Amalgamated Bank

Fourth Quarter 2018 Earnings Presentation

January 29, 2019

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

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 offering circular 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 offering circular 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 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.

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

FY 2018 & 4Q18 HIGHLIGHTS

FY 2018 Highlights

- ✓ Completed the acquisition and integration of New Resource Bank (NRB)
- ✓ Initial public offering completed in August and first follow-on in November
- ✓ Deposit growth of 27.0% or $872.2 million
- ✓ Loan growth 15.3% or $432.0 million
- ✓ 26 bps cost of deposits
- ✓ 1% cumulative deposit beta since Q3 2015

4Q18 Highlights

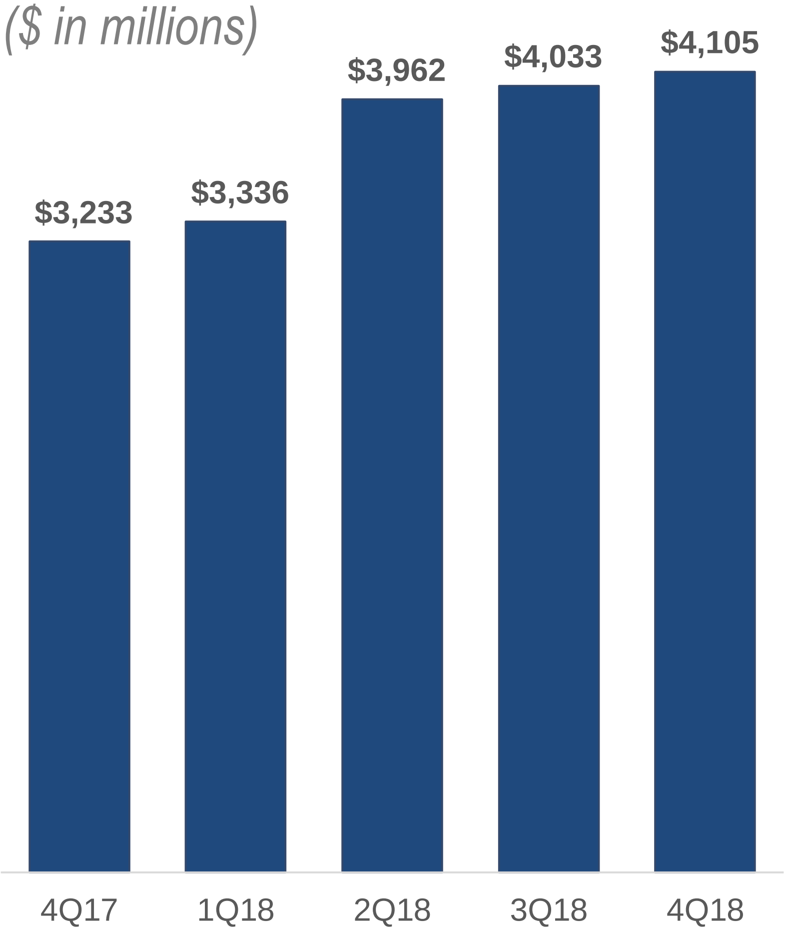
- ✓ Reported Net Income of $8.4 million
- ✓ Reported EPS of $0.26 per diluted share
- ✓ Core earnings[1] of $9.7 million
- ✓ Core earnings per diluted share of $0.30; $0.35 per share adjusting for bonus accrual, accounting adjustment, and tax rate impact
- ✓ Deposits growth of $72.5 million, or 7.2% annualized to the prior quarter
- ✓ Loan growth of $47.0 million, or 5.9% annualized to the prior quarter
- ✓ 27 bps cost of deposits
- ✓ 3.57% Net Interest Margin; 3.64% after adjusting for accounting adjustment

(1) See non-GAAP disclosures on page 17

DEPOSIT PORTFOLIO

Total Deposits

($ in millions)



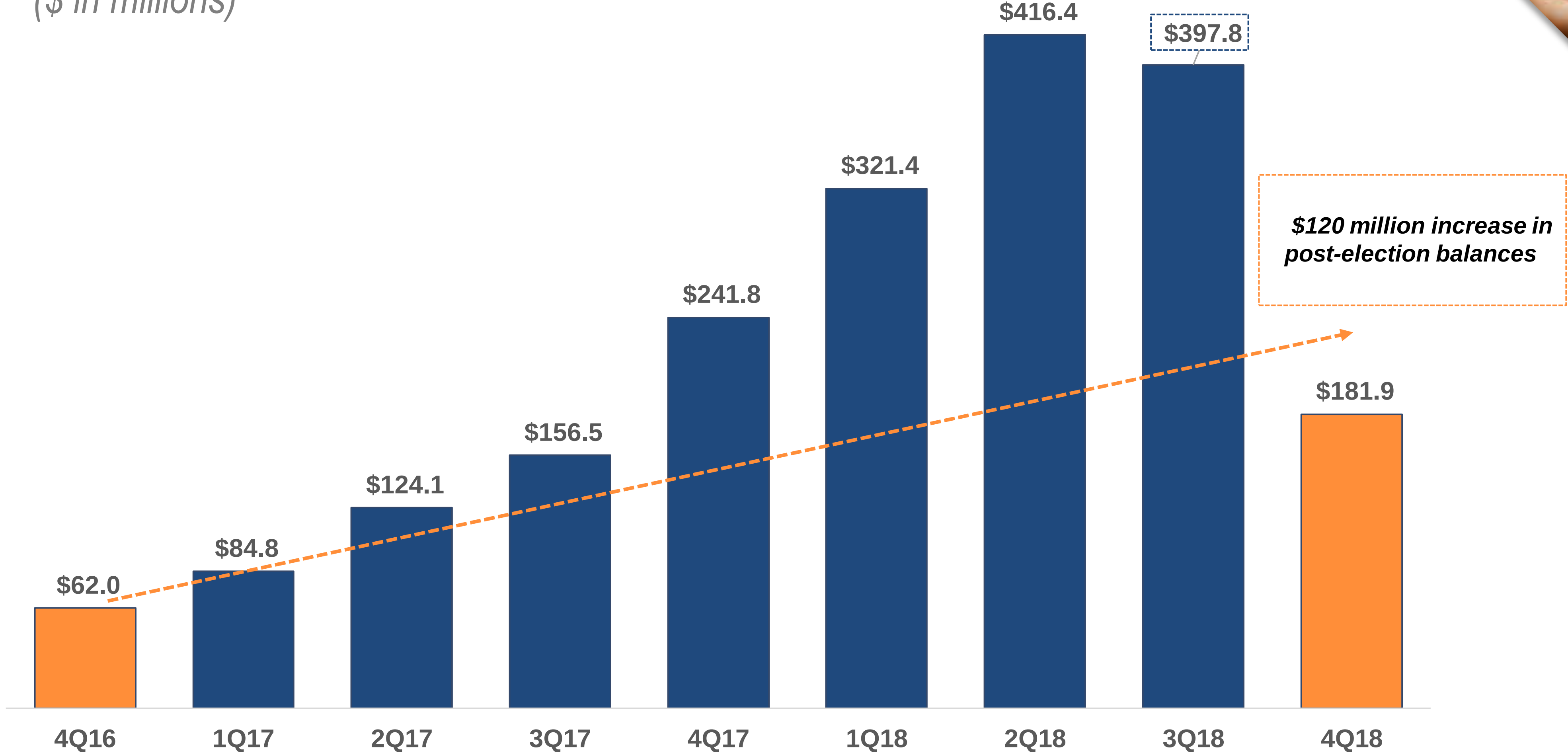
4Q18 Highlights

- ✓ Total deposits were $4.1 billion, an increase of $72.5 million, or 7.2% annualized, as compared to 3Q18
- ✓ Total deposits included $326.7 million of short term deposits which have since exited the Bank
- ✓ Full year 2018 deposits increased $0.9 billion, or 27.0% as compared to year end 2017
  - ✓ $361.9 million of deposit growth attributed to the integration of New Resource
- ✓ $176 million of non-interest bearing deposit growth, or 12.7%, including NRB acquisition
- ✓ Non-interest-bearing deposits represented 38% of ending deposits in 4Q18

POLITICAL DEPOSITS

Political Deposits Trend

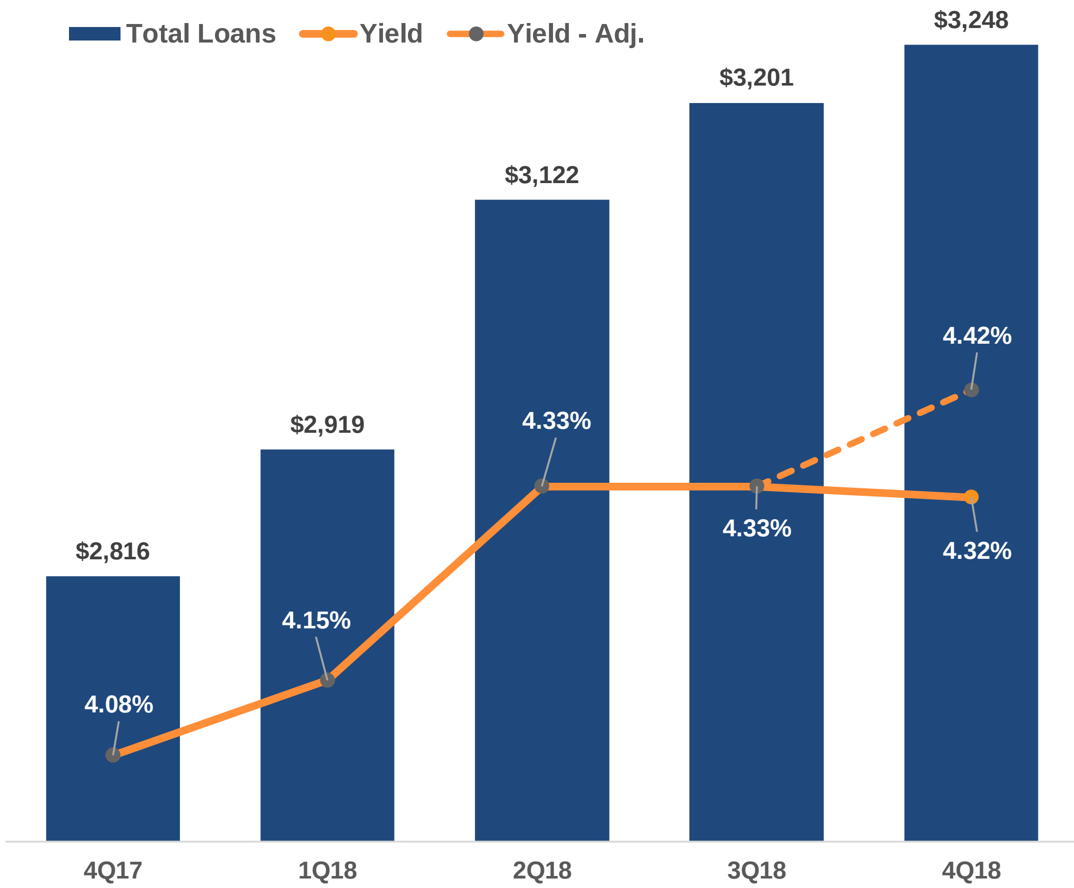
($ in millions)



LOAN PORTFOLIO

Total Net Loans

($ in millions)



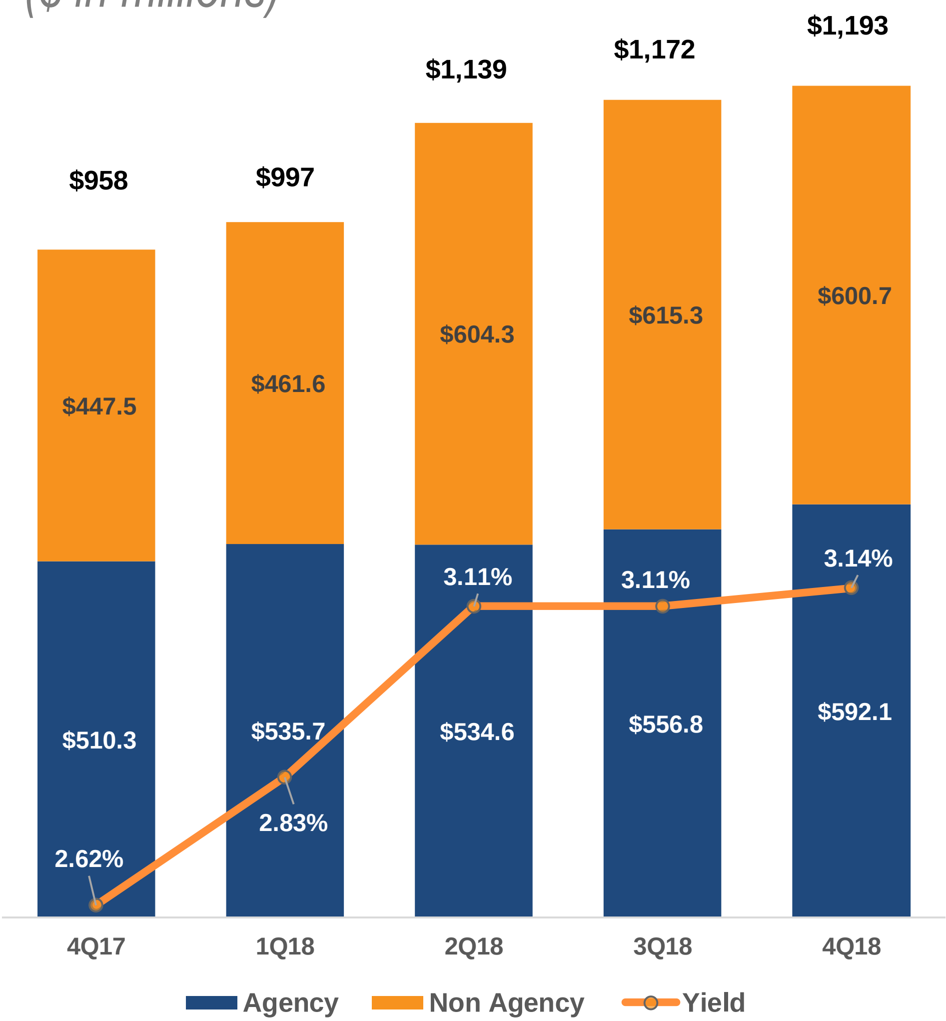
4Q18 Highlights

- ✓ Total loans increased $47.0 million, or 5.9% annualized compared to 3Q18
- ✓ Full year 2018 total loans increased $432.0 million, or 15.3%, as compared to year end 2017
- ✓ Indirect C&I loans declined by $68.7 million in 4Q18 and $334 million in 2018
- ✓ Since the NRB acquisition, growth in mission-oriented, direct C&I lending is approximately $173 million
- ✓ 4Q18 Loan growth driven by
  - ✓ $65.8 million increase in residential first liens
  - ✓ Purchase of $42.2 million mission aligned residential solar loans
  - ✓ $94 million mission based C&I loans

CASH AND INVESTMENT SECURITIES

Securities

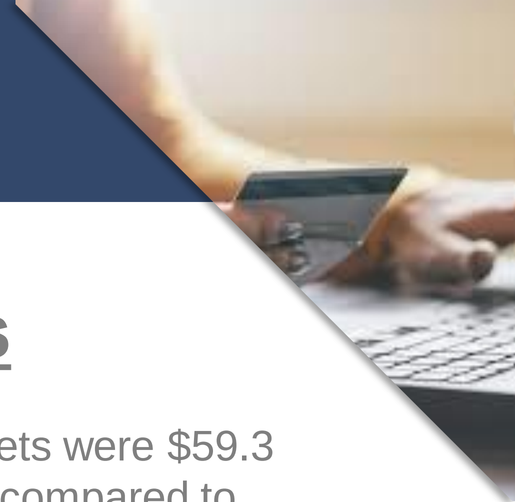
($ in millions)



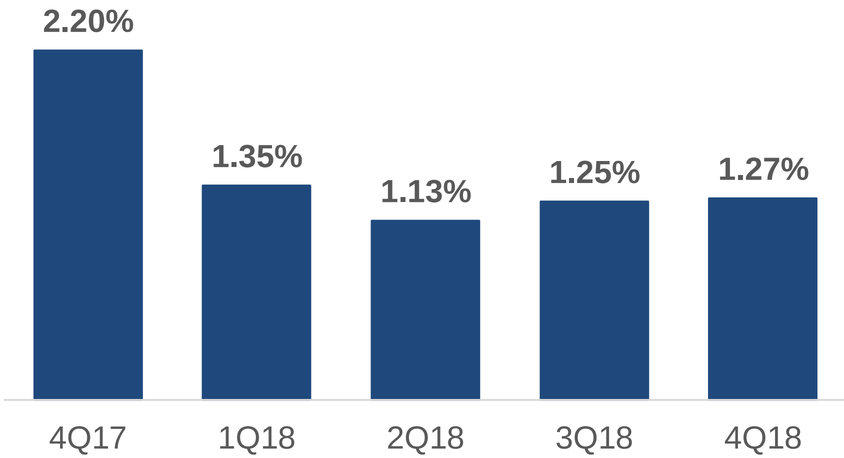
4Q18 Highlights

- ✓ Cash and Investment Securities totaled $1.3 billion for 4Q18 versus $1.2 billion in 3Q18
- ✓ As of 4Q18 $1.2 billion of available for sale securities, compared to $943.4 million at December 31, 2017
- ✓ Increase of $231.8 million from 4Q17 was due to purchases of floating rate collateralized loan obligation securities and agency and non-agency securities
- ✓ 92% of all asset-backed securities are AAA rated and 99% are A rated or higher
- ✓ Yield on securities continue to benefit from rising interest rates and reinvestment

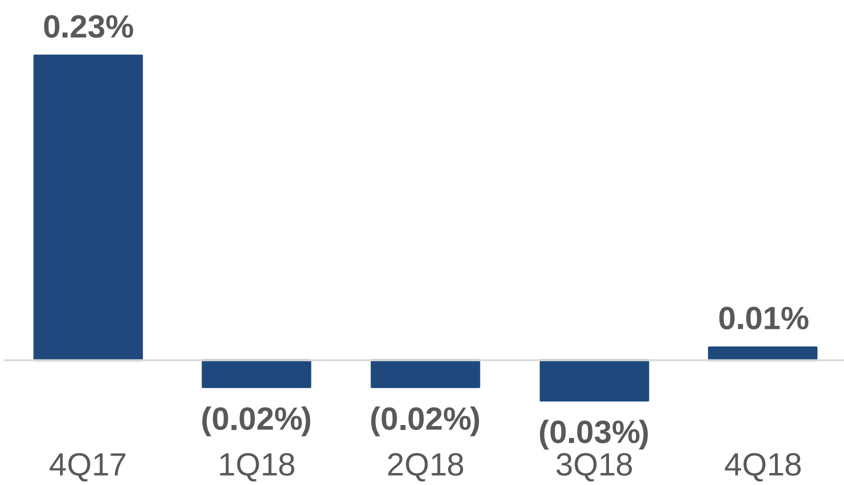
CREDIT QUALITY PORTFOLIO



NPAs/ Total Assets



NCOs/ Average Loans



4Q18 Highlights

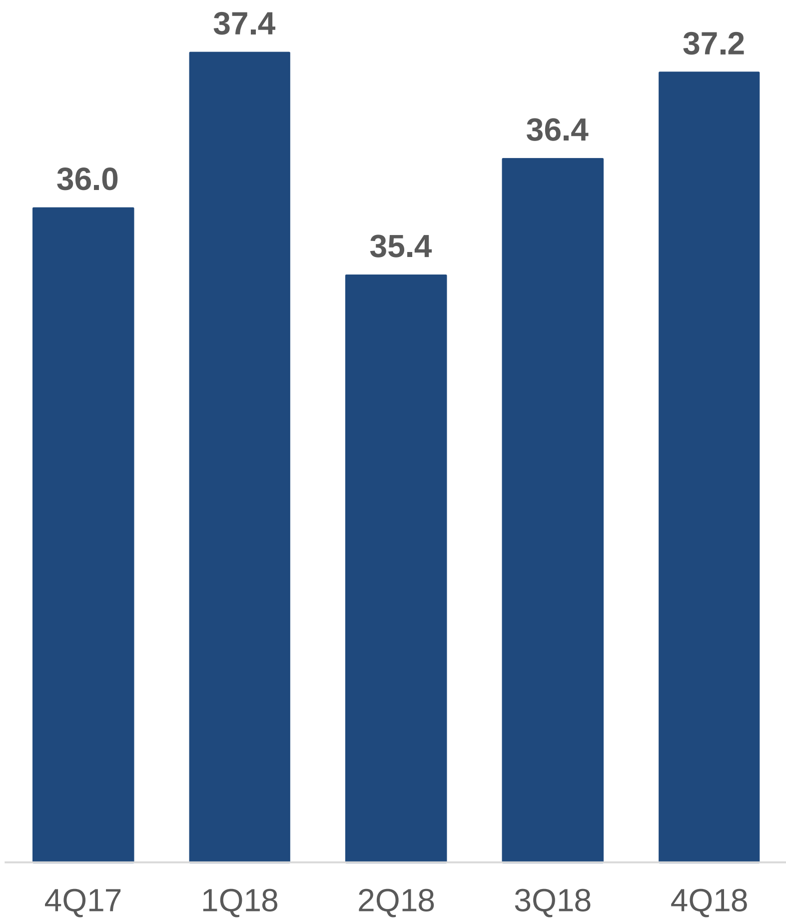
- ✓ Nonperforming assets were $59.3 million as of 4Q18, compared to $58.0 in 3Q18, nonperforming assets decreased $29.8 million versus 4Q17

- ✓ Net Charge-offs to average loans of 0.01% during the quarter versus (0.03%) in the linked quarter, and 0.23% in 4Q17

ALLOWANCE FOR LOAN LOSSES

Allowance for Loan Losses

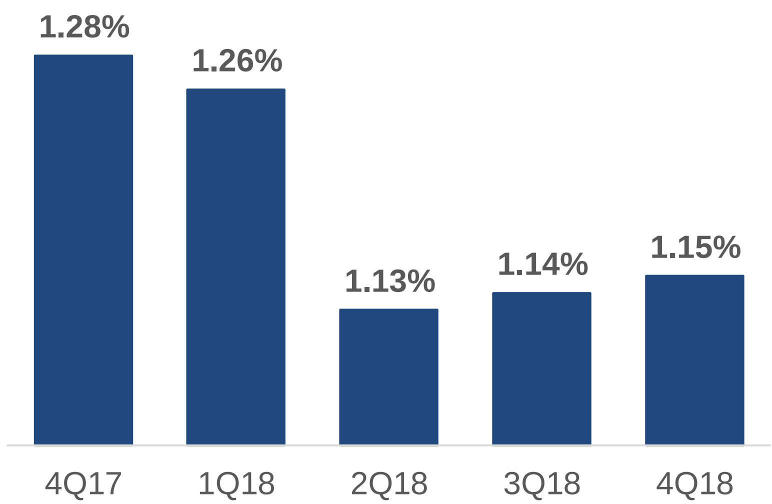
($ in millions)



4Q18 Highlights

- ✓ Allowance for loan losses totaled $37.2 million
  - ✓ Up $0.8 million compared to 3Q18
  - ✓ 1.15% of total loans compared to 1.14% in the prior quarter

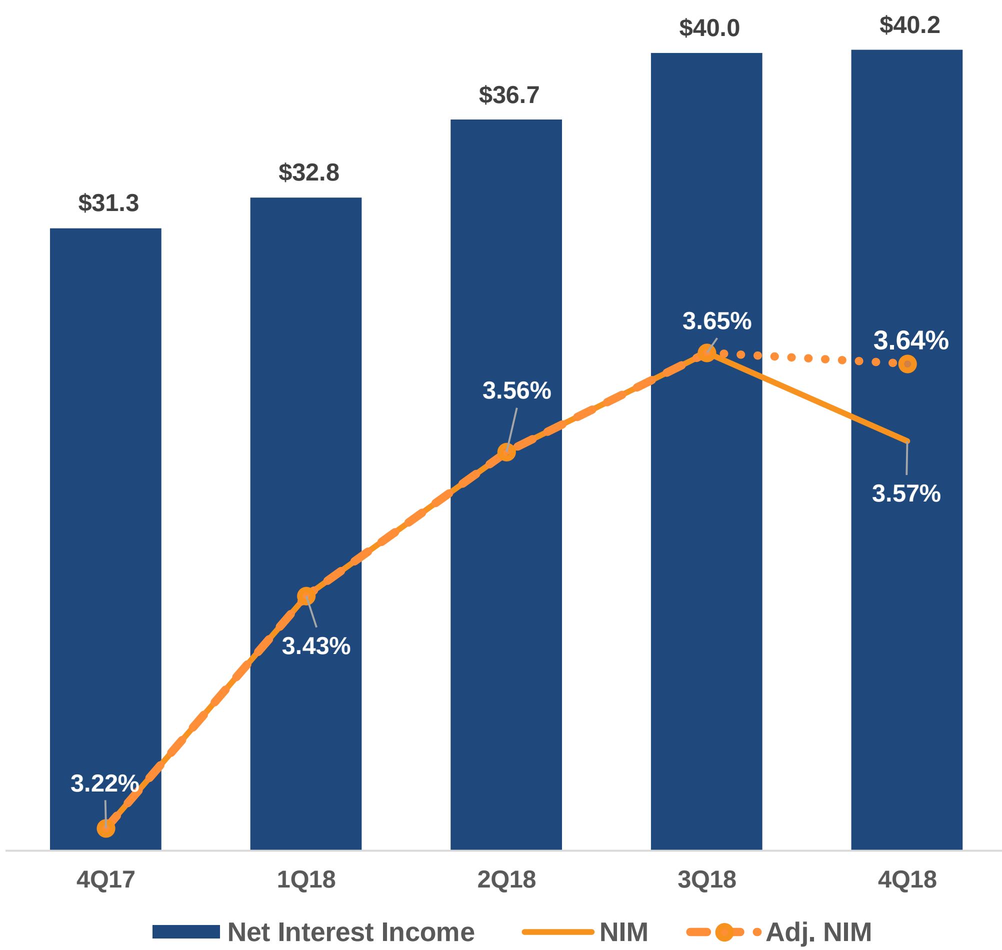
Allowance for Loan Losses/ Total Loans



NET INTEREST INCOME AND MARGIN

Net Interest Income & Margin

($ in millions)



4Q18 Highlights

- ✓ Net interest income was $40.2 million, relatively flat compared to $40.0 million in 3Q18
- ✓ Up 28.6% compared to $31.3 in 4Q17

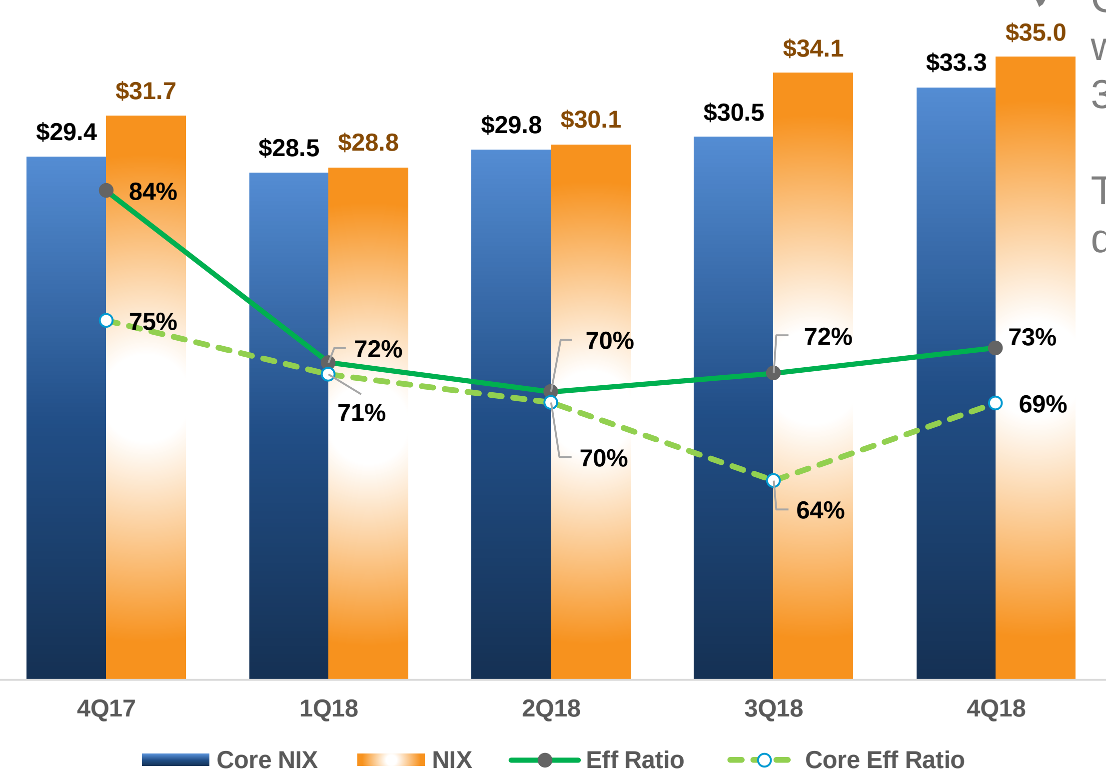
Changes due to:

- ✓ Increases:
  - Average net loans of $449.6 million
  - Average securities of $172.1 million
  - Yields on both loans and securities increasing due to rising rates
- ✓ NIM in 4Q18 was impacted by 0.07% due to a one-time adjustment to accrued interest receivable of $0.8 million from a previous period

NON-INTEREST EXPENSE AND EFFICIENCY

Non-Interest Expense

($ in millions)



(1) See non-GAAP disclosures on page 17

4Q18 Highlights

- ✓ Non-interest expense for the fourth quarter of 2018 was $35.0 million up $0.9million from $34.1million in 3Q18.

- ✓ Core non-interest expense for the fourth quarter of 2018 was $33.3 million, up $2.8 million from $30.5 million in 3Q18(1)

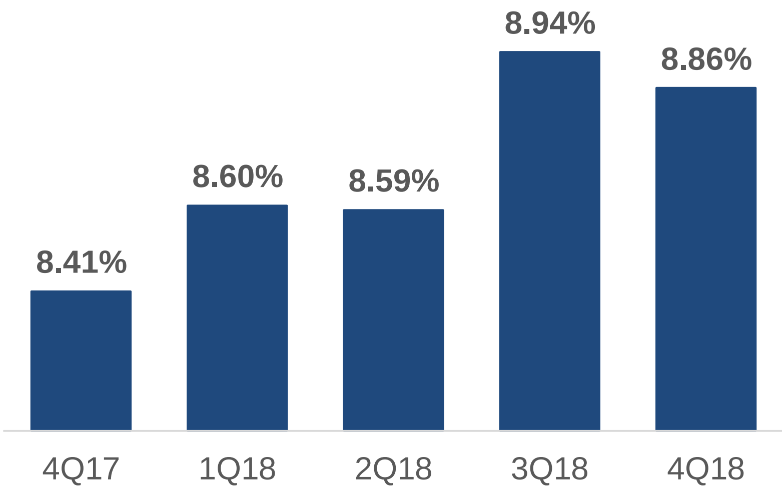
The linked quarter increase in non-interest expense was due to:

- ✓ $1.3 million increase in compensation expense due to increase in bonus accrual related to performance above corporate targets and severance expense
- ✓ $1.5 million increase in expense from the integration of the NRB acquisition
- ✓ $1.5 million increase in other expenses driven by an increase in the off balance sheet reserve ($0.7 million) and other factors
- ✓ Increases offset by $3.4 million in IPO expenses incurred in 3Q18

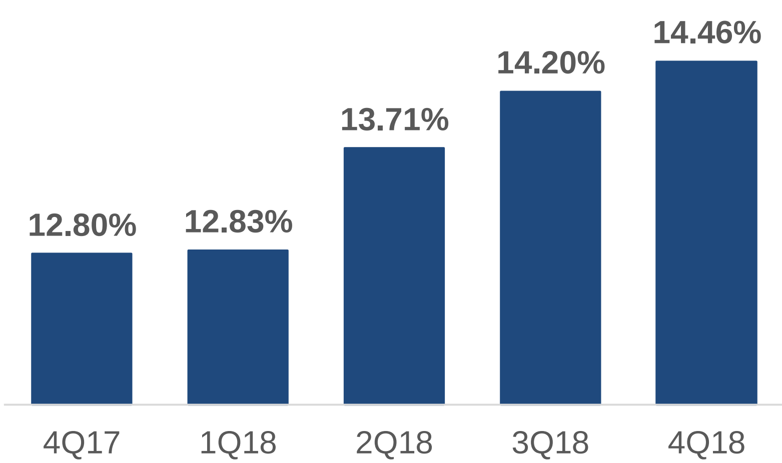
- ✓ Efficiency ratio of 73.33% for 4Q18
- ✓ Core efficiency ratio of 69.44% for 4Q18(1)

CAPITAL

Tier 1 Leverage Ratio



Total Risk Based Capital Ratio

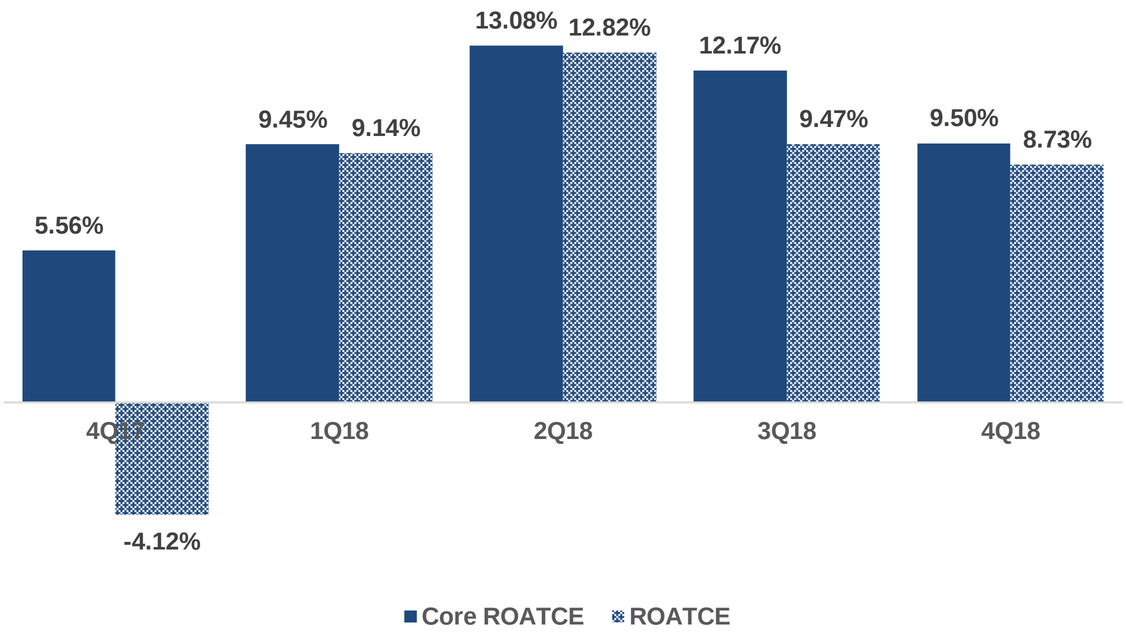


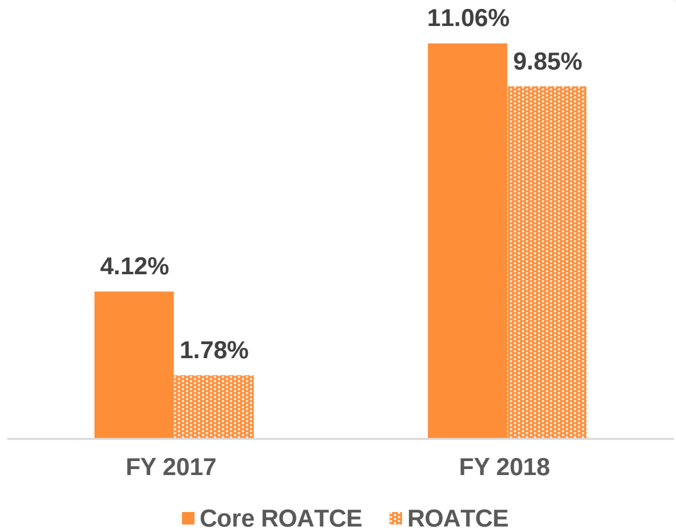
4Q18 Highlights

- ✓ Total stockholders equity was $426.2 million as of as as of December 31, 2018
- ✓ Regulatory capital ratios remain in-line with industry
  - ✓ Tier 1 leverage of 8.86% as of 4Q18, down 8 bps
  - ✓ Total Risk Based Capital of 14.46%, up 26 bps
- ✓ Tangible book value of $12.92, compared to $12.57 as of 3Q18

ROATCE & CORE ROATCE

ROATCE





4Q18 and FY Highlights

- ✓ FY 2018 ROATCE of 11.06% compared to 4.12% for FY 2017
- ✓ 4Q18 Core ROATCE of 9.50% compared to 5.56% for 4Q17

FY 2019 OUTLOOK

Outlook

- ✓ Pre-tax pre-provision earnings of $62 to $67 million
- ✓ Assumes:
  - ✓ January yield curve with no further Fed rate hikes
  - ✓ Deposit growth of 7 - 10%, off an adjusted base of $3.8 billion
  - ✓ Loan growth of 9 - 12%, including purchases
  - ✓ Net interest margin of 3.5 - 3.6%
  - ✓ $125 million of indirect C&I run-off

Appendix

Reconciliation of Non-GAAP Financials

(in thousands)	For the Three Months Ended December 31, 2018	September 30 2018	December 31, 2017	For the Twelve Months Ended December 31, 2018	December 31, 2017
Core operating revenue					
Net interest income (GAAP)	$ 40,205	$ 40,042	$ 31,254	$ 149,745	$ 121,297
Non interest income (GAAP)	7,555	7,547	6,259	28,318	27,370
Add: Securities loss, net and OTTI	129	-	1,533	241	1,441
Core operating revenue (non-GAAP)	$ 47,889	$ 47,589	$ 39,045	$ 178,304	$ 150,108
Core non-interest expenses					
Non-interest expense (GAAP)	$ 35,024	$ 34,053	$ 31,655	$ 128,003	$ 122,274
Less: Prepayment fees on borrowings	-	(5)	-	(8)	(7,615)
Less: Branch closure expense(1)	-	-	(816)	-	(2,105)
Less: Acquisition cost(2)	(1,633)	(148)	(357)	(2,363)	(357)
Less: Initial public offering and follow on cost (3)	120	(3,436)	-	(3,316)	-
Less: Severance (4)	(257)	-	(1,103)	(235)	(1,768)
Add: Post-retirement benefit cancellation(5)	-	-	-	-	9,838
Core non-interest expense (non-GAAP)	$ 33,254	$ 30,464	$ 29,379	$ 122,081	$ 120,267
Core Earnings					
Net Income (GAAP)	$ 8,352	$ 9,417	$ (3,597)	$ 37,022	$ 6,108
Add: Securities loss, net and OTTI	129	-	1,533	241	1,441
Add: Prepayment fees on borrowings	-	5	-	8	7,615
Add: Branch closure expense(1)	-	-	816	-	2,105
Add: Acquisition cost(2)	1,633	148	357	2,363	357
Add: Initial public offering and follow on cost (3)	(120)	3,436	-	3,316	-
Add: Severance (4)	257	-	1,103	235	1,768
Less: Post-retirement benefit cancellation(5)	-	-	-	-	(9,838)
Less: Tax on notable items	(563)	(911)	(1,313)	(1,629)	(1,342)
Add: Impacts of other tax changes	-	-	5,947	-	5,947
Core earnings (non-GAAP)	$ 9,688	$ 12,095	$ 4,846	$ 41,556	$ 14,161

(1) Occupany and severance expense related to closure of branches during our branch rationalization

(2) Expense related to New Resource Bank acquisition

(3) Costs related to initial public offering and follow on costs in August and November 2018, respectively

(4) Salary and COBRA reimbursement expense for positions eliminated

(5) "One time" credit due to plan cancellation in the second quarter of 2017

Reconciliation of Non-GAAP Financials

(in thousands)	For the Three Months Ended December 31, 2018	For the Three Months Ended Sepetmber 30 2018	For the Three Months Ended December 31, 2017	For the Twelve Months Ended December 31, 2018	For the Twelve Months Ended December 31, 2017
Tangible common equity					
Stockholders Equity (GAAP)	$ 431,739	$ 421,028	$ 344,068	$ 431,739	$ 344,068
Less: Minority Interest (GAAP)	(134)	(134)	(134)	(134)	(134)
Less: Preferred Stock (GAAP)	-	-	(6,700)		(6,700)
Less: Goodwill (GAAP)	(12,936)	(12,936)	-	(12,936)	-
Less: Core deposit intangible (GAAP)	(8,102)	(8,491)	-	(8,102)	-
Tangible common equity (non-GAAP)	$ 410,567	$ 399,467	$ 337,234	$ 410,567	$ 337,234
Average tangible common equity					
Average Stockholders Equity (GAAP)	$ 426,207	$ 416,807	$ 352,900	$ 392,233	$ 350,180
Less: Minority Interest (GAAP)	(134)	(134)	(134)	(134)	(134)
Less: Preferred Stock (GAAP)	-	-	(6,700)	(2,753)	(6,700)
Less: Goodwill (GAAP)	(12,936)	(13,933)	-	(8,421)	-
Less: Core deposit intangible (GAAP)	(8,291)	(8,402)	-	(5,187)	-
Average tangible common equity (non-GAAP)	$ 404,845	$ 394,338	$ 346,066	$ 375,738	$ 343,346
Core return on average assets					
Core earnings (numerator) (non-GAAP)	9,688	12,095	4,846	41,556	14,161
Divided: Total average assets (denominator) (GAAP)	$ 4,680,153	4,576,162	4,040,120	4,413,312	4,034,567
Core return on average assets (non-GAAP)	0.82%	1.05%	0.48%	0.94%	0.35%
Core return on average tangible common equity					
Core earnings (numerator) (non-GAAP)	9,688	12,095	4,846	41,556	14,161
Divided: Total average tangible common equity (denominator) (non-GAAP)	404,845	394,338	346,066	375,738	343,346
Core return on average tangible common equity (non-GAAP)	9.50%	12.17%	5.56%	11.06%	4.12%
Core efficiency ratio					
Core non-interest expense (numerator) (non-GAAP)	33,254	30,464	29,379	122,081	120,267
Core operating revenue (denominator) (non-GAAP)	47,889	47,589	39,045	178,304	150,108
Core efficiency ratio (non-GAAP)	69.44%	64.02%	75.24%	68.47%	80.12%



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