Amalgamated Bank Reports Third Quarter 2020 Financial Results

October 28, 2020

NEW YORK, Oct. 28, 2020 (GLOBE NEWSWIRE) -- Amalgamated Bank (Nasdaq: AMAL) ("Amalgamated" or the "Bank") today announced financial results for the third quarter ended September 30, 2020.

Third Quarter 2020 Highlights

- Net income of $12.5 million, or $0.40 per diluted share, compared to $10.4 million, or $0.33 per diluted share, for the second quarter of 2020 and $13.2 million, or $0.41 per diluted share for the third quarter of 2019
- Core net income (non-GAAP)[1] of $16.8 million, or $0.54 per diluted share, compared to $10.6 million, or $0.34 per diluted share for the second quarter of 2020 and $13.3 million, or $0.41 per diluted share, for the third quarter of 2019
- Deposit growth of $150.7 million, or 10.3% annualized, to approximately $6.0 billion compared to a balance of $5.9 billion on June 30, 2020
- Total loans of $3.6 billion, compared to a balance of $3.7 billion on June 30, 2020
- PACE assessment growth of $44.0 million, or 54.4% annualized, from a balance of $323.4 million on June 30, 2020
- Cost of deposits was 0.14%, compared to 0.20% for the second quarter of 2020 and 0.37% for the third quarter of 2019
- Net interest margin was 2.88%, compared to 3.10% for the second quarter of 2020 and 3.50% for the third quarter of 2019
- Common Equity Tier 1, Total Risk-Based, and Tier 1 Leverage capital ratios were 12.76%, 14.01%, and 7.39%, respectively, at September 30, 2020
- Total nonperforming assets were $80.6 million or 1.22% of total assets as of September 30, 2020, compared to $74.3 million or 1.15% of total assets at June 30, 2020 and $71.6 million, or 1.42% of total assets at September 30, 2019

Keith Mestrich, President and Chief Executive Officer of Amalgamated Bank, commented, "I am very pleased with our third quarter results and the progress we have made growing the Bank through such a challenging time. We have responded to the unprecedented events that we continue to face, instituting protocols that allowed us to seamlessly transition to a remote work environment in the face of COVID-19. As the pandemic evolved, the Bank continued to succeed, adapting and adjusting to support our customers and communities. The nearly 100-year foundation upon which Amalgamated was built has allowed us to weather multiple economic cycles and deliver profitable growth despite the low interest rate environment that we currently face."

Mr. Mestrich, continued, "As I look back at the Bank today, I am very proud of the fact that Amalgamated is financially and operationally much stronger than when I stepped into my role in 2014, while upholding and fostering the core values and commitment to social responsibility that makes Amalgamated a leading and distinctly unique financial institution. This is demonstrated in our third quarter results in which we grew deposits by $150.7 million, or 10.3% on an annualized basis. We continued to diligently execute on our expense management initiatives during the quarter as we completed our branch closures which we expect to lower our non-interest expense by approximately $4 million annually. Lastly, our credit culture remains intact as our loan deferrals declined by $264 million to 6% of our portfolio. Likewise, our provision expense declined to $3.4 million for the third quarter, comparing favorably to the $8.2 million of provision recorded in the second quarter."

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[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 Update

Amalgamated's primary concern during the COVID-19 pandemic is for the health and well-being of the Bank's employees, customers, and communities. Our employees continue to operate from a work from home environment, and we continue to perform well, effectively transitioning many customers to our digital platform, allowing for further consolidation of our branch network.

We have offered payment deferrals as an option for our consumer and commercial borrowers who are experiencing financial stress as a result of COVID-19 impacts. As of the week ending October 24, 2020, we have provided payment deferrals on the following amount of loan balances.

	Total Loans	**Deferrals as of:**			**% of**	
	9/30/20	**10/24/20**	**9/30/20**	**6/30/20**	**Portfolio(2)**	
Multifamily	$ 975	$ 96	$ 124	$ 192	10	%
CRE + Construction	450	34	97	124	8	%
C&I	661	13	5	36	2	%
Residential	1,329	54	63	103	4	%
Consumer & Student	180	4	4	10	2	%
Total	**$ 3,595**	**$ 201**	**$ 293**	**$ 465**	**6**	**%**

(2) Loan portfolio % is for deferral balances as of 10/24

Results of Operations, Quarter Ended September 30, 2020

Net income for the third quarter of 2020 was $12.5 million, or $0.40 per diluted share, compared to $13.2 million, or $0.41 per diluted share, for the third quarter of 2019. The $0.7 million decrease in net income for the third quarter of 2020, compared to the third quarter of 2019, is primarily due to a $6.0 million increase non-interest expense and a $4.0 million increase in provision for loan losses, partially offset by a $5.1 million increase in non-interest income and a $3.5 million increase in net interest income.

Core net income (non-GAAP) for the third quarter of 2020 was $16.8 million, or $0.54 per diluted share, compared to $10.6 million, or $0.34 per diluted share, for the second quarter of 2020 and $13.3 million, or $0.41 per diluted share, for the third quarter of 2019. Core net income for the third quarter of 2020 excludes $0.6 million of non-interest income gains on the sale of securities, $6.4 million in expense related to the closure of six branches and severance costs, and the tax effect of such adjustments.

Net interest income was $45.2 million for the third quarter of 2020, compared to $44.4 million for the second quarter of 2020 and $41.8 million for the third quarter of 2019. The year-over-year increase of $3.5 million was primarily attributable to a decrease in interest expense due to a decrease in deposit rates paid and FHLB advances and other borrowings, and an increase in average securities of $750.3 million and average loans of $205.5 million, with such growth more than offsetting the lower yields earned on such assets. These impacts were partially offset by an increase in average interest-bearing deposits of $411.1 million.

Net interest margin was 2.88% for the third quarter of 2020, a decrease of 22 basis points from 3.10% in the second quarter of 2020, and a decrease of 62 basis points from 3.50% in the third quarter of 2019. The accretion of the loan mark from the loans we acquired in our New Resource Bank acquisition contributed two basis points to our net interest margin in the third quarter of 2020, compared to three and seven basis points in the second quarter of 2020 and the third quarter of 2019, respectively. Prepayment penalties earned through loan income contributed seven basis points to our net interest margin in the third quarter of 2020, compared to two and zero basis points in the second quarter of 2020 and the third quarter of 2019, respectively.

Provisions for loan losses totaled an expense of $3.4 million for the third quarter of 2020 compared to a recovery of $0.6 million for the same period in 2019. The provision expense in the third quarter of 2020 was primarily driven by $5.3 million in charge-offs primarily related to a construction loan and a hotel loan which was partially reserved for in the previous quarter. Specific reserves on non-accrual C&I loans increased by $1.1 million.

Non-interest income was $12.8 million for the third quarter of 2020, compared to $7.7 million for the same period in 2019, an increase of $5.1 million. This increase was primarily due to a $4.3 million tax credit on an equity investment in a solar project, a $0.6 million gain on the sale of securities, and a $0.8 million increase in Bank-owned life insurance income due to the receipt of a death benefit payout and a $0.8 million increase in the gain on sale of residential loans. These increases were partially offset by a $1.3 million decrease in Trust Department fees primarily related to the decrease in revenue from a real estate fund that is liquidating assets, the movement of funds to lower yielding products and market volatility. Our real-estate fund is expected to wind down in 2021; this fund generated $0.5 million in fees, included within Trust Department fees, during the three months ended September 30, 2020. Additionally, we expect a loss of approximately $2.3 million in the fourth quarter of 2020 which is related to the $4.3 million solar equity investment gain taken this quarter; this loss is due to the timing of the tax benefit in the third quarter and the expected write-down of the equity invested in the fourth quarter. The write-down of the investment will continue into 2021, with a negative pre-tax impact of $2.0 million to non-interest income for the year. These impacts do not include any benefits of new solar equity investments made in the future.

Non-interest expense for the third quarter of 2020 was $37.9 million, an increase of $6.0 million from $31.9 million in the third quarter of 2019. The increase was primarily due to $6.3 million in occupancy and depreciation expenses related to closing six branches in New York City and $0.5 million in advertising and promotion at the Democratic National Convention.

Our provision for income tax expense was $4.3 million for the third quarter of 2020, compared to $3.4 million for the second quarter of 2020 and $4.9 million for the third quarter of 2019. Our effective tax rate for the third quarter of 2020 was 25.4%, compared to 24.9% for the second quarter of 2020 and 27.1% for the third quarter of 2019.

Results of Operations, Nine Months Ended September 30, 2020

Net income for the nine months ended September 30, 2020 was $32.4 million, or $1.04 per average diluted share, compared to $35.2 million, or $1.09 per average diluted share, for same period in 2019. The $2.8 million decrease was primarily due to a $16.4 million increase in the provision for loan losses and a $6.9 million increase in non-interest expense, partially offset by a $10.0 million increase in net interest income and a $9.1 million increase in non-interest income.

Core net income (non-GAAP) for the nine months ended September 30, 2020 of $36.5 million, or $1.17 per diluted share, compared to $35.6 million or $1.10 per diluted share, for the same period last year. Core net income for the first nine months of 2020 excludes branch closure expenses and the gain on sale of a closed branch, gains on the sale of securities, severance costs, and the tax effect of such adjustments.

Net interest income was $134.4 million for the nine months ended September 30, 2020, compared to $124.4 million for the same period in 2019. This increase of $10.0 million was primarily attributable to a decrease in interest expense due to a decrease in borrowings and deposit rate paid, and an increase in average securities of $539.6 million and average loans of $263.4 million, with such growth more than offsetting the lower yields earned on such assets. These impacts are partially offset by an increase in average interest-bearing deposits of $319.7 million.

Provisions for loan losses totaled an expense of $20.2 million for the nine months ended September 30, 2020, compared to an expense of $3.8 million for the same period in 2019. The provision expense for the nine months ended September 30, 2020 was primarily driven by a $6.5 million increase in allowance related to negative economic factors and payment deferrals in our loan portfolio, $6.0 million in charge offs primarily related to hotel and construction loans, a $7.7 million increase in specific reserves on indirect C&I loans and other factors.

Non-interest income was $30.6 million for the nine months ended September 30, 2020, compared to $21.4 million for the same period in 2019, an increase of $9.1 million. This increase is primarily due to a $5.6 million tax credit on an equity investment in solar projects, a $1.4 million gain on the sale of a branch reported in other non-interest income, a $1.6 million change in gain on the sale of securities, a $1.5 million increase in Bank-owned life insurance income due to the receipt of multiple death benefit payouts, and an increase of $1.2 million in gains on the sale of residential loans. These increases were partially offset by a $2.4 million decrease in Trust Department fees primarily related to the impact of low asset values in the first half of 2020 due to market fluctuations and the real estate fund that is liquidating its assets noted above.

Non-interest expense for the nine months ended September 30, 2020 was $101.2 million, an increase of $6.9 million from $94.3 million for the nine months ended September 30, 2019. The increase was primarily due to the $8.3 million increase in branch closure expense reported in occupancy and depreciation expense, partially offset by a $1.5 million decrease in professional fees.

We had income tax expense of $11.1 million for the nine months ended September 30, 2020, compared to $12.5 million for the same period in 2019. Our effective tax rate was 25.5% for the nine months ended September 30, 2020, compared to 26.3% for the same period in 2019.

Financial Condition

Total assets were $6.6 billion at September 30, 2020, compared to $5.3 billion at December 31, 2019. The increase of $1.3 billion was driven primarily by a $620.5 million increase in cash and cash equivalents, a $430.4 million increase in investment securities, and a $115.9 million increase in loans receivable, net. In the first nine months of 2020, the Bank also made $13.8 million of investments in solar projects with federal tax benefits and had $103.2 million of reverse repurchase agreements backed by Government Guaranteed loans.

Total loans, net at September 30, 2020 were $3.6 billion, an increase of $115.9 million, or 4.5% annualized, compared to December 31, 2019. Loan growth in the first nine months of 2020 was primarily driven by a $186.6 million increase in C&I loans including $95.0 million of government guaranteed and Paycheck Protection Program loans, and a $16.4 million increase in consumer loans. These increases were partially offset by a $37.5 million decrease in residential loans and a $34.6 million decrease in commercial real estate and multifamily loans.

Deposits at September 30, 2020 were $6.0 billion, an increase of $1.4 billion, or 39.7% annualized, as compared to $4.6 billion as of December 31, 2019. Deposits held by politically active customers, such as campaigns, PACs, advocacy-based organizations, and state and national party committees were $1.2 billion as of September 30, 2020, an increase of $633.2 million compared to $578.6 million as of December 31, 2019. Noninterest-bearing deposits represent 54% of average deposits and 56% of ending deposits for the nine months ended September 30, 2020, contributing to an average cost of deposits of 0.14% in the third quarter of 2020, a six basis point decrease from the linked quarter.

Nonperforming assets totaled $80.6 million, or 1.22% of period-end total assets at September 30, 2020, an increase of $13.9 million, compared with $66.7 million, or 1.25% of period end total assets at December 31, 2019. The increase in non-performing assets at September 30, 2020 compared to the year-ended December 31, 2019 was primarily driven by the addition of one $8.0 million non-accruing construction loan and one $8.1 million accruing construction loan that was past due at September 30, 2020 and has been subsequently paid off in full in October 2020.

The allowance for loan losses increased $14.3 million to $48.1 million at September 30, 2020 from $33.8 million at December 31, 2019, primarily due to increases in the specific reserves for indirect C&I loans and an increase in allowance related to the coronavirus pandemic. At September 30, 2020, we had $86.9 million of impaired loans for which a specific allowance of $12.7 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 was 1.34% at September 30, 2020 and 0.98% at December 31, 2019.

Capital

As of September 30, 2020, our Common Equity Tier 1 Capital Ratio was 12.76%, Total Risk-Based Capital Ratio was 14.01%, and Tier-1 Leverage Capital Ratio was 7.39%, compared to 13.01%, 14.01% and 8.90%, respectively, as of December 31, 2019. Stockholders' equity at September 30, 2020 was $522.5 million, compared to $490.5 million at December 31, 2019. The increase in stockholders' equity was driven by $32.4 million of net income and a $12.1 million increase in accumulated other comprehensive income due to the mark to market on our securities portfolio, offset by a $7.0 million decrease due to share repurchases in the first quarter and a $7.5 million decrease due to dividends to shareholders.

Our tangible book value per share was $16.22 as of September 30, 2020 compared to $14.93 as of December 31, 2019.

Conference Call

As previously announced, Amalgamated Bank will host a conference call to discuss its third quarter 2020 results today, October 28, 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 Third 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 13711002. The telephonic replay will be available until 11:59 pm (Eastern Time) on November 4, 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 six branches in New York City, Washington D.C., San Francisco, and Boston. 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 September 30, 2020, our total assets were $6.6 billion, total net loans were $3.6 billion, and total deposits were $6.0 billion. Additionally, as of September 30, 2020, the trust business held $33.1 billion in assets under custody and $14.3 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 prepare 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.

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. Forward-looking statements generally can be identified through the use of forward-looking terminology such as "may," "will," "anticipate," "should," "would," "believe," "contemplate," "expect," "estimate," "continue," "in the future," "may" and "intend," as well as other similar words and expressions of the future, and in this press release include statements about expected performance of our loan portfolio and payment deferrals, and the expected charges and anticipated future expense savings resulting from branch closures and our solar tax equity investments. 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, including, but not limited to, the negative impacts and disruptions resulting from the outbreak of the novel coronavirus, or COVID-19, which may continue to have an adverse impact on our business, operations and performance, and could continue to have a negative impact on our credit portfolio, share price, borrowers, and on the economy as a whole, both domestically and globally (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) potential deterioration in real estate values; (xi) changes in legislation, regulation, policies, or administrative practices, whether by judicial, governmental, or legislative action, including, but not limited to, the Coronavirus Aid, Relief, and Economic Security Act, or the "CARES Act"; (xi) the risk that the preliminary financial information reported herein and our current preliminary analysis will be different when our review is finalized; (xii) our inability to timely identify a new Chief Executive Officer in light of, among other things, competition for experienced executives in the banking industry; and (xiii) unexpected challenges related to our Chief Executive Officer's transition. 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
(Dollars in thousands, except for per share amount)

	Three Months Ended			Nine Months Ended	
	September 30, 2020 (Unaudited)	June 30, 2020	September 30, 2019	September 30, 2020	2019
INTEREST AND DIVIDEND INCOME					
Loans	$ 35,602	$ 35,225	$ 35,768	$ 106,440	$ 106,623
Securities	11,473	11,746	10,542	35,772	30,941
Federal Home Loan Bank of New York stock	56	66	178	190	679
Interest-bearing deposits in banks	152	83	209	631	756
Total interest and dividend income	47,283	47,120	46,697	143,033	138,999
INTEREST EXPENSE					
Deposits	2,049	2,681	3,952	8,645	10,396
Borrowed funds	-	-	988	27	4,216
Total interest expense	2,049	2,681	4,940	8,672	14,612
NET INTEREST INCOME	45,234	44,439	41,757	134,361	124,387
Provision for (recovery of) loan losses	3,394	8,221	(558)	20,202	3,755
Net interest income after provision for loan losses	41,840	36,218	42,315	114,159	120,632
NON-INTEREST INCOME					
Trust Department fees	3,622	3,980	4,888	11,688	14,117
Service charges on deposit accounts	2,130	1,850	2,222	6,391	6,161
Bank-owned life insurance	1,227	1,111	415	2,722	1,243
Gain (loss) on sale of investment securities available for sale, net	619	486	(50)	1,605	(135)
Gain (loss) on sale of loans, net	903	162	81	1,200	(40)
Gain (loss) on other real estate owned, net	(176)	(283)	-	(482)	(564)
Equity method investments	4,297	1,289	-	5,586	-
Other	154	76	103	1,855	643
Total non-interest income	12,776	8,671	7,659	30,565	21,425
NON-INTEREST EXPENSE					
Compensation and employee benefits	17,547	17,334	17,765	52,338	52,187
Occupancy and depreciation	9,908	4,241	4,298	19,655	12,714
Professional fees	2,202	1,988	3,120	7,173	8,686
Data processing	2,916	2,977	2,856	8,157	8,334
Office maintenance and depreciation	863	818	934	2,538	2,651
Amortization of intangible assets	342	342	344	1,027	1,031
Advertising and promotion	1,172	672	684	2,511	1,998
Other	2,927	2,696	1,885	7,817	6,735
Total non-interest expense	37,877	31,068	31,886	101,216	94,336
Income before income taxes	16,739	13,821	18,088	43,508	47,721
Income tax expense (benefit)	4,259	3,447	4,893	11,109	12,527
Net income	12,480	10,374	13,195	32,399	35,194
Net income attributable to noncontrolling interests	-	-	-	-	-

Net income attributable to Amalgamated Bank and subsidiaries	$ 12,480	$ 10,374	$ 13,195	$ 32,399	$ 35,194
Earnings per common share - basic	$ 0.40	$ 0.33	$ 0.41	$ 1.04	$ 1.11
Earnings per common share - diluted	$ 0.40	$ 0.33	$ 0.41	$ 1.04	$ 1.09

Consolidated Statements of Financial Condition
(Dollars in thousands)

	September 30, 2020 (Unaudited)	December 31, 2019
Assets		
Cash and due from banks	$ 6,793	$ 7,596
Interest-bearing deposits in banks	736,268	114,942
Total cash and cash equivalents	743,061	122,538
Securities:		
Available for sale, at fair value (amortized cost of $1,482,671 and $1,217,087, respectively)	1,506,900	1,224,770
Held-to-maturity (fair value of $453,955 and $292,837, respectively)	440,949	292,704
Loans held for sale, at fair value	28,676	
Loans receivable, net of deferred loan origination costs (fees)	3,602,452	3,472,614
Allowance for loan losses	(48,072)	(33,847)
Loans receivable, net	3,554,380	3,438,767
Resell agreements	103,222	-
Accrued interest and dividends receivable	22,738	19,088
Premises and equipment, net	13,252	17,778
Bank-owned life insurance	80,502	80,714
Right-of-use lease asset	36,917	47,299
Deferred tax asset	34,180	31,441
Goodwill and other intangible assets	18,637	19,665
Other assets	35,029	30,574
Total assets	$ 6,618,443	$ 5,325,338
Liabilities		
Deposits	$ 6,021,000	$ 4,640,982
Borrowed funds	-	75,000
Operating leases	54,921	62,404
Other liabilities	20,025	56,408
Total liabilities	6,095,946	4,834,794
Commitments and contingencies		
Stockholders’ equity		
Common stock, par value $.01 per share (70,000,000 shares authorized;31,049,525 and 31,523,442 shares issued and outstanding, respectively)	310	315
Additional paid-in capital	300,779	305,738
Retained earnings	205,952	181,132
Accumulated other comprehensive (loss), net of taxes:		
Net unrealized (loss) on securities available for sale, net of taxes	17,483	5,544
Net unrealized income on post retirement obligations, net of taxes	(2,160)	(2,319)
Accumulated other comprehensive income (loss), net of income taxes	15,323	3,225
Total Amalgamated Bank stockholders' equity	522,364	490,410
Noncontrolling interests	133	134
Total stockholders' equity	522,497	490,544
Total liabilities and stockholders’ equity	$ 6,618,443	$ 5,325,338

Select Financial Data

	As of and for the Three Months Ended			As of and for the Nine Months Ended	
	September 30, 2020	June 30, 2020	September 30, 2019	September 30, 2020	2019
Selected Financial Ratios and Other Data					
Earnings per share					
Basic	$ 0.40	$ 0.33	$ 0.41	$ 1.04	$ 1.11
Diluted	0.40	0.33	0.41	1.04	1.09
Core Earnings per share (non-GAAP)					
Basic	$ 0.54	$ 0.34	$ 0.42	$ 1.17	$ 1.12
Diluted	0.54	0.34	0.41	1.17	1.10
Book value per common share (excluding minority interest)	16.82	16.22	15.37	16.82	15.37
Tangible book value per share (non-GAAP)	16.22	15.61	14.74	16.22	14.74
Common shares outstanding	31,049,525	31,049,525	31,633,691	31,049,525	31,633,691
Weighted average common shares outstanding, basic	31,049,525	31,022,517	31,809,083	31,160,963	31,802,004
Weighted average common shares outstanding, diluted	31,075,400	31,034,666	32,176,439	31,240,093	32,251,333

Select Financial Data

	As of and for the Three Months Ended						As of and for the Nine Months Ended			
	September 30, 2020		June 30, 2020		September 30, 2019		September 30, 2020		2019	
Selected Performance Metrics:										
Return on average assets	0.76	%	0.69	%	1.05	%	0.72	%	0.97	%
Core return on average assets (non-GAAP)	1.03	%	0.70	%	1.06	%	0.81	%	0.98	%
Return on average equity	9.62	%	8.56	%	10.86	%	8.62	%	10.13	%
Core return on average tangible common equity (non-GAAP)	13.44	%	9.07	%	11.43	%	10.11	%	10.71	%
Loan yield	3.97	%	3.97	%	4.22	%	4.02	%	4.36	%
Securities yield	2.24	%	2.59	%	3.28	%	2.66	%	3.33	%
Deposit cost	0.14	%	0.20	%	0.37	%	0.21	%	0.34	%
Net interest margin	2.88	%	3.10	%	3.50	%	3.13	%	3.60	%
Efficiency ratio (1)	65.29	%	58.50	%	64.53	%	61.37	%	64.70	%
Core efficiency ratio (non-GAAP) (1)	54.84	%	57.68	%	64.26	%	57.24	%	64.38	%
Asset Quality Ratios:										
Nonaccrual loans to total loans	1.41	%	1.24	%	0.53	%	1.41	%	0.53	%
Nonperforming assets to total assets	1.22	%	1.15	%	1.42	%	1.22	%	1.42	%
Allowance for loan losses to nonaccrual loans	95	%	109	%	183	%	95	%	183	%
Allowance for loan losses to total loans	1.34	%	1.36	%	0.96	%	1.34	%	0.96	%
Net charge-offs (recoveries) to average loans	0.59	%	0.06	%	-0.07	%	0.22	%	0.29	%
Capital Ratios:										
Tier 1 leverage capital ratio	7.39	%	7.69	%	9.03	%	7.39	%	9.03	%
Tier 1 risk-based capital ratio	12.76	%	12.32	%	13.49	%	12.76	%	13.49	%
Total risk-based capital ratio	14.01	%	13.57	%	14.55	%	14.01	%	14.55	%
Common equity tier 1 capital ratio	12.76	%	12.32	%	13.49	%	12.76	%	13.49	%

(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 September 30, 2020		At June 30, 2020		At December 31, 2019	
	Amount	% of total loans	Amount	% of total loans	Amount	% of total loans
Commercial portfolio:						
Commercial and industrial	$ 660,914	18.4 %	$ 617,579	16.8 %	$ 474,342	13.7 %
Multifamily	974,962	27.1 %	972,129	26.4 %	976,380	28.2 %
Commercial real estate	388,757	10.8 %	404,064	11.0 %	421,947	12.2 %
Construction and land development	61,687	1.7 %	65,259	1.8 %	62,271	1.8 %
Total commercial portfolio	2,086,320	58.0 %	2,059,031	56.0 %	1,934,940	55.9 %
Retail portfolio:						
Residential real estate lending	1,329,021	37.0 %	1,432,645	38.9 %	1,366,473	39.4 %
Consumer and other	179,507	5.0 %	187,980	5.1 %	163,077	4.7 %
Total retail	1,508,528	42.0 %	1,620,625	44.0 %	1,529,550	44.1 %
Total loans	3,594,848	100.0 %	3,679,656	100.0 %	3,464,490	100.0 %
Net deferred loan origination fees (costs)	7,604		8,336		8,124	
Allowance for loan losses	(48,072)		(50,010)		(33,847)	
Total loans, net	$ 3,554,380		$ 3,637,982		$ 3,438,767	
Held-to-maturity securities portfolio:						
PACE assessments	$ 367,393	83.3 %	$ 323,391	87.3 %	$ 263,805	90.1 %
Other securities	73,556	16.7 %	47,107	12.7 %	28,899	9.9 %
Total held-to-maturity securities	$ 440,949	100.0 %	$ 370,498	100.0 %	$ 292,704	100.0 %

Net Interest Income Analysis

(In thousands)	Three Months Ended September 30, 2020 Average Balance	Income / Expense	Yield / Rate	Three Months Ended June 30, 2020 Average Balance	Income / Expense	Yield / Rate	Three Months Ended September 30, 2019 Average Balance	Income / Expense	Yield / Rate
Interest earning assets:									
Interest-bearing deposits in banks	$ 632,268	$ 152	0.10 %	$ 364,932	$ 83	0.09 %	$ 72,143	$ 209	1.15 %
Securities and FHLB stock	2,045,231	11,528	2.24 %	1,834,892	11,812	2.59 %	1,294,930	10,720	3.28 %
Total loans, net (1)	3,569,313	35,602	3.97 %	3,571,160	35,225	3.97 %	3,363,837	35,768	4.22 %
Total interest earning assets	6,246,812	47,282	3.01 %	5,770,984	47,120	3.28 %	4,730,910	46,697	3.92 %
Non-interest earning assets:									
Cash and due from banks	9,239			74,877			6,985		
Other assets	234,248			224,531			228,076		
Total assets	$ 6,490,299			$ 6,070,392			$ 4,965,971		
Interest bearing liabilities:									
Savings, NOW and money market deposits	$ 2,376,701	$ 1,426	0.24 %	$ 2,313,772	$ 1,755	0.31 %	$ 1,869,675	$ 2,478	0.53 %
Time deposits	321,696	622	0.77 %	370,969	926	1.00 %	417,591	1,474	1.40 %
Total deposits	2,698,397	2,048	0.30 %	2,684,741	2,681	0.40 %	2,287,266	3,952	0.69 %
Federal Home Loan Bank advances	-	-	0.00 %	-	-	0.00 %	166,363	987	2.35 %
Other Borrowings	-	-	0.00 %	-	-	0.00 %	163	1	2.43 %
Total interest bearing liabilities	2,698,397	2,048	0.30 %	2,684,741	2,681	0.40 %	2,453,792	4,940	0.80 %
Non-interest bearing liabilities:									

Demand and transaction deposits	3,191,858				2,746,529				1,936,915			
Other liabilities	84,138				151,591				93,056			
Total liabilities	5,974,393				5,582,861				4,483,763			
Stockholders' equity	515,906				487,531				482,208			
Total liabilities and stockholders' equity	$ 6,490,299				$ 6,070,392				$ 4,965,971			
Net interest income / interest rate spread		$ 45,234	2.71	%		$ 44,439	2.88	%		$ 41,757	3.12	%
Net interest earning assets / net interest margin	$ 3,548,415		2.88	%	$ 3,086,243		3.10	%	$ 2,277,118		3.50	%
Total Cost of Deposits			0.14	%			0.20	%			0.37	%

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

* Net interest margin includes prepayment penalty income in 3Q20, 2Q20 and 3Q19 of $1,110,011, $239,190 and $0 respectively

Net Interest Income Analysis

	Nine Months Ended September 30, 2020				Nine Months Ended September 30, 2019			
(In thousands)	**Average Balance**	**Income / Expense**	**Yield / Rate**		**Average Balance**	**Income / Expense**	**Yield / Rate**	
Interest earning assets:								
Interest-bearing deposits in banks	$ 395,029	$ 631	0.21	%	$ 71,956	$ 756	1.40	%
Securities and FHLB stock	1,809,188	35,962	2.66	%	1,269,637	31,620	3.33	%
Total loans, net [1]	3,535,096	106,440	4.02	%	3,271,700	106,623	4.36	%
Total interest earning assets	5,739,313	143,033	3.33	%	4,613,293	138,999	4.03	%
Non-interest earning assets:								
Cash and due from banks	31,138				7,926			
Other assets	227,205				248,707			
Total assets	$ 5,997,656				$ 4,869,926			
Interest bearing liabilities:								
Savings, NOW and money market deposits	$ 2,278,267	$ 5,919	0.35	%	$ 1,868,218	$ 6,307	0.45	%
Time deposits	357,774	2,726	1.02	%	448,140	4,089	1.22	%
Total deposits	2,636,041	8,645	0.44	%	2,316,358	10,396	0.60	%
Federal Home Loan Bank advances	2,117	27	1.70	%	227,853	4,199	2.46	%
Other Borrowings	-	-	0.00	%	861	17	2.64	%
Total interest bearing liabilities	2,638,158	8,672	0.44	%	2,545,072	14,612	0.77	%
Non-interest bearing liabilities:								
Demand and transaction deposits	2,748,088				1,767,232			
Other liabilities	109,586				92,966			
Total liabilities	5,495,832				4,405,270			
Stockholders' equity	501,824				464,656			
Total liabilities and stockholders' equity	$ 5,997,656				$ 4,869,926			
Net interest income / interest rate spread		$ 134,361	2.89	%		$ 124,387	3.26	%
Net interest earning assets / net interest margin	$ 3,101,155		3.13	%	$ 2,068,221		3.60	%
Total Cost of Deposits			0.21	%			0.34	%

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

* Net interest margin includes prepayment penalty income in Sep YTD 2020 and Sep YTD 2019 of $2,110,769 and $626,038 respectively

Deposit Portfolio Composition

(*in thousands)*	September 30, 2020	June 30, 2020	September 30, 2019
Noninterest-bearing demand deposit accounts	$ 3,357,715	$ 3,089,004	$ 1,963,232
NOW accounts	192,066	198,653	235,933
Money market deposit accounts	1,853,373	1,876,540	1,377,747
Savings accounts	339,516	342,477	337,590
Time deposits	278,330	363,645	402,877
Brokered CD	-	-	5,000
Total deposits	$ 6,021,000	$ 5,870,319	$ 4,322,379

* Total deposit balance as of September 30, 2020 excludes off balance sheet Insured Cash Sweep (ICS) balance of $83.9 million

	Three Months Ended September 30, 2020			Three Months Ended June 30, 2020			Three Months Ended September 30, 2019		
(In thousands)	Average Balance	Average Rate Paid		Average Balance	Average Rate Paid		Average Balance	Average Rate Paid	
Noninterest-bearing demand deposit accounts	$ 3,191,858	0.00	%	$ 2,746,529	0.00	%	$ 1,936,915	0.00	%
NOW accounts	196,422	0.09	%	237,279	0.17	%	227,525	0.46	%
Money market deposit accounts	1,839,230	0.28	%	1,741,466	0.36	%	1,303,766	0.62	%
Savings accounts	341,049	0.12	%	335,027	0.12	%	338,383	0.23	%
Time deposits	321,696	0.77	%	370,969	1.00	%	410,310	1.40	%
Brokered CD	-	0.00	%	-	0.00	%	7,281	2.76	%
Total deposits	$ 5,890,255	0.14	%	$ 5,431,270	0.20	%	$ 4,224,180	0.37	%

Asset Quality

(In thousands)	September 30, 2020		June 30, 2020		September 30, 2019	
Loans 90 days past due and accruing	$ 9,522		$ -		$ 36	
Nonaccrual loans excluding held for sale loans and restructured loans	17,515		18,901		8,874	
Nonaccrual loans held for sale	-		-		-	
Troubled debt restructured loans - nonaccrual	33,306		26,776		9,495	
Troubled debt restructured loans - accruing	19,919		28,031		52,555	
Other real estate owned	306		503		526	
Impaired securities	44		46		67	
Total nonperforming assets	$ 80,612		$ 74,257		$ 71,553	
Nonaccrual loans:						
Commercial and industrial	$ 25,785		$ 15,742		$ 3,089	
Multifamily	-		-		-	
Commercial real estate	3,500		13,768		3,693	
Construction and land development	10,688		3,652		3,702	
Total commercial portfolio	39,973		33,162		10,484	
Residential real estate lending	9,750		11,835		7,433	
Consumer and other	1,098		680		452	
Total retail portfolio	10,848		12,515		7,885	
Total nonaccrual loans	$ 50,821		$ 45,677		$ 18,369	
Nonperforming assets to total assets	1.22	%	1.15	%	1.42	%
Nonaccrual assets to total assets	0.77	%	0.71	%	0.38	%
Nonaccrual loans to total loans	1.41	%	1.24	%	0.53	%
Allowance for loan losses to nonaccrual loans	95	%	109	%	183	%

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.

(in thousands)	As of and for the Three Months Ended September 30, 2020	June 30, 2020	September 30, 2019	As of and for the Nine Months Ended September 30, 2020	2019
Core operating revenue					
Net interest income (GAAP)	$ 45,234	$ 44,439	$ 41,757	$ 134,361	$ 124,387
Non interest income (GAAP)	12,776	8,671	7,659	30,565	21,425
Less: Branch sale loss (gain)(1)	-	34	-	(1,394)	-
Less: Securities loss (gain)	(619)	(486)	50	(1,605)	135
Core operating revenue (non-GAAP)	$ 57,391	$ 52,658	$ 49,466	$ 161,927	$ 145,947
Core non-interest expenses					
Non-interest expense (GAAP)	$ 37,877	$ 31,068	$ 31,886	$ 101,216	$ 94,336
Less: Branch closure expense(2)	(6,279)	(695)	(51)	(8,330)	(51)
Less: Severance (3)	(125)	-	(47)	(201)	(318)
Core non-interest expense (non-GAAP)	$ 31,473	$ 30,373	$ 31,788	$ 92,685	$ 93,967
Core net income					
Net Income (GAAP)	$ 12,480	$ 10,374	$ 13,195	$ 32,399	$ 35,194
Less: Branch sale (gain)(1)	-	34	-	(1,394)	-
Less: Securities loss (gain)	(619)	(486)	50	(1,605)	135
Add: Branch closure expense(2)	6,279	695	51	8,330	51
Add: Severance (3)	125	-	47	201	318
Less: Tax on notable items	(1,472)	(61)	(40)	(1,412)	(132)
Core net income (non-GAAP)	$ 16,793	$ 10,556	$ 13,303	$ 36,519	$ 35,566
Tangible common equity					
Stockholders' Equity (GAAP)	$ 522,497	$ 503,702	$ 486,312	$ 522,497	$ 486,312
Less: Minority Interest (GAAP)	(133)	(134)	(134)	(133)	(134)
Less: Goodwill (GAAP)	(12,936)	(12,936)	(12,936)	(12,936)	(12,936)
Less: Core deposit intangible (GAAP)	(5,701)	(6,043)	(7,072)	(5,701)	(7,072)
Tangible common equity (non-GAAP)	$ 503,727	$ 484,589	$ 466,170	$ 503,727	$ 466,170
Average tangible common equity					
Average Stockholders' Equity (GAAP)	$ 515,906	$ 487,531	$ 482,208	$ 501,824	$ 464,656
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)	(5,868)	(6,210)	(7,240)	(6,209)	(7,570)
Average tangible common equity (non-GAAP)	$ 496,968	$ 468,250	$ 461,898	$ 482,545	$ 444,015
Core return on average assets					
Core net income (numerator) (non-GAAP)	16,793	10,556	13,303	36,519	35,566
Divided: Total average assets (denominator) (GAAP)	6,490,299	6,070,392	4,965,971	5,997,656	4,869,926
Core return on average assets (non-GAAP)	1.03 %	0.70 %	1.06 %	0.81 %	0.98 %
Core return on average tangible common equity					
Core net income (numerator) (non-GAAP)	16,793	10,556	13,303	36,519	35,566
Divided: Average tangible common equity (denominator) (non-GAAP)	496,968	468,250	461,898	482,545	444,015
Core return on average tangible common equity (non-GAAP)	13.44 %	9.07 %	11.43 %	10.11 %	10.71 %
Core efficiency ratio					
Core non-interest expense (numerator) (non-GAAP)	31,473	30,373	31,788	92,685	93,967
Core operating revenue (denominator) (non-GAAP)	57,391	52,658	49,466	161,927	145,947
Core efficiency ratio (non-GAAP)	54.84 %	57.68 %	64.26 %	57.24 %	64.38 %

(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

Source: Amalgamated Bank