



Amalgamated Bank Reports First Quarter 2020 Financial Results

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NEW YORK, April 30, 2020 (GLOBE NEWSWIRE) -- Amalgamated Bank (Nasdaq: AMAL) ("Amalgamated") today announced financial results for the first quarter ended March 31, 2020.

First Quarter 2020 Highlights

- Net income of \$9.5 million, or \$0.30 per diluted share, compared to \$10.8 million, or \$0.33 per diluted share, for the first quarter of 2019
- Core net income (non-GAAP)¹ of \$9.2 million, or \$0.29 per diluted share, compared to \$10.7 million, or \$0.33 per diluted share, for the first quarter of 2019
- Deposit growth of \$435.6 million, or 37.5% annualized, compared to a balance of \$4.6 billion on December 31, 2019
- Loan growth of \$76.2 million, or 8.9% annualized, compared to a balance of \$3.4 billion on December 31, 2019
- Cost of deposits was 0.33%, compared to 0.36% for the fourth quarter of 2019 and 0.31% for the first quarter of 2019
- Net interest margin was 3.46%, compared to 3.43% for the fourth quarter of 2019 and 3.65% for the first quarter of 2019
- Tier 1 Leverage, Common Equity Tier 1, and Total Risk-Based capital ratios were 8.47%, 12.74%, and 13.96%, respectively, at March 31, 2020
- Total nonperforming assets were \$65.6 million or 1.14% of total assets as of March 31, 2020, compared to \$66.7 million or 1.25% of total assets at December 31, 2019 and \$56.6 million, or 1.15% of total assets at March 31, 2019

Keith Mestrich, President and Chief Executive Officer of Amalgamated Bank, commented, "As COVID-19 continues to severely impact New York City and our nation, our first priority has been the safety of our employees and the customers that we serve. We have moved quickly to ensure the integrity of our operations as we transition to this new normal with a majority of our employees now working from home. Our staff is seamlessly handling transactions and making new loans in this environment and I am very proud of their unwavering commitment to our customers during this unprecedented time. I am also very proud of the financial support that we have been able to provide to those who need it most through our recently created Frontline Workers Fund offering direct assistance to those battling the pandemic on the frontlines as well as the launch of the Families and Workers Fund, in partnership with a consortium of foundations, whose goal is to provide financial resources to vulnerable working families across the country."

Mr. Mestrich continued, "All of this would not be possible without the strategic transformation that Amalgamated has undergone over the last six years where we have re-instilled a disciplined credit culture, de-risked our balance sheet through the planned runoff of our indirect C&I portfolio while developing a stable, low-cost core deposit franchise. Amalgamated is well positioned with a strong capital base to weather the challenges ahead as a result of COVID-19 as we continue to build upon our reputation as 'America's socially responsible bank' and support those who share our mission and values. Our first quarter results further demonstrate the Bank's financial strength and strong positioning as we delivered record pre-tax, pre-provision income growth of 30%, as compared to 4Q19, and achieved a core efficiency ratio of 59.44%. Looking forward, we understand that the future is uncertain, and we intend to opportunistically manage our non-interest expenses to ensure we maintain our financial flexibility and ensure the long-term success of the Bank."

¹ Reconciliations of non-GAAP financial measures to the most comparable GAAP measure are set forth on the last two pages of the financial information accompanying this press release and may also be found on our website, www.amalgamatedbank.com.

COVID-19 Customer and Community Support Update

Amalgamated's primary concern during the COVID-19 pandemic is for the health and wellbeing of the Company's employees, customers, and communities. Amalgamated is committed to providing support to those who are affected by the unprecedented challenges that the country is facing.

Updates on Amalgamated Bank's Response to the COVID-19 Pandemic:

- More than 90% of all employees are currently in a work from home status. We are committed to the physical, emotional and financial health of our team and have no plans to lay-off our employees during this uncertain time.
- Launched Frontline Workers Fund with Amalgamated Foundation to provide financial support to critical workers on the frontlines of the COVID-19 pandemic.
- All but two branches are closed in NYC, with the open locations practicing social distancing. The Washington DC branch is open 9:00 am to 2:00 pm on Wednesdays. The San Francisco branch is closed until further notice. All personnel has been retained in order to proactively reach out to customers to help them during this time.
- All customers have been encouraged to continue conducting their business online and to reach out to the customer care team with questions.
- Branch ATM vestibules remain open, in addition to 40,000 Allpoint ATMs.
- Fee waivers for non-sufficient funds, overdrafts, ATM fees, and deposit CD breakage.
- All customers notified of our COVID-19 response. The Bank has built a priority communication hub for all clients to provide

up-to-date information and resources.

- More than 850 referrals of CARES Paycheck Protection Plan (PPP) to Newtek, our SBA partner.
- Remote commercial servicing of loans, deposits, credit underwriting, origination operations.
- Working with commercial clients on loan deferral requests to help with the business disruption.
- We are offering a three month loan deferral program for our customers and as of Friday April 24th, \$300 million of loan balances are under deferral.
- Working with existing clients in the nonprofit, union, philanthropy, and impact segments to determine their credit needs and to provide assistance where possible.

Results of Operations, Quarter Ended March 31, 2020

Net income for the first quarter of 2020 is \$9.5 million, or \$0.30 per diluted share, compared to \$12.0 million, or \$0.37 per diluted share, for the fourth quarter of 2019 and \$10.8 million, or \$0.33 per diluted share, for the first quarter of 2019. The \$1.3 million decrease in net income for the first quarter of 2020, compared to the first quarter of 2019, is primarily due to a \$6.4 million increase in provision for loan losses and a \$0.8 million increase in expenses, partially offset by a \$3.9 million increase in net interest income and a \$1.7 million increase in non-interest income.

Core net income (non-GAAP) for the first quarter of 2020 is \$9.2 million, or \$0.29 per diluted share, compared to \$12.6 million or \$0.39 per diluted share, for the fourth quarter of 2019 and \$10.7 million, or \$0.33 per diluted share, for the first quarter of 2019. Core net income for the first quarter of 2020 excludes \$1.9 million of non-interest income related to the sale of an owned branch and gains on the sale of securities, \$1.4 million in expense related to the closure of two branches, and other adjustments including the tax effect of such adjustments.

Net interest income is \$44.7 million for the first quarter of 2020, compared to \$42.3 million for the fourth quarter of 2019 and \$40.8 million for the first quarter of 2019. The year-over-year increase is primarily attributable to an increase in average net loans of \$239.8 million, an increase in average securities of \$319.1 million and a decrease in average Federal Home Loan Bank advances of \$322.1 million. These impacts are partially offset by an increase in average interest bearing deposits of \$206.5 million.

Net interest margin is 3.46% for the first quarter of 2020, an increase of three basis points from 3.43% in the fourth quarter of 2019 and a decrease of 19 basis points from 3.65% in the first quarter of 2019. The accretion of the loan mark from the loans we acquired in our New Resource Bank acquisition contributes four basis points to our net interest margin in the first quarter of 2020, compared to five basis points in both the fourth and first quarters of 2019. Prepayment penalties earned through loan income contributes \$0.8 million, or six basis points, to our net interest margin in the first quarter of 2020, compared to two basis points in both the fourth and first quarters of 2019.

Provisions for loan losses totals an expense of \$8.6 million in the first quarter of 2020 compared to \$0.1 million in the fourth quarter of 2019 and \$2.2 million for the first quarter of 2019. The provision expense in the first quarter of 2020 is primarily driven by a \$3.4 million increase in our allowance for loan losses on two loans in our indirect C&I portfolio previously classified as restructured loans that were negatively impacted by the coronavirus pandemic and a \$3.0 million increase in qualitative factors tied to economic activity as a result of the coronavirus pandemic.

Non-interest income is \$9.1 million in the first quarter of 2020 compared to \$7.8 million in the fourth quarter of 2019, and \$7.4 million in the first quarter of 2019. The \$1.7 million increase in the first quarter of 2020, compared to the like period in 2019, is primarily due to a \$1.4 million gain on the sale of an owned branch, and a \$0.5 million increase in deposit account fees due to higher accounts and balances, partially offset by a \$0.6 million decrease in Trust Department fees primarily related to the decrease in revenue from a real estate fund which is liquidating assets.

Non-interest expense for the first quarter of 2020 is \$32.3 million, a decrease of \$1.2 million from the fourth quarter of 2019, and an increase of \$0.8 million from the first quarter of 2019. The increase compared to the first quarter of 2019 was primarily due to a \$1.4 million charge for closing two branches in the first quarter of 2020 which was recognized in occupancy and depreciation expense, partially offset by a \$0.5 million decrease in data processing expense due to contract renegotiations with vendors.

We have a provision for income tax expense of \$3.4 million for the first quarter of 2020, compared to a provision of \$4.4 million for the fourth quarter of 2019 and a provision of \$3.7 million for the first quarter of 2019. Our effective tax rate for the first quarter of 2020 was 26.3%, compared to 25.7% for the first quarter of 2019.

Financial Condition

Total assets are \$5.8 billion at March 31, 2020, compared to \$5.3 billion at December 31, 2019. The increase of \$426.6 million is driven primarily by a \$210.6 million increase in investment securities, a \$140.2 million increase in cash and cash equivalents, and a \$76.2 million increase in loans receivable, net.

Total loans, net at March 31, 2020 are \$3.5 billion, an increase of \$76.2 million, or 8.9% annualized, compared to December 31, 2019. Loan growth in the first quarter of 2020 is primarily driven by a \$58.0 million increase in C&I loans due to purchases of government guaranteed loans and draw requests on lines of credit, a \$50.3 million increase in residential first liens, and a \$26.1 million increase in consumer residential solar loans. These increases are partially offset by a \$53.2 million decrease in commercial real-estate and multifamily loans.

Deposits at March 31, 2020 are \$5.1 billion, an increase of \$435.6 million, or 37.5% annualized, as compared to \$4.6 billion as of December 31, 2019. Deposits held by politically-active customers, such as campaigns, PACs and state and national party committees are \$774.8 million as of March 31, 2020, an increase of \$196.2 million compared to \$578.6 million as of December 31, 2019. Noninterest-bearing deposits represent 47.7% of average deposits and 47.7% of ending deposits for the three months ended March 31, 2020, contributing to an average cost of deposits of 0.33% in the first quarter of 2020, a three basis point decrease from the linked quarter.

Nonperforming assets total \$65.6 million, or 1.14% of period end total assets at March 31, 2020, a decrease of \$1.1 million, compared with \$66.7 million, or 1.25% of period end total assets at December 31, 2019. The decrease in nonperforming assets at March 31, 2020 compared to the year-ended December 31, 2019 is primarily driven by a \$7.4 million decrease in accruing restructured loans, partially offset by a \$3.4 million increase in loans 90 days past due and accruing related to delays in renewing loans.

The allowance for loan losses increased \$8.5 million to \$42.3 million at March 31, 2020 from \$33.8 million at December 31, 2019, primarily due to

increases in the specific reserves for two indirect C&I loans and an increase in qualitative factors related to the coronavirus pandemic. At March 31, 2020, we had \$60.2 million of impaired loans for which a specific allowance of \$11.5 million was made, compared to \$65.4 million of impaired loans at December 31, 2019 for which a specific allowance of \$7.5 million was made. The ratio of allowance to total loans is 1.19% at March 31, 2020 and 0.98% at December 31, 2019.

Capital

As of March 31, 2020, our Tier 1 Leverage Capital Ratio is 8.47%, Common Equity Tier 1 Capital Ratio was 12.74%, and Total Risk-Based Capital Ratio was 13.96%, compared to 8.90%, 13.01%, and 14.01%, respectively, as of December 31, 2019. Stockholders' equity at March 31, 2020 was \$473.3 million, compared to \$490.5 million at December 31, 2019. The decrease in stockholders' equity is primarily driven by a \$17.9 million decrease in accumulated other comprehensive income due to the mark to market on our securities portfolio, a \$7.0 million decrease due to share repurchases, and a \$2.5 million quarterly dividend. These decreases were partially offset by \$9.5 million of net income.

Our tangible book value per share is \$14.64 as of March 31, 2020 compared to \$14.93 as of December 31, 2019 and \$13.68 as of March 31, 2019.

Conference Call

As previously announced, Amalgamated Bank will host a conference call to discuss its first quarter 2020 results today, April 30, 2020 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 First Quarter 2020 Earnings Call. A telephonic replay will be available approximately two 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 13701389. The telephonic replay will be available until 11:59 pm (Eastern Time) on May 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.

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 11 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 March 31, 2020, our total assets were \$5.8 billion, total net loans were \$3.5 billion, and total deposits were \$5.1 billion. Additionally, as of March 31, 2020, the trust business held \$31.0 billion in assets under custody and \$11.6 billion in assets under management.

Non-GAAP Financial Measures

This release (and the accompanying financial information and tables) refers to certain non-GAAP financial measures including, without limitation, "Core operating revenue," "Core non-interest expense," "Core net income," "Tangible common equity," "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 2020 versus certain periods in 2019 and to internal 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, which 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 comparable GAAP measures found in this release are set forth in the final pages of this release and also may be viewed on our website, amalgamatedbank.com.

Terminology

Certain terms used in this release are defined as follows:

"Core operating revenue" is defined as total net interest income plus non-interest income excluding gains and losses on sales of securities and gains on the sale of owned property. We believe the most directly comparable GAAP financial measure is the total of net interest income and non-interest income.

"Core non-interest expense" is defined as total non-interest expense excluding costs related to branch closures and restructuring/severance costs. We believe the most directly comparable GAAP financial measure is total non-interest expense.

"Core net income" is defined as net income after tax excluding gains and losses on sales of securities, gains on the sale of owned property, costs related to branch closures, restructuring/severance costs, and taxes on notable pre-tax items. We believe the most directly comparable GAAP financial measure is net income.

"Tangible common equity" and "Tangible book value" and are defined as stockholders' equity excluding, as applicable, minority interests, preferred stock, goodwill and core deposit intangibles. We believe that the most directly comparable GAAP financial measure is total stockholders' equity.

"Core return on average assets" is defined as "Core net income" divided by average total assets. We believe the most directly comparable

performance ratio derived from GAAP financial measures is return on average assets calculated by dividing net income by average total assets.

“Core return on average tangible common equity” is defined as “Core net income” divided by “Average tangible common equity.” We believe the most directly comparable performance ratio derived from GAAP financial measures is return on average equity calculated by dividing net income by average total stockholders’ equity.

“Core efficiency ratio” is defined as “Core non-interest expense” divided by “Core operating revenue.” We believe the most directly comparable performance ratio derived from GAAP financial measures is an efficiency ratio calculated by dividing total non-interest expense by the sum of net interest income and total non-interest income.

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

	Three Months Ended		
	March 31, 2020	December 31, 2019	March 31, 2019
INTEREST AND DIVIDEND INCOME			
Loans	\$ 35,612	\$ 35,202	\$ 35,296
Securities	12,554	11,426	9,875
Federal Home Loan Bank of New York stock	69	134	310
Interest-bearing deposits in banks	396	193	293
Total interest and dividend income	48,631	46,955	45,774
INTEREST EXPENSE			
Deposits	3,915	4,065	2,946
Borrowed funds	27	640	2,055
Total interest expense	3,942	4,705	5,001
NET INTEREST INCOME			
Provision for (recovery of) loan losses	8,588	83	2,186
Net interest income after provision for loan losses	36,101	42,167	38,587
NON-INTEREST INCOME			
Trust Department fees	4,085	4,481	4,721
Service charges on deposit accounts	2,411	2,383	1,871
Bank-owned life insurance	384	405	420
Gain (loss) on sale of investment securities available for sale, net	499	218	292
Gain (loss) on other real estate owned, net	(23)	-	(249)
Other	1,762	289	362
Total non-interest income	9,118	7,776	7,417
NON-INTEREST EXPENSE			
Compensation and employee benefits, net	17,458	18,089	17,430
Occupancy and depreciation	5,506	5,007	4,271
Professional fees	2,983	3,248	3,165
Data processing	2,264	2,545	2,749
Office maintenance and depreciation	856	889	887

Amortization of intangible assets	342	344	389
Advertising and promotion	667	911	622
Other	2,194	2,457	1,935
Total non-interest expense	32,270	33,490	31,448
Income before income taxes	12,949	16,453	14,556
Income tax expense (benefit)	3,404	4,445	3,743
Net income	9,545	12,008	10,813
Net income attributable to noncontrolling interests	-	-	-
Net income attributable to Amalgamated Bank and subsidiaries	\$ 9,545	\$ 12,008	\$ 10,813
Earnings per common share - basic	\$ 0.30	\$ 0.38	\$ 0.34
Earnings per common share - diluted	\$ 0.30	\$ 0.37	\$ 0.33

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

	March 31, 2020 (Unaudited)	December 31, 2019
Assets		
Cash and due from banks	\$ 95,849	\$ 7,596
Interest-bearing deposits in banks	166,887	114,942
Total cash and cash equivalents	262,736	122,538
Securities:		
Available for sale, at fair value (amortized cost of \$1,458,589 and \$1,217,087, respectively)	1,441,805	1,224,770
Held-to-maturity (fair value of \$293,857 and \$292,837, respectively)	286,251	292,704
Loans receivable, net of deferred loan origination costs (fees)	3,557,335	3,472,614
Allowance for loan losses	(42,348)	(33,847)
Loans receivable, net	3,514,987	3,438,767
Accrued interest and dividends receivable	17,403	19,088
Premises and equipment, net	17,083	17,778
Bank-owned life insurance	81,098	80,714
Right-of-use lease asset	44,853	47,299
Deferred tax asset	37,413	31,441
Goodwill and other intangible assets	19,322	19,665
Other assets	29,002	30,574
Total assets	\$ 5,751,953	\$ 5,325,338
Liabilities		
Deposits	\$ 5,076,557	\$ 4,640,982
Borrowed funds	-	75,000
Accrued interest payable	60,812	62,404
Other liabilities	141,315	56,408
Total liabilities	5,278,684	4,834,794
Commitments and contingencies	-	-
Stockholders' equity		
Common stock, par value \$.01 per share (70,000,000 shares authorized; 31,000,299 and 31,523,442 shares issued and outstanding, respectively)	310	315
Additional paid-in capital	299,332	305,738
Retained earnings	188,160	181,132
Accumulated other comprehensive income (loss), net of income taxes	(14,667)	3,225

Total Amalgamated Bank stockholders' equity	473,135	490,410
Noncontrolling interests	134	134
Total stockholders' equity	473,269	490,544
Total liabilities and stockholders' equity	\$ 5,751,953	\$ 5,325,338

Select Financial Data

	As of and for the Three Months Ended		
	March 31, 2020	December 31, 2019	March 31, 2019
Selected Financial Ratios and Other Data			
Earnings per share			
Basic	\$ 0.30	\$ 0.38	\$ 0.34
Diluted	0.30	0.37	0.33
Core Earnings per share (non-GAAP)			
Basic	\$ 0.29	\$ 0.40	\$ 0.34
Diluted	0.29	0.39	0.33
Book value per common share (excluding minority interest)	15.26	15.56	14.33
Tangible book value per share (non-GAAP)	14.64	14.93	13.68
Common shares outstanding	31,000,299	31,523,442	31,771,585
Weighted average common shares outstanding, basic	31,410,848	31,529,014	31,771,585
Weighted average common shares outstanding, diluted	31,805,901	32,125,683	32,321,591

Select Financial Data

	As of and for the Three Months Ended					
	March 31, 2020		December 31, 2019		March 31, 2019	
Selected Performance Metrics:						
Return on average assets	0.71	%	0.93	%	0.92	%
Core return on average assets (non-GAAP)	0.68	%	0.97	%	0.90	%
Return on average equity	7.65	%	9.75	%	9.82	%
Core return on average tangible common equity (non-GAAP)	7.66	%	10.68	%	10.18	%
Loan yield	4.13	%	4.10	%	4.44	%
Securities yield	3.29	%	3.28	%	3.37	%
Deposit cost	0.33	%	0.36	%	0.31	%
Net interest margin	3.46	%	3.43	%	3.65	%
Efficiency ratio ⁽¹⁾	59.97	%	66.95	%	65.26	%
Core efficiency ratio (non-GAAP) ⁽¹⁾	59.44	%	65.11	%	65.41	%
Asset Quality Ratios:						
Nonaccrual loans to total loans	0.96	%	0.90	%	0.45	%
Nonperforming assets to total assets	1.14	%	1.25	%	1.15	%
Allowance for loan losses to nonaccrual loans	125	%	109	%	212	%
Allowance for loan losses to total loans	1.19	%	0.98	%	0.95	%
Net charge-offs (recoveries) to average loans	0.01	%	-0.01	%	1.00	%
Capital Ratios:						
Tier 1 leverage capital ratio	8.47	%	8.90	%	8.90	%
Tier 1 risk-based capital ratio	12.74	%	13.01	%	13.31	%
Total risk-based capital ratio	13.96	%	14.01	%	14.33	%
Common equity tier 1 capital ratio	12.74	%	13.01	%	13.31	%

(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 March 31, 2020			At December 31, 2019			At March 31, 2019		
	Amount	% of total loans		Amount	% of total loans		Amount	% of total loans	
<i>Commercial portfolio:</i>									
Commercial and industrial	\$ 532,351	15.0	%	\$ 474,342	13.7	%	\$ 527,200	16.0	%
Multifamily mortgages	936,350	26.4	%	976,380	28.2	%	921,588	28.0	%
Commercial real estate mortgages	408,766	11.5	%	421,947	12.2	%	428,534	13.0	%
Construction and land development mortgages	65,706	1.9	%	62,271	1.8	%	45,734	1.4	%
Total commercial portfolio	1,943,173	54.8	%	1,934,940	55.9	%	1,923,056	58.4	%
<i>Retail portfolio:</i>									
Residential real estate lending	1,416,796	39.9	%	1,366,473	39.4	%	1,203,457	36.6	%
Consumer and other	189,152	5.3	%	163,077	4.7	%	164,412	5.0	%
Total retail	1,605,948	45.2	%	1,529,550	44.1	%	1,367,869	41.6	%
Total loans	3,549,121	100.0	%	3,464,490	100.0	%	3,290,925	100.0	%
Net deferred loan origination fees (costs)	8,214			8,124			7,482		
Allowance for loan losses	(42,348)			(33,847)			(31,392)		
Total loans, net	\$ 3,514,987			\$ 3,438,767			\$ 3,267,015		
<i>Held-to-maturity securities portfolio:</i>									
PACE assessments	\$ 255,298	89.2	%	\$ 263,805	90.1	%	\$ -	0.0	%
Other securities	30,953	10.8	%	28,899	9.9	%	9,317	100.0	%
Total HTM securities	\$ 286,251	100.0	%	\$ 292,704	100.0	%	\$ 9,317	100.0	%

Net Interest Income Analysis

(In thousands)	Three Months Ended March 31, 2020			Three Months Ended December 31, 2019			Three Months Ended March 31, 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	\$ 185,281	\$ 396	0.86 %	\$ 85,965	\$ 193	0.89 %	\$ 73,296	\$ 293	1.62 %
Securities and FHLB stock	1,544,848	12,623	3.29 %	1,399,657	11,560	3.28 %	1,225,700	10,185	3.37 %
Loans held for sale	-	-	0.00 %	-	-	0.00 %	2,818	-	0.00 %
Total loans, net ⁽¹⁾	3,464,438	35,612	4.13 %	3,406,806	35,202	4.10 %	3,224,604	35,296	4.44 %
Total interest earning assets	5,194,567	48,631	3.77 %	4,892,428	46,955	3.81 %	4,526,418	45,774	4.10 %
<i>Non-interest earning assets:</i>									
Cash and due from banks	9,539			8,852			9,988		
Other assets	222,757			238,421			251,468		
Total assets	\$ 5,426,863			\$ 5,139,701			\$ 4,787,874		
<i>Interest bearing liabilities:</i>									
Savings, NOW and money market deposits	\$ 2,143,247	\$ 2,737	0.51 %	\$ 2,003,888	\$ 2,762	0.55 %	\$ 1,877,349	\$ 1,867	0.40 %
Time deposits	381,053	1,178	1.24 %	396,631	1,303	1.30 %	440,428	1,079	0.99 %
Total deposits	2,524,300	3,915	0.62 %	2,400,519	4,065	0.67 %	2,317,777	2,946	0.52 %
Federal Home Loan Bank advances	6,374	27	1.70 %	128,604	636	1.96 %	328,476	2,046	2.53 %
Other Borrowings	-	-	0.00 %	978	4	1.62 %	1,333	9	2.64 %
Total interest bearing liabilities	2,530,674	3,942	0.63 %	2,530,101	4,705	0.74 %	2,647,586	5,001	0.77 %
<i>Non interest bearing liabilities:</i>									
Demand and transaction deposits	2,300,999			2,024,521			1,598,637		
Other liabilities	93,309			96,335			95,187		
Total liabilities	4,924,982			4,650,957			4,341,410		
Stockholders' equity	501,881			488,744			446,464		
Total liabilities and stockholders' equity	\$ 5,426,863			\$ 5,139,701			\$ 4,787,874		

Net interest income / interest rate spread	\$ 44,689	3.14 %	\$ 42,250	3.07 %	\$ 40,773	3.34 %
Net interest earning assets / net interest margin	\$ 2,663,893	3.46 %	\$ 2,362,327	3.43 %	\$ 1,878,832	3.65 %
Total Cost of Deposits		0.33 %		0.36 %		0.31 %

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

* Net interest margin includes prepayment penalty income in 1Q20, 4Q19 and 1Q19 of \$761,158, \$262,196 and \$305,405 respectively

Deposit Portfolio Composition

<i>(in thousands)</i>	Three Months Ended		
	March 31, 2020	December 31, 2019	March 31, 2019
Noninterest-bearing demand deposit accounts	\$ 2,423,760	\$ 2,179,247	\$ 1,709,921
NOW accounts	234,268	230,919	223,195
Money market deposit accounts	1,708,818	1,508,674	1,377,130
Savings accounts	329,583	328,587	342,713
Time deposits	380,128	393,555	439,135
Brokered CD	-	-	14,981
Total deposits	\$ 5,076,557	\$ 4,640,982	\$ 4,107,075

<i>(In thousands)</i>	Three Months Ended		Three Months Ended		Three Months Ended	
	March 31, 2020	March 31, 2019	December 31, 2019	December 31, 2019	March 31, 2019	March 31, 2019
	Average Balance	Average Rate Paid	Average Balance	Average Rate Paid	Average Balance	Average Rate Paid
Noninterest-bearing demand deposit accounts	\$ 2,300,999	0.00 %	\$ 2,024,521	0.00 %	\$ 1,598,637	0.00 %
NOW accounts	231,707	0.40 %	227,285	0.47 %	224,686	0.45 %
Money market deposit accounts	1,587,242	0.60 %	1,442,567	0.64 %	1,315,186	0.38 %
Savings accounts	324,298	0.18 %	334,036	0.18 %	337,477	0.21 %
Time deposits	381,053	1.23 %	393,261	1.29 %	432,771	1.11 %
Brokered CD	-	0.00 %	3,370	3.13 %	7,657	2.93 %
Total deposits	\$ 4,825,299	0.33 %	\$ 4,425,040	0.36 %	\$ 3,916,414	0.31 %

Asset Quality

<i>(In thousands)</i>	March 31, 2020	December 31, 2019	March 31, 2019
Loans 90 days past due and accruing	\$ 3,856	\$ 446	\$ 7,157
Nonaccrual loans excluding held for sale loans and restructured loans	7,537	5,992	9,351
Nonaccrual loans held for sale	-	-	-
Restructured loans - nonaccrual	26,435	25,019	5,455
Restructured loans - accruing	26,968	34,367	33,441
Other real estate owned	786	809	1,057
Impaired securities	64	65	90
Total nonperforming assets	\$ 65,646	\$ 66,698	\$ 56,551

Nonaccrual loans:

Commercial and industrial	\$ 15,949	\$ 15,564	\$ 3,734
Multifamily	-	-	-
Commercial real estate	3,634	3,693	4,019
Construction and land development	3,652	3,652	-
Total commercial portfolio	23,235	22,909	7,753

Residential 1-4 family mortgages	9,173	6,922	5,769
Residential 1-4 family 2nd mortgages	884	852	1,078
Consumer and other	680	328	206
Total retail portfolio	10,737	8,102	7,053
Total nonaccrual loans	\$ 33,972	\$ 31,011	\$ 14,806

Nonperforming assets to total assets	1.14	%	1.25	%	1.15	%
Nonaccrual assets to total assets	0.60	%	0.60	%	0.32	%
Nonaccrual loans to total loans	0.96	%	0.90	%	0.45	%
Allowance for loan losses to nonaccrual loans	125	%	109	%	212	%

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		
	March 31, 2020	December 31, 2019	March 31, 2019
Core operating revenue			
Net interest income (GAAP)	\$ 44,689	\$ 42,250	\$ 40,773
Non interest income (GAAP)	9,118	7,776	7,417
Less: Branch sale (gain) ⁽¹⁾	(1,428)) -	-
Less: Securities loss (gain)	(499)	) (218)	) (292)
Core operating revenue (non-GAAP)	\$ 51,880	\$ 49,808	\$ 47,898
Core non-interest expenses			
Non-interest expense (GAAP)	\$ 32,270	\$ 33,490	\$ 31,448
Less: Branch closure expense ⁽²⁾	(1,356)	) (957)) -
Less: Severance ⁽³⁾	(76)	) (101)	) (117)
Core non-interest expense (non-GAAP)	\$ 30,838	\$ 32,432	\$ 31,331
Core net income			
Net Income (GAAP)	\$ 9,545	\$ 12,008	\$ 10,813
Less: Branch sale (gain) ⁽¹⁾	(1,428)) -	-
Less: Securities loss (gain)	(499)	) (218)	) (292)
Add: Branch closure expense ⁽²⁾	1,356	957	-
Add: Severance ⁽³⁾	76	101	117
Less: Tax on notable items	130	(227)	) 45
Core net income (non-GAAP)	\$ 9,180	\$ 12,621	\$ 10,683

(1) Fixed Asset branch sale in March 2020

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

(3) Salary and COBRA reimbursement expense for positions eliminated

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		
	March 31, 2020	December 31, 2019	March 31, 2019
Tangible common equity			
Stockholders Equity (GAAP)	\$ 473,269	\$ 490,544	\$ 455,480

Less: Minority Interest (GAAP)	(134)	)	(134)	)	(134))
Less: Goodwill (GAAP)	(12,936)	)	(12,936)	)	(12,936))
Less: Core deposit intangible (GAAP)	(6,386)	)	(6,728)	)	(7,713))
<i>Tangible common equity (non-GAAP)</i>	\$ 453,813		\$ 470,746		\$ 418,198	
Average tangible common equity						
Average Stockholders Equity (GAAP)	\$ 501,881		\$ 488,744		\$ 446,464	
Less: Minority Interest (GAAP)	(134)	)	(134)	)	(134))
Less: Preferred Stock (GAAP)	-		-		-	
Less: Goodwill (GAAP)	(12,936)	)	(12,936)	)	(12,936))
Less: Core deposit intangible (GAAP)	(6,552)	)	(6,895)	)	(7,903))
<i>Average tangible common equity (non-GAAP)</i>	\$ 482,258		\$ 468,778		\$ 425,490	
Core return on average assets						
Core net income (numerator) (non-GAAP)	9,180		12,621		10,683	
Divided: Total average assets (denominator) (GAAP)	5,426,863		5,139,701		4,787,874	
<i>Core return on average assets (non-GAAP)</i>	0.68	%	0.97	%	0.90	%
Core return on average tangible common equity						
Core net income (numerator) (non-GAAP)	9,180		12,621		10,683	
Divided: Average tangible common equity (denominator) (non-GAAP)	482,258		468,778		425,490	
<i>Core return on average tangible common equity (non-GAAP)</i>	7.66	%	10.68	%	10.18	%
Core efficiency ratio						
Core non-interest expense (numerator) (non-GAAP)	30,838		32,432		31,331	
Core operating revenue (denominator) (non-GAAP)	51,880		49,808		47,898	
<i>Core efficiency ratio (non-GAAP)</i>	59.44	%	65.11	%	65.41	%



Source: Amalgamated Bank