



Amalgamated Financial Corp. Reports First Quarter 2021 Financial Results

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NEW YORK, April 22, 2021 (GLOBE NEWSWIRE) -- Amalgamated Financial Corp. (the "Company" or "Amalgamated") (Nasdaq: AMAL), the holding company for Amalgamated Bank (the "Bank"), today announced financial results for the first quarter ended March 31, 2021.

On March 1, 2021 (the "Effective Date"), the Company acquired all of the outstanding stock of the Bank in a statutory share exchange transaction (the "Reorganization") effected under New York law and in accordance with the terms of a Plan of Acquisition dated September 4, 2020. In this release, unless the context indicates otherwise, references to "we," "us," and "our" refer to the Company and the Bank. However, if the discussion relates to a period before the Effective Date, the terms refer only to the Bank.

First Quarter 2021 Highlights

- Net income of \$12.2 million, or \$0.39 per diluted share, compared to \$13.8 million, or \$0.44 per diluted share, for the fourth quarter of 2020 and \$9.5 million, or \$0.30 per diluted share for the first quarter of 2020
- Core net income (non-GAAP)^[1] of \$13.0 million, or \$0.41 per diluted share, compared to \$13.8 million, or \$0.44 per diluted share for the fourth quarter of 2020 and \$9.2 million, or \$0.29 per diluted share, for the first quarter of 2020
- Deposit increase of \$381.4 million to \$5.7 billion compared to a balance of \$5.3 billion on December 31, 2020
- Loan decrease of \$224.5 million to \$3.2 billion due to increased prepayment activity, compared to a balance of \$3.4 billion on December 31, 2020
- Growth in PACE assessments of \$30.6 million, or 29.5% annualized, from a balance of \$421.0 million on December 31, 2020
- Cost of deposits was 0.11%, compared to 0.13% for the fourth quarter of 2020 and 0.33% for the first quarter of 2020
- Net interest margin was 2.85%, compared to 3.06% for the fourth quarter of 2020 and 3.46% for the first quarter of 2020
- Common Equity Tier 1, Total Risk-Based, and Tier 1 Leverage capital ratios were 13.70%, 14.74%, and 8.06%, respectively, at March 31, 2021
- Total nonperforming assets were \$81.0 million or 1.27% of total assets as of March 31, 2021, compared to \$82.2 million or 1.38% of total assets at December 31, 2020 and \$65.6 million, or 1.14% of total assets at March 31, 2020

Lynne Fox, Board Chair and Interim President and Chief Executive Officer of Amalgamated, commented, "Our first quarter results demonstrate our strong financial footing which positions Amalgamated for continued success as we look forward. A highlight of the quarter was our deposit growth of \$381.4 million, driven by a rebound in political deposits combined with new relationships in our core markets. Our deposit franchise clearly highlights the attractive position that Amalgamated holds as we work to service the needs of values-based institutions and strengthen our reputation as 'America's socially responsible bank'. I am also very pleased with the credit quality of our loan portfolio combined with the actions that we took in 2020 which have allowed the Bank to begin releasing reserves. This is a testament to the conservative credit culture that has been built and which has served us well through the pandemic. I am very proud of the strong financial foundation that Amalgamated holds and which our new President and Chief Executive Officer will inherit. This last quarter we publicly endorsed HR 40, which sets up a commission to explore reparations for African Americans, and just this week helped orchestrate a commitment by financial institutions at the White House Climate Summit to double down on their commitment to Net Zero financed emissions. We believe these are the first steps to move the country forward in building an equitable economy that creates opportunity for all individuals to thrive. The future is very bright for Amalgamated as we embark upon the next chapter in our journey and further expand our socially-responsible initiatives."

^[1] Reconciliations of non-GAAP financial measures to the most comparable GAAP measure are set forth on the last page 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 our employees, customers, and communities. Our employees continue to operate primarily in a work from home environment, and we continue to perform well, effectively transitioning many customers to our digital platform.

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 March 31, 2021, the Company had \$8.5 million in loans on payment deferral and still accruing interest, of which \$4.9 million were residential loans and the remaining \$3.6 million were commercial or consumer loans.

Results of Operations, Quarter Ended March 31, 2021

Net income for the first quarter of 2021 was \$12.2 million, or \$0.39 per diluted share, compared to \$13.8 million, or \$0.44 per diluted share, for the fourth quarter of 2020 and \$9.5 million, or \$0.30 per diluted share, for the first quarter of 2020. The \$1.6 million decrease for the first quarter of 2021, compared to the previous quarter was primarily due to a \$6.0 million decrease in non-interest income and a \$3.8 million decrease in net interest income, partially offset by a \$7.9 million decrease in provision for loan losses.

Core net income (non-GAAP) for the first quarter of 2021 was \$13.0 million, or \$0.41 per diluted share, compared to \$13.8 million, or \$0.44 per diluted share, for the fourth quarter of 2020 and \$9.2 million, or \$0.29 per diluted share, for the first quarter of 2020. Core net income for the first quarter of

2021 excluded \$1.1 million of severance expense related to the modernization of our Trust Department and its related tax impact. Core net income for the fourth quarter of 2020 included no adjustments to GAAP income and the first quarter of 2020 excluded \$1.4 million of non-interest income from the gain on the sale of an owned property, \$0.5 million of non-interest income gains on the sale of securities, \$1.4 million in expense related to the closure of two branches and severance costs, and the tax effect of such adjustments.

Net interest income was \$41.8 million for the first quarter of 2021, compared to \$45.7 million for the fourth quarter of 2020 and \$44.7 million for the first quarter of 2020. The \$3.8 million decrease from the previous quarter was primarily attributable to a decrease in average loans of \$210.2 million from the prepayment of residential and commercial loans and a 21 basis point decrease in yield due to lower prepayment penalties and lower yields on originations, partially offset by higher income on securities and lower interest expense on deposits. The \$2.8 million decrease from the corresponding quarter in the previous year was primarily attributable to a decrease in average loans of \$170.7 million from the prepayment of residential and commercial loans and a 30 basis point decrease in yield due to lower prepayment penalties and lower yields on originations, partially offset by lower interest expense on deposits.

Net interest margin was 2.85% for the first quarter of 2021, a decrease of 21 basis points from 3.06% in the fourth quarter of 2020, and a decrease of 61 basis points from 3.46% in the first quarter of 2020. 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 first quarter of 2021, compared to two and four basis points in the fourth and first quarter of 2020, respectively. Prepayment penalties earned through loan income contributed four basis points to our net interest margin in the first quarter of 2021, compared to 13 and six basis points in the fourth and first quarters of 2020, respectively.

Provisions for loan losses totaled a recovery of \$3.3 million for the first quarter of 2021 compared to an expense of \$4.6 million and \$8.6 million for the fourth and first quarter of 2020, respectively. The recovery in the first quarter of 2021 was primarily driven by a release of allowance for loan loss due to lower loan balances and the upgrade of one construction loan to a pass rating.

Non-interest income was \$4.0 million for the first quarter of 2021, compared to \$10.0 million in the fourth quarter of 2020 and \$9.1 million for the first quarter in 2020. This decrease of \$6.0 million in the first quarter of 2021, compared to the previous quarter, was primarily due to the expected equity method investment losses related to investments in solar initiatives. The decrease of \$5.1 million in the first quarter of 2021 compared to the corresponding quarter in 2020 was primarily due to a loss of \$3.8 million related to equity investments in solar initiatives in the first quarter of 2021 compared to no income or loss in the same quarter of 2020. The Company primarily recognized the benefit of the tax credits in 2020, the initial year of the equity investment. We expect additional losses in equity method investments of approximately \$1.8 million during the remainder of 2021; this loss is due to the timing of the \$7.4 million in tax benefits earned during 2020. These impacts do not include any benefits of new solar equity investments that we may make in the future.

Non-interest expense for the first quarter of 2021 was \$32.8 million, an increase of \$0.1 million from the fourth quarter of 2020 and an increase of \$0.5 million from the first quarter of 2020. The increase of \$0.1 million from the previous quarter was primarily due to a \$1.1 million charge for severance related to the modernization of our Trust Department, partially offset by decreases in advertising and professional service expenses.

Our provision for income tax expense was \$4.1 million for the first quarter of 2021, compared to \$4.6 million for the fourth quarter of 2020 and \$3.4 million for the first quarter of 2020. Our effective tax rate for the first quarter of 2021 was 25.4%, compared to 25.2% for the fourth quarter of 2020 and 26.3% for the first quarter of 2020.

Financial Condition

Total assets were \$6.4 billion at March 31, 2021, compared to \$6.0 billion at December 31, 2020. The increase of \$0.4 billion was driven primarily by a \$466.2 million increase in cash and cash equivalents and a \$185.9 million increase in investment securities, of which \$30.6 million was from PACE assessments, which was partially offset by a \$224.5 million decrease in loans receivable, net.

Total loans, net at March 31, 2021 were \$3.2 billion, a decrease of \$224.5 million, or 26.4% annualized, compared to December 31, 2020. The decline in loans was primarily driven by a \$100.8 million decrease in residential loans due to increased refinancing activity by existing customers, a \$73.4 million decrease in commercial real estate and multifamily loans due to refinancing activity by existing customers, and a \$64.6 million decrease in C&I loans due to the payoff of one large loan.

Deposits at March 31, 2021 were \$5.7 billion, an increase of \$381.4 million, or 29.0% annualized, as compared to \$5.3 billion as of December 31, 2020. Deposits held by politically active customers, such as campaigns, PACs, advocacy-based organizations, and state and national party committees were \$692.0 million as of March 31, 2021, an increase of \$89.0 million compared to \$602.8 million as of December 31, 2020. Noninterest-bearing deposits represent 50% of average deposits and 49% of ending deposits for the quarter ended March 31, 2021, contributing to an average cost of deposits of 0.11% in the first quarter of 2021, a two basis point decrease from the previous quarter.

Nonperforming assets totaled \$81.0 million, or 1.27% of period-end total assets at March 31, 2021, a decrease of \$1.2 million, compared with \$82.2 million, or 1.38% of period-end total assets at December 31, 2020. The decrease in non-performing assets at March 31, 2021 compared to December 31, 2020 was primarily driven by the decrease of \$4.4 million of non-accruing construction and multifamily loans, partially offset by an increase of \$2.7 million of those loans transferring into other real estate owned. Loans that were rated special mention or worse decreased by \$34.0 million as of March 31, 2021, compared to December 31, 2020. This change was primarily due to a decrease in CRE/multifamily loans categorized as special mention or worse of \$21.0 million and a decrease in construction loans of \$10.8 million.

The allowance for loan losses decreased \$4.9 million to \$36.7 million at March 31, 2021 from \$41.6 million at December 31, 2020, primarily due to decreases in loan balances and improvement in the risk rating on one construction loan. At March 31, 2021, we had \$75.6 million of impaired loans for which a specific allowance of \$4.9 million was made, compared to \$73.7 million of impaired loans at December 31, 2020 for which a specific allowance of \$6.2 million was made. The ratio of allowance to total loans was 1.13% at March 31, 2021 and 1.19% at December 31, 2020.

Capital

As of March 31, 2021, our Common Equity Tier 1 Capital Ratio was 13.70%, Total Risk-Based Capital Ratio was 14.74%, and Tier-1 Leverage Capital Ratio was 8.06%, compared to 13.11%, 14.25% and 7.97%, respectively, as of December 31, 2020. Stockholders' equity at March 31, 2021 was \$540.2 million, compared to \$535.8 million at December 31, 2020. The increase in stockholders' equity was driven by \$12.2 million of net income, partially offset by a \$4.0 million decrease in accumulated other comprehensive income due to the mark to market on our securities portfolio and \$0.9

million decrease in additional paid-in capital.

Our tangible book value per share was \$16.75 as of March 31, 2021 compared to \$16.66 as of December 31, 2020.

Conference Call

As previously announced, Amalgamated Financial Corp. will host a conference call to discuss its first quarter 2021 results today, April 22, 2021 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 Financial Corp. First Quarter 2021 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 13718094. The telephonic replay will be available until April 29, 2021.

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 Financial Corp.

Amalgamated Financial Corp. is a Delaware public benefit corporation and a bank holding company engaged in commercial banking and financial services through its wholly-owned subsidiary, 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 Bank 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 Bank provides commercial banking and trust services nationally and offers a full range of products and services to both commercial and retail customers. Amalgamated Bank is a proud member of the Global Alliance for Banking on Values and is a certified B Corporation®. As of March 31, 2021, our total assets were \$6.4 billion, total net loans were \$3.2 billion, and total deposits were \$5.7 billion. Additionally, as of March 31, 2021, our trust business held \$37.5 billion in assets under custody and \$15.7 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 March 31, 2021 versus certain periods in 2020 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, the wind-down of our real estate fund and the expected charges and anticipated consolidation of our branch network 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) our inability to maintain the historical growth rate of the 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 our 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 our 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 our 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”; (xii) the risk that the preliminary financial information reported herein and our current preliminary analysis will be different when our review is finalized; (xiii) our inability to timely identify a new Chief Financial Officer in light of, among other things, competition for experienced executives in the banking industry; and (xiv) unexpected challenges and potential operational disruptions related to our executive officer transition. Additional factors which could affect the forward-looking statements can be found in our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, and Current Reports on Form 8-K filed with the SEC and available on the SEC's website at <https://www.sec.gov/>. We disclaim 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.

Investor Contact:

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Consolidated Statements of Income (unaudited)

| | Three Months Ended | | |
|--|--------------------|----------------------|-------------------|
| | March 31, 2021 | December 31, 2020 | March 31, 2020 |
| <i>(\$ in thousands)</i> | | | |
| INTEREST AND DIVIDEND INCOME | | | |
| Loans | \$ 31,109 | \$ 35,544 | \$ 35,612 |
| Securities | 12,170 | 11,816 | 12,554 |
| Federal Home Loan Bank of New York stock | 48 | 36 | 69 |
| Interest-bearing deposits in banks | 90 | 66 | 396 |
| Total interest and dividend income | 43,417 | 47,462 | 48,631 |
| INTEREST EXPENSE | | | |
| Deposits | 1,573 | 1,807 | 3,915 |
| Borrowed funds | — | — | 27 |
| Total interest expense | 1,573 | 1,807 | 3,942 |
| NET INTEREST INCOME | | | |
| | 41,844 | 45,655 | 44,689 |
| Provision for (recovery of) loan losses | (3,261) | 4,589 | 8,588 |
| Net interest income after provision for loan losses | 45,105 | 41,066 | 36,101 |
| NON-INTEREST INCOME | | | |
| Trust Department fees | 3,827 | 3,533 | 4,085 |
| Service charges on deposit accounts | 2,178 | 2,811 | 2,411 |
| Bank-owned life insurance | 788 | 363 | 384 |
| Gain (loss) on sale of investment securities available for sale, net | 21 | — | 499 |
| Gain (loss) on sale of loans, net | 707 | 1,320 | 135 |
| Gain (loss) on other real estate owned, net | — | — | (23) |
| Equity method investments | (3,682) | 1,825 | — |
| Other | 161 | 188 | 1,627 |
| Total non-interest income | 4,000 | 10,040 | 9,118 |
| NON-INTEREST EXPENSE | | | |
| Compensation and employee benefits | 18,039 | 17,082 | 17,458 |
| Occupancy and depreciation | 3,501 | 3,385 | 5,506 |
| Professional fees | 3,661 | 4,033 | 2,983 |

| | | | |
|--|-----------|-----------|----------|
| Data processing | 3,005 | 3,174 | 2,264 |
| Office maintenance and depreciation | 655 | 776 | 856 |
| Amortization of intangible assets | 302 | 342 | 342 |
| Advertising and promotion | 597 | 1,003 | 667 |
| Other | 3,033 | 2,875 | 2,194 |
| Total non-interest expense | 32,793 | 32,670 | 32,270 |
| Income before income taxes | 16,312 | 18,436 | 12,949 |
| Income tax expense (benefit) | 4,123 | 4,646 | 3,404 |
| Net income | 12,189 | 13,790 | 9,545 |
| Net income attributable to Amalgamated Financial Corp. | \$ 12,189 | \$ 13,790 | \$ 9,545 |
| Earnings per common share - basic | 0.39 | 0.44 | 0.30 |
| Earnings per common share - diluted | 0.39 | 0.44 | 0.30 |

Consolidated Statements of Financial Condition

(\$ in thousands)

| | March 31, 2021 | December 31, 2020 |
|---|----------------|-------------------|
| | (unaudited) | |
| Assets | | |
| Cash and due from banks | \$ 7,387 | \$ 7,736 |
| Interest-bearing deposits in banks | 497,536 | 31,033 |
| Total cash and cash equivalents | 504,923 | 38,769 |
| Securities: | | |
| Available for sale, at fair value (amortized cost of \$1,667,925 and \$1,513,409, respectively) | 1,688,924 | 1,539,862 |
| Held-to-maturity (fair value of \$530,207 and \$502,425, respectively) | 531,274 | 494,449 |
| Loans held for sale | 16,661 | 11,178 |
| Loans receivable, net of deferred loan origination costs (fees) | 3,259,504 | 3,488,895 |
| Allowance for loan losses | (36,662) | (41,589) |
| Loans receivable, net | 3,222,842 | 3,447,306 |
| Resell agreements | 152,268 | 154,779 |
| Accrued interest and dividends receivable | 21,465 | 23,970 |
| Premises and equipment, net | 12,970 | 12,977 |
| Bank-owned life insurance | 105,666 | 105,888 |
| Right-of-use lease asset | 34,453 | 36,104 |
| Deferred tax asset, net | 26,061 | 36,079 |
| Goodwill | 12,936 | 12,936 |
| Other intangible assets | 5,057 | 5,359 |
| Equity investments | 8,101 | 11,735 |
| Other assets | 41,625 | 47,240 |
| Total assets | \$ 6,385,226 | \$ 5,978,631 |
| Liabilities | | |
| Deposits | \$ 5,720,067 | \$ 5,338,711 |
| Operating leases | 51,057 | 53,173 |
| Other liabilities | 73,880 | 50,926 |
| Total liabilities | 5,845,004 | 5,442,810 |
| Commitments and contingencies | — | — |
| Stockholders' equity | | |
| Common stock, par value \$.01 per share (70,000,000 shares authorized; 31,168,783 and 31,049,525 shares issued and outstanding, respectively) | 312 | 310 |
| Additional paid-in capital | 300,079 | 300,989 |
| Retained earnings | 226,887 | 217,213 |
| Accumulated other comprehensive income (loss), net of income taxes | 12,811 | 17,176 |
| Total Amalgamated Financial Corp. stockholders' equity | 540,089 | 535,688 |
| Noncontrolling interests | 133 | 133 |
| Total stockholders' equity | 540,222 | 535,821 |
| Total liabilities and stockholders' equity | \$ 6,385,226 | \$ 5,978,631 |

Select Financial Data

**As of and for the
Three Months Ended**

(Shares in thousands)

Selected Financial Ratios and Other Data:

| | March 31, 2021 | | December 31, 2020 | | March 31, 2020 |
|---|---------------------------|----|------------------------------|----|---------------------------|
| Earnings | | | | | |
| Basic | \$ 0.39 | \$ | 0.44 | \$ | 0.30 |
| Diluted | 0.39 | | 0.44 | | 0.30 |
| Core net income (non-GAAP) | | | | | |
| Basic | \$ 0.42 | \$ | 0.44 | \$ | 0.29 |
| Diluted | 0.41 | | 0.44 | | 0.29 |
| Book value per common share (excluding minority interest) | 17.33 | | 17.25 | | 15.26 |
| Tangible book value per share (non-GAAP) | 16.75 | | 16.66 | | 14.64 |
| Common shares outstanding | 31,169 | | 31,050 | | 31,000 |
| Weighted average common shares outstanding, basic | 31,082 | | 31,050 | | 31,411 |
| Weighted average common shares outstanding, diluted | 31,524 | | 31,145 | | 31,806 |

Select Financial Data

**As of and for the
Three Months Ended**

Selected Performance Metrics:

| | March 31, 2021 | | December 31, 2020 | | March 31, 2020 |
|--|---------------------------|--|------------------------------|--|---------------------------|
| Return on average assets | 0.79 % | | 0.89 % | | 0.71 % |
| Core return on average assets (non-GAAP) | 0.85 % | | 0.89 % | | 0.68 % |
| Return on average equity | 9.11 % | | 10.34 % | | 7.65 % |
| Core return on average tangible common equity (non-GAAP) | 10.05 % | | 10.72 % | | 7.66 % |
| Average equity to average assets | 8.71 % | | 8.58 % | | 9.25 % |
| Tangible common equity to assets | 8.18 % | | 8.65 % | | 7.89 % |
| Loan yield | 3.83 % | | 4.04 % | | 4.13 % |
| Securities yield | 2.18 % | | 2.21 % | | 3.29 % |
| Deposit cost | 0.11 % | | 0.13 % | | 0.33 % |
| Net interest margin | 2.85 % | | 3.06 % | | 3.46 % |
| Efficiency ratio ⁽¹⁾ | 71.53 % | | 58.66 % | | 59.97 % |
| Core efficiency ratio (non-GAAP) ⁽¹⁾ | 69.18 % | | 58.66 % | | 59.44 % |

Asset Quality Ratios:

| | | | | | |
|--|---------|--|---------|--|----------|
| Nonaccrual loans to total loans | 1.78 % | | 1.75 % | | 0.96 % |
| Nonperforming assets to total assets | 1.27 % | | 1.38 % | | 1.14 % |
| Allowance for loan losses to nonaccrual loans | 63.32 % | | 68.26 % | | 124.66 % |
| Allowance for loan losses to total loans | 1.13 % | | 1.19 % | | 1.19 % |
| Annualized net charge-offs (recoveries) to average loans | 0.20 % | | 1.24 % | | 0.01 % |

Capital Ratios:

| | | | | | |
|------------------------------------|---------|--|---------|--|---------|
| Tier 1 leverage capital ratio | 8.06 % | | 7.97 % | | 8.47 % |
| Tier 1 risk-based capital ratio | 13.70 % | | 13.11 % | | 12.74 % |
| Total risk-based capital ratio | 14.74 % | | 14.25 % | | 13.96 % |
| Common equity tier 1 capital ratio | 13.70 % | | 13.11 % | | 12.74 % |

(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, 2021 | | At December 31, 2020 | | At March 31, 2020 | |
|------------------------------|--------------------------|-----------------------------|-----------------------------|-----------------------------|--------------------------|-----------------------------|
| | Amount | % of total loans | Amount | % of total loans | Amount | % of total loans |
| <i>Commercial portfolio:</i> | | | | | | |
| Commercial and industrial | \$ 612,581 | 18.8% | \$ 677,192 | 19.5 % | \$ 532,351 | 15.0% |
| Multifamily | 882,231 | 27.2% | 947,177 | 27.2 % | 936,350 | 26.4% |

| | | | | | | |
|---|--------------|--------|--------------|--------|--------------|--------|
| Commercial real estate | 364,308 | 11.2% | 372,736 | 10.7% | 408,766 | 11.5% |
| Construction and land development | 50,267 | 1.5% | 56,087 | 1.6% | 65,706 | 1.9% |
| Total commercial portfolio | 1,909,387 | 58.7% | 2,053,192 | 59.0% | 1,943,173 | 54.8% |
| <i>Retail portfolio:</i> | | | | | | |
| Residential real estate lending | 1,137,851 | 35.0% | 1,238,697 | 35.5% | 1,416,796 | 39.9% |
| Consumer and other | 206,451 | 6.3% | 190,676 | 5.5% | 189,152 | 5.3% |
| Total retail | 1,344,302 | 41.3% | 1,429,373 | 41.0% | 1,605,948 | 45.2% |
| Total loans | 3,253,689 | 100.0% | 3,482,565 | 100.0% | 3,549,121 | 100.0% |
| Net deferred loan origination fees (costs) | 5,815 | | 6,330 | | 8,214 | |
| Allowance for loan losses | (36,662) | | (41,589) | | (42,348) | |
| Total loans, net | \$ 3,222,842 | | \$ 3,447,306 | | \$ 3,514,987 | |
| <i>Held-to-maturity securities portfolio:</i> | | | | | | |
| PACE assessments | 451,643 | 85.0% | 421,036 | 85.2% | 255,298 | 89.2% |
| Other securities | 79,631 | 15.0% | 73,413 | 14.8% | 30,953 | 10.8% |
| Total held-to-maturity securities | \$ 531,274 | 100.0% | 494,449 | 100.0% | 286,251 | 100.0% |

Net Interest Income Analysis

| <i>(In thousands)</i> | Three Months Ended | | | | | | | | |
|---|--------------------|------------------|--------------|-------------------|------------------|--------------|-----------------|------------------|--------------|
| | March 31, 2021 | | | December 31, 2020 | | | March 31, 2020 | | |
| | 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 | \$ 380,390 | \$ 90 | 0.10 % | \$ 299,881 | \$ 66 | 0.09 % | \$ 185,281 | \$ 396 | 0.86 % |
| Securities and FHLB stock | 2,271,218 | 12,218 | 2.18 % | 2,133,957 | 11,852 | 2.21 % | 1,544,848 | 12,623 | 3.29 % |
| Total loans, net ⁽¹⁾⁽²⁾ | 3,293,775 | 31,109 | 3.83 % | 3,503,929 | 35,544 | 4.04 % | 3,464,438 | 35,612 | 4.13 % |
| Total interest earning assets | 5,945,383 | 43,417 | 2.96 % | 5,937,767 | 47,462 | 3.18 % | 5,194,567 | 48,631 | 3.77 % |
| <i>Non-interest earning assets:</i> | | | | | | | | | |
| Cash and due from banks | 7,307 | | | 7,594 | | | 9,539 | | |
| Other assets | 279,308 | | | 237,628 | | | 222,757 | | |
| Total assets | \$ 6,231,998 | | | \$ 6,182,989 | | | \$ 5,426,863 | | |
| <i>Interest bearing liabilities:</i> | | | | | | | | | |
| Savings, NOW and money market deposits | \$ 2,512,892 | \$ 1,222 | 0.20 % | \$ 2,356,137 | \$ 1,384 | 0.23 % | \$ 2,143,247 | \$ 2,737 | 0.51 % |
| Time deposits | 280,057 | 351 | 0.51 % | 268,896 | 423 | 0.63 % | 381,053 | 1,178 | 1.24 % |
| Total deposits | 2,792,949 | 1,573 | 0.23 % | 2,625,033 | 1,807 | 0.27 % | 2,524,300 | 3,915 | 0.62 % |
| Federal Home Loan Bank advances | 495 | — | 0.00 % | — | — | 0.00 % | 6,374 | 27 | 1.70 % |
| Total interest bearing liabilities | 2,793,444 | 1,573 | 0.23 % | 2,625,033 | 1,807 | 0.27 % | 2,530,674 | 3,942 | 0.63 % |
| <i>Non-interest bearing liabilities:</i> | | | | | | | | | |
| Demand and transaction deposits | 2,786,581 | | | 2,947,075 | | | 2,300,999 | | |
| Other liabilities | 109,420 | | | 80,529 | | | 93,309 | | |
| Total liabilities | 5,689,445 | | | 5,652,637 | | | 4,924,982 | | |
| Stockholders' equity | 542,553 | | | 530,352 | | | 501,881 | | |
| Total liabilities and stockholders' equity | \$ 6,231,998 | | | \$ 6,182,989 | | | \$ 5,426,863 | | |
| Net interest income / interest rate spread | | \$ 41,844 | 2.73 % | | \$ 45,655 | 2.91 % | | \$ 44,689 | 3.14 % |
| Net interest earning assets / net interest margin | \$ 3,151,939 | | 2.85 % | \$ 3,312,734 | | 3.06 % | \$ 2,663,893 | | 3.46 % |

Total Cost of Deposits 0.11 % 0.13 % 0.33 %

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

(2) Includes prepayment penalty interest income in 1Q2021, 4Q2020, and 1Q2020 of \$641,887, \$1,986,500, and \$761,568 respectively

Deposit Portfolio Composition

| <i>(In thousands)</i> | <u>March 31, 2021</u> | <u>December 31, 2020</u> | <u>March 31, 2020</u> |
|--|-------------------------|--------------------------|-------------------------|
| Non-interest bearing demand deposit accounts | \$ 2,819,627,000 | \$ 2,603,274,000 | \$ 2,423,760,000 |
| NOW accounts | 206,145,000 | 205,653,000 | 234,268,000 |
| Money market deposit accounts | 2,067,886,000 | 1,914,391,000 | 1,708,818,000 |
| Savings accounts | 361,731,000 | 343,368,000 | 329,583,000 |
| Time deposits | 264,678,000 | 272,025,000 | 380,128,000 |
| Total deposits | <u>\$ 5,720,067,000</u> | <u>\$ 5,338,711,000</u> | <u>\$ 5,076,557,000</u> |

| <i>(In thousands)</i> | Three Months Ended | | | | | |
|--|----------------------------|------------------------------|----------------------------|------------------------------|----------------------------|------------------------------|
| | <u>March 31, 2021</u> | | <u>December 31, 2020</u> | | <u>March 31, 2020</u> | |
| | <u>Average Balance</u> | <u>Average Rate Paid</u> | <u>Average Balance</u> | <u>Average Rate Paid</u> | <u>Average Balance</u> | <u>Average Rate Paid</u> |
| Non-interest bearing demand deposit accounts | \$ 2,786,581 | 0.00 % | \$ 2,947,075 | 0.00 % | \$ 2,300,999 | 0.00 % |
| NOW accounts | 198,117 | 0.08 % | 194,555 | 0.08 % | 231,707 | 0.40 % |
| Money market deposit accounts | 1,963,707 | 0.23 % | 1,823,391 | 0.27 % | 1,587,242 | 0.60 % |
| Savings accounts | 351,068 | 0.11 % | 338,192 | 0.12 % | 324,298 | 0.18 % |
| Time deposits | 280,057 | 0.51 % | 268,896 | 0.62 % | 381,053 | 1.24 % |
| Total deposits | <u>\$ 5,579,530</u> | <u>0.11 %</u> | <u>\$ 5,572,109</u> | <u>0.13 %</u> | <u>\$ 4,825,299</u> | <u>0.33 %</u> |

Asset Quality

| <i>(In thousands)</i> | <u>March 31, 2021</u> | <u>December 31, 2020</u> | <u>March 31, 2020</u> |
|---|-----------------------|--------------------------|-----------------------|
| Loans 90 days past due and accruing | \$ 2,424 | \$ 1,404 | \$ 3,856 |
| Nonaccrual loans excluding held for sale loans and restructured loans | 37,324 | 40,039 | 7,537 |
| Nonaccrual loans held for sale | — | — | — |
| Troubled debt restructured loans - nonaccrual | 20,578 | 20,885 | 26,435 |
| Troubled debt restructured loans - accruing | 17,656 | 19,553 | 26,968 |
| Other real estate owned | 2,988 | 306 | 786 |
| Impaired securities | 61 | 47 | 64 |
| Total nonperforming assets | <u>\$ 81,031</u> | <u>\$ 82,234</u> | <u>\$ 65,646</u> |

Nonaccrual loans:

| | | | |
|-----------------------------------|------------------|------------------|------------------|
| Commercial and industrial | \$ 12,347 | \$ 12,444 | \$ 15,949 |
| Multifamily | 7,660 | 9,575 | — |
| Commercial real estate | 4,133 | 3,433 | 3,634 |
| Construction and land development | 8,605 | 11,184 | 3,652 |
| Total commercial portfolio | <u>32,745</u> | <u>36,636</u> | <u>23,235</u> |
| Residential real estate lending | 24,300 | 23,656 | 10,057 |
| Consumer and other | 857 | 632 | 680 |
| Total retail portfolio | <u>25,157</u> | <u>24,288</u> | <u>10,737</u> |
| Total nonaccrual loans | <u>\$ 57,902</u> | <u>\$ 60,924</u> | <u>\$ 33,972</u> |

| | | | |
|--|---------|---------|----------|
| Nonaccrual loans to total loans | 1.78 % | 1.75 % | 0.96 % |
| Nonperforming assets to total assets | 1.27 % | 1.38 % | 1.14 % |
| Allowance for loan losses to nonaccrual loans | 63.32 % | 68.26 % | 124.66 % |
| Allowance for loan losses to total loans | 1.13 % | 1.19 % | 1.19 % |
| Annualized net charge-offs (recoveries) to average loans | 0.20 % | 1.24 % | 0.01 % |

Credit Quality

| (\$ in thousands) | March 31, 2021 | | | | |
|-----------------------------------|----------------|-----------------|-------------|----------|--------------|
| | Pass | Special Mention | Substandard | Doubtful | Total |
| Commercial and industrial | \$ 566,421 | \$ 17,622 | \$ 28,079 | \$ 459 | \$ 612,581 |
| Multifamily | 742,746 | 108,016 | 28,296 | 3,173 | 882,231 |
| Commercial real estate | 257,178 | 32,878 | 74,252 | — | 364,308 |
| Construction and land development | 33,971 | 7,691 | 8,605 | — | 50,267 |
| Residential real estate lending | 1,113,551 | — | 24,300 | — | 1,137,851 |
| Consumer and other | 205,594 | — | 857 | — | 206,451 |
| Total loans | \$ 2,919,461 | \$ 166,207 | \$ 164,389 | \$ 3,632 | \$ 3,253,689 |

| (\$ in thousands) | December 31, 2020 | | | | |
|-----------------------------------|-------------------|-----------------|-------------|----------|--------------|
| | Pass | Special Mention | Substandard | Doubtful | Total |
| Commercial and industrial | \$ 627,553 | \$ 16,407 | \$ 32,770 | \$ 462 | \$ 677,192 |
| Multifamily | 775,605 | 138,090 | 33,482 | — | 947,177 |
| Commercial real estate | 276,712 | 41,420 | 54,604 | — | 372,736 |
| Construction and land development | 28,967 | 15,936 | 11,184 | — | 56,087 |
| Residential real estate lending | 1,215,417 | — | 23,280 | — | 1,238,697 |
| Consumer and other | 190,044 | — | 632 | — | 190,676 |
| Total loans | \$ 3,114,298 | \$ 211,853 | \$ 155,952 | \$ 462 | \$ 3,482,565 |

| (\$ in thousands) | March 31, 2020 | | | | |
|-----------------------------------|----------------|-----------------|-------------|----------|--------------|
| | Pass | Special Mention | Substandard | Doubtful | Total |
| Commercial and industrial | \$ 480,816 | \$ 15,797 | \$ 35,271 | \$ 467 | \$ 532,351 |
| Multifamily | 936,350 | — | — | — | 936,350 |
| Commercial real estate | 403,397 | 1,445 | 3,924 | — | 408,766 |
| Construction and land development | 54,115 | 7,939 | 3,652 | — | 65,706 |
| Residential real estate lending | 1,407,720 | — | 9,076 | — | 1,416,796 |
| Consumer and other | 188,472 | — | 680 | — | 189,152 |
| Total loans | \$ 3,470,870 | \$ 25,181 | \$ 52,603 | \$ 467 | \$ 3,549,121 |

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 | | |
|--|--------------------------------------|-------------------|----------------|
| | March 31, 2021 | December 31, 2020 | March 31, 2020 |
| Core operating revenue | | | |
| Net Interest income | \$ 41,844 | \$ 45,655 | \$ 44,689 |
| Non-interest income | 4,000 | 10,040 | 9,118 |
| Less: Branch sale loss (gain) ⁽¹⁾ | — | — | (1,428) |
| Less: Securities gain, net | (18) | — | (499) |
| Core operating revenue | \$ 45,826 | \$ 55,695 | \$ 51,880 |
| Core non-interest expenses | | | |
| Non-interest expense | \$ 32,793 | \$ 32,670 | \$ 32,270 |
| Less: Branch closure expense ⁽²⁾ | — | — | (1,356) |
| Less: Severance ⁽³⁾ | (1,090) | — | (76) |
| Core non-interest expense | \$ 31,703 | \$ 32,670 | \$ 30,838 |
| Core net income | | | |
| Net Income (GAAP) | \$ 12,189 | \$ 13,790 | \$ 9,545 |
| Less: Branch sale (gain) ⁽¹⁾ | — | — | (1,428) |
| Less: Securities loss (gain) | (18) | — | (499) |
| Add: Branch closure expense ⁽²⁾ | — | — | 1,356 |
| Add: Severance ⁽³⁾ | 1,090 | — | 76 |
| Less: Tax on notable items | (271) | — | 130 |

| | | | | | | |
|---|----|-----------|----|-----------|----|-----------|
| <i>Core net income (non-GAAP)</i> | \$ | 12,990 | \$ | 13,790 | \$ | 9,180 |
| Tangible common equity | | | | | | |
| Stockholders' Equity (GAAP) | \$ | 540,222 | \$ | 535,821 | \$ | 473,269 |
| Less: Minority Interest (GAAP) | | (133) | | (133) | | (134) |
| Less: Goodwill (GAAP) | | (12,936) | | (12,936) | | (12,936) |
| Less: Core deposit intangible (GAAP) | | (5,057) | | (5,358) | | (6,386) |
| <i>Tangible common equity (non-GAAP)</i> | \$ | 522,096 | \$ | 517,394 | \$ | 453,813 |
| Average tangible common equity | | | | | | |
| Average Stockholders' Equity (GAAP) | \$ | 542,553 | \$ | 530,352 | \$ | 501,881 |
| Less: Minority Interest (GAAP) | | (133) | | (133) | | (134) |
| Less: Goodwill (GAAP) | | (12,936) | | (12,936) | | (12,936) |
| Less: Core deposit intangible (GAAP) | | (5,205) | | (5,525) | | (6,553) |
| <i>Average tangible common equity (non-GAAP)</i> | \$ | 524,279 | \$ | 511,758 | \$ | 482,258 |
| Core return on average assets | | | | | | |
| Core net income (numerator) (non-GAAP) | | 12,990 | | 13,790 | | 9,180 |
| Divided: Total average assets (denominator) (GAAP) | | 6,231,998 | | 6,182,989 | | 5,426,863 |
| <i>Core return on average assets (non-GAAP)</i> | | 0.85% | | 0.89% | | 0.68% |
| Core return on average tangible common equity | | | | | | |
| Core net income (numerator) (non-GAAP) | | 12,990 | | 13,790 | | 9,180 |
| Divided: Average tangible common equity (denominator) (GAAP) | | 524,279 | | 511,758 | | 482,258 |
| <i>Core return on average tangible common equity (non-GAAP)</i> | | 10.05% | | 10.72% | | 7.66% |
| Core efficiency ratio | | | | | | |
| Core non-interest expense (numerator) | | 31,703 | | 32,670 | | 30,838 |
| Core operating revenue (denominator) | | 45,826 | | 55,695 | | 51,880 |
| <i>Core efficiency ratio</i> | | 69.18% | | 58.66% | | 59.44% |

(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 Financial Corp.