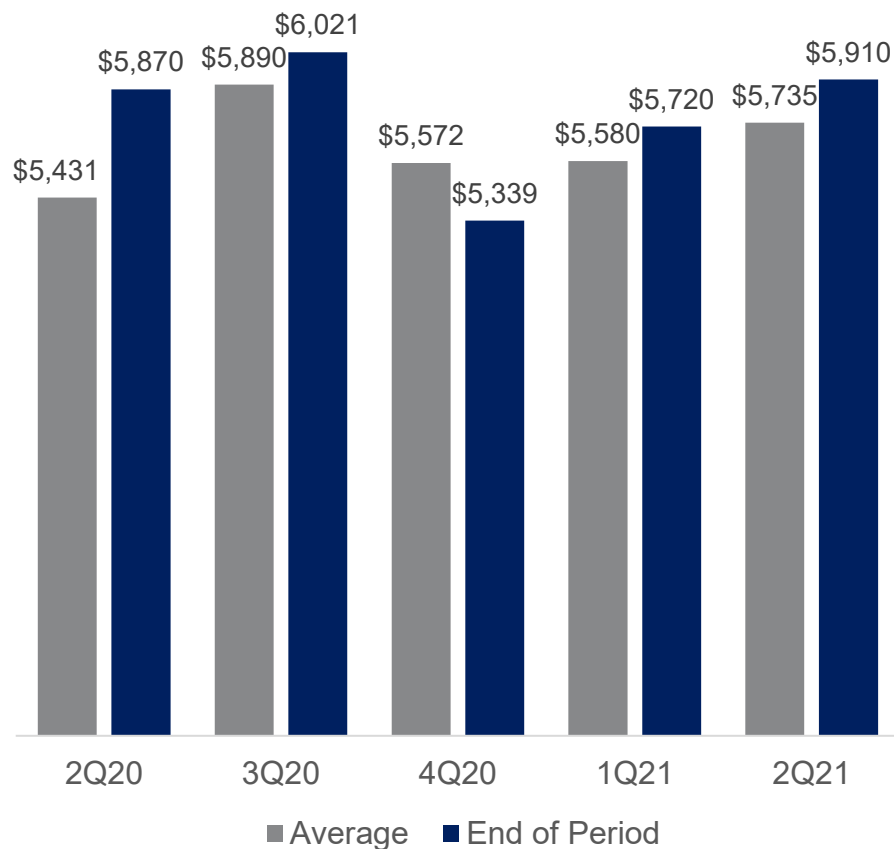
(2) Jun YTD 2021 Pre-tax Pre-Provision earnings are annualized

(3) Pre-tax Pre-provision Earnings, excluding the impact of equity method investments for solar initiatives, was \$79.3 million in 2020, and \$69.3 million in 2021 annualized

Deposit Portfolio

TOTAL DEPOSITS

(\$ in millions)



2Q21 HIGHLIGHTS

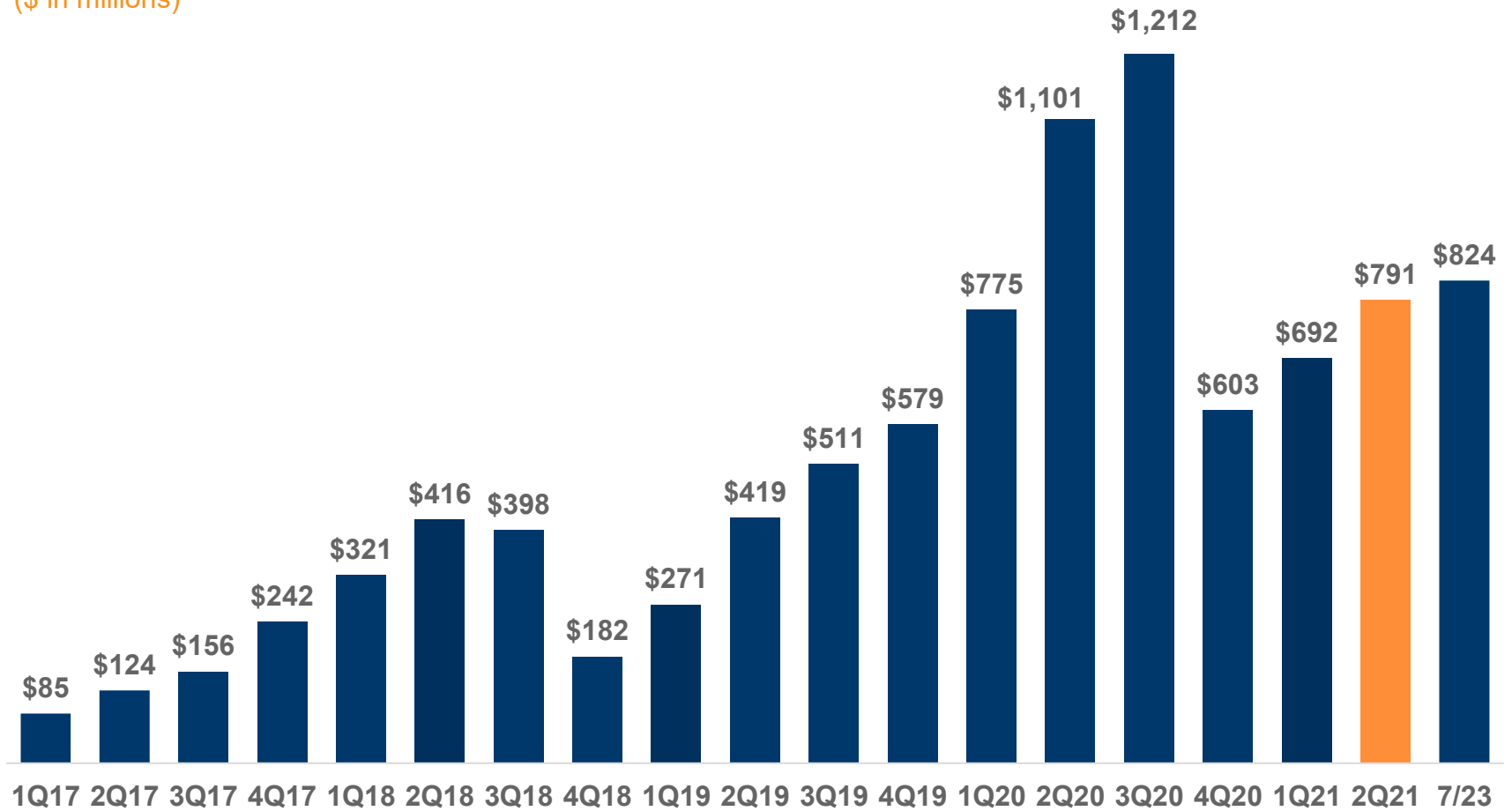
- Total ending deposits increased \$189.9 million compared to 1Q21 due to post-election rebound in political deposits and new relationships in core markets
 - Total average deposits increased \$155.7 million
- \$123.0 million of average non-interest bearing deposits increase primarily due to political deposits
- Non-interest bearing deposits represented 50% of ending deposits in 2Q21, compared to 49% in 1Q21



Political Deposits

HISTORICAL TREND

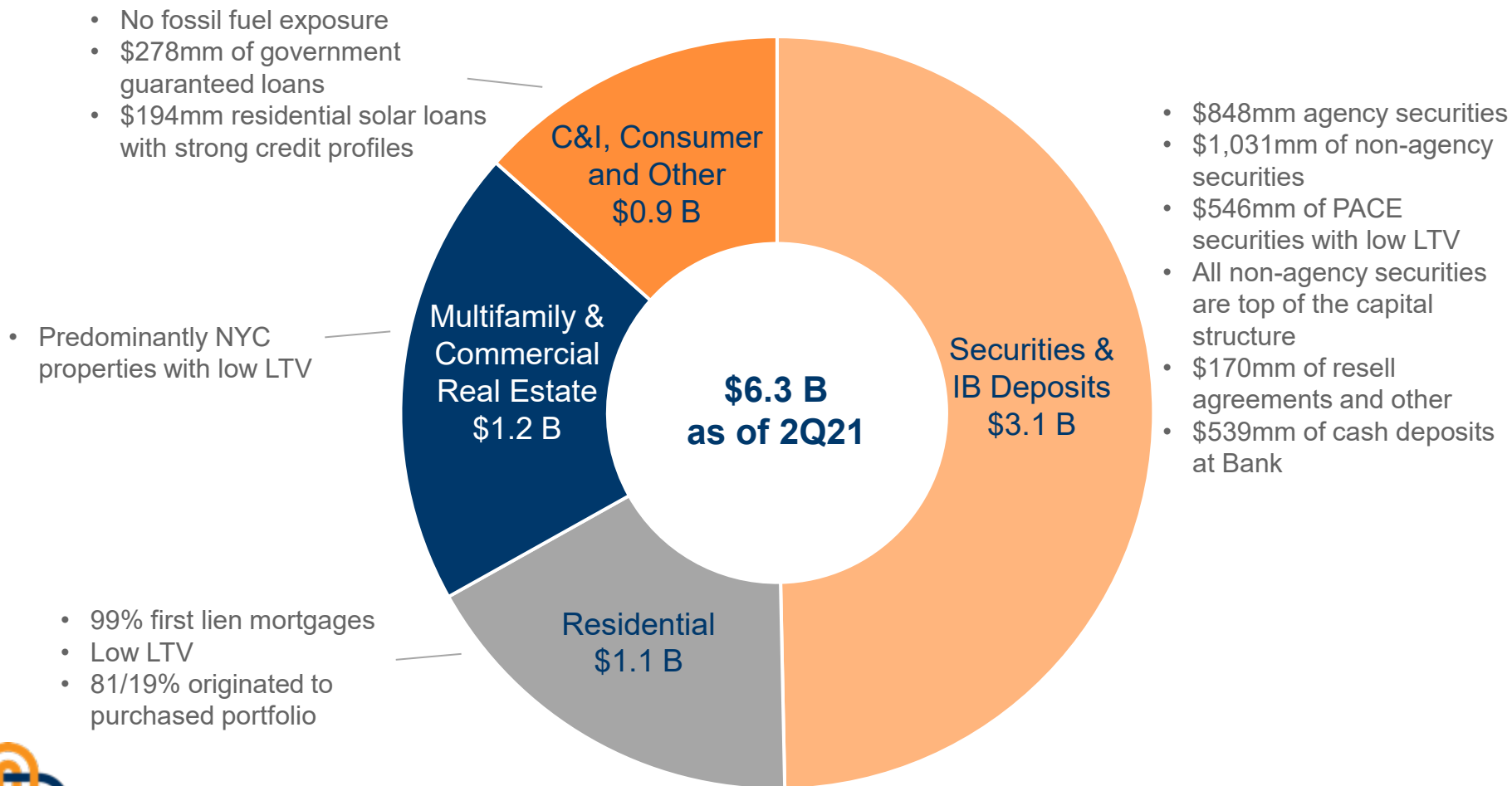
(\$ in millions)



Interest Earning Assets

INTEREST EARNING ASSETS OF \$6.3B AS OF JUNE 30, 2021

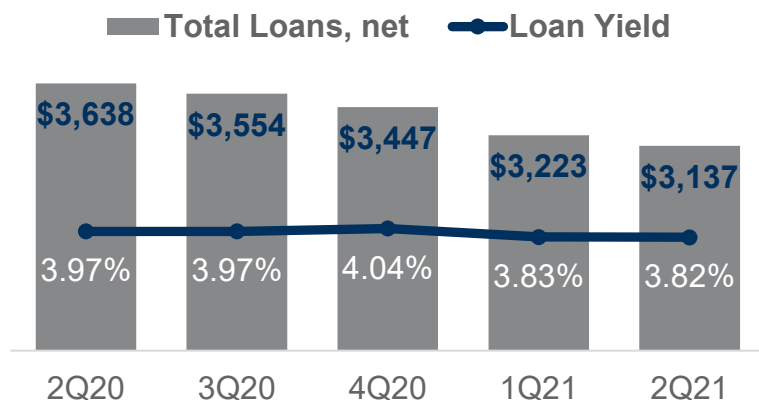
We maintain a diverse, low risk profile of interest earning assets



Loans and Held-to-Maturity Securities

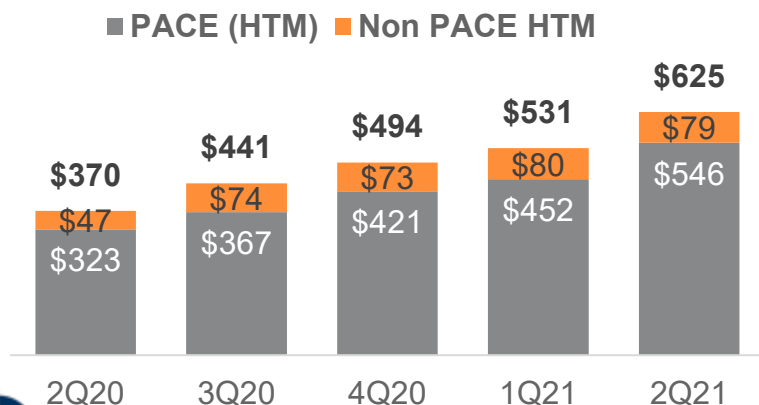
TOTAL LOANS AND PACE (HTM)

(\$ in millions)



HELD-TO-MATURITY SECURITIES

(\$ in millions)



2Q21 HIGHLIGHTS

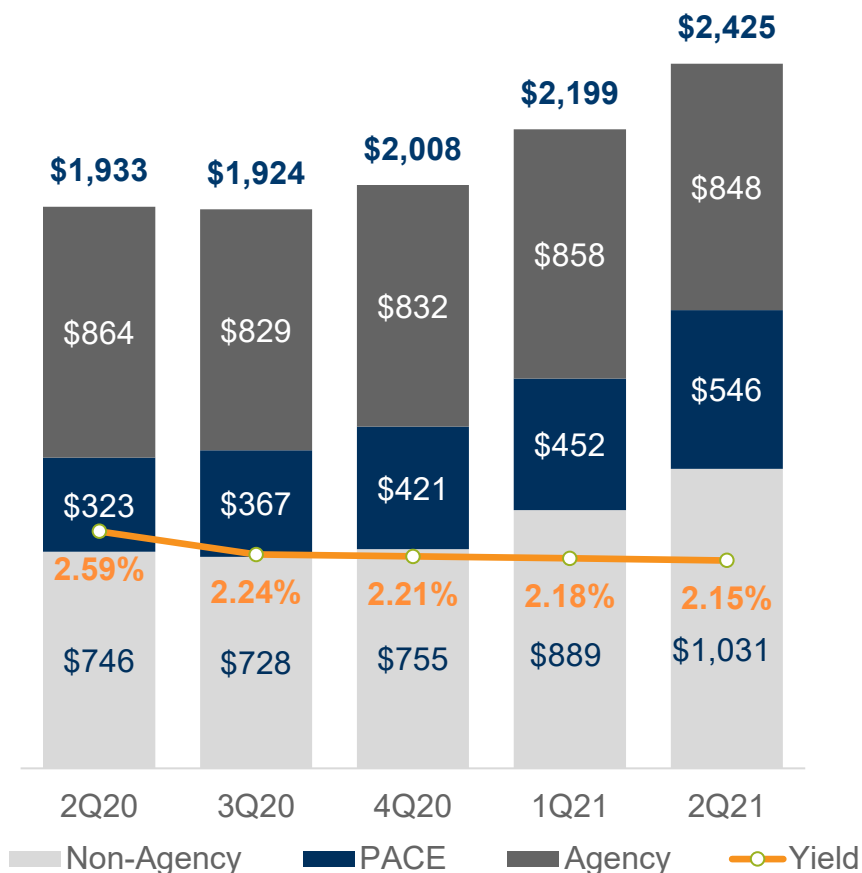
- Total loans decreased \$85.4 million, or -2.6% compared to 1Q21 due to continued prepayment activity and paydowns on commercial revolvers
- 2Q21 Yield of 3.82%; a decrease of one basis point compared to 1Q21 and a decrease of 15 bps compared to 2Q20
- PACE securities of \$545.8 million increased \$94.2 million from \$451.6 million in 1Q21



Investment Securities

SECURITIES – BOOK VALUE⁽¹⁾

(\$ millions)



2Q21 HIGHLIGHTS

- Investment Securities totaled \$2.4 billion book value for 2Q21
- Securities increased \$225.6 million in 2Q21 compared to 1Q21 with continued mix shift toward non-agency partially from PACE assessment growth
 - Non-agency securities in 2Q21 include \$545.8 million of PACE assessments, which are non-rated
- 84.2% of all non-agency MBS/ABS securities are AAA rated and 99.97% are A rated or higher⁽²⁾; **all CLO's are AAA rated**
- As of 2Q21 average subordination for the C&I CLOs is 42.8%



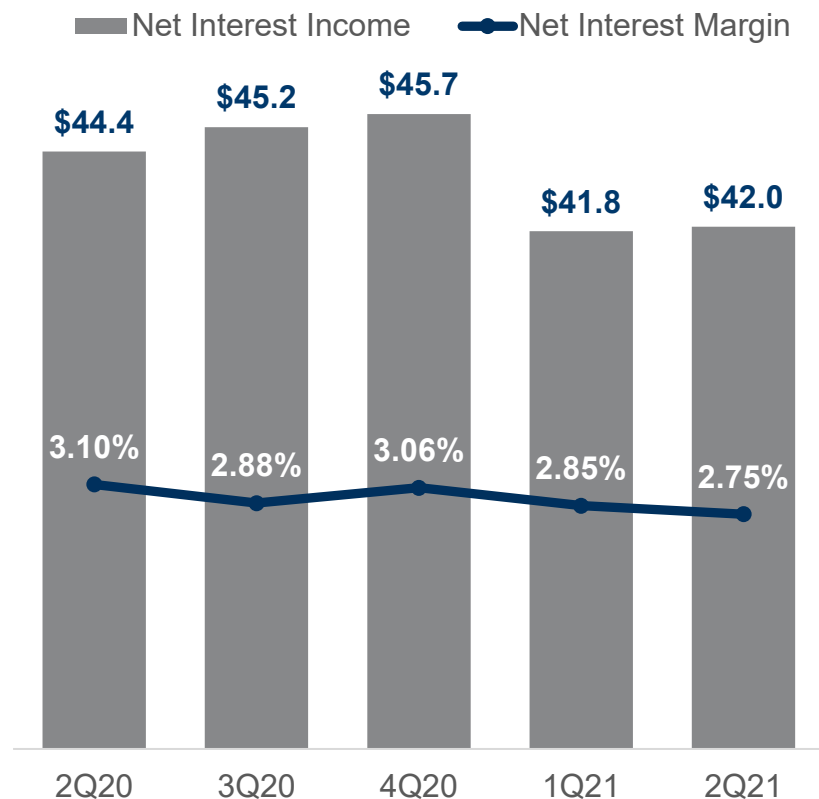
(1) Securities book value excludes unrealized Available for Sale (AFS) gain / loss on sale

(2) MBS/ABS does not include PACE assessments

Net Interest Income and Margin

NET INTEREST INCOME & MARGIN

(\$ millions)



2Q21 HIGHLIGHTS

- Net interest income is \$42.0 million, compared to \$41.8 million in 1Q21
- 2Q21 NIM at 2.75%; a decrease of 10 bps and 35 bps, compared to 1Q21 and 2Q20, respectively
- NIM is negatively impacted by approximately 19 bps due to the high-level of cash on the balance sheet
- Loan prepayment penalties favorably impacted NIM by 3 bps in 2Q21, compared to 4 bps and 2 bps in 1Q21 and 2Q20, respectively



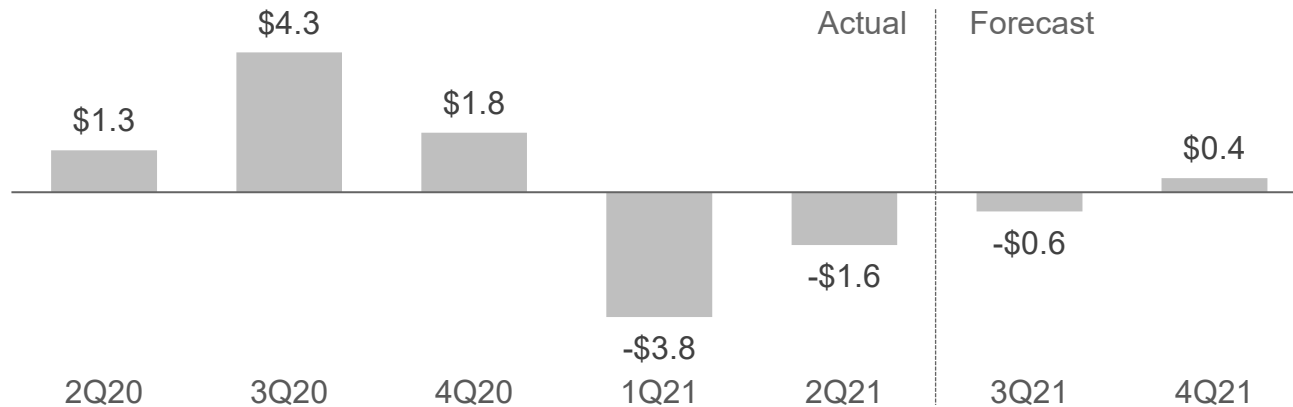
Solar Tax-Equity Investments

OVERVIEW OF SOLAR TAX EQUITY INVESTMENTS

- Realization of tax benefits in the project life and subsequent write-down of investment creates volatility in the earnings stream
- Current projects are expected to generate a slight loss in the next two quarters; net accretive profitable over the life of investment
- We expect more tax-equity investment initiatives in the future (not shown in forecast below)

PROJECTED NON-INTEREST INCOME TREND

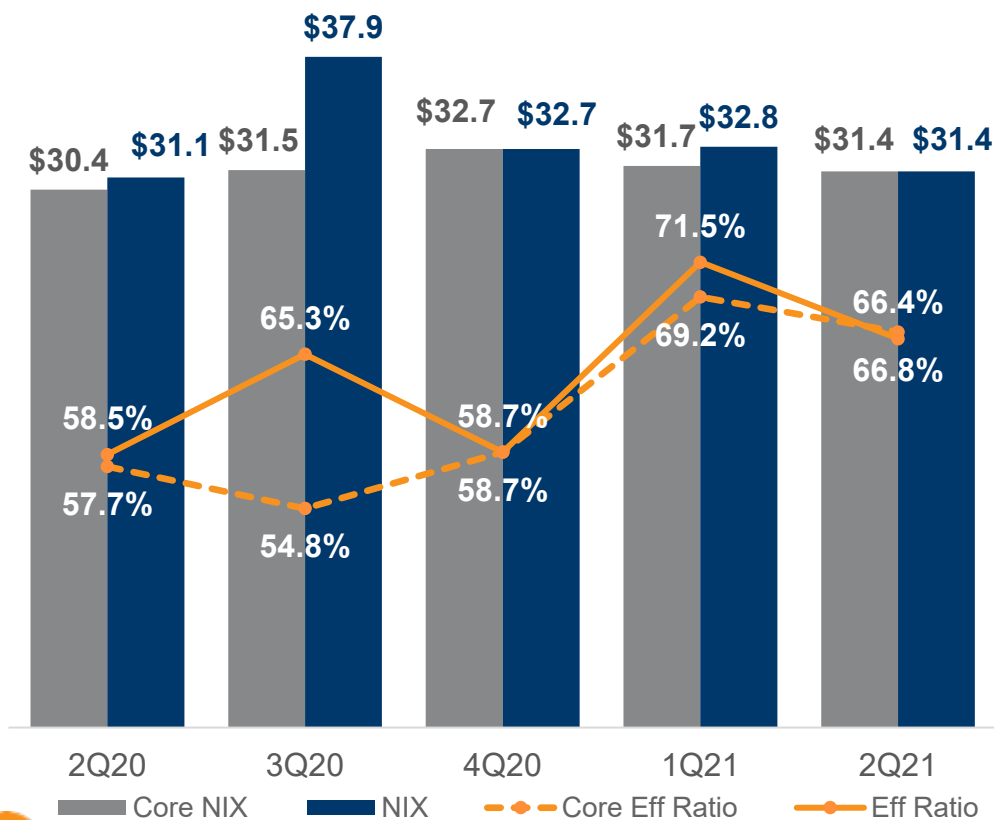
\$ millions



Non-Interest Expense and Efficiency

NON-INTEREST EXPENSE

(\$ millions)



2Q21 HIGHLIGHTS

- Efficiency ratio of 66.4% for 2Q21
- Core efficiency ratio of 66.8% for 2Q21⁽¹⁾
- Non-interest expense for 2Q21 is \$31.4 million
- Non-interest expense for 2Q21 is \$1.4 million lower compared to 1Q21 primarily due to a \$1.1 million severance related to the modernization of our Trust Department in 1Q21 and lower professional service expenses
- Efficiency ratio excluding equity method investments in solar initiatives is 64.1% for 2Q21 and 66.0% for 1Q21



(1) See non-GAAP disclosures on pages 21-22

Allowance for Loan Losses

ALLOWANCE FOR LOAN LOSSES (ALLL) CHANGE FROM 4Q20 TO 2Q21

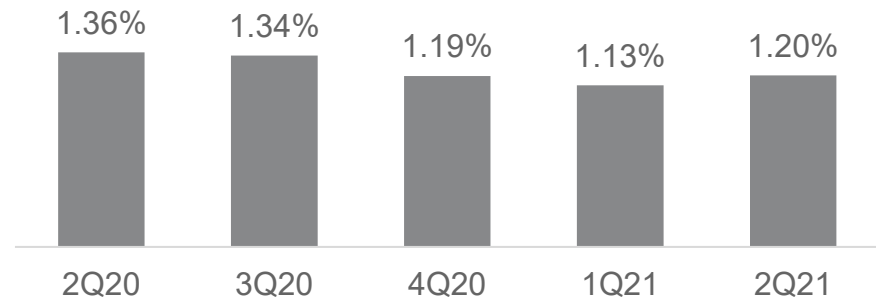
(\$ millions)

4Q20 Allowance	\$41.6
Loan balances	(2.4)
Changes in credit quality	(1.9)
Qualitative factors	(0.6)
1Q21 Allowance	\$36.7
Specific reserves	1.4
Changes in credit quality	0.6
Charge-offs	0.3
Loan balances	(1.0)
2Q21 Allowance	\$38.0

2Q21 HIGHLIGHTS

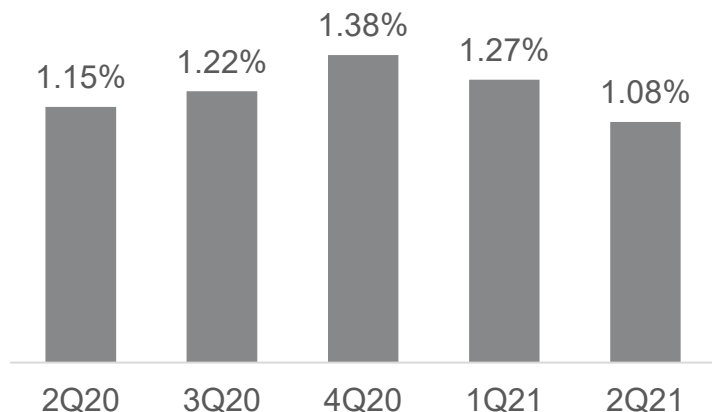
- Allowance for loan losses totals \$38.0 million in 2Q21, or \$1.3 million higher compared to 1Q21 primarily due to specific reserves
- 2Q21 allowance is \$3.6 million lower than 4Q20 due largely to lower loan balances and credit quality improvement

ALLOWANCE FOR LOAN LOSSES / TOTAL LOANS

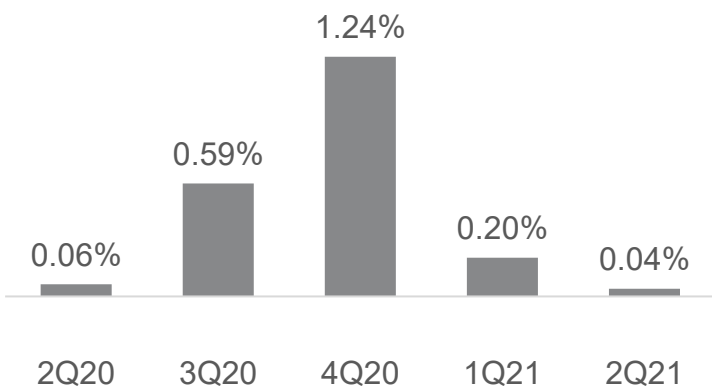


Credit Quality Portfolio

NPA / TOTAL ASSETS



NCO / AVERAGE LOANS ⁽¹⁾ (Quarter trend)



(1) Annualized

2Q21 HIGHLIGHTS

- Nonperforming assets are \$71.0 million as of 2Q21, compared to \$81.0 million in 1Q21
- Net charge-offs of 0.04% in 2Q21 is 16 bps lower than 1Q21 due to \$6.0 million in charge-offs in 1Q21 primarily related to hotel and construction loans
- Pass rated loans are 89% of loan portfolio

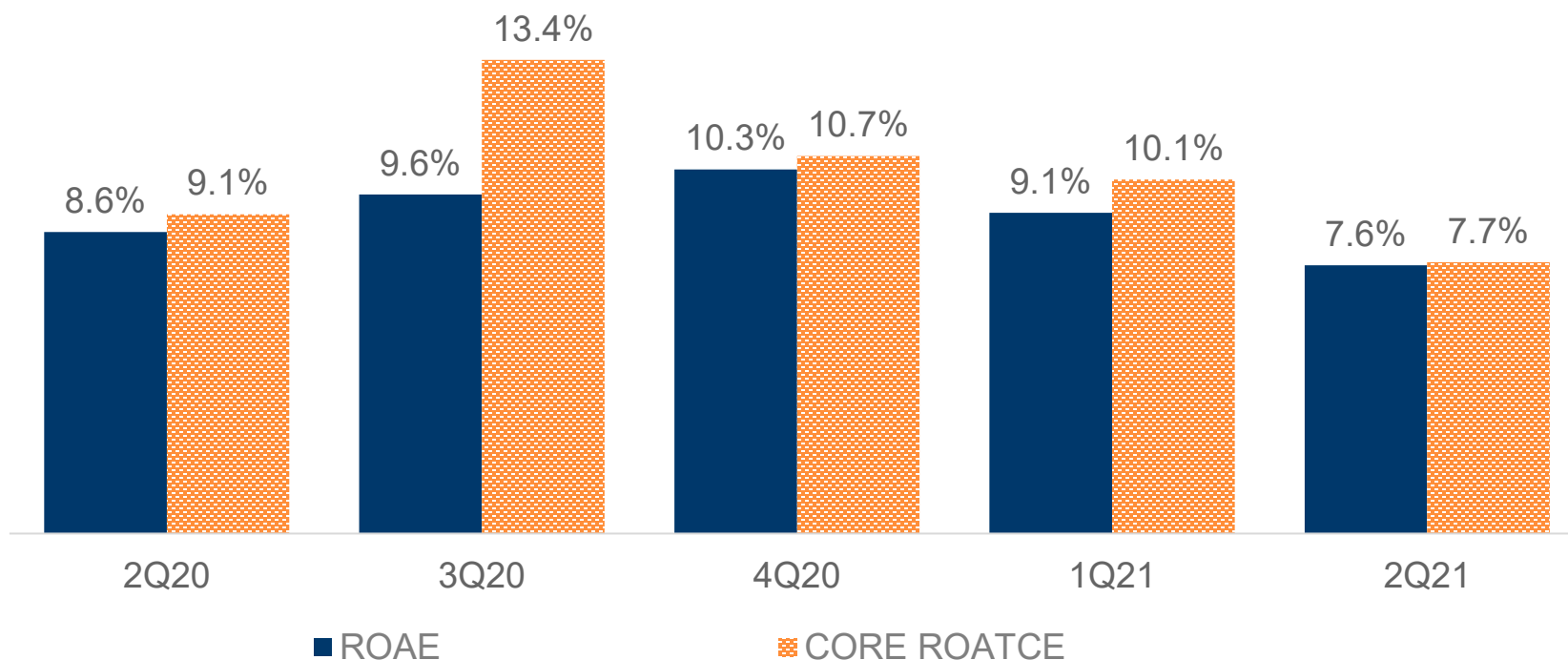
LOAN CREDIT RISK RATINGS

(\$ millions)

	Pass Rated	Special Mention	Substandard / Doubtful	Total
Commercial and industrial	569	18	33	619
Multifamily	712	102	36	849
CRE and construction	268	46	80	394
Residential real estate	1,063	-	22	1,086
Consumer and other	222	-	-	222
Total	\$ 2,834	\$ 165	\$ 171	\$ 3,170

Returns

ROAE & CORE ROATCE ⁽¹⁾⁽²⁾

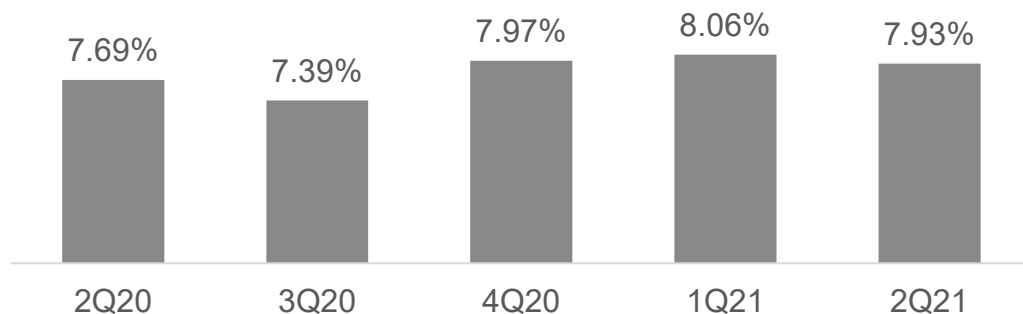


(1) See non-GAAP disclosures on pages 21-22

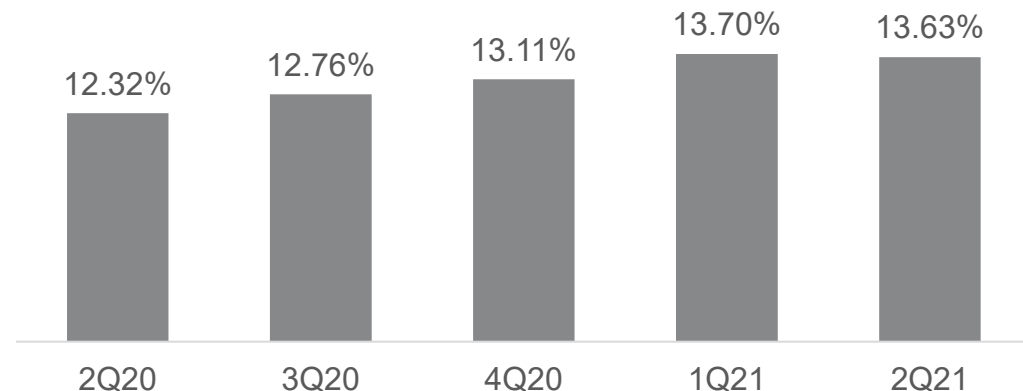
(2) ROATCE excluding equity method investments for solar initiatives is 8.3%, 10.9%, 9.7%, 12.3% and 8.6% for 2Q20, 3Q20, 4Q20, 1Q21 and 2Q21 respectively

Capital

TIER 1 LEVERAGE RATIO



COMMON EQUITY TIER 1 RATIO



2Q21 HIGHLIGHTS

- Regulatory capital ratios remain strong
 - Tier 1 leverage ratio of 7.93% as of 2Q21
 - Common Equity Tier 1 Capital of 13.63%
- Tier 1 leverage ratio is 11 bps lower due to approximately \$190 million in excess cash from strong deposit growth and 2bps lower due to cumulative effect of equity method investments for solar initiatives



2021 Guidance

2021 FINANCIAL OUTLOOK

- Core Pre-tax pre-provision earnings of \$66 million to \$72 million
 - Excludes impact of solar tax equity income/(loss) and any future non-core items
 - Net Interest Income of \$168 million to \$174 million
 - No change in Fed rate targets



Appendix



Reconciliation of Non-GAAP Financials

<i>(in thousands)</i>	As of and for the Three Months Ended			As of and for the Six Months Ended	
	June 30, 2021	March 31, 2021	June 30, 2020	June 30, 2021	June 30, 2020
Core operating revenue					
Net Interest income	\$ 41,991	\$ 41,844	\$ 44,439	\$ 83,836	\$ 89,127
Non-interest income	5,327	4,000	8,671	9,327	17,789
Less: Branch sale loss (gain) (1)	-	-	34	-	(1,394)
Less: Securities gain, net	(321)	(18)	(486)	(339)	(985)
<i>Core operating revenue</i>	\$ 46,997	\$ 45,826	\$ 52,658	\$ 92,824	\$ 104,537
Core non-interest expense					
Non-interest expense	\$ 31,395	\$ 32,793	\$ 31,068	\$ 64,189	\$ 63,339
Less: Branch closure expense (2)	-	-	(695)	-	(2,051)
Less: Severance (3)	-	(1,090)	-	(1,090)	(76)
<i>Core non-interest expense</i>	\$ 31,395	\$ 31,703	\$ 30,373	\$ 63,099	\$ 61,212
Core net income					
Net Income (GAAP)	\$ 10,408	\$ 12,189	\$ 10,374	\$ 22,598	\$ 19,919
Less: Branch sale (gain) (1)	-	-	34	-	(1,394)
Less: Securities loss (gain)	(321)	(18)	(486)	(339)	(985)
Add: Branch closure expense (2)	-	-	695	-	2,051
Add: Severance (3)	-	1,090	-	1,090	76
Less: Tax on notable items	86	(271)	(61)	(196)	64
<i>Core net income (non-GAAP)</i>	\$ 10,173	\$ 12,990	\$ 10,556	\$ 23,153	\$ 19,731

(1) Fixed Asset branch sale in March 2020

(2) Occupancy and other expense related to closure of branches during our branch rationalization

(3) Salary and COBRA expense reimbursement expense for positions eliminated



Reconciliation of Non-GAAP Financials

<i>(in thousands)</i>	As of and for the Three Months Ended			As of and for the Six Months Ended	
	June 30, 2021	March 31, 2021	June 30, 2020	June 30, 2021	June 30, 2020
Tangible common equity					
Stockholders' Equity (GAAP)	\$ 548,211	\$ 540,222	\$ 503,702	\$ 548,211	\$ 503,702
Less: Minority Interest (GAAP)	(133)	(133)	(134)	(133)	(134)
Less: Goodwill (GAAP)	(12,936)	(12,936)	(12,936)	(12,936)	(12,936)
Less: Core deposit intangible (GAAP)	(4,755)	(5,057)	(6,043)	(4,755)	(6,043)
<i>Tangible common equity (non-GAAP)</i>	\$ 530,387	\$ 522,096	\$ 484,589	\$ 530,387	\$ 484,589
Average tangible common equity					
Average Stockholders' Equity (GAAP)	\$ 547,766	\$ 542,553	\$ 487,531	\$ 545,163	\$ 494,706
Less: Minority Interest (GAAP)	(133)	(133)	(134)	(133)	(134)
Less: Goodwill (GAAP)	(12,936)	(12,936)	(12,936)	(12,936)	(12,936)
Less: Core deposit intangible (GAAP)	(4,903)	(5,205)	(6,211)	(5,052)	(6,382)
<i>Average tangible common equity (non-GAAP)</i>	\$ 529,794	\$ 524,279	\$ 468,250	\$ 527,042	\$ 475,254
Core return on average assets					
Core net income (numerator) (non-GAAP)	10,173	12,990	10,556	23,153	19,731
Divided: Total average assets (denominator) (GAAP)	6,394,768	6,231,998	6,070,392	6,313,807	5,748,627
<i>Core return on average assets (non-GAAP)</i>	0.64%	0.85%	0.70%	0.74%	0.69%
Core return on average tangible common equity					
Core net income (numerator) (non-GAAP)	10,173	12,990	10,556	23,153	19,731
Divided: Average tangible common equity (denominator) (GAAP)	529,794	524,279	468,250	527,042	475,254
<i>Core return on average tangible common equity (non-GAAP)</i>	7.70%	10.05%	9.07%	8.86%	8.35%



Thank You

amalgamated
FINANCIAL CORP.



Global Alliance for
Banking on Values



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Member FDIC