



Amalgamated Bank Reports Fourth Quarter and Full Year 2019 Financial Results

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NEW YORK, Jan. 31, 2020 (GLOBE NEWSWIRE) -- Amalgamated Bank (Nasdaq: AMAL) ("Amalgamated") today announced financial results for the fourth quarter and full year ended December 31, 2019.

Fourth Quarter 2019 Highlights

- Net income of \$12.0 million, or \$0.37 per diluted share, as compared to \$16.0 million, or \$0.49 per diluted share, for the fourth quarter of 2018
- Core net income (non-GAAP) of \$12.6 million, or \$0.39 per diluted share, as compared to \$9.7 million, or \$0.30 per diluted share, for the fourth quarter of 2018
- Deposit growth of \$318.6 million, or 29.5% annualized, compared to a balance of \$4.3 billion on September 30, 2019
- Growth in Property Assessed Clean Energy ("PACE") assessments (in held-to-maturity securities) of \$177.5 million, bringing our total PACE assessments to \$263.8 million
- Cost of deposits was 0.36%, as compared to 0.37% for the third quarter of 2019 and 0.27% for the fourth quarter of 2018
- Net interest margin was 3.43%, compared to 3.50% for the third quarter of 2019 and 3.57% for the fourth quarter of 2018.
- Tier 1 Leverage, Common Equity Tier 1, and Total Risk-Based capital ratios were 8.90%, 13.01%, and 14.01%, respectively, at December 31, 2019
- Total nonperforming assets were \$66.7 million, or 1.25% of total assets, as of December 31, 2019, compared to \$71.6 million or 1.42% of total assets, at September 30, 2019 and \$59.3 million, or 1.27% of total assets, at December 31, 2018

Full Year 2019 Highlights

- Net income of \$47.2 million, or \$1.47 per diluted share, as compared to \$44.7 million, or \$1.46 per diluted share, for the full year of 2018
- Core net income (non-GAAP) of \$48.2 million, or \$1.49 per diluted share, as compared to \$41.6 million, or \$1.37 per diluted share, for the full year of 2018
- Deposit growth of \$535.7 million, or 13.0%, compared to December 31, 2018
- Loan growth of \$228.1 million, or 7.1%, compared to December 31, 2018
- Cost of deposits was 0.35%, compared to 0.26% for the full year of 2018
- Net interest margin was 3.55%, compared to 3.56% for the full year of 2018

Keith Mestrich, President and Chief Executive Officer of Amalgamated Bank, commented, "We are pleased with our results highlighted by \$318.6 million in deposit growth, or 29.5% annualized, and the addition of \$177.5 million in PACE assessments for the fourth quarter which has contributed to our 13.6% growth in interest-earning assets for the full year of 2019. As we continued to focus on 'sustainable' investing, which we believe differentiates us in the market and aligns with our mission, we were able to deliver loan and securities growth above our expectations for the quarter and the year. This strong growth was also achieved despite our strategic decision to accelerate the reduction of our indirect C&I portfolio over the course of this year. Looking forward, we plan to continue to invest in our growth and we are excited with the opportunities that we see, including our planned market expansion as we execute on our de novo strategy with the goal of opening two offices in 2020 as well as exploring new product development. Lastly, we are very proud of the recognition that we received this past year as we build upon our reputation as America's Socially Responsible Bank, including EuroMoney's Award for Corporate Social Responsibility in North America award and Forbes Best Bank in California."

Results of Operations, Quarter Ended December 31, 2019

Net income for the fourth quarter of 2019 was \$12.0 million, or \$0.37 per diluted share, compared to \$13.2 million, or \$0.41 per diluted share, for the third quarter of 2019 and \$16.0 million, or \$0.49 per diluted share, for the fourth quarter of 2018. The \$4.0 million decrease in net income for the fourth quarter of 2019 compared to the like period in 2018, was primarily due to a \$8.6 million increase in income tax expense (primarily due to a \$7.6 million realization of a deferred tax asset in 2018), partially offset by a \$2.0 million increase in net interest income, a \$1.5 million reduction in non-interest expense and a \$0.8 million decrease in provision for loan losses.

Core net income (non-GAAP) for the fourth quarter of 2019 was \$12.6 million, or \$0.39 per diluted share, compared to \$13.3 million, or \$0.41 per diluted share, for the third quarter of 2019 and \$9.7 million, or \$0.30 per diluted share, for the fourth quarter of 2018. Core earnings for the fourth quarter of 2019 excluded an aggregate of \$1.1 million of expense related to branch closures and severance, \$0.2 million in securities gains and the tax effect of such adjustments.

Net interest income was \$42.3 million for the fourth quarter of 2019, compared to \$41.8 million for the third quarter of 2019 and \$40.2 million for the fourth quarter of 2018. The year-over-year increase was primarily attributable to an increase in average loans of \$226.6 million, an increase in average securities of \$201.2 million, a decrease in total borrowings of \$128.9 million and a decrease in the yield on total borrowings of 0.39%, partially offset by an increase in interest bearing deposits of \$116.7 million and an increase in the rate paid on interest bearing deposits of 0.20% and a decrease in the yield on interest earnings assets of 0.14%.

Net interest margin was 3.43% for the fourth quarter of 2019, a decrease of seven basis points from 3.50% in the third quarter of 2019 and a decrease of 14 basis points from 3.57% in the fourth quarter of 2018. The accretion of the loan mark from the loans we acquired in our New Resource Bank ("NRB") acquisition contributed five basis points to our net interest margin in the fourth quarter of 2019.

Our provision for loan losses was \$0.1 million in the fourth quarter of 2019, compared to a recovery of provision of \$0.6 million in the third quarter of 2019 and a provision of \$0.9 million for the fourth quarter of 2018. The provision expense in the fourth quarter of 2019 was primarily driven by an increase in specific reserves for our indirect C&I portfolio for one loan that was downgraded to non-accrual, partially offset by a release in allowance related to the classification of PACE assessment to held-to-maturity securities.

Non-interest income was \$7.8 million in the fourth quarter of 2019 compared to \$7.7 million in the third quarter of 2019, and \$7.6 million in the fourth quarter of 2018. The \$0.2 million increase in the fourth quarter of 2019, compared to the like period in 2018, was primarily driven by \$0.2 million in gains from the sale of investment securities in the fourth quarter of 2019, compared to a \$0.1 million loss on such sales in the fourth quarter of 2018 and a \$0.2 million increase in service charges on deposits, partially offset by a \$0.3 million decrease in Trust Department fees.

Non-interest expense for the fourth quarter of 2019 was \$33.5 million, an increase of \$1.6 million from \$31.9 million in the third quarter of 2019, and a decrease of \$1.5 million from \$35.0 million in the fourth quarter of 2018. The linked quarter increase was primarily due a \$0.7 million increase in occupancy and depreciation due to the acceleration of expenses related to plans for closing two branches in New York City in 2020, a \$0.6 million increase in other expenses from a smaller off balance sheet credit reserve release as compared to the previous quarter, and a \$0.3 million increase in compensation and employee benefits due to an increase in temporary workers for special projects, partially offset by a \$0.3 million reduction in data processing expense due to vendor contract renegotiations.

We had a provision for income tax expense of \$4.4 million for the fourth quarter of 2019, compared to \$4.9 million for third quarter of 2019 and a recovery of \$4.1 million for the fourth quarter of 2018 due to the realization of additional deferred tax assets. Our effective tax rate for the fourth quarter of 2019 was 27.0%, compared to 27.1% for the third quarter of 2019.

Total loans, net, at December 31, 2019 were \$3.4 billion, a decrease of \$28.3 million or 0.8% as compared to September 30, 2019 and an increase of \$228.1 million, or 7.1%, as compared to \$3.2 billion at December 31, 2018. Loans as of September 30, 2019 included \$86.3 million of Property Assessed Clean Energy ("PACE") assessments which have been classified as held-to-maturity securities at December 31, 2019.

Deposits at December 31, 2019 were \$4.6 billion, an increase of \$318.6 million, or 29.5% annualized, compared to \$4.3 billion as of September 30, 2019, and an increase of \$535.7 million, or 13.0%, as compared to \$4.1 billion as of December 31, 2018. Deposits at December 31, 2018 included \$326.7 million of short-term deposits from one customer that moved off of our balance sheet in January 2019. Deposits held by politically-active customers, such as campaigns, PACs and state and national party committees were \$578.6 million as of December 31, 2019, an increase of \$67.7 million, compared to \$510.9 million as of September 30, 2019, and an increase of \$396.7 million, compared to \$181.9 million as of December 31, 2018. Noninterest-bearing deposits represented 46% of average deposits and 47% of ending deposits for the three months ended December 31, 2019, contributing to an average cost of deposits of 0.36% in the fourth quarter of 2019, a one basis point decrease from the linked quarter.

Results of Operations, Full Year Ended December 31, 2019

Net income for the year ended December 31, 2019 was \$47.2 million, or \$1.47 per diluted share, compared to \$44.7 million, or \$1.46 per diluted share, for the year ended December 31, 2018. The \$2.5 million increase in net income for the year ended 2019 was primarily due to a \$16.9 million increase in net interest income and a \$0.9 million improvement in non interest income, partially offset by a \$11.3 million increase in income tax expense (due to a \$7.6 million realization of a deferred tax asset in 2018 and higher pre-tax income) and a \$4.1 million increase in the provision for loan losses.

Core net income (non-GAAP) for the year ended December 31, 2019 was \$48.2 million, or \$1.49 per diluted share, compared to \$41.6 million, or \$1.37 per diluted share, for the year ended December 31, 2018. Core earnings for the year ended December 31, 2019 excluded an aggregate of \$1.4 million of expense related to branch closures and severance, \$0.1 million in securities gains and the tax effect of such adjustments.

Net interest income was \$166.6 million for the year ended December 31, 2019, compared to \$149.7 million for the year ended December 31, 2018. Net interest margin was 3.55% for the year ended December 31, 2019, compared to 3.56% for the same period in 2018, a decrease of one basis point. The increase in net interest income was primarily due to the \$236.8 million increase in average loans, the \$256.4 million increase in average securities and the 0.35% increase in the yield on securities, partially offset by the \$239.5 million increase in interest bearing deposits and the 0.16% increase in the rate paid on those deposits.

Non-interest income for the year ended December 31, 2019 was \$29.2 million, an increase of \$0.9 million, compared to \$28.3 million for the year ended December 31, 2018. The increase was primarily driven by a \$0.5 million increase in other income due to a loss on the sale of loans in 2018, compared to a gain in 2019, a \$0.4 million increase in service charges on deposit accounts and a \$0.1 million gain on the sale of securities compared to a loss in 2018. These increases were partially offset by a \$0.2 million decrease in Trust Department fees driven primarily by the runoff of one fund.

Non-interest expense for the year ended December 31, 2019 was \$127.8 million, compared to \$128.0 million for the year ended December 31, 2018. Increases in compensation and benefits costs of \$2.9 million (due to increased wages and temporary workers) and occupancy and depreciation costs of \$1.2 million (due to branch closure expenses) were partially offset by decreases in professional fees of \$1.8 million (due to our initial public offering and NRB acquisition in 2018) and other expenses of \$1.6 million (primarily from a lower FDIC expense and release of an off balance sheet provision).

Financial Condition

Total assets were \$5.3 billion at December 31, 2019, compared to \$4.7 billion at December 31, 2018. The increase of \$639.8 million was primarily driven by the addition of \$228.1 million in loans receivable, net and an increase in investment securities of \$338.2 million.

Nonperforming assets totaled \$66.7 million, or 1.25% of period end total assets, at December 31, 2019, an increase of \$7.4 million, compared with \$59.3 million, or 1.27% of period end total assets, at December 31, 2018. Nonaccrual loans totaled \$31.0 million, or 0.90% of period end loans, at December 31, 2019, an increase of \$7.2 million, compared with \$23.9 million, or 0.74% of period end loans, at December 31, 2018. One indirect C&I loan that had previously been modified to a performing restructured loan was downgraded to non-accrual in the fourth quarter of 2019.

The allowance for loan losses decreased \$3.3 million to \$33.8 million at December 31, 2019 from \$37.2 million at December 31, 2018, which was primarily driven by a decrease in specific reserves on C&I loans and improvement in historical loss factors, partially offset by allowance increases due

to loan growth. At December 31, 2019, we had \$65.4 million of impaired loans for which a specific allowance of \$7.5 million was made, compared to \$71.0 million of impaired loans at September 30, 2019 for which a specific allowance of \$6.2 million was made. The ratio of allowance to total loans was 0.98% at December 31, 2019, 0.96% at September 30, 2019 and 1.15% at December 31, 2018.

Capital

As of December 31, 2019, our Tier 1 Leverage Capital Ratio was 8.90%, Common Equity Tier 1 Capital Ratio was 13.01%, and Total Risk-Based Capital Ratio was 14.01%, compared to 9.03%, 13.49%, and 14.55%, respectively, as of September 30, 2019. As of December 31, 2018, our Tier 1 Leverage, Common Equity Tier 1, and Total Risk-Based capital ratios were 8.88%, 13.22%, and 14.46%, respectively. Stockholders' equity at December 31, 2019 was \$490.5 million, compared to \$439.4 million at December 31, 2018.

Our book value per share was \$15.56 as of December 31, 2019 compared to \$15.37 as of September 30, 2019 and \$13.82 as of December 31, 2018. Our tangible book value per share was \$14.93 as of December 31, 2019 compared to \$14.74 as of September 30, 2019 and \$13.16 as of December 31, 2018.

Conference Call

As previously announced, we will host a conference call today, January 31, 2020, at 10:00 am (Eastern Time) to discuss our fourth quarter and full year 2019 results. 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 Fourth Quarter and Full Year 2019 Earnings Call. A telephonic replay will be available approximately three hours after 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 13697882. The telephonic replay will be available until 11:59 pm (Eastern Time) on February 7, 2020.

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.

About Amalgamated Bank

Amalgamated Bank is a New York-based full-service commercial bank and a chartered trust company with a combined network of 13 branches in New York City, Washington D.C., and San Francisco. 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 December 31, 2019, our total assets were \$5.3 billion, total net loans were \$3.4 billion, and total deposits were \$4.6 billion. Additionally, as of December 31, 2019, the trust business held \$32.4 billion in assets under custody and \$13.9 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," "Core return on average assets," "Core return on average tangible common equity," and "Core efficiency ratio."

Our management uses 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 the most comparable GAAP measures are set forth in the final pages of this release and also may be viewed on our website, amalgamatedbank.com.

Forward Looking Statements

Statements included in this release 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. 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 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 may acquire; (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 availability and access to capital and (xxii) 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 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 release, which speak only as of the date hereof, whether as a result of new information, future events or otherwise, except as required by law.

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

	Three Months Ended			Twelve Months Ended	
	December 31, 2019	September 30, 2019	December 31, 2018	December 31, 2019	December 31, 2018
INTEREST AND DIVIDEND INCOME					
Loans	\$ 35,202	\$ 35,768	\$ 34,620	\$ 139,995	\$ 129,904
Securities	11,426	10,542	9,251	44,197	31,576
Federal Home Loan Bank of New York stock	134	178	239	813	1,040
Interest-bearing deposits in banks	193	209	350	949	1,444
Total interest and dividend income	46,955	46,697	44,460	185,954	163,964
INTEREST EXPENSE					
Deposits	4,065	3,952	2,713	14,461	9,573
Borrowed funds	640	988	1,542	4,856	4,646
Total interest expense	4,705	4,940	4,255	19,317	14,219
NET INTEREST INCOME					
Provision for (recovery of) loan losses	83	(558)	864	3,837	(260)
Net interest income after provision for loan losses	42,167	42,315	39,341	162,800	150,005
NON-INTEREST INCOME					
Trust Department fees	4,481	4,888	4,807	18,598	18,790
Service charges on deposit accounts	2,383	2,222	2,187	8,544	8,183
Bank-owned life insurance	405	415	430	1,649	1,667
Gain (loss) on sale of investment securities available for sale, net	218	(50)	(139)	83	(249)
Gain (loss) on other real estate owned, net	-	-	-	(564)	(494)
Other	289	184	270	891	421
Total non-interest income	7,776	7,659	7,555	29,201	28,318
NON-INTEREST EXPENSE					
Compensation and employee benefits, net	18,089	17,765	18,166	70,276	67,425
Occupancy and depreciation	5,007	4,298	4,247	17,721	16,481
Professional fees	3,248	3,120	2,825	11,934	13,688
Data processing	2,545	2,856	3,986	10,880	11,570
Office maintenance and depreciation	889	934	974	3,540	3,643
Amortization of intangible assets	344	344	389	1,374	969
Advertising and promotion	911	684	819	2,908	3,402

Other	2,457	1,885	3,619	9,194	10,825
Total non-interest expense	33,490	31,886	35,025	127,827	128,003
Income before income taxes	16,453	18,088	11,871	64,174	50,320
Income tax expense (benefit)	4,445	4,893	(4,113)	16,972	5,666
Net income	12,008	13,195	15,984	47,202	44,654
Net income attributable to noncontrolling interests	-	-	-	-	-
Net income attributable to Amalgamated Bank and subsidiaries	\$ 12,008	\$ 13,195	\$ 15,984	\$ 47,202	\$ 44,654
Earnings per common share - basic (1)	\$ 0.38	\$ 0.41	\$ 0.50	\$ 1.49	\$ 1.47
Earnings per common share - diluted (1)	\$ 0.37	\$ 0.41	\$ 0.49	\$ 1.47	\$ 1.46

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

	December 31,	December 31,
	2019	2018
	(Unaudited)	
Assets		
Cash and due from banks	\$ 7,596	\$ 10,510
Interest-bearing deposits in banks	114,942	70,335
Total cash and cash equivalents	122,538	80,845
Securities:		
Available for sale, at fair value (amortized cost of \$1,217,087 and \$1,188,710, respectively)	1,224,770	1,175,170
Held-to-maturity (fair value of \$292,837 and \$4,105, respectively)	292,704	4,081
Loans held for sale, at fair value	-	-
Loans receivable, net of deferred loan origination costs (fees)	3,472,614	3,247,831
Allowance for loan losses	(33,847)	(37,195)
Loans receivable, net	3,438,767	3,210,636
Accrued interest and dividends receivable	19,088	14,387
Premises and equipment, net	17,778	21,654
Bank-owned life insurance	80,714	79,149
Right-of-use lease asset	47,299	-
Deferred tax asset	31,441	39,697
Goodwill and other intangible assets	19,665	21,039
Other assets	30,574	38,831
Total assets	\$ 5,325,338	\$ 4,685,489
Liabilities		
Deposits	\$ 4,640,982	\$ 4,105,306
Borrowed funds	75,000	92,875
Operating leases	62,404	-
Other liabilities	56,408	47,937
Total liabilities	4,834,794	4,246,118
Commitments and contingencies	-	-
Stockholders' equity		
Preferred Stock:		
Class B - par value \$100,000 per share; 77 shares authorized; 67 shares issued and outstanding as of December 31, 2017		-

Common stock, par value \$.01 per share (70,000,000 shares authorized; 31,523,442 and 31,771,585 shares issued and outstanding, respectively)	315	318
Additional paid-in capital	305,738	308,678
Retained earnings	181,132	142,231
Accumulated other comprehensive income (loss), net of income taxes	3,225	(11,990)
Total Amalgamated Bank stockholders' equity	490,410	439,237
Noncontrolling interests	134	134
Total stockholders' equity	490,544	439,371
Total liabilities and stockholders' equity	\$ 5,325,338	\$ 4,685,489

Select Financial Data

	As of and for the Three Months Ended			As of and for the Twelve Months Ended	
	December 31, 2019	September 30, 2019	December 31, 2018	December 31, 2019	2018
Selected Financial Ratios and Other Data (1)					
Earnings per share					
Basic	\$ 0.38	\$ 0.41	\$ 0.50	\$ 1.49	\$ 1.47
Diluted	0.37	0.41	0.49	1.47	1.46
Core Earnings per share (non-GAAP)					
Basic	\$ 0.40	\$ 0.42	\$ 0.30	\$ 1.52	\$ 1.37
Diluted	0.39	0.41	0.30	1.49	1.37
Book value per common share (excluding minority interest)	15.56	15.37	13.82	15.56	13.82
Tangible book value per share (non-GAAP)	14.93	14.74	13.16	14.93	13.16
Common shares outstanding	31,523,442	31,633,691	31,771,585	31,523,442	31,771,585
Weighted average common shares outstanding, basic	31,529,014	31,809,083	31,771,585	31,733,195	30,368,673
Weighted average common shares outstanding, diluted	32,125,683	32,176,439	32,460,024	32,205,248	30,633,270

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

Select Financial Data

	Months Ended			Months Ended	
	December 31, 2019	September 30, 2019	December 31, 2018	December 31, 2019	2018
Selected Performance Metrics:					
Return on average assets	0.93%	1.05%	1.35%	0.96%	1.01%
Core return on average assets (non-GAAP)	0.97%	1.06%	0.82%	0.98%	0.94%
Return on average equity	9.75%	10.86%	14.88%	10.03%	11.38%
Core return on average tangible common equity (non-GAAP)	10.68%	11.43%	9.50%	10.70%	11.06%
Loan yield	4.10%	4.22%	4.32%	4.27%	4.27%
Securities yield	3.28%	3.28%	3.14%	3.36%	3.01%
Deposit cost	0.36%	0.37%	0.27%	0.35%	0.26%
Net interest margin	3.43%	3.50%	3.57%	3.55%	3.56%
Efficiency ratio (1)	66.95%	64.53%	73.34%	65.27%	71.89%
Core efficiency ratio (non-GAAP) (1)	65.11%	64.26%	69.43%	64.57%	68.47%
Asset Quality Ratios:					
Nonaccrual loans to total loans	0.90%	0.53%	0.74%	0.90%	0.74%
Nonperforming assets to total assets	1.25%	1.42%	1.27%	1.25%	1.27%
Allowance for loan losses to nonaccrual loans	109%	183%	156%	109%	156%
Allowance for loan losses to total loans	0.98%	0.96%	1.15%	0.98%	1.15%
Net charge-offs (recoveries) to average loans	-0.01%	-0.07%	0.01%	0.22%	-0.05%

Capital Ratios:

Tier 1 leverage capital ratio	8.90%	9.03%	8.88%	8.90%	8.88%
Tier 1 risk-based capital ratio	13.01%	13.49%	13.22%	13.01%	13.22%
Total risk-based capital ratio	14.01%	14.55%	14.46%	14.01%	14.46%
Common equity tier 1 capital ratio	13.01%	13.49%	13.22%	13.01%	13.22%

(1) Efficiency ratio is calculated by dividing total non-interest expense by the sum of net interest income and total non-interest income

Loan and Held-to-Maturity Securities Portfolio Composition

(In thousands)

	At December 31, 2019		At September 30, 2019 ⁽¹⁾		At December 31, 2018			
	Amount	% of total loans	Amount	% of total loans	Amount	% of total loans		
<i>Commercial portfolio:</i>								
Commercial and industrial	\$ 474,342	13.7	% \$ 469,882	13.5	% \$ 556,537	17.2	%	
Multifamily mortgages	976,380	28.2	% 982,667	28.1	% 916,337	28.3	%	
Commercial real estate mortgages	421,947	12.2	% 441,612	12.6	% 440,704	13.6	%	
Construction and land development mortgages	62,271	1.8	% 59,309	1.7	% 46,178	1.4	%	
Total commercial portfolio	1,934,940	55.9	% 1,953,470	55.9	% 1,959,756	60.5	%	
<i>Retail portfolio:</i>								
Residential real estate lending	1,366,473	39.4	% 1,369,616	39.2	% 1,110,410	34.2	%	
Consumer and other	163,077	4.7	% 169,463	4.9	% 171,184	5.3	%	
Total retail	1,529,550	44.1	% 1,539,079	44.1	% 1,281,594	39.5	%	
Total loans	3,464,490	100.0	% 3,492,549	100.0	% 3,241,350	100.0	%	
Net deferred loan origination fees (costs)	8,124		8,175		6,481			
Allowance for loan losses	(33,847)		(33,697)		(37,195)			
Total loans, net	\$ 3,438,767		\$ 3,467,027		\$ 3,210,636			
<i>Held-to-maturity securities portfolio:</i>								
PACE assessments	\$ 263,805	90.1	% \$ -	0.0	% \$ -	0.0	%	
Other securities	28,899	9.9	% 21,259	100.0	% 4,081	100.0	%	
Total HTM securities	\$ 292,704	100.0	% \$ 21,259	100.0	% \$ 4,081	100.0	%	

(1) Residential real estate lending balances at September 30, 2019 include \$86.3 million in PACE assessments that are presented in held-to-maturity securities at December 31, 2019

Net Interest Income Analysis

(In thousands)	Three Months Ended December 31, 2019			Three Months Ended September 30, 2019					
	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	\$ 85,965	\$ 193	0.89%	\$ 72,143	\$ 209	1.15%	\$ 85,789	\$ 350	1.62%
Securities and FHLB stock	1,399,657	11,560	3.28%	1,294,930	10,720	3.28%	1,198,477	9,490	3.14%
Total loans, net (1)	3,406,806	35,202	4.10%	3,363,837	35,768	4.22%	3,180,168	34,620	4.32%
Total interest earning assets	4,892,428	46,955	3.81%	4,730,910	46,697	3.92%	4,464,434	44,460	3.95%
<i>Non-interest earning assets:</i>									
Cash and due from banks	8,852			6,985			12,480		
Other assets	238,421			228,076			203,321		
Total assets	\$ 5,139,701			\$ 4,965,971			\$ 4,680,235		

Interest bearing liabilities:									
Savings, NOW and money market deposits	\$ 2,003,888	\$ 2,762	0.55%	\$ 1,869,675	\$ 2,478	0.53%	\$ 1,839,662	\$ 1,731	0.37%
Time deposits	396,631	1,303	1.30%	417,591	1,474	1.40%	444,131	982	0.88%
Total deposits	2,400,519	4,065	0.67%	2,287,266	3,952	0.69%	2,283,793	2,713	0.47%
Federal Home Loan Bank advances	128,604	636	1.96%	166,363	987	2.35%	258,505	1,542	2.37%
Other Borrowings	978	4	1.62%	163	1	2.43%	-	-	0.00%
Total borrowings	129,582	4,705	0.74%	166,526	988	2.38%	258,505	1,542	2.37%
Total interest bearing liabilities	2,530,101			2,453,792	4,940	0.80%	2,542,299	4,255	0.66%
Non interest bearing liabilities:									
Demand and transaction deposits	2,024,521			1,936,915			1,669,670		
Other liabilities	96,335			93,056			41,976		
Total liabilities	4,650,957			4,483,763			4,253,945		
Stockholders' equity	488,744			482,208			426,290		
Total liabilities and stockholders' equity	\$ 5,139,701			\$ 4,965,971			\$ 4,680,235		
Net interest income / interest rate spread		\$ 42,250	3.07%		\$ 41,757	3.12%		\$ 40,205	3.29%
Net interest earning assets / net interest margin	\$ 2,362,327		3.43%	\$ 2,277,118		3.50%	\$ 1,922,135		3.57%
Total Cost of Deposits			0.36%			0.37%			0.27%

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

Net Interest Income Analysis

<i>(In thousands)</i>	Twelve Months Ended December 31, 2019					
	Average Balance	Income / Expense	Yield / Rate	Average Balance	Income / Expense	Yield / Rate
Interest earning assets:						
Interest-bearing deposits in banks	\$ 75,487	\$ 949	1.26%	\$ 87,606	\$ 1,444	1.65%
Securities and FHLB stock	1,338,339	45,010	3.36%	1,081,950	32,616	3.01%
Total loans, net (1)	3,276,603	139,995	4.27%	3,039,779	129,904	4.27%
Total interest earning assets	4,690,429	185,954	3.96%	4,209,335	163,964	3.90%
Non-interest earning assets:						
Cash and due from banks	8,159			13,243		
Other assets	239,336			190,755		
Total assets	\$ 4,937,924			\$ 4,413,333		
Interest bearing liabilities:						
Savings, NOW and money market deposits	\$ 1,902,414	\$ 9,068	0.48%	\$ 1,681,545	\$ 6,005	0.36%
Time deposits	435,157	5,393	1.24%	416,482	3,568	0.86%
Total deposits	2,337,571	14,461	0.62%	2,098,027	9,573	0.46%
Federal Home Loan Bank advances	202,837	4,835	2.38%	253,257	4,646	1.83%
Other Borrowings	890	21	2.36%	-	-	0.00%
Total borrowings	203,727	4,856	2.38%	253,257	4,646	1.83%
Total interest bearing liabilities	2,541,298	19,317	0.76%	2,351,284	14,219	0.60%
Non interest bearing liabilities:						
Demand and transaction deposits	1,832,083			1,626,373		
Other liabilities	93,816			43,421		

Total liabilities	4,467,196			4,021,078	
Stockholders' equity	470,727			392,254	
Total liabilities and stockholders' equity	\$ 4,937,924			\$ 4,413,333	
Net interest income / interest rate spread		\$ 166,637	3.20%	\$ 149,745	3.29%
Net interest earning assets / net interest margin	\$ 2,149,131		3.55%	\$ 1,858,051	3.56%
Total Cost of Deposits			0.35%		0.26%

(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		
	December 31, 2019	September 30, 2019	December 31, 2018
Noninterest-bearing demand deposit accounts	\$ 2,179,247	\$ 1,963,232	\$ 1,562,902
NOW accounts	230,919	235,933	233,460
Money market deposit accounts	1,508,674	1,377,747	1,548,699
Savings accounts	328,587	337,590	335,254
Time deposits	393,555	402,877	424,991
Brokered CD	-	5,000	-
	\$ 4,640,982	\$ 4,322,379	\$ 4,105,306

<i>(In thousands)</i>	Three Months Ended December 31, 2019			Three Months Ended September 30, 2019			Three Months Ended December 31, 2018		
	Average Balance	Average Rate Paid		Average Balance	Average Rate Paid		Average Balance	Average Rate Paid	
Noninterest-bearing demand deposit accounts	\$ 2,024,521	0.00	%	\$ 1,936,915	0.00	%	\$ 1,669,670	0.00	%
NOW accounts	227,285	0.47	%	227,525	0.46	%	206,107	0.45	%
Money market deposit accounts	1,442,567	0.64	%	1,303,766	0.62	%	1,304,363	0.35	%
Savings accounts	334,036	0.18	%	338,383	0.23	%	329,192	0.19	%
Time deposits	393,261	1.29	%	410,310	1.38	%	444,131	1.03	%
Brokered CD	3,370	3.13	%	7,281	2.76	%	-	0.00	%
Total deposits	\$ 4,425,040	0.36	%	\$ 4,224,180	0.37	%	\$ 3,953,463	0.27	%

Asset Quality

<i>(In thousands)</i>	December 31, 2019	September 30, 2019	December 31, 2018
Loans 90 days past due and accruing	\$ 446	\$ 36	\$ -
Nonaccrual loans excluding held for sale loans and restructured loans	5,992	8,874	8,379
Nonaccrual loans held for sale	-	-	-
Restructured loans - nonaccrual	25,019	9,495	15,482
Restructured loans - accruing	34,367	52,555	34,457
Other real estate owned	809	526	844
Impaired securities	65	67	93
Total nonperforming assets	\$ 66,698	\$ 71,553	\$ 59,255

Nonaccrual loans:

Commercial and industrial	\$ 15,564	\$ 3,089	\$ 12,153
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Multifamily	-	-	-
Commercial real estate	3,693	3,693	4,112
Construction and land development	3,652	3,702	-
Total commercial portfolio	22,909	10,484	16,265
Residential 1-4 family 1st mortgages	6,922	6,545	6,287
Residential 1-4 family 2nd mortgages	852	888	1,299
Consumer and other	328	452	10
Total retail portfolio	8,102	7,885	7,596
Total nonaccrual loans	\$ 31,011	\$ 18,369	\$ 23,861
Nonperforming assets to total assets	1.25%	1.42%	1.27%
Nonaccrual assets to total assets	0.60%	0.38%	0.53%
Nonaccrual loans to total loans	0.90%	0.53%	0.74%
Allowance for loan losses to nonaccrual loans	109%	183%	156%
Troubled debt restructurings:			
TDRs included in nonaccrual loans	\$ 25,019	\$ 9,495	\$ 15,482
TDRs in compliance with modified terms	\$ 34,367	\$ 52,555	\$ 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 Twelve Months Ended	
	December 31, 2019	September 30, 2019	December 31, 2018	December 31, 2019	December 31, 2018
Core operating revenue					
Net interest income (GAAP)	\$ 42,250	\$ 41,757	\$ 40,205	\$ 166,637	\$ 149,745
Non interest income (GAAP)	7,776	7,659	7,555	29,201	28,318
Add: Securities loss (gain)	(218)	50	139	(83)	249
Less: Prepayment of borrowings	-	-	-	-	-
Core operating revenue (non-GAAP)	\$ 49,808	\$ 49,466	\$ 47,899	\$ 195,755	\$ 178,304
Core non-interest expenses					
Non-interest expense (GAAP)	\$ 33,490	\$ 31,886	\$ 35,025	\$ 127,827	\$ 128,003
Less: Prepayment fees on borrowings	-	-	-	-	(8)
Less: Branch closure expense ⁽¹⁾	(957)	(51)	-	(1,008)	-
Less: Acquisition cost ⁽²⁾	-	-	(1,633)	-	(2,363)
Less: Initial public offering and follow on cost ⁽³⁾	-	-	120	-	(3,316)
Less: Severance ⁽⁴⁾	(101)	(47)	(257)	(419)	(235)
Core non-interest expense (non-GAAP)	\$ 32,432	\$ 31,788	\$ 33,254	\$ 126,400	\$ 122,081
Core net income					
Net Income (GAAP)	\$ 12,008	\$ 13,195	\$ 15,984	\$ 47,202	\$ 44,654
Add: Securities loss (gain)	(218)	50	139	(83)	249
Add: Prepayment fees on borrowings	-	-	-	-	8
Add: Branch closure expense ⁽¹⁾	957	51	-	1,008	-
Add: Acquisition cost ⁽²⁾	-	-	1,633	-	2,363
Add: Initial public offering and follow on cost ⁽³⁾	-	-	(120)	-	3,316
Add: Severance ⁽⁴⁾	101	47	257	419	235
Less: Tax on notable items	(227)	(40)	(563)	(359)	(1,629)

Less: Deferred tax asset realization	-	-	(7,632)	-	(7,632)
<i>Core net income (non-GAAP)</i>	\$ 12,621	\$ 13,303	\$ 9,698	\$ 48,188	\$ 41,564
Tangible common equity					
Stockholders Equity (GAAP)	\$ 490,544	\$ 486,312	\$ 439,371	\$ 490,544	\$ 439,371
Less: Minority Interest (GAAP)	(134)	(134)	(134)	(134)	(134)
Less: Goodwill (GAAP)	(12,936)	(12,936)	(12,936)	(12,936)	(12,936)
Less: Core deposit intangible (GAAP)	(6,728)	(7,072)	(8,102)	(6,728)	(8,102)
<i>Tangible common equity (non-GAAP)</i>	\$ 470,746	\$ 466,170	\$ 418,198	\$ 470,747	\$ 418,198
Average tangible common equity					
Average Stockholders Equity (GAAP)	\$ 488,744	\$ 482,208	\$ 426,290	\$ 470,727	\$ 392,255
Less: Minority Interest (GAAP)	(134)	(134)	(134)	(134)	(134)
Less: Preferred Stock (GAAP)	-	-	-	-	(2,753)
Less: Goodwill (GAAP)	(12,936)	(12,936)	(12,936)	(12,936)	(8,421)
Less: Core deposit intangible (GAAP)	(6,895)	(7,240)	(8,291)	(7,400)	(5,187)
<i>Average tangible common equity (non-GAAP)</i>	\$ 468,778	\$ 461,898	\$ 404,928	\$ 450,258	\$ 375,760
Core return on average assets					
Core net income (numerator) (non-GAAP)	12,621	13,303	9,698	48,188	41,564
Divided: Total average assets (denominator) (GAAP)	5,139,701	4,965,971	4,680,235	4,937,924	4,413,328
<i>Core return on average assets (non-GAAP)</i>	0.97 %	1.06 %	0.82 %	0.98 %	0.94 %
Core return on average tangible common equity					
Core net income (numerator) (non-GAAP)	12,621	13,303	9,698	48,188	41,564
Divided: Average tangible common equity (denominator) (non-GAAP)	468,778	461,898	404,929	450,258	375,760
<i>Core return on average tangible common equity (non-GAAP)</i>	10.68 %	11.43 %	9.50 %	10.70 %	11.06 %
Core efficiency ratio					
Core non-interest expense (numerator) (non-GAAP)	32,432	31,788	33,254	126,400	122,081
Core operating revenue (denominator) (non-GAAP)	49,808	49,466	47,899	195,755	178,304
<i>Core efficiency ratio (non-GAAP)</i>	65.11 %	64.26 %	69.43 %	64.57 %	68.47 %

(1) *Occupancy and other 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 in Aug 2018 and follow on in Nov 2018*

(4) *Salary and COBRA reimbursement expense for positions eliminated*



Source: Amalgamated Bank