



Amalgamated Bank Reports Second Quarter 2019 Financial Results

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NEW YORK, July 29, 2019 (GLOBE NEWSWIRE) -- Amalgamated Bank (Nasdaq: AMAL) ("Amalgamated") today announced financial results for the second quarter ended June 30, 2019.

Second Quarter 2019 Highlights

- Net income for the quarter of \$11.2 million, or \$0.35 per diluted share, compared to \$11.6 million, or \$0.39 per diluted share, for the second quarter of 2018
- Core earnings (non-GAAP) for the quarter of \$11.6 million, or \$0.36 per diluted share, compared to \$11.8 million, or \$0.40 per diluted share, for the second quarter of 2018
- Deposit growth of \$29.4 million, or 2.9% annualized, from \$4.1 billion at March 31, 2019
- Average deposit growth of \$190.4 million during the second quarter, or 19.4% annualized, from an average balance of \$4.0 billion in the first quarter of 2019
- Loan growth of \$23.9 million, or 2.9% annualized during the second quarter, net of \$136.8 million strategic reduction of indirect C&I loans, as compared to March 31, 2019
- Cost of deposits was 0.34%, or 0.31% excluding non-relationship brokered deposits, compared to 0.31% for the first quarter of 2019 and 0.24% for the second quarter of 2018
- Net interest margin was 3.66%, compared to 3.65% for the first quarter of 2019 and 3.56% for the second quarter of 2018
- Tier 1 Leverage, Common Equity Tier 1, and Total Risk-Based capital ratios were 9.04%, 13.57%, and 14.67%, respectively, at June 30, 2019

Keith Mestrich, President and Chief Executive Officer of Amalgamated Bank, commented, "Our second quarter results validate the successful execution of our strategy to grow our franchise while building on our reputation as 'America's socially responsible bank.' Signs of this can be seen in Amalgamated's deposit franchise which continues to offer a competitive advantage for the Bank, as we benefit from what is one of the lowest cost of funds in the industry. The 2020 Presidential race and recent debates have provided an acceleration to the growth in our political deposit base with the addition of \$148.5 million during the quarter. We also made great strides this quarter reducing our indirect C&I portfolio which declined by \$136.8 million as we took advantage of an attractive market this Spring to continue to de-risk our balance sheet. Despite this deliberate run-off, we delivered 2.9% annualized loan growth driven by residential first lien and property assessed clean energy, 'PACE', loans as we continue to gain traction in clean energy lending through our expansion into California last year."

Results of Operations, Quarter Ended June 30, 2019

Net income for the second quarter of 2019 was \$11.2 million, or \$0.35 per diluted share, compared to \$10.8 million, or \$0.33 per diluted share, for the first quarter of 2019 and \$11.6 million, or \$0.39 per diluted share, for the second quarter of 2018. The \$0.4 million decrease in net income for the second quarter of 2019, compared to the second quarter of 2018, was primarily due to a \$4.9 million increase in provision for loan losses primarily due to an increase in allowance on criticized and classified loans in the indirect C&I portfolio compared to a release in 2018, and a \$0.9 million increase in non-interest expense, partially offset by a \$5.2 million increase in net interest income.

Core earnings (non-GAAP) for the second quarter of 2019 were \$11.6 million, or \$0.36 per diluted share, compared to \$10.7 million, or \$0.33 per diluted share, for the first quarter of 2019 and \$11.8 million, or \$0.40 per diluted share, for the second quarter of 2018. Core earnings for the second quarter of 2019 exclude severance, loss on the sale of securities and the tax effect of such adjustments.

Net interest income was \$41.9 million for the second quarter of 2019, compared to \$40.8 million for the first quarter of 2019 and \$36.7 million for the second quarter of 2018. The year-over-year increase of \$5.2 million, or 14.1%, was primarily attributable to an increase in average loans of \$233.9 million, an increase in average securities of \$242.3 million, an increase in the yield on average loans of nine basis points, and an increase in the yield on average securities and FHLB stock of 41 basis points. These increases were partially offset by an increase in average interest bearing deposits of \$355.8 million, an increase in the average rate paid on interest bearing deposits of 15 basis points, and an increase in the rate paid on FHLB borrowings of 73 basis points. We also recognized \$0.9 million of accretion income on acquired loans, adding eight basis points to our net interest margin in the second quarter of 2019.

Net interest margin was 3.66% for the second quarter of 2019, an increase of one basis point from 3.65% in the first quarter of 2019, and an increase of 10 basis points from 3.56% in the second quarter of 2018.

Provisions for loan losses totaled an expense of \$2.1 million in the second quarter of 2019 compared to \$2.2 million in the first quarter of 2019 and a release of \$2.8 million for the second quarter of 2018. The provision expense in the second quarter of 2019 was primarily driven by the migration of an indirect C&I loan into the criticized and classified risk rating, an increase in qualitative factors related to multifamily loans due to recent regulatory changes, and other factors. The provision release for the second quarter of 2018 was primarily due to the strategic reduction of the indirect C&I portfolio and a reduction in loss factors.

Non-interest income was \$6.3 million in the second quarter of 2019 compared to \$7.4 million in the first quarter of 2019, and \$6.2 million in the second quarter of 2018. The \$1.1 million decrease in non-interest income in the second quarter of 2019 compared to the linked quarter was primarily due to a loss on the sale of securities compared to a gain on the sale of securities in the previous quarter.

Non-interest expense for the second quarter of 2019 was \$31.0 million, a decrease of \$0.4 million from \$31.4 million in the first quarter of 2019, and an increase of \$0.9 million from \$30.1 million in the second quarter of 2018.

The second quarter of 2019 included a provision for income tax expense of \$3.9, compared to a provision of \$3.7 million for first quarter of 2019, and provision of \$3.9 million for the second quarter of 2018. Our effective tax rate was 25.8% for the three months ended June 30, 2019, compared to 25.3% and 25.7% for the same period in 2018 and the linked quarter respectively.

Total loans at June 30, 2019 were \$3.3 billion, an increase of \$23.9 million, or 2.9% annualized, compared to March 31, 2019, and an increase of \$204.2 million, or 6.6%, as compared to \$3.1 billion as of June 30, 2018. Loan growth in the second quarter of 2019 was primarily driven by a \$85.0 million increase in residential first lien and PACE loans and an increase of \$24.9 million in commercial real estate loans, partially offset by \$136.8 million strategic reduction in indirect C&I loans.

Deposits at June 30, 2019 were \$4.1 billion, an increase of \$29.4 million, or 2.9% annualized, as compared to \$4.1 billion as of March 31, 2019, and an increase of \$174.0 million, or 4.4%, compared to \$4.0 billion as of June 30, 2018. Deposits held by politically-active customers, such as campaigns, PACs and state and national party committees were \$419.4 million as of June 30, 2019, an increase of \$148.5 million, compared to \$271.0 million as of March 31, 2019, and an increase of \$3.0 million compared to \$416.4 million, as of June 30, 2018. Noninterest-bearing deposits represented 42.9% of average deposits and 46.1% of ending deposits for the three months ended June 30, 2019.

Results of Operations, Six Months Ended June 30, 2019

Net income for the six months ended June 30, 2019 of \$22.0 million, or \$0.68 per diluted share, compared to \$19.3 million, or \$0.67 per diluted share, for same period in 2018. The \$2.7 million increase in net income for the six months ended June 30, 2019, compared to the same period in 2018, was primarily due to a \$13.1 million increase in net interest income and a \$0.5 million increase in non-interest income, partially offset by a \$6.2 million increase in the provision for loan losses, a \$3.5 million increase in non-interest expense, and a \$1.2 million increase in income tax expense.

Core earnings (non-GAAP) for the six months ended June 30, 2019 were \$22.3 million, or \$0.69 per diluted share, compared to \$19.7 million or \$0.68 per diluted share, for the same period last year. Core earnings for the first six months of 2019 exclude severance, loss on the sale of securities, and the tax effect of such adjustments.

Net interest income was \$82.6 million for the six months ended June 30, 2019, an increase of \$13.1 million, or 18.9%, from the same period in 2018. This increase was primarily attributable to an increase in average loans of \$306.1 million, an increase in average securities of \$258.8 million, an increase in the yield on average loans of 18 basis points, and an increase in the yield on average securities and FHLB stock of 47 basis points. These increases were partially offset by an increase in average interest bearing deposits of \$398.6 million, an increase in the rate paid on interest bearing deposits of 11 basis points, and an increase in the rate paid on FHLB borrowings of 89 basis points.

We had income tax expense of \$7.6 million for the six months ended June 30, 2019, compared to \$6.5 million for the same period in 2018. The \$1.2 million increase in income tax expense was primarily due to an increase in pre-tax earnings of \$3.9 million in the six months ended June 30, 2019, compared to the same period in 2018. Our effective tax rate was 25.8% for the six months ended June 30, 2019, compared to 25.1% for the same period in 2018.

Financial Condition

Total assets were \$4.9 billion at June 30, 2019, compared to \$4.7 billion at December 31, 2018. The increase of \$252.3 million was driven primarily by a \$128.2 million increase in investments securities, an \$80.3 million increase in loan receivables and the addition of a \$53.3 million "Rights to use" asset as the result of adopting ASC 842 – leases in the first quarter of 2019.

Nonperforming assets totaled \$73.9 million, or 1.50% of total assets at June 30, 2019, an increase of \$17.4 million, compared with \$56.6 million, or 1.15% of period end total assets at March 31, 2019. The increase in nonperforming assets at June 30, 2019 compared to the quarter ended March 31, 2019 was primarily driven by an increase of \$6.8 million in loans 90 days past due and accruing and the troubled-debt restructuring of one substandard loan of \$10.8 million in the indirect C&I portfolio.

The allowance for loan losses increased \$2.2 million to \$33.6 million at June 30, 2019 from \$31.4 million at March 31, 2019, primarily due to additional allowance on criticized and classified indirect C&I loans and an increase in qualitative loan factors related to multi-family loans. At June 30, 2019, the Bank had \$59.3 million of impaired loans for which a specific allowance of \$3.9 million was made, compared to \$48.1 million of impaired loans at March 31, 2019 for which a specific allowance of \$1.5 million was made. The ratio of allowance to total loans was 1.01% at June 30, 2019, 0.95% at March 31, 2019 and 1.13% at June 30, 2018.

Capital

As of June 30, 2019, our Tier 1 Leverage Capital Ratio was 9.04%, Common Equity Tier 1 Capital Ratio was 13.57%, and Total Risk-Based Capital Ratio was 14.67%, compared to 8.90%, 13.31%, and 14.33%, respectively, as of March 31, 2019. As of June 30, 2018, our Tier 1 Leverage, Common Equity Tier 1, and Total Risk-Based capital ratios were 8.59%, 12.46%, and 13.71%, respectively. Stockholders' equity at June 30, 2019 was \$474.9 million, compared to \$455.5 million at March 31, 2019.

Tangible book value (or tangible common equity) per share was \$14.25 as of June 30, 2019 compared to \$13.68 as of March 31, 2019 and \$12.06 as of June 30, 2018.

Conference Call

As previously announced, Amalgamated Bank will host a conference call to discuss its second quarter 2019 results today, July 29, 2019 at 10:00am (Eastern Time). The conference call can be accessed by dialing 1-877-407-9716 (domestic) or 1-201-493-6779 (international) and asking for the Amalgamated Bank Second Quarter 2019 Earnings Call. A telephonic replay will be available approximately two hours after the conclusion of the call and can be accessed by dialing 1-844-512-2921, or for international callers 1-412-317-6671 and providing the access code 13692278. The telephonic replay will be available until 11:59 pm (Eastern Time) on August 5, 2019.

Interested investors and other parties may also listen to a simultaneous webcast of the conference call by logging onto the investor relations section of

our website at <http://ir.amalgamatedbank.com/>. The online replay will remain available for a limited time beginning immediately following the call.

The presentation materials for the call can be accessed on the investor relations section of our website at <http://ir.amalgamatedbank.com/>.

About Amalgamated Bank

Amalgamated Bank is a New York-based full-service commercial bank and a chartered trust company with a combined network of 14 branches in New York City, Washington D.C., and San Francisco, and a presence in Pasadena, CA and Boulder, CO. Amalgamated was formed in 1923 as Amalgamated Bank of New York by the Amalgamated Clothing Workers of America, one of the country's oldest labor unions. Amalgamated provides commercial banking and trust services nationally and offers a full range of products and services to both commercial and retail customers. Amalgamated is a proud member of the Global Alliance for Banking on Values and is a certified B Corporation®. As of June 30, 2019, our total assets were \$4.9 billion, total net loans were \$3.3 billion, and total deposits were \$4.1 billion. Additionally, as of June 30, 2019, the trust business held \$31.0 billion in assets under custody and \$12.4 billion in assets under management.

Non-GAAP Financial Measures

This release contains certain non-GAAP financial measures including, without limitation, "Core operating revenue," "Core non-interest expense," "Core earnings," "Tangible common equity," "Tangible book value," "Core return on average assets," "Core return on average tangible common equity," and "Core efficiency ratio."

Our management utilizes this information to compare our operating performance for 2019 versus certain periods in 2018 and to internally prepared projections. We believe these non-GAAP financial measures facilitate making period-to-period comparisons and are meaningful indications of our operating performance. In addition, because intangible assets such as goodwill and other discrete items unrelated to our core business that are excluded vary extensively from company to company, we believe that the presentation of this information allows investors to more easily compare our results to those of other companies.

The presentation of non-GAAP financial information, however, is not intended to be considered in isolation or as a substitute for GAAP financial measures. We strongly encourage readers to review the GAAP financial measures included in this release 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 release with other companies' non-GAAP financial measures having the same or similar names. Reconciliations of non-GAAP financial disclosures to what we believe to be the most directly comparable GAAP measures are set forth in the final pages of this release and also may be viewed on our website, amalgamatedbank.com.

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Consolidated Statements of Income (Unaudited) (Dollars in thousands, except for per share amount)

	Three Months Ended			Six Months Ended	
	June 30, 2019	March 31, 2019	June 30, 2018	June 30, 2019	June 30, 2018
INTEREST AND DIVIDEND INCOME					
Loans	\$ 35,559	\$ 35,296	\$ 32,322	\$ 70,855	\$ 61,496
Securities	10,524	9,875	7,374	20,398	13,618
Federal Home Loan Bank of New York stock	191	310	248	501	639
Interest-bearing deposits in banks	254	293	216	548	651
Total interest and dividend income	46,528	45,774	40,160	92,302	76,404
INTEREST EXPENSE					
Deposits	3,499	2,946	2,212	6,444	4,301
Borrowed funds	1,173	2,055	1,253	3,229	2,606
Total interest expense	4,672	5,001	3,465	9,673	6,907
NET INTEREST INCOME					
Provision for (recovery of) loan losses	2,127	2,186	(2,766)	4,312	(1,916)
Net interest income after provision for loan losses	39,729	38,587	39,461	78,317	71,413
NON-INTEREST INCOME					
Trust Department fees	4,508	4,721	4,636	9,229	9,285
Service charges on deposit accounts	2,068	1,871	1,991	3,939	3,770
Bank-owned life insurance	408	420	399	828	803

Gain (loss) on sale of investment securities available for sale, net	(377)	292	(9)	(85)	(110)
Gain (loss) on other real estate owned, net	(315)	(249)	(486)	(564)	(513)
Other	57	362	(327)	419	(18)
Total non-interest income	6,349	7,417	6,204	13,766	13,217
NON-INTEREST EXPENSE					
Compensation and employee benefits, net	16,992	17,430	16,839	34,422	32,215
Occupancy and depreciation	4,145	4,271	4,060	8,417	8,062
Professional fees	2,401	3,165	2,427	5,566	5,620
Data processing	2,729	2,749	2,462	5,478	4,798
Office maintenance and depreciation	830	887	927	1,716	1,873
Amortization of intangible assets	298	389	174	687	174
Advertising and promotion	692	622	871	1,313	1,517
Other	2,915	1,935	2,378	4,851	4,667
Total non-interest expense	31,002	31,448	30,138	62,450	58,926
Income before income taxes	15,076	14,556	15,527	29,633	25,704
Income tax expense (benefit)	3,891	3,743	3,935	7,634	6,451
Net income	11,185	10,813	11,592	21,999	19,253
Net income attributable to noncontrolling interests	-	-	-	-	-
Net income attributable to Amalgamated Bank and subsidiaries	\$ 11,185	\$ 10,813	\$ 11,592	\$ 21,999	\$ 19,253
Earnings per common share - basic (1)	\$ 0.35	\$ 0.34	\$ 0.39	\$ 0.69	\$ 0.67
Earnings per common share - diluted (1)	\$ 0.35	\$ 0.33	\$ 0.39	\$ 0.68	\$ 0.67

(1) effected for stock split that occurred on July 27, 2018

Consolidated Statements of Financial Condition (Unaudited)
(Dollars in thousands)

	June 30, 2019	December 31, 2018
Assets	(Unaudited)	
Cash and due from banks	\$ 7,587	\$ 10,510
Interest-bearing deposits in banks	98,301	70,335
Total cash and cash equivalents	105,888	80,845
Securities:		
Available for sale, at fair value (amortized cost of \$1,279,722 and \$1,246,844, respectively)	1,288,072	1,175,170
Held-to-maturity (fair value of \$19,808 and \$4,105, respectively)	19,336	4,081
Loans receivable, net of deferred loan origination costs (fees)	3,324,580	3,247,831
Allowance for loan losses	(33,630)	(37,195)
Loans receivable, net	3,290,950	3,210,636
Accrued interest and dividends receivable	16,249	14,387
Premises and equipment, net	19,870	21,654
Bank-owned life insurance	79,894	79,149
Right-of-use lease asset	51,754	-
Deferred tax asset	33,316	39,697
Goodwill and other intangible assets	20,352	21,039
Other assets	12,145	38,831
Total assets	\$ 4,937,826	\$ 4,685,489
Liabilities		
Deposits	\$ 4,136,462	\$ 4,105,306
Borrowed funds	227,675	92,875
Operating leases	66,639	-
Other liabilities	32,106	47,937
Total liabilities	4,462,882	4,246,118
Commitments and contingencies	-	-
Stockholders' equity		
Common stock, par value \$.01 per share (70,000,000 shares authorized; 31,886,669 and 31,771,585 shares issued and outstanding, respectively)	318	318

Additional paid-in capital	310,186	308,678
Retained earnings	160,412	142,231
Accumulated other comprehensive income (loss), net of income taxes	3,894	(11,990)
Total Amalgamated Bank stockholders' equity	474,810	439,237
Noncontrolling interests	134	134
Total stockholders' equity	474,944	439,371
Total liabilities and stockholders' equity	\$ 4,937,826	\$ 4,685,489

Select Financial Data

	As of and for the Three Months Ended			As of and for the Six Months Ended	
	June 30, 2019	March 31, 2019	June 30, 2018	June 30, 2019	June 30, 2018
Selected Financial Ratios and Other Data (1)					
Earnings per share					
Basic	\$ 0.35	\$ 0.34	\$ 0.39	\$ 0.69	\$ 0.67
Diluted	0.35	0.33	0.39	0.68	0.67
Core Earnings per share (non-GAAP)					
Basic	\$ 0.36	\$ 0.34	\$ 0.40	\$ 0.70	\$ 0.68
Diluted	0.36	0.33	0.40	0.69	0.68
Book value per common share (excluding minority interest)	14.89	14.33	12.78	14.89	12.78
Tangible book value per share (non-GAAP)	14.25	13.68	12.06	14.25	12.06
Common shares outstanding	31,886,669	31,771,585	31,771,585	31,886,669	31,771,585
Weighted average common shares outstanding, basic	31,824,930	31,771,585	29,814,353	31,798,405	28,942,520
Weighted average common shares outstanding, diluted	32,237,116	32,321,585	29,814,353	32,279,342	28,942,520

(1) Effected for stock split that occurred on July 27, 2018

Select Financial Data

	As of and for the Three Months Ended			As of and for the Six Months Ended		
	June 30, 2019	March 31, 2019	June 30, 2018	June 30, 2019	June 30, 2018	
Selected Performance Metrics:						
Return on average assets	0.92 %	0.92 %	1.07 %	0.92 %	0.93 %	
Core return on average assets (non-GAAP)	0.96 %	0.90 %	1.10 %	0.93 %	0.95 %	
Return on average equity	9.65 %	9.82 %	12.31 %	9.73 %	10.71 %	
Core return on average tangible common equity (non-GAAP)	10.45 %	10.18 %	13.08 %	10.32 %	11.32 %	
Loan yield	4.42 %	4.44 %	4.33 %	4.43 %	4.25 %	
Securities yield	3.34 %	3.37 %	2.93 %	3.35 %	2.88 %	
Deposit cost	0.34 %	0.31 %	0.24 %	0.32 %	0.25 %	
Net interest margin	3.66 %	3.65 %	3.56 %	3.66 %	3.50 %	
Efficiency ratio	64.31 %	65.26 %	70.25 %	64.79 %	71.24 %	
Core efficiency ratio (non-GAAP)	63.50 %	65.41 %	69.51 %	64.45 %	70.52 %	
Asset Quality Ratios:						
Nonaccrual loans to total loans	0.49 %	0.45 %	0.63 %	0.49 %	0.63 %	
Nonperforming assets to total assets	1.50 %	1.15 %	1.13 %	1.50 %	1.13 %	
Allowance for loan losses to nonaccrual loans	209 %	212 %	179 %	209 %	179 %	
Allowance for loan losses to total loans	1.01 %	0.95 %	1.13 %	1.01 %	1.13 %	
Net charge-offs (recoveries) to average loans	(0.01 %)	1.00 %	(0.02 %)	0.49 %	(0.04 %)	
Capital Ratios:						
Tier 1 leverage capital ratio	9.04 %	8.90 %	8.59 %	9.04 %	8.59 %	
Tier 1 risk-based capital ratio	13.57 %	13.31 %	12.46 %	13.57 %	12.46 %	
Total risk-based capital ratio	14.67 %	14.33 %	13.71 %	14.67 %	13.71 %	
Common equity tier 1 capital ratio	13.57 %	13.31 %	12.46 %	13.57 %	12.46 %	

Loan Portfolio Composition

<i>(In thousands)</i>	At June 30, 2019			At March 31, 2019			At June 30, 2018		
	Amount	% of total loans		Amount	% of total loans		Amount	% of total loans	
<i>Commercial portfolio:</i>									
Commercial and industrial	\$ 424,319	12.8	%	\$ 527,200	16.0	%	\$ 627,113	20.1	%
Multifamily mortgages	925,747	27.9	%	921,588	28.0	%	925,483	29.7	%
Commercial real estate mortgages	453,393	13.7	%	428,534	13.0	%	436,669	14.0	%
Construction and land development mortgages	58,696	1.7	%	45,734	1.4	%	32,727	1.0	%
Total commercial portfolio	1,862,155	56.1	%	1,923,056	58.4	%	2,021,992	64.8	%
<i>Retail portfolio:</i>									
Residential 1-4 family (1st mortgage)	1,261,488	38.0	%	1,176,551	35.8	%	958,145	30.7	%
Residential 1-4 family (2nd mortgage)	25,174	0.8	%	26,906	0.8	%	29,278	0.9	%
Consumer and other	168,201	5.1	%	164,412	5.0	%	110,008	3.6	%
Total retail	1,454,863	43.9	%	1,367,869	41.6	%	1,097,431	35.2	%
Total loans	3,317,018	100.0	%	3,290,925	100.0	%	3,119,423	100.0	%
Net deferred loan origination fees (costs)	7,562			7,482			2,641		
Allowance for loan losses	(33,630)			(31,392)			(35,353)		
Total loans, net	\$ 3,290,950			\$ 3,267,015			\$ 3,086,711		

Net Interest Income Analysis

<i>(In thousands)</i>	Three Months Ended June 30, 2019			Three Months Ended March 31, 2019			Three Months Ended June 30, 2018		
	Average Balance	Income / Expense	Yield / Rate	Average Balance	Income / Expense	Yield / Rate	Average Balance	Income / Expense	Yield / Rate
<i>Interest earning assets:</i>									
Interest-bearing deposits in banks	\$ 70,442	\$ 254	1.45 %	\$ 73,296	\$ 293	1.62 %	\$ 74,668	\$ 216	1.16 %
Securities and FHLB stock	1,287,520	10,715	3.34 %	1,225,700	10,185	3.37 %	1,045,196	7,622	2.93 %
Loans held for sale	-	-	0.00 %	2,818	-	0.00 %	28,042	-	0.00 %
Total loans, net (1)	3,225,129	35,559	4.42 %	3,224,604	35,296	4.44 %	2,991,273	32,322	4.33 %
Total interest earning assets	4,583,091	46,528	4.07 %	4,526,418	45,774	4.10 %	4,139,179	40,160	3.89 %
<i>Non-interest earning assets:</i>									
Cash and due from banks	6,838			9,988			13,825		
Other assets	264,046			251,468			180,418		
Total assets	\$ 4,853,975			\$ 4,787,874			\$ 4,333,422		
<i>Interest bearing liabilities:</i>									
Savings, NOW and money market deposits	\$ 1,857,715	\$ 1,962	0.42 %	\$ 1,877,349	\$ 1,867	0.40 %	\$ 1,587,825	\$ 1,386	0.35 %
Time deposits	486,652	1,537	1.27 %	440,428	1,079	0.99 %	400,778	826	0.83 %
Total deposits	2,344,367	3,499	0.60 %	2,317,777	2,946	0.52 %	1,988,603	2,212	0.45 %
Federal Home Loan Bank advances	190,501	1,166	2.46 %	328,476	2,046	2.53 %	291,023	1,253	1.73 %
Other Borrowings	1,099	7	2.56 %	1,333	9	2.64 %	-	-	0.00 %
Total borrowings	191,600	1,173	2.46 %	329,809	2,055	2.53 %	291,023	1,253	1.73 %
Total interest bearing liabilities	2,535,967	4,672	0.74 %	2,647,586	5,001	0.77 %	2,279,626	3,465	0.61 %
<i>Non interest bearing liabilities:</i>									
Demand and transaction deposits	1,762,426			1,598,637			1,636,294		
Other liabilities	90,680			95,187			39,647		
Total liabilities	4,389,073			4,341,410			3,955,567		
Stockholders' equity	464,902			446,464			377,855		

Total liabilities and stockholders' equity	\$ 4,853,975		\$ 4,787,874		\$ 4,333,422
Net interest income / interest rate spread	\$ 41,856	3.33 %	\$ 40,773	3.34 %	\$ 36,695 3.28 %
Net interest earning assets / net interest margin	\$ 2,047,124	3.66 %	\$ 1,878,832	3.65 %	\$ 1,859,553 3.56 %

(1) Amounts are net of deferred origination costs / (fees) and the allowance for loan losses

Net Interest Income Analysis

<i>(In thousands)</i>	Six Months Ended June 30, 2019			Six Months Ended June 30, 2018		
	Average Balance	Income / Expense	Yield / Rate	Average Balance	Income / Expense	Yield / Rate
Interest earning assets:						
Interest-bearing deposits in banks	\$ 71,861	\$ 548	1.54 %	\$ 74,872	\$ 651	1.75 %
Securities and FHLB stock	1,256,781	20,899	3.35 %	997,932	14,257	2.88 %
Loans held for sale	-	-	0.00 %	14,607	-	0.00 %
Total loans, net (1)	3,224,868	70,855	4.43 %	2,918,726	61,496	4.25 %
Total interest earning assets	4,553,510	92,302	4.09 %	4,006,137	76,404	3.85 %
Non-interest earning assets:						
Cash and due from banks	8,404			10,385		
Other assets	259,194			178,347		
Total assets	\$ 4,821,108			\$ 4,194,869		
Interest bearing liabilities:						
Savings, NOW and money market deposits	\$ 1,867,478	\$ 3,829	0.41 %	\$ 1,539,029	\$ 2,687	0.35 %
Time deposits	463,668	2,615	1.14 %	393,557	1,614	0.83 %
Total deposits	2,331,146	6,444	0.56 %	1,932,586	4,301	0.45 %
Federal Home Loan Bank advances	259,108	3,213	2.50 %	325,371	2,606	1.62 %
Other Borrowings	1,215	16	2.66 %	-	-	0.00 %
Total borrowings	260,323	3,229	2.50 %	325,371	2,606	1.62 %
Total interest bearing liabilities	2,591,469	9,673	0.75 %	2,257,957	6,907	0.62 %
Non interest bearing liabilities:						
Demand and transaction deposits	1,680,984			1,530,460		
Other liabilities	92,921			43,975		
Total liabilities	4,365,374			3,832,392		
Stockholders' equity	455,734			362,477		
Total liabilities and stockholders' equity	\$ 4,821,108			\$ 4,194,869		
Net interest income / interest rate spread		\$ 82,629	3.33 %		\$ 69,497	3.23 %
Net interest earning assets / net interest margin	\$ 1,962,041		3.66 %	\$ 1,748,180		3.50 %

(1) Amounts are net of deferred origination costs / (fees) and the allowance for loan losses

Deposit Portfolio Composition

<i>(in thousands)</i>	Three Months Ended		
	June 30, 2019	March 31, 2019	June 30, 2018
Non-interest bearing demand deposit accounts	\$ 1,908,741	\$ 1,709,921	\$ 1,814,851
NOW accounts	216,834	223,195	189,266
Savings accounts	340,258	342,713	320,767
Money market deposit accounts	1,239,387	1,377,129	1,214,833
Time deposits	411,251	439,136	422,719
Brokered CD	19,991	14,981	-
	\$ 4,136,462	\$ 4,107,075	\$ 3,962,436

<i>(in thousands)</i>	Three Months Ended								
	June 30, 2019			March 31, 2019			June 30, 2018		
	Average Amount	Weighted Average Rate		Average Amount	Weighted Average Rate		Average Amount	Weighted Average Rate	
Non-interest bearing demand deposit accounts	\$ 1,762,426	0.00	%	\$ 1,598,637	0.00	%	\$ 1,636,294	0.00	%
NOW accounts	220,517	0.47	%	224,686	0.45	%	202,309	0.38	%
Savings accounts	339,165	0.22	%	337,477	0.21	%	313,694	0.15	%
Money market deposit accounts	1,298,033	0.47	%	1,315,186	0.44	%	1,071,822	0.40	%
Time deposits	424,848	1.10	%	432,771	0.96	%	400,778	0.83	%
Brokered CD	61,804	2.45	%	7,657	2.93	%	-	-	%
	\$ 4,106,793	0.34	%	\$ 3,916,414	0.31	%	\$ 3,624,897	0.24	%

<i>(in thousands)</i>	Six Months Ended June 30,						
	2019			2018			
	Average Amount	Weighted Average Rate		Average Amount	Weighted Average Rate		
Non-interest bearing demand deposit accounts	\$ 1,680,984	0.00	%	\$ 1,530,460	0.00	%	
NOW accounts	222,589	0.46	%	204,455	0.34	%	
Savings accounts	338,326	0.21	%	309,466	0.14	%	
Money market deposit accounts	1,306,562	0.46	%	1,025,108	0.42	%	
Time deposits	428,788	1.03	%	393,557	0.83	%	
Brokered CD	34,880	2.50	%	-	-	%	
	\$ 4,012,129	0.32	%	\$ 3,463,046	0.25	%	

Asset Quality

<i>(In thousands)</i>	June 30, 2019	March 31, 2019	December 31, 2018			
Loans 90 days past due and accruing	\$ 13,939	\$ 7,157	\$ -			
Nonaccrual loans excluding held for sale loans and restructured loans	9,893	9,351	8,379			
Restructured loans - nonaccrual	6,221	5,455	15,482			
Restructured loans - accruing	43,277	33,441	34,457			
Other real estate owned	526	1,057	844			
Impaired securities	88	90	93			
Total nonperforming assets	\$ 73,944	\$ 56,551	\$ 59,255			
Nonaccrual loans:						
Commercial and industrial	\$ 4,180	\$ 3,734	\$ 12,153			
Commercial real estate	3,832	4,019	4,112			
Total commercial portfolio	8,012	7,753	16,265			
Residential 1-4 family 1 st mortgages	6,330	5,769	6,287			
Residential 1-4 family 2 nd mortgages	1,267	1,078	1,299			
Consumer and other	505	206	10			
Total retail portfolio	8,102	7,053	7,596			
Total nonaccrual loans	\$ 16,114	\$ 14,806	\$ 23,861			
Nonperforming assets to total assets	1.50	%	1.15	%	1.27	%
Nonaccrual assets to total assets	0.34	%	0.32	%	0.53	%
Nonaccrual loans to total loans	0.49	%	0.45	%	0.74	%
Allowance for loan losses to nonaccrual loans	209	%	212	%	156	%

Troubled debt restructurings:

TDRs included in nonaccrual loans	\$ 6,221	\$ 5,455	\$ 15,482
TDRs in compliance with modified terms	\$ 43,277	\$ 33,441	\$ 34,457

Reconciliation of GAAP to Non-GAAP Financial Measures

The information provided below presents a reconciliation of each of our non-GAAP financial measures to the most directly comparable GAAP financial measure.

<i>(in thousands)</i>	For the Three Months Ended			For the Six Months Ended	
	June 30, 2019	March 31, 2019	June 30, 2018	June 30, 2019	2018
Core operating revenue					
Net interest income (GAAP)	\$ 41,856	\$ 40,773	\$ 36,695	\$ 82,629	\$ 69,497
Non interest income (GAAP)	6,349	7,417	6,204	13,766	13,217
Add: Securities loss (gain)	377	(292)	9	85	110
<i>Core operating revenue (non-GAAP)</i>	\$ 48,582	\$ 47,898	\$ 42,908	\$ 96,480	\$ 82,824
Core non-interest expenses					
Non-interest expense (GAAP)	\$ 31,002	\$ 31,448	\$ 30,138	\$ 62,450	\$ 58,926
Less: Prepayment fees on borrowings	-	-	(4)	-	(4)
Less: Acquisition cost ⁽¹⁾	-	-	(307)	-	(537)
Less: Severance ⁽²⁾	(154)	(117)	-	(271)	23
<i>Core non-interest expense (non-GAAP)</i>	\$ 30,848	\$ 31,331	\$ 29,827	\$ 62,179	\$ 58,408
Core Earnings					
Net Income (GAAP)	\$ 11,185	\$ 10,813	\$ 11,592	\$ 21,999	\$ 19,253
Add: Securities loss (gain)	377	(292)	9	85	110
Add: Prepayment fees on borrowings	-	-	4	-	4
Add: Acquisition cost ⁽¹⁾	-	-	307	-	537
Add: Severance ⁽²⁾	154	117	-	271	(23)
Less: Tax on notable items	(137)	45	(81)	(92)	(158)
<i>Core earnings (non-GAAP)</i>	\$ 11,579	\$ 10,683	\$ 11,831	\$ 22,263	\$ 19,723
Tangible common equity					
Stockholders Equity (GAAP)	\$ 474,944	\$ 455,480	\$ 406,311	\$ 474,944	\$ 406,311
Less: Minority Interest (GAAP)	(134)	(134)	(134)	(134)	(134)
Less: Goodwill (GAAP)	(12,936)	(12,936)	(14,124)	(12,936)	(14,124)
Less: Core deposit intangible (GAAP)	(7,415)	(7,713)	(8,897)	(7,415)	(8,897)
<i>Tangible common equity (non-GAAP)</i>	\$ 454,459	\$ 434,697	\$ 383,156	\$ 454,459	\$ 383,156
Average tangible common equity					
Average Stockholders Equity (GAAP)	\$ 464,902	\$ 446,464	\$ 377,855	\$ 455,734	\$ 362,476
Less: Minority Interest (GAAP)	(134)	(134)	(134)	(134)	(134)
Less: Preferred Stock (GAAP)	-	-	(4,418)	-	(5,552)
Less: Goodwill (GAAP)	(12,936)	(12,936)	(6,612)	(12,936)	(3,324)
Less: Core deposit intangible (GAAP)	(7,575)	(7,903)	(3,927)	(7,738)	(1,974)
<i>Average tangible common equity (non-GAAP)</i>	\$ 444,257	\$ 425,491	\$ 362,765	\$ 434,926	\$ 351,491
Core return on average assets					
Core earnings (numerator) (non-GAAP)	11,579	10,683	11,831	22,263	19,723
Divided: Total average assets (denominator) (GAAP)	4,853,975	4,787,874	4,333,422	4,821,107	4,194,869
<i>Core return on average assets (non-GAAP)</i>	0.96 %	0.90 %	1.10 %	0.93 %	0.95 %
Core return on average tangible common equity					
Core earnings (numerator) (non-GAAP)	11,579	10,682	11,831	22,263	19,723
Divided: Average tangible common equity (denominator) (non-GAAP)	444,257	425,491	362,765	434,926	351,491
<i>Core return on average tangible common equity (non-GAAP)</i>	10.45 %	10.18 %	13.08 %	10.32 %	11.32 %

Core efficiency ratio

Core non-interest expense (numerator) (non-GAAP)	30,848		31,331		29,827		62,179		58,408	
Core operating revenue (denominator) (non-GAAP)	48,582		47,897		42,908		96,480		82,824	
Core efficiency ratio (non-GAAP)	63.50	%	65.41	%	69.51	%	64.45	%	70.52	%

(1) Expense related to New Resource Bank acquisition

(2) Salary and COBRA reimbursement expense for positions eliminated



Source: Amalgamated Bank