UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended June 30, 2023
OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For transition period from_____to_____

Commission File Number: 001-40136

Amalgamated Financial Corp.

(Exact name of registrant as specified in its charter)

Delaware	**85-2757101**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

275 Seventh Avenue, New York, NY 10001
(Address of principal executive offices) (Zip Code)

(212) 255-6200
(Registrant's telephone number, including area code)

Not Applicable
(Former name, former address and former fiscal year, if changed since last report)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value $0.01 per share	AMAL	The Nasdaq Global Market

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b–2 of the Exchange Act.

Large accelerated filer	☐	Accelerated filer	☒		
Non-accelerated filer	☐	Smaller reporting company	☐	Emerging growth company	☒

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Exchange Act Rule 12b-2). Yes ☐ No ☒

As of August 4, 2023, the registrant had 30,456,209 shares of common stock outstanding at $0.01 par value per share.

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CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

Unless the context indicates otherwise, references to “we,” “us,” “our” and the “Company” refer to Amalgamated Financial Corp. and Amalgamated Bank. References to the “Bank” refer to Amalgamated Bank.

This Quarterly Report on Form 10-Q contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). Forward-looking statements are not statements of historical or current fact nor are they assurances of future performance and generally can be identified by the use of forward-looking terminology, such as “may,” “will,” “anticipate,” “aspire,” “intend,” “could,” “should,” “would,” “believe,” “project,” “plan,” “goal,” “target,” “potential,” “pro-forma,” “seek,” “contemplate,” “expect,” “estimate,” and “continue,” or the negative thereof as well as other similar words and expressions of the future. These forward-looking statements include, but are not limited to, statements related to our projected growth, anticipated future financial performance, and management’s long-term performance goals, as well as statements relating to the anticipated effects on results of operations and financial condition from expected developments or events, or business and growth strategies, including anticipated internal growth.

Forward-looking statements are subject to risks, uncertainties and assumptions that are difficult to predict as to timing, extent, likelihood and degree of occurrence, which could cause our actual results to differ materially from those anticipated in or by such statements. Potential risks and uncertainties include, but are not limited to, the following:

- uncertain conditions in the banking industry and in national, regional and local economies in our core markets, which may have an adverse impact on our business, operations and financial performance;
- deterioration in the financial condition of borrowers resulting in significant increases in credit losses on loans and provisions for those losses;
- deposit outflows and subsequent declines in liquidity caused by factors that could include lack of confidence in the banking system, a deterioration in market conditions or the financial condition of depositors;
- changes in our deposits, including an increase in uninsured deposits;
- unfavorable conditions in the capital markets, which may cause declines in our stock price and the value of our investments;
- continued fluctuation of the interest rate environment, including changes in net interest margin or changes that affect the yield curve on investments;
- fiscal challenges facing the U.S. government which may impact the government entities which we do business with, and the value of our investments in GSEs;
- potential deterioration in real estate collateral values;
- changes in legislation, regulation, public policies, or administrative practices impacting the banking industry, including increased regulation and FDIC assessments in the aftermath of recent bank failures;
- the outcome of legal or regulatory proceedings that may be instituted against us;
- our inability to maintain the historical growth rate of the loan portfolio;
- changes in loan underwriting, credit review or loss reserve policies associated with economic conditions, examination conclusions, or regulatory developments;
- 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;
- any matter that would cause us to conclude that there was impairment of any asset, including intangible assets;
- increased competition for experienced members of the workforce including executives in the banking industry;
- a failure in or breach of our operational or security systems or infrastructure, or those of third party vendors or other service providers, including as a result of unauthorized access, computer viruses, phishing schemes, spam attacks, human error, natural disasters, power loss and other security breaches;
- downgrade in our credit rating;
- increased political opposition to Environmental, Social and Governance practices;
- recessionary conditions;
- physical and transitional risks related to climate change as they impact our business and the businesses that we finance; and
- descriptions of assumptions underlying or relating to any of the foregoing.

We caution readers that the foregoing list of factors is not exclusive, is not necessarily in order of importance and readers should not place undue reliance on any forward-looking statements, which should be read in conjunction with the other cautionary statements that are included elsewhere in this report. Additional factors that may cause actual results to differ materially from those contemplated by any forward-looking statements may 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 at the SEC's website at https://sec.gov. Further, any forward-looking statement speaks only as of the date on which it is made and we do not intend to and, except as required by law, disclaim any obligation to update or revise any forward-looking statement to reflect events or circumstances after the date on which the statement is made or to reflect the occurrence of unanticipated events, unless required to do so under the federal securities laws.

Part I
Item 1. – Financial Statements
Consolidated Statements of Financial Condition
(Dollars in thousands except for per share amounts)

	June 30, 2023	December 31, 2022
Assets	**(unaudited)**	
Cash and due from banks	$ 4,419	$ 5,110
Interest-bearing deposits in banks	61,296	58,430
Total cash and cash equivalents	65,715	63,540
Securities:		
Available for sale, at fair value	1,580,248	1,812,476
Held-to-maturity, at amortized cost:		
Traditional securities, net of allowance for credit losses of $57 at June 30, 2023	617,380	629,424
Property Assessed Clean Energy ("PACE") assessments, net of allowance for credit losses of $650 at June 30, 2023	1,037,151	911,877
	1,654,531	1,541,301
Loans held for sale	2,458	7,943
Loans receivable, net of deferred loan origination costs	4,251,738	4,106,002
Allowance for credit losses	(67,431)	(45,031)
Loans receivable, net	4,184,307	4,060,971
Resell agreements	—	25,754
Federal Home Loan Bank of New York ("FHLBNY") stock, at cost	4,192	29,607
Accrued interest and dividends receivable	44,104	41,441
Premises and equipment, net	8,933	9,856
Bank-owned life insurance	105,951	105,624
Right-of-use lease asset	24,721	28,236
Deferred tax asset, net	63,477	62,507
Goodwill	12,936	12,936
Intangible assets, net	2,661	3,105
Equity method investments	11,657	8,305
Other assets	26,921	29,522
Total assets	$ 7,792,812	$ 7,843,124
Liabilities		
Deposits	$ 6,894,651	$ 6,595,037
Subordinated debt, net	73,766	77,708
FHLBNY advances	—	580,000
Other borrowings	230,000	—
Operating leases	35,801	40,779
Other liabilities	29,980	40,645
Total liabilities	$ 7,264,198	$ 7,334,169
Stockholders' equity		
Common stock, par value $0.01 per share (70,000,000 shares authorized; 30,736,141 and 30,700,198 shares issued, respectively, and 30,572,606 and 30,700,198 shares outstanding, respectively)	$ 307	$ 307
Additional paid-in capital	286,877	286,947
Retained earnings	349,204	330,275
Accumulated other comprehensive loss, net of income taxes	(105,214)	(108,707)
Treasury stock, at cost (163,535 and zero shares, respectively)	(2,693)	—
Total Amalgamated Financial Corp. stockholders' equity	528,481	508,822
Noncontrolling interests	133	133
Total stockholders' equity	528,614	508,955
Total liabilities and stockholders' equity	$ 7,792,812	$ 7,843,124

See accompanying notes to consolidated financial statements (unaudited)

Consolidated Statements of Income (unaudited)
(Dollars in thousands, except for per share amounts)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	**2022**	**2023**	**2022**
INTEREST AND DIVIDEND INCOME				
Loans	$ 45,360	$ 33,766	$ 90,166	$ 64,893
Securities	39,506	24,352	79,018	43,507
Interest-bearing deposits in banks	1,056	551	1,673	730
Total interest and dividend income	85,922	58,669	170,857	109,130
INTEREST EXPENSE				
Deposits	18,816	1,481	32,651	2,883
Borrowed funds	4,121	690	7,942	1,381
Total interest expense	22,937	2,171	40,593	4,264
NET INTEREST INCOME	62,985	56,498	130,264	104,866
Provision for credit losses	3,940	2,912	8,899	5,205
Net interest income after provision for credit losses	59,045	53,586	121,365	99,661
NON-INTEREST INCOME				
Trust Department fees	4,006	3,479	7,935	6,970
Service charges on deposit accounts	2,712	2,826	5,166	5,273
Bank-owned life insurance income	546	1,283	1,327	2,097
Losses on sale of securities	(267)	(582)	(3,353)	(420)
Gains on sale of loans, net	2	492	4	335
Equity method investments income (loss)	556	(638)	711	(206)
Other income	389	386	1,360	619
Total non-interest income	7,944	7,246	13,150	14,668
NON-INTEREST EXPENSE				
Compensation and employee benefits	21,165	18,046	43,180	35,715
Occupancy and depreciation	3,436	3,457	6,835	6,897
Professional fees	2,759	2,745	4,989	5,560
Data processing	4,082	4,327	8,631	9,511
Office maintenance and depreciation	718	784	1,445	1,509
Amortization of intangible assets	222	261	444	523
Advertising and promotion	1,028	761	2,615	1,615
Federal deposit insurance premiums	1,100	761	1,818	1,427
Other expense	3,019	3,204	6,199	5,986
Total non-interest expense	37,529	34,346	76,156	68,743
Income before income taxes	29,460	26,486	58,359	45,586
Income tax expense	7,818	6,873	15,383	11,808
Net income	$ 21,642	$ 19,613	$ 42,976	$ 33,778
Earnings per common share - basic	$ 0.71	$ 0.64	$ 1.40	$ 1.09
Earnings per common share - diluted	$ 0.70	$ 0.63	$ 1.39	$ 1.08

See accompanying notes to consolidated financial statements (unaudited)

Consolidated Statements of Comprehensive Income (unaudited)
(Dollars in thousands)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Net income	$ 21,642	$ 19,613	$ 42,976	$ 33,778
Other comprehensive income (loss), net of taxes:				
Change in total obligation for postretirement benefits, prior service credit, and other benefits	49	59	97	118
Net unrealized gains (losses) on securities:				
Unrealized holding gains (losses) on securities available for sale	(11,681)	(52,334)	418	(116,038)
Reclassification adjustment for losses realized in income	267	582	3,353	417
Accretion of net unrealized loss on securities transferred to held-to-maturity	466	209	954	209
Net unrealized gains (losses) on securities	(10,948)	(51,543)	4,725	(115,412)
Other comprehensive income (loss), before tax	(10,899)	(51,484)	4,822	(115,294)
Income tax benefit (expense)	3,002	14,162	(1,329)	31,717
Total other comprehensive income (loss), net of taxes	(7,897)	(37,322)	3,493	(83,577)
Total comprehensive income (loss), net of taxes	$ 13,745	$ (17,709)	$ 46,469	$ (49,799)

See accompanying notes to consolidated financial statements (unaudited)

Consolidated Statements of Changes in Stockholders’ Equity (unaudited)
(Dollars in thousands)

	Three Months Ended June 30, 2023								
	Number of Shares of Common Stock Outstanding	**Common Stock**	**Additional Paid-in Capital**	**Retained Earnings**	**Accumulated Other Comprehensive Loss, net of income taxes**	**Treasury Stock, at cost**	**Total Stockholders' Equity**	**Noncontrolling Interest**	**Total Equity**
Balance at April 1, 2023	30,642,299	$ 307	$ 287,514	$ 330,673	$ (97,317)	$ (2,152)	$ 519,025	$ 133	$ 519,158
Net income	—	—	—	21,642	—	—	21,642	—	21,642
Repurchase of common stock	(138,962)	—	—	—	—	(2,157)	(2,157)	—	(2,157)
Common stock issued under Employee Stock Purchase Plan	7,835	—	(3)	—	—	129	126	—	126
Dividends declared on common stock, net, $0.10 per share	—	—	—	(3,111)	—	—	(3,111)	—	(3,111)
Restricted stock units vesting, net of repurchases	61,434	—	(1,837)	—	—	1,487	(350)	—	(350)
Stock-based compensation expense	—	—	1,203	—	—	—	1,203	—	1,203
Other comprehensive loss, net of taxes	—	—	—	—	(7,897)	—	(7,897)	—	(7,897)
Balance at June 30, 2023	30,572,606	$ 307	$ 286,877	$ 349,204	$ (105,214)	$ (2,693)	$ 528,481	$ 133	$ 528,614

	Six Months Ended June 30, 2023								
	Number of Shares of Common Stock Outstanding	**Common Stock**	**Additional Paid-in Capital**	**Retained Earnings**	**Accumulated Other Comprehensive Loss, net of income taxes**	**Treasury Stock, at cost**	**Total Stockholders' Equity**	**Noncontrolling Interest**	**Total Equity**
Balance at January 1, 2023	30,700,198	$ 307	$ 286,947	$ 330,275	$ (108,707)	$ —	$ 508,822	$ 133	$ 508,955
Cumulative effect of adoption of ASU No. 2016-13	—	—	—	(17,825)	—	—	(17,825)	—	(17,825)
Balance at January 1, 2023 adjusted for change in accounting principle	30,700,198	307	286,947	312,450	(108,707)	—	490,997	133	491,130
Net income	—	—	—	42,976	—	—	42,976	—	42,976
Repurchase of common stock	(267,765)	—	—	—	—	(4,582)	(4,582)	—	(4,582)
Common stock issued under Employee Stock Purchase Plan	29,754	—	(28)	—	—	542	514	—	514
Dividends declared on common stock, net, $0.20 per share		—	—	(6,222)	—	—	(6,222)	—	(6,222)
Exercise of stock options, net of repurchases	6,631	—	(91)	—	—	—	(91)	—	(91)
Restricted stock units vesting, net of repurchases	103,788	—	(2,191)	—	—	1,347	(844)	—	(844)
Stock-based compensation expense	—	—	2,240	—	—	—	2,240	—	2,240
Other comprehensive income, net of taxes	—	—	—	—	3,493	—	3,493	—	3,493
Balance at June 30, 2023	30,572,606	$ 307	$ 286,877	$ 349,204	$ (105,214)	$ (2,693)	$ 528,481	$ 133	$ 528,614

	Three Months Ended June 30, 2022									
	Number of Shares of Common Stock Outstanding	Common Stock	Additional Paid-in Capital	Retained Earnings		Accumulated Other Comprehensive Loss, net of income taxes	Treasury Stock, at cost	Total Stockholders' Equity	Noncontrolling Interest	Total Equity
Balance at April 1, 2022	30,995,271	$ 310	$ 295,443	$271,722	$(40,846)	$ (40,846)	$ —	$ 526,629	$ 133	$ 526,762
Net income	—	—	—	19,613		—	—	19,613	—	19,613
Repurchase of common stock	(463,948)	(5)	(8,787)	—		—	—	(8,792)	—	(8,792)
Common stock issued under Employee Stock Purchase Plan	14,967	—	296	—		—	—	296	—	296
Dividends declared on common stock, net, $0.08 per share	—	—	—	(2,467)		—	—	(2,467)	—	(2,467)
Exercise of stock options, net of repurchases	54,012	2	(734)	—		—	—	(732)	—	(732)
Restricted stock units vesting, net of repurchases	83,944	—	(2)	—		—	—	(2)	—	(2)
Stock-based compensation expense	—	—	685	—		—	—	685	—	685
Other comprehensive loss, net of taxes	—	—	—	—		(37,322)	—	(37,322)	—	(37,322)
Balance at June 30, 2022	30,684,246	$ 307	$ 286,901	$288,868		$ (78,168)	$ —	$ 497,908	$ 133	$ 498,041

	Six Months Ended June 30, 2022								
	Number of Shares of Common Stock Outstanding	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock, at cost	Total Stockholders' Equity	Noncontrolling Interest	Total Equity
Balance at January 1, 2022	31,130,143	$ 311	$ 297,975	$ 260,047	$ 5,409	$ —	$ 563,742	$ 133	$ 563,875
Net income	—	—	—	33,778	—	—	33,778	—	33,778
Repurchase of common stock	(634,520)	(6)	(11,727)	—	—	—	(11,733)	—	(11,733)
Common stock issued under Employee Stock Purchase Plan	17,872	—	348	—	—	—	348	—	348
Dividends declared on common stock, net, $0.16 per share	—	—	—	(4,957)	—	—	(4,957)	—	(4,957)
Exercise of stock options, net of repurchases	60,976	2	(1,039)	—	—	—	(1,037)	—	(1,037)
Restricted stock units vesting, net of repurchases	109,775	—	(2)	—	—	—	(2)	—	(2)
Stock-based compensation expense	—	—	1,346	—	—	—	1,346	—	1,346
Other comprehensive loss, net of taxes	—	—	—	—	(83,577)	—	(83,577)	—	(83,577)
Balance at June 30, 2022	30,684,246	$ 307	$ 286,901	$ 288,868	$ (78,168)	$ —	$ 497,908	$ 133	$ 498,041

See accompanying notes to consolidated financial statements (unaudited)

Consolidated Statements of Cash Flows (unaudited)
(Dollars in thousands)

	Six Months Ended June 30,	
	2023	**2022**
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$ 42,976	$ 33,778
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	1,766	1,790
Amortization of intangible assets	444	523
Deferred income tax expense	5,339	2,242
Provision for credit losses	8,899	5,205
Stock-based compensation expense	2,240	1,346
Net amortization on loan fees, costs, premiums, and discounts	224	1,025
Net amortization on securities premiums, discounts, and net unrealized loss on securities transferred to held-to-maturity	789	2,537
OTTI gain recognized in earnings	—	(3)
Net (income) loss from equity method investments	(711)	206
Net loss on sale of securities available for sale	3,353	420
Net gain on sale of loans	(4)	(335)
Net gain on redemption of bank-owned life insurance	(225)	(1,094)
Proceeds from sales of loans held for sale	10,621	10,919
Originations of loans held for sale	(9,242)	(4,831)
Increase in cash surrender value of bank-owned life insurance	(1,102)	(1,003)
Net gain on repurchase of subordinated debt	(780)	—
Increase in accrued interest and dividends receivable	(2,663)	(2,181)
Decrease in other assets	5,276	21,128
Decrease in accrued expenses and other liabilities	(5,087)	(3,579)
Net cash provided by operating activities	62,113	68,093
CASH FLOWS FROM INVESTING ACTIVITIES		
Net increase in loans	(147,407)	(346,930)
Purchase of securities available for sale	(40,169)	(623,371)
Purchase of securities held-to-maturity	(155,502)	(358,776)
Proceeds from sales of securities available for sale	174,537	35,951
Maturities, principal payments and redemptions of securities available for sale	82,988	224,026
Maturities, principal payments and redemptions of securities held-to-maturity	41,781	79,570
Decrease in resell agreements	25,754	3,092
Decrease (increase) in equity method investments	(2,641)	379
Decrease in FHLBNY stock, net	25,415	213
Purchases of premises and equipment, net	(843)	(925)
Proceeds from redemption of bank-owned life insurance	980	3,200
Net cash provided by (used in) investing activities	4,893	(983,571)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net increase in deposits	299,614	934,912
Net increase in other borrowings	230,000	—
Net decrease in FHLBNY advances	(580,000)	—
Repurchase of subordinated debt	(3,220)	—

Common stock issued under Employee Stock Purchase Plan	514	348
Repurchase of shares	(4,582)	(11,733)
Dividends paid	(6,222)	(4,957)
Payments related to repurchase of common stock for equity awards	(935)	(1,039)
Net cash provided by (used in) financing activities	(64,831)	917,531
Increase in cash, cash equivalents, and restricted cash	2,175	2,053
Cash, cash equivalents, and restricted cash at beginning of year	63,540	330,485
Cash, cash equivalents, and restricted cash at end period	$ 65,715	$ 332,538
Supplemental disclosures of cash flow information:		
Interest paid during the period	$ 36,150	$ 4,278
Income taxes paid during the period	3,344	602
Loans transferred from held-for-sale	4,664	—
Loans transferred to held-for-sale	2,381	8,140
Securities available for sale transferred to held-to-maturity	—	260,112

See accompanying notes to consolidated financial statements (unaudited)

1. BASIS OF PRESENTATION AND CONSOLIDATION

Basis of Accounting and Changes in Significant Accounting Policies

In this discussion, unless the context indicates otherwise, references to “we,” “us,” “our” and the “Company” refer to Amalgamated Financial Corp. and Amalgamated Bank. References to the “Bank” refer to Amalgamated Bank.

The accounting and reporting policies of the Company conform to accounting principles generally accepted in the United States of America, or GAAP and predominant practices within the banking industry. The Company uses the accrual basis of accounting for financial statement purposes.

The accompanying unaudited consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles (“GAAP”) for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. The annualized results of operations for the three and six months ended June 30, 2023 are not necessarily indicative of the results of operations that may be expected for the entire fiscal year. Certain information and note disclosures normally included in the financial statements prepared in accordance with GAAP have been condensed or omitted pursuant to the rules and regulations of the Securities and Exchange Commission (the “SEC”). All significant inter-company transactions and balances are eliminated in consolidation. In the opinion of management, all adjustments necessary for a fair presentation of the consolidated financial position and the results of operations as of the dates and for the interim periods presented have been included. These unaudited consolidated financial statements should be read in conjunction with the audited consolidated financial statements and related notes appearing in the Annual Report on Form 10-K for the year ended December 31, 2022 (the “2022 Annual Report”). A more detailed description of our accounting policies is included in the 2022 Annual Report, which remain significantly unchanged except for the Allowance for Credit Losses ("ACL") policy, resulting from the adoption of the Accounting Standard Update ("ASU") No. 2016-13, Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments and its amendments, (“ASU No. 2016-13”) as of January 1, 2023, as well as the addition of accounting policies related to treasury stock:

Treasury stock - Treasury stock is carried at cost. Shares issued out of treasury are valued based on the weighted average cost.

There have been no other significant changes to our accounting policies, or the estimates made pursuant to those policies as described in our 2022 Annual Report.

Recently Adopted Accounting Standards

ASU No. 2016-13, Financial Instruments - Credit Losses (Topic 326) - Measurement of Credit Losses on Financial Instruments

The Company adopted ASU No. 2016-13 inclusive of subsequent amendments as of January 1, 2023. ASU No. 2016-13 amends guidance on reporting credit losses for assets held on an amortized cost basis and available-for-sale debt securities, as well as off balance sheet credit exposures. For assets held at amortized cost, ASU No. 2016-13 eliminates the probable initial recognition threshold in current GAAP and, instead, requires an entity to reflect its current estimate of all expected credit losses. The amendments in ASU No. 2016-13 replace the incurred loss impairment methodology with a methodology that reflects the measurement of expected credit losses based on relevant information about past events, including historical loss experience, current conditions, and reasonable and supportable forecasts that affect the collectability of the reported amounts. The allowance for credit losses is a valuation account that is deducted from the amortized cost basis of financial assets to present the net amount expected to be collected. For available for sale debt securities, credit losses will be presented as an allowance rather than as a write-down. For the Company, the amendments affected loans, debt securities, off-balance sheet credit exposures, and any other financial assets not excluded from the scope that have the contractual right to receive cash.

The Company adopted ASU No. 2016-13 on a modified retrospective basis with a cumulative-effect adjustment to retained earnings as of the adoption date and, accordingly, the Company recorded a net of tax decrease of $17.8 million to retained earnings as of January 1, 2023. The results for prior period amounts continue to be reported in accordance with previously applicable GAAP.

The below table illustrates the impact of the adoption of ASU 2016-13.

	January 1, 2023		
	Gross Adjustment	Tax Impact	Net Adjustment to Retained Earnings
Assets:			
Allowance for credit losses on held-to-maturity securities	$ 668	$ (184)	$ 484
Allowance for credit losses on loans	21,229	(5,849)	15,380
Liabilities:			
Allowance for credit losses on off-balance sheet credit exposures	2,705	(744)	1,961
Total Day 1 Adjustment for Adoption of ASU 2016-13	$ 24,602	$ (6,777)	$ 17,825

Allowance for Credit Losses - Available for Sale Securities: Any available for sale security in an unrealized loss position is assessed for Management's intent to sell, or if it is more likely than not that it will be required to sell before the recovery of its amortized cost basis. If either criteria regarding intent or requirement to sell is met, the security's amortized cost basis is written down to fair value through income. Accrued interest receivable is excluded from the estimate of expected credit losses, as accrued interest receivable is reversed for securities placed on nonaccrual status. Securities issued by U.S. government entities are either explicitly or implicitly guaranteed by the U.S. government, and are highly rated by major ratings agencies and have a long history of no credit losses. For debt securities that do not meet the aforementioned criteria, the Company evaluates whether the decline in fair value has resulted from expected credit losses or other factors in making this assessment. Management considers the extent in which fair value is less than amortized cost, any changes to the rating of the security by a rating agency, and adverse conditions specifically related to the security, among other factors. If this assessment indicates that a credit loss exists, the present value of cash flows expected to be collected from the security are compared to the amortized cost basis of the security. If the present value of cash flows is expected to be collected is less than the amortized cost basis, a credit loss exists and an allowance for credit losses is recorded for the credit loss, limited by the amount that the fair value is less than the amortized cost basis. Any impairment that has not been recorded through an allowance for credit losses is recognized in other comprehensive income. There was no allowance for credit losses for available for sale securities as of January 1, 2023.

Allowance for Credit Losses - Held-to-maturity Securities: Management measures expected credit losses on held-to-maturity securities on a collective basis by security type. Accrued interest receivable is excluded from the estimate of expected credit losses, as accrued interest receivable is reversed for securities placed on nonaccrual status. The Company has identified the following portfolio segments and measures the allowance for credit losses using the following methods:

Mortgage-backed - Certain residential securities held by the Company are issued by U.S. government entities and agencies. These securities are either explicitly or implicitly guaranteed by the U.S. government, and are highly rated by major rating agencies and have a long history of no credit losses.

Non-GSE residential and commercial mortgage-backed securities held by the Company are secured by pools of commercial or residential certificates.

Asset-backed securities ("ABS") - ABS held by the Company are secured by pools of consumer products such as student loans, consumer loans, and consumer residential solar loans.

Property assessed clean energy ("PACE assessments") - PACE assessments held by the Company are secured low loan to value long-term funding for energy efficient and renewable energy projects for residential or commercial projects.

Other securities - Other securities held by the Company include corporate securities, municipal securities and small investments community reinvestment act investments secured by loans.

Allowance for Credit Losses - Loans: The allowance for credit losses is a valuation account that is deducted from the amortized cost basis of a financial asset or a group of financial assets so that the balance sheet reflects the net amount the Company expects to collect. Amortized cost is the principal balance outstanding, net of purchase premiums and discounts, and deferred fees and costs. Accrued interest receivable on loans is excluded from the estimate of expected credit losses, as accrued interest receivable is reversed for loans placed on nonaccrual status. Subsequent changes (favorable and unfavorable) in expected credit losses are recognized immediately in net income as a credit loss expense or a reversal of credit loss expense. Loans are charged off against the allowance when management believes the uncollectibility of a loan balance is confirmed. Expected recoveries do not exceed the aggregate of amounts previously charged-off and expected to be charged-off.

Management calculates the estimation of the allowance for credit losses on loans on a quarterly basis. The Company's methodology to measure the allowance for credit losses incorporates both quantitative and qualitative information to assess lifetime expected credit losses at the portfolio segment level. The quantitative component of the allowance model calculates future loan level balances by considering the loan segment baseline loss rate based on a peer group and severity rate. Expected credit losses are estimated over the contractual term of the loans, adjusted for forecasted prepayments when appropriate. The baseline loss rate is adjusted for relevant macroeconomic variables by loan segment that consider forecasted economic conditions. The adjusted loss rate is calculated for an eight quarter forecast period then reverts to the historical loss rate on a straight-line basis over four quarters. The loan level cash flows are discounted at the effective interest rate to calculate a loan level allowance which is aggregated at the loan segment level to arrive at the estimated allowance.

Economic parameters are developed using available information relating to past events, current conditions, and reasonable and supportable forecasts. Historical credit experience provides the basis for the estimation of expected credit losses, with qualitative adjustments made to loan segments for differences in current loan-specific risk characteristics such as differences in underwriting standards, portfolio mix, delinquency levels and terms, as well as for changes in environmental conditions, such as changes in unemployment rates, property values or other relevant factors.

The allowance for credit losses on loans is measured on a collective (pool) basis when similar risk characteristics exist. The Company has identified the following portfolio segments and measures the allowance for credit losses using the methods described above.

Commercial and Industrial Loans - Loans in this classification are made to businesses and include term loans, lines of credit, and senior secured loans to corporations. Generally, these loans are secured by assets of the business and repayment is expected from the cash flows of the business. A weakened economy, and resultant decreased consumer and/or business spending, will have an effect on the credit quality in this loan class.

Multifamily Mortgage Loans - Loans in this classification include income producing residential investment properties of five or more families. Loans are made to established owners with a proven and demonstrable record of strong performance. Repayment is derived generally from the rental income generated from the property and may be supplemented by the owners' personal cash flow. Credit risk arises with an increase in vacancy rates, property mismanagement and the predominance of non-recourse loans that are customary in the industry.

Commercial Real Estate Loans - Loans in this classification include income producing investment properties and owner-occupied real estate used for business purposes. The underlying properties are located largely in the Company's primary market area. The cash flows of the income producing investment properties are adversely impacted by a downturn in the economy as evidenced by increased vacancy rates, which in turn, will have an effect on credit quality. In the case of owner-occupied real estate used for business purposes, a weakened economy and resultant decreased consumer and/or business spending will have an adverse effect on credit quality.

Construction and Land Development Loans - Loans in this classification primarily include land loans to local individuals, contractors and developers for developing the land for sale or for the purpose of making improvements thereon. Repayment is derived primarily from sale of the lots/units including any pre-sold units. Credit risk is affected by market conditions, time to sell at an adequate price and cost overruns. To a lesser extent, this class includes commercial development projects that the Company finances, which in most cases are interest only during construction, and then convert to permanent financing. Construction delays, cost overruns, market conditions and the availability of permanent financing, to the extent such permanent financing is not being provided by the Bank, all affect the credit risk in this loan class.

Residential Real Estate Loans - Loans in this classification are generally secured by owner-occupied residential real estate and repayment is dependent on the credit quality of the individual borrower. Loans in this class are secured by both first liens and second liens. The overall health of the economy, including unemployment rates and housing prices, can have an effect on the credit quality in this loan class.

Consumer Solar Loans - Loans in this classification may be either secured or unsecured. This portfolio is comprised of residential solar loans. Repayment is dependent on the credit quality of the individual borrower and, if applicable, sale of the collateral securing the loan. Therefore, the overall health of the economy, including unemployment rates and housing prices, will have an effect on the credit quality in this loan class.

Consumer and Other Loans - Loans in this classification may be either secured or unsecured. This portfolio is comprised of student loans and other consumer products. Repayment is dependent on the credit quality of the individual borrower and, if applicable, sale of the collateral securing the loan. Therefore, the overall health of the economy, including unemployment rates and housing prices, will have an effect on the credit quality in this loan class.

Loans that are determined to have unique risk characteristics are evaluated on an individual basis by Management. Loans evaluated individually are not included in the collective evaluation. Factors that may be considered are borrower delinquency trends and nonaccrual status, probability of foreclosure or note sale, changes in the borrower’s circumstances or cash collections, borrower’s industry, or other facts and circumstances of the loan or collateral.

Individually Evaluated Loans with an ACL: For collateral-dependent loans where the Company has determined that foreclosure of the collateral is probable, or where the borrower is experiencing financial difficulty and the Company expects repayment of the loan to be provided substantially through the operation or sale of the collateral, the ACL is measured based on the difference between the fair value of the collateral, less the estimated costs to sell, and the amortized cost basis of the loan as of the measurement date. The fair value of real estate collateral is determined based on recent appraised values. The fair value of non-real estate collateral, may be determined based on an appraisal, net book value per the borrower’s financial statements, aging reports, or by reference to market activity, adjusted or discounted based on management’s historical knowledge, changes in market conditions from the time of the valuation and management’s expertise and knowledge of the borrower and its business. For non-collateral dependent loans, ACL is measured based on the difference between the present value of expected cash flows and the amortized cost basis of the loan as of the measurement date.

Allowance for Credit Losses on Off-Balance Sheet Credit Exposures: The Company estimates expected credit losses over the contractual period in which the Company is exposed to credit risk via a contractual obligation to extend credit, unless that obligation is unconditionally cancellable by the Company for its security and loan portfolios. The allowance for credit losses on off-balance sheet credit exposures is recorded in other liabilities on the consolidated statements of financial condition, and adjusted through the credit loss expense which is recorded in the provision for credit losses on the consolidated statements of income. The estimate includes consideration of the likelihood that funding will occur and an estimate of expected credit losses on commitments expected to be funded over its estimated life, which is the same as the expected loss factor as determined based on the corresponding portfolio segment. At January 1, 2023, the Day 1 adjustment to allowance for credit losses on off-balance sheet credit exposures was $2.7 million, of which $2.6 million related to obligations on the loans portfolio, and $0.1 million related to obligations on the securities portfolio.

ASU 2022-02, Financial Instruments - Credit Losses (Topic 326) - Troubled Debt Restructurings and Vintage Disclosures

On March 31, 2022, the Financial Accounting Standards Board ("FASB") issued ASU 2022-02, which eliminates the troubled debt restructuring ("TDR") accounting model for creditors that have adopted Topic 326, “Financial Instruments – Credit Losses.” Specifically, rather than applying the recognition and measurement guidance for TDRs, this ASU requires entities to evaluate receivable modifications, consistent with the accounting for other loan modifications, to determine whether a modification made to a borrower results is a new loan or a continuation of the existing loan. In addition, under the new ASU, entities are no longer required to use a discounted cash flow ("DCF") method to measure the ACL as a result of a modification or restructuring with a borrower experiencing financial difficulty. If a DCF method is used, the post-modification-derived effective interest rate is to be used, instead of the original interest rate as stipulated under the current GAAP. This ASU also enhances the disclosure requirements related to certain modifications of receivables made to borrowers experiencing financial difficulty. This ASU amends the guidance on “vintage disclosures” to require the disclosure of current-period gross write-offs by year of origination. The Company adopted ASU 2022-02 on January 1, 2023 on a prospective basis. The adoption of the standard did not have a material impact on the financial statements. Refer to the *Loans receivable, net* footnote for updated disclosures for the three and six months ended June 30, 2023.

Reclassifications

Certain reclassifications have been made to prior year amounts to conform to the current year presentation, however such reclassifications did not change stockholders' equity or net income.

2. ACCUMULATED OTHER COMPREHENSIVE LOSS

The following is a summary of the accumulated comprehensive loss balances, net of income taxes:

(In thousands)	Balance as of January 1, 2023	Current Period Change	Income Tax Effect	Balance as of June 30, 2023
Unrealized gains (losses) on benefits plans	$ (1,652)	$ 97	$ (27)	$ (1,582)
Unrealized gains (losses) on available for sale securities	(95,539)	3,771	(1,039)	(92,807)
Unaccreted unrealized loss on securities transferred to held-to-maturity	(11,516)	954	(263)	(10,825)
Total	$ (108,707)	$ 4,822	$ (1,329)	$ (105,214)

(In thousands)	Balance as of January 1, 2022	Current Period Change	Income Tax Effect	Balance as of June 30, 2022
Unrealized gains (losses) on benefits plans	$ (2,102)	$ 118	$ (32)	$ (2,016)
Unrealized gains (losses) on available for sale securities	7,511	(115,412)	31,749	(76,152)
Total	$ 5,409	$ (115,294)	$ 31,717	$ (78,168)

Other comprehensive income (loss) components and related income tax effects were as follows:

(In thousands)	Three Months Ended June 30, 2023	Three Months Ended June 30, 2022	Six Months Ended June 30, 2023	Six Months Ended June 30, 2022
Postretirement Benefit Plans				
Change in obligation for postretirement benefits and for prior service credit	$ 40	$ 44	$ 80	$ 102
Reclassification adjustment for prior service expense included in compensation and employee benefits	7	7	14	—
Change in obligation for other benefits	2	8	3	16
Change in total obligation for postretirement benefits and for prior service credit and for other benefits	49	59	97	118
Income tax expense	(14)	(16)	(27)	(32)
Net change in total obligation for postretirement benefits and prior service credit and for other benefits	35	43	70	86
Securities				
Unrealized holding gains (losses) on available for sale securities	(11,681)	(52,334)	418	(116,038)
Reclassification adjustment for losses realized in loss on sale of securities	267	582	3,353	417
Accretion of net unrealized loss on securities transferred to held-to-maturity recognized in interest income from securities	466	209	954	209
Change in unrealized gains (losses) on available for sale securities	(10,948)	(51,543)	4,725	(115,412)
Income tax benefit (expense)	3,016	14,178	(1,302)	31,749
Net change in unrealized gains (losses) on securities	(7,932)	(37,365)	3,423	(83,663)
Total	$ (7,897)	$ (37,322)	$ 3,493	$ (83,577)

3. INVESTMENT SECURITIES

The amortized cost and fair value of investment securities available for sale and held-to-maturity as of June 30, 2023 are as follows:

	June 30, 2023			
(In thousands)	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Available for sale:				
Mortgage-related:				
Government sponsored entities ("GSE") residential CMOs ("collateralized mortgage obligations")	$ 406,801	$ 25	$ (38,168)	$ 368,658
GSE commercial certificates & CMO	148,014	—	(8,522)	139,492
Non-GSE residential certificates	116,941	—	(15,568)	101,373
Non-GSE commercial certificates	106,510	—	(10,827)	95,683
	778,266	25	(73,085)	705,206
Other debt:				
U.S. Treasury	199	—	(5)	194
ABS	759,953	115	(31,671)	728,397
Trust preferred	10,990	—	(856)	10,134
Corporate	136,077	—	(22,216)	113,861
Residential PACE assessments	22,861	—	(405)	22,456
	930,080	115	(55,153)	875,042
Total available for sale	$ 1,708,346	$ 140	$ (128,238)	$ 1,580,248

	Amortized Cost	Gross Unrecognized Gains	Gross Unrecognized Losses	Fair Value
Held-to-maturity:				
Traditional securities:				
GSE residential CMOs	$ 66,982	$ —	$ (4,698)	$ 62,284
GSE commercial certificates	89,859	—	(11,235)	78,624
GSE residential certificates	420	—	(18)	402
Non-GSE commercial certificates	32,651	—	(3,270)	29,381
Non-GSE residential certificates	48,599	—	(5,506)	43,093
ABS	284,377	—	(11,904)	272,473
Municipal	94,549	—	(17,684)	76,865
	617,437	—	(54,315)	563,122
PACE assessments:				
Commercial PACE assessments	262,093	—	(38,136)	223,957
Residential PACE assessments	775,708	—	(85,846)	689,862
	1,037,801	—	(123,982)	913,819
Allowance for credit losses	(707)			
Total held-to-maturity	$ 1,654,531	$ —	$ (178,297)	$ 1,476,941

As of June 30, 2023, available for sale securities with a fair value of $937.0 million and held-to-maturity securities with a fair value of $425.4 million were pledged. The majority of the securities were pledged to the FHLBNY to secure outstanding advances, letters of credit and to provide additional borrowing potential. In addition, securities were pledged to provide capacity to borrow from the Federal Reserve Bank and to collateralize municipal deposits.

The amortized cost and fair value of investment securities available for sale and held-to-maturity as of December 31, 2022 are as follows:

	December 31, 2022			
(In thousands)	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Available for sale:				
Mortgage-related:				
GSE residential CMOs	$ 427,529	$ 24	$ (38,293)	$ 389,260
GSE commercial certificates & CMO	222,620	—	(8,834)	213,786
Non-GSE residential certificates	123,139	—	(16,059)	107,080
Non-GSE commercial certificates	108,286	—	(10,804)	97,482
	881,574	24	(73,990)	807,608
Other debt:				
U.S. Treasury	199	—	(7)	192
ABS	901,746	34	(39,617)	862,163
Trust preferred	10,988	—	(845)	10,143
Corporate	149,836	—	(17,466)	132,370
	1,062,769	34	(57,935)	1,004,868
Total available for sale	$ 1,944,343	$ 58	$ (131,925)	$ 1,812,476

	Amortized Cost	Gross Unrecognized Gains	Gross Unrecognized Losses	Fair Value
Held-to-maturity:				
Traditional securities:				
GSE residential CMOs	$ 69,391	$ —	$ (4,054)	$ 65,337
GSE commercial certificates	90,335	—	(11,186)	79,149
GSE residential certificates	428	—	(17)	411
Non-GSE commercial certificates	32,635	9	(3,148)	29,496
Non-GSE residential certificates	50,468	—	(5,245)	45,223
ABS	288,682	—	(15,175)	273,507
Municipal	95,485	—	(15,999)	79,486
Other	2,000	—	—	2,000
	629,424	9	(54,824)	574,609
PACE assessments:				
Commercial PACE assessments	255,424	—	(26,782)	228,642
Residential PACE assessments	656,453	—	(44,833)	611,620
	911,877	—	(71,615)	840,262
Total held-to-maturity	$ 1,541,301	$ 9	$ (126,439)	$ 1,414,871

There were no transfers to or from securities held-to-maturity during the three or six months ended June 30, 2023. The Company reassessed the classification of certain investments during the three months ended June 30, 2022 and transferred securities with a book value of $277.3 million from available-for-sale to held-to-maturity. The transfer occurred at a fair value totaling $260.1 million. The related unrealized losses of $17.1 million were converted to a discount that is being accreted through interest income on a level-yield method over the term of the securities, while the unrealized losses recorded in other comprehensive income are amortized out of other comprehensive income through interest income on a level-yield method over the remaining term of securities, with no net change to interest income. No gain or loss was recorded at the time of transfer.

The following table summarizes the amortized cost and fair value of debt securities available for sale and held-to-maturity, exclusive of mortgage-backed securities, by their contractual maturity as of June 30, 2023. Actual maturities may differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without penalty:

	Available for Sale		Held-to-maturity	
(In thousands)	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Due within one year	$ 199	$ 195	$ —	$ —
Due after one year through five years	68,309	61,111	9,429	8,907
Due after five years through ten years	357,921	338,763	10,552	9,674
Due after ten years	503,651	474,973	1,396,746	1,244,576
	$ 930,080	$ 875,042	$ 1,416,727	$ 1,263,157

Proceeds received and gains and losses realized on sales of available for sale securities are summarized below:

	Three Months Ended,		Six Months Ended,	
(In thousands)	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
Proceeds	$ 29,232	$ 35,789	$ 174,537	$ 35,951
Realized gains	$ —	$ —	$ —	$ 162
Realized losses	(267)	(582)	(3,353)	(582)
Net realized losses	$ (267)	$ (582)	$ (3,353)	$ (420)

There were no sales of held-to-maturity securities during the three or six months ended June 30, 2023 or the three or six months ended June 30, 2022.

The Company controls and monitors inherent credit risk in its securities portfolio through due diligence, diversification, concentration limits, periodic securities reviews, and by investing in low risk securities. This includes high quality Non Agency Securities, low loan-to-value PACE Bonds and a significant portion of the securities portfolio in U.S. GSE obligations. GSEs include the Federal Home Loan Mortgage Corporation (“FHLMC”), the Federal National Mortgage Association (“FNMA”), the Government National Mortgage Association (“GNMA”) and the Small Business Administration (“SBA”). GNMA is a wholly owned U.S. Government corporation whereas FHLMC and FNMA are private. Mortgage-related securities may include mortgage pass-through certificates, participation certificates and CMOs.

The following summarizes the fair value and unrealized losses for those available for sale and unrecognized losses for those held-to-maturity securities as of June 30, 2023 and December 31, 2022, respectively, segregated between securities that have been in an unrealized or unrecognized loss position for less than twelve months and those that have been in a continuous unrealized or unrecognized loss position for twelve months or longer at the respective dates:

	June 30, 2023					
	Less Than Twelve Months		Twelve Months or Longer		Total	
(In thousands)	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Available for sale:						
Mortgage-related:						
GSE residential CMOs	$ 39,625	$ 2,170	$ 324,083	$ 35,998	$ 363,708	$ 38,168
GSE commercial certificates & CMO	39,904	831	99,588	7,691	139,492	8,522
Non-GSE residential certificates	—	—	101,373	15,568	101,373	15,568
Non-GSE commercial certificates	—	—	95,683	10,827	95,683	10,827
Other debt:						
U.S. Treasury	—	—	194	5	194	5
ABS	20,924	1,522	680,461	30,149	701,385	31,671
Trust preferred	—	—	10,134	856	10,134	856
Corporate	—	—	113,861	22,216	113,861	22,216
Residential PACE assessments	22,456	405	—	—	22,456	405
Total available for sale	$ 122,909	$ 4,928	$ 1,425,377	$ 123,310	$ 1,548,286	$ 128,238

	Less Than Twelve Months		Twelve Months or Longer		Total	
	Fair Value	Unrecognized Losses	Fair Value	Unrecognized Losses	Fair Value	Unrecognized Losses
Held-to-maturity:						
Traditional securities:						
GSE CMOs	$ —	$ —	$ 62,284	$ 4,698	$ 62,284	$ 4,698
GSE commercial certificates	16,814	1,134	61,810	10,101	78,624	11,235
GSE residential certificates	—	—	402	18	402	18
Non GSE commercial certificates	—	—	29,262	3,270	29,262	3,270
Non GSE residential certificates	—	—	43,093	5,506	43,093	5,506
ABS	6,987	310	265,486	11,594	272,473	11,904
Municipal	15,841	603	61,024	17,081	76,865	17,684
PACE assessments:						
Commercial PACE assessments	43,959	5,522	179,998	32,614	223,957	38,136
Residential PACE assessments	287,408	22,608	402,454	63,238	689,862	85,846
Total held-to-maturity	$ 371,009	$ 30,177	$ 1,105,813	$ 148,120	$ 1,476,822	$ 178,297

	December 31, 2022					
	Less Than Twelve Months		Twelve Months or Longer		Total	
(In thousands)	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Available for sale:						
Mortgage-related:						
GSE residential CMOs	$ 231,562	$ 13,937	$ 151,285	$ 24,356	$ 382,847	$ 38,293
GSE commercial certificates & CMO	153,325	6,729	60,461	2,105	213,786	8,834
Non-GSE residential certificates	72,527	8,969	34,553	7,090	107,080	16,059
Non-GSE commercial certificates	62,243	4,842	35,239	5,962	97,482	10,804
Other debt:						
U.S. Treasury	192	7	—	—	192	7
ABS	530,269	17,290	299,425	22,327	829,694	39,617
Trust preferred	—	—	10,143	845	10,143	845
Corporate	89,054	9,772	43,316	7,694	132,370	17,466
Total available for sale	$ 1,139,172	$ 61,546	$ 634,422	$ 70,379	$ 1,773,594	$ 131,925

	Less Than Twelve Months		Twelve Months or Longer		Total	
	Fair Value	Unrecognized Losses	Fair Value	Unrecognized Losses	Fair Value	Unrecognized Losses
Held-to-maturity:						
Traditional securities:						
GSE CMOs	$ 54,475	$ 2,891	$ 10,862	$ 1,163	$ 65,337	$ 4,054
GSE commercial certificates	48,934	3,404	30,215	7,782	79,149	11,186
GSE residential certificates	411	17	—	—	411	17
Non GSE commercial certificates	11,192	656	18,283	2,492	29,475	3,148
Non GSE residential certificates	39,426	4,784	5,797	461	45,223	5,245
ABS	224,279	11,078	49,228	4,097	273,507	15,175
Municipal	48,190	5,866	31,296	10,133	79,486	15,999
PACE assessments:						
Commercial PACE assessments	228,642	26,782	—	—	228,642	26,782
Residential PACE assessments	611,620	44,833	—	—	611,620	44,833
Total held-to-maturity	$ 1,267,169	$ 100,311	$ 145,681	$ 26,128	$ 1,412,850	$ 126,439

Available for sale securities

As discussed in Note 1, upon adoption of the Current Expected Credit Losses ("CECL") standard, no allowance for credit losses was recorded on available for sale securities. During the three months ended March 31, 2023, a Corporate bond related to Silicon Valley Bank ("SIVB") was placed on nonaccrual status following credit concerns over the issuer. As a result, Management charged-off the $1.2 million unrealized loss position given Management's intent to sell the Corporate bond and unlikely recovery of the unrealized position. The sale of the security in the second quarter of 2023 resulted in an immaterial additional loss. During the three months ended June 30, 2023, no available for sale securities were charged-off.

As of June 30, 2023, none of the Company’s available for sale debt securities were in an unrealized loss position due to credit and therefore no allowance for credit losses on available for sale debt securities was required. The temporary impairment of fixed income securities is primarily attributable to changes in overall market interest rates and/or changes in credit/liquidity spreads since the investments were acquired. In general, as market interest rates rise and/or credit/liquidity spreads widen, the fair value of fixed rate securities will decrease, as market interest rates fall and/or credit spreads tighten, the fair value of fixed rate securities will increase.

With respect to the Company’s security investments that are temporarily impaired as of June 30, 2023, management does not intend to sell these investments and does not believe it will be necessary to do so before anticipated recovery. If either criteria regarding intent or requirement to sell is met, the security's amortized cost basis is written down to fair value through income. The Company expects to collect all amounts due according to the contractual terms of these investments. Therefore, the Company does not hold an allowance for credit losses for available for sale securities at June 30, 2023.

Held-to-maturity securities

Management conducts an evaluation of expected credit losses on held-to-maturity securities on a collective basis by security type. Management monitors the credit quality of debt securities held-to-maturity through reasonable and supportable forecasts, reviews of credit trends on underlying assets, credit ratings, and other factors. Holdings of securities issued by GSEs with unrealized losses are either explicitly or implicitly guaranteed by the U.S. government, and are highly rated by major rating agencies and have a long history of no credit losses.

With the exception of PACE assessments, which are generally not rated, our traditional securities were rated investment grade by at least one nationally recognized statistical rating organization with no ratings below investment grade. All issues were current as to their interest payments. We have had insignificant losses on PACE assessments that we have invested in and are not aware of any significant losses in the PACE bonds sector given the low loan-to-value position and the superior lien position on the property. Management considers that the temporary impairment of these investments as of June 30, 2023 is primarily due to an increase in interest rates and spreads since the time these investments were acquired.

Accrued interest receivable on securities totaling $26.0 million and $22.4 million at June 30, 2023 and December 31, 2022, respectively, was included in other assets in the consolidated balance sheet and excluded from the amortized cost and estimated fair value totals in the table above.

The following table presents the activity in the allowance for credit losses for securities held-to-maturity for the three months ended June 30, 2023:

(In thousands)	Non-GSE commercial certificates	Commercial PACE	Residential PACE	Total
Allowance for credit losses:				
Beginning balance	$ 58	$ 262	$ 367	$ 687
Provision for (recovery of) credit losses	(1)	—	21	20
Charge-offs	—	—	—	—
Recoveries	—	—	—	—
Ending balance	$ 57	$ 262	$ 388	$ 707

The following table presents the activity in the allowance for credit losses for securities held-to-maturity for the six months ended June 30, 2023:

(In thousands)	Non-GSE commercial certificates	Commercial PACE	Residential PACE	Total
Allowance for credit losses:				
Beginning balance	$ —	$ —	$ —	$ —
Adoption of ASU No. 2016-13	85	255	328	668
Provision for (recovery of) credit losses	(2)	7	60	65
Charge-offs	(26)	—	—	(26)
Recoveries	—	—	—	—
Ending balance	$ 57	$ 262	$ 388	$ 707

4. LOANS RECEIVABLE, NET

With the adoption of ASU 2016-13 on January 1, 2023, all loan balances in this footnote for the period ended June 30, 2023 are presented at amortized cost, net of deferred loan origination costs. Loan balances for the period ended December 31, 2022 are presented at unpaid principal balance.

Loans receivable are summarized as follows:

(In thousands)	June 30, 2023	December 31, 2022
Commercial and industrial	$ 949,403	$ 925,641
Multifamily	1,095,752	967,521
Commercial real estate	333,340	335,133
Construction and land development	28,664	37,696
Total commercial portfolio	2,407,159	2,265,991
Residential real estate lending	1,388,571	1,371,779
Consumer solar	411,873	416,849
Consumer and other	44,135	47,150
Total retail portfolio	1,844,579	1,835,778
Total loans receivable	4,251,738	4,101,769
Net deferred loan origination costs	—	4,233
Total loans receivable, net of deferred loan origination costs	4,251,738	4,106,002
Allowance for credit losses	(67,431)	(45,031)
Total loans receivable, net	$ 4,184,307	$ 4,060,971

The following table presents information regarding the past due status of the Company's loans as of June 30, 2023:

(In thousands)	30-89 Days Past Due	Non-Accrual	90 Days or More Delinquent and Still Accruing Interest	Total Past Due	Current	Total Loans Receivable
Commercial and industrial	$ —	$ 7,575	$ —	$ 7,575	$ 941,828	$ 949,403
Multifamily	2,308	2,376	—	4,684	1,091,068	1,095,752
Commercial real estate	9,700	4,660	—	14,360	318,980	333,340
Construction and land development	2,424	13,467	—	15,891	12,773	28,664
Total commercial portfolio	14,432	28,078	—	42,510	2,364,649	2,407,159
Residential real estate lending	1,649	2,470	—	4,119	1,384,452	1,388,571
Consumer solar	3,522	2,811		6,333	405,540	411,873
Consumer and other	1,023	325	—	1,348	42,787	44,135
Total retail portfolio	6,194	5,606	—	11,800	1,832,779	1,844,579
	$ 20,626	$ 33,684	$ —	$ 54,310	$ 4,197,428	$ 4,251,738

The following table presents information regarding the past due status of the Company's loans as of December 31, 2022:

(In thousands)	30-89 Days Past Due	Non-Accrual	90 Days or More Delinquent and Still Accruing Interest	Total Past Due	Current	Total Loans Receivable
Commercial and industrial	$ 27	$ 9,629	$ —	$ 9,656	$ 915,985	$ 925,641
Multifamily	—	3,828	—	3,828	963,693	967,521
Commercial real estate	11,718	4,851	—	16,569	318,564	335,133
Construction and land development	16,426	—	—	16,426	21,270	37,696
Total commercial portfolio	28,171	18,308	—	46,479	2,219,512	2,265,991
Residential real estate lending	1,185	1,807	—	2,992	1,368,787	1,371,779
Consumer solar	3,320	1,584	—	4,904	411,945	416,849
Consumer and other	225	—	—	225	46,925	47,150
Total retail portfolio	4,730	3,391	—	8,121	1,827,657	1,835,778
	$ 32,901	$ 21,699	$ —	$ 54,600	$ 4,047,169	$ 4,101,769

The following table presents information regarding loan modifications granted to borrowers experiencing financial difficulty during the three and six months ended June 30, 2023:

	Term Extension		Term Extension	
	Three Months Ended June 30, 2023		Six Months Ended June 30, 2023	
(Dollars in thousands)	**Amortized Cost**	**% of Portfolio**	**Amortized Cost**	**% of Portfolio**
Commercial and industrial	$ —	— %	$ 583	0.1 %
Multifamily	327	0.0 %	327	0.0 %
Commercial real estate	1,059	0.3 %	1,907	0.6 %
Construction and land development	—	— %	6,887	24.0 %

The following table describes the financial effect of the modifications made to borrowers experiencing financial difficulty:

	Term Extension
	Three Months Ended June 30, 2023
Multifamily	Modification added a weighted average 1.0 years to the life of the modified loan.
Commercial real estate	Modification added a weighted average 1.0 years to the life of the modified loan.

	Term Extension
	Six Months Ended June 30, 2023
Commercial and industrial	Modification added a weighted average 1.0 years to the life of the modified loan.
Multifamily	Modification added a weighted average 1.0 years to the life of the modified loan.
Commercial real estate	Modifications added a weighted average 0.8 years to the life of the modified loans.
Construction and land development	Modifications added a weighted average 0.8 years to the life of the modified loans.

Two and six loans were permanently modified in the three and six months ended June 30, 2023, respectively and no loans that were modified had a payment default during the three and six months ended June 30, 2023.

In order to manage credit quality, we view the Company's loan portfolio by various segments. For commercial loans, we assign individual credit ratings ranging from 1 (lowest risk) to 10 (highest risk) as an indicator of credit quality. These ratings are based on specific risk factors including (i) historical and projected financial results of the borrower, (ii) market conditions of the borrower's industry that may affect the borrower's future financial performance, (iii) business experience of the borrower's management, (iv) nature of the underlying collateral, if any, including the ability of the collateral to generate sources of repayment, and (v) history of the borrower's payment performance. These specific risk factors are then utilized as inputs in our credit model to determine the associated allowance for credit loss. Non-rated loans generally include residential mortgages and consumer loans.

The below classifications follow regulatory guidelines and can be generally described as follows:

- pass loans are of satisfactory quality;
- special mention loans have a potential weakness or risk that may result in the deterioration of future repayment;
- substandard loans are inadequately protected by the current net worth and paying capacity of the borrower or of the collateral pledged (these loans have a well-defined weakness, and there is a distinct possibility that the Company will sustain some loss); and
- doubtful loans, based on existing circumstances, have weaknesses that make collection or liquidation in full highly questionable and improbable.

In addition, residential loans are classified utilizing an inter-agency methodology that incorporates the extent of delinquency. Assigned risk rating grades are continuously updated as new information is obtained.

The following tables summarize the Company's loan portfolio by credit quality indicator as of June 30, 2023:

	Term Loans by Origination Year							
(In thousands)	2023	2022	2021	2020	2019 & Prior	Revolving loans	Revolving Loans Converted to Term	Total
Commercial and Industrial:								
Pass	$ 54,758	$ 206,133	$ 216,803	$ 93,760	$ 164,604	$ 179,813	$ —	$ 915,871
Special Mention	—	—	—	4,173	1,911	—	—	6,084
Substandard	—	—	—	5,156	20,113	2,179	—	27,448
Doubtful	—	—	—	—	—	—	—	—
Total commercial and industrial	$ 54,758	$ 206,133	$ 216,803	$ 103,089	$ 186,628	$ 181,992	$ —	$ 949,403
Current period gross charge-offs	$ —	$ —	$ —	$ —	$ 1,726	$ —	$ —	$ 1,726
Multifamily:								
Pass	$ 104,315	$ 383,753	$ 45,735	$ 138,991	$ 404,898	$ 3	$ —	$ 1,077,695
Special Mention	—	—	—	—	13,373	—	—	13,373
Substandard	—	—	—	—	4,684	—	—	4,684
Doubtful	—	—	—	—	—	—	—	—
Total multifamily	$ 104,315	$ 383,753	$ 45,735	$ 138,991	$ 422,955	$ 3	$ —	$ 1,095,752
Current period gross charge-offs	$ —	$ —	$ —	$ —	$ 1,127	$ —	$ —	$ 1,127
Commercial real estate:								—
Pass	$ 36,975	$ 43,299	$ 49,204	$ 36,579	$ 134,890	$ 2,931	$ —	$ 303,878
Special Mention	—	—	—	—	24,788	—	—	24,788
Substandard	—	—	—	1,907	2,767	—	—	4,674
Doubtful	—	—	—	—	—	—	—	—
Total commercial real estate	$ 36,975	$ 43,299	$ 49,204	$ 38,486	$ 162,445	$ 2,931	$ —	$ 333,340
Current period gross charge-offs	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Construction and land development:								
Pass	$ —	$ —	$ —	$ —	$ 7,605	$ 5,168	$ —	$ 12,773
Special Mention	—	—	—	—	—	—	—	—
Substandard	—	—	—	—	—	15,891	—	15,891
Doubtful	—	—	—	—	—	—	—	—
Total construction and land development	$ —	$ —	$ —	$ —	$ 7,605	$ 21,059	$ —	$ 28,664
Current period gross charge-offs	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Residential real estate lending:								
Pass	$ 58,581	$ 419,947	$ 343,544	$ 138,079	$ 423,366	$ 2,715	$ —	$ 1,386,232
Special Mention	—	—	—	—	—	—	—	—
Substandard	—	756	—	293	1,290	—	—	2,339
Doubtful	—	—	—	—	—	—	—	—
Total residential real estate lending	$ 58,581	$ 420,703	$ 343,544	$ 138,372	$ 424,656	$ 2,715	$ —	$ 1,388,571
Current period gross charge-offs	$ —	$ —	$ —	$ —	$ 59	$ —	$ —	$ 59
Consumer solar:								
Pass	$ 14,895	$ 109,512	$ 137,157	$ 76,696	$ 71,108	$ —	$ —	$ 409,368
Special Mention	—	—	—	—	—	—	—	—
Substandard	—	875	663	785	182	—	—	2,505
Doubtful	—	—	—	—	—	—	—	—
Total consumer solar	$ 14,895	$ 110,387	$ 137,820	$ 77,481	$ 71,290	$ —	$ —	$ 411,873
Current period gross charge-offs	$ —	$ 673	$ 1,530	$ 1,089	$ 339	$ —	$ —	$ 3,631
Consumer and other:								
Pass	$ 2,349	$ 15,895	$ 12,833	$ —	$ 12,733	$ —	$ —	$ 43,810

Special Mention	—	—	—	—	—	—	—	—
Substandard	2	272	51	—	—	—	—	325
Doubtful	—	—	—	—	—	—	—	—
Total consumer and other	$ 2,351	$ 16,167	$ 12,884	$ —	$ 12,733	$ —	$ —	$ 44,135
Current period gross charge-offs	$ —	$ —	$ —	$ —	$ 239	$ —	$ —	$ 239
Total Loans:								
Pass	$ 271,873	$ 1,178,539	$ 805,276	$ 484,105	$ 1,219,204	$ 190,630	$ —	$ 4,149,627
Special Mention	—	—	—	4,173	40,072	—	—	44,245
Substandard	2	1,903	714	8,141	29,036	18,070	—	57,866
Doubtful	—	—	—	—	—	—	—	—
Total loans	$ 271,875	$ 1,180,442	$ 805,990	$ 496,419	$ 1,288,312	$ 208,700	$ —	$ 4,251,738
Current period gross charge-offs	$ —	$ 673	$ 1,530	$ 1,089	$ 3,490	$ —	$ —	$ 6,782

The following tables summarize the Company’s loan portfolio by credit quality indicator as of December 31, 2022:

(In thousands)	Pass	Special Mention	Substandard	Doubtful	Total
Commercial and industrial	$ 893,637	$ 6,983	$ 23,275	$ 1,746	$ 925,641
Multifamily	947,661	13,696	6,164	—	967,521
Commercial real estate	299,953	24,679	10,501	—	335,133
Construction and land development	21,270	14,002	2,424	—	37,696
Residential real estate lending	1,369,972	—	1,807	—	1,371,779
Consumer and other	462,415	—	1,584	—	463,999
Total loans	$ 3,994,908	$ 59,360	$ 45,755	$ 1,746	$ 4,101,769

The activities in the allowance by portfolio for the three months ended June 30, 2023 are as follows:

(In thousands)	Commercial and Industrial	Multifamily	Commercial Real Estate	Construction and Land Development	Residential Real Estate Lending	Consumer Solar	Consumer and Other	Total
Allowance for credit losses:								
Beginning balance	$ 16,473	$ 7,030	$ 2,455	$ 354	$ 14,849	$ 22,762	$ 3,400	$ 67,323
Provision for (recovery of) credit losses	2,008	(633)	(170)	(30)	337	1,649	(45)	3,116
Charge-offs	(1,726)	—	—	—	(1)	(1,824)	(221)	(3,772)
Recoveries	38	—	—	—	89	631	6	764
Ending Balance	$ 16,793	$ 6,397	$ 2,285	$ 324	$ 15,274	$ 23,218	$ 3,140	$ 67,431

The activities in the allowance by portfolio for the three months ended June 30, 2022 are as follows:

(In thousands)	Commercial and Industrial	Multifamily	Commercial Real Estate	Construction and Land Development	Residential Real Estate Lending	Consumer and Other	Total
Allowance for loan losses:							
Beginning balance	$ 12,169	$ 4,232	$ 6,840	$ 654	$ 9,336	$ 4,311	$ 37,542
Provision for (recovery of) loan losses	2,442	165	(1,114)	54	1,076	289	2,912
Charge-offs	—	—	—	—	(782)	(995)	(1,777)
Recoveries	6	—	—	1	674	119	800
Ending Balance	$ 14,617	$ 4,397	$ 5,726	$ 709	$ 10,304	$ 3,724	$ 39,477

The activities in the allowance by portfolio for the six months ended June 30, 2023 are as follows:

(In thousands)	Commercial and Industrial	Multifamily	Commercial Real Estate	Construction and Land Development	Residential Real Estate Lending	Consumer Solar	Consumer and Other	Total
Allowance for credit losses:								
Beginning balance - ALLL	$ 12,916	$ 7,104	$ 3,627	$ 825	$ 11,338	$ 6,867	$ 2,354	$ 45,031
Adoption of ASU No. 2016-13	3,816	(1,183)	(1,321)	(466)	3,068	16,166	1,149	21,229
Beginning balance - ACL	16,732	5,921	2,306	359	14,406	23,033	3,503	66,260
Provision for (recovery of) credit losses	1,745	1,603	(21)	(35)	600	2,974	(138)	6,728
Charge-offs	(1,726)	(1,127)	—	—	(59)	(3,631)	(239)	(6,782)
Recoveries	42	—	—	—	327	842	14	1,225
Ending Balance - ACL	$ 16,793	$ 6,397	$ 2,285	$ 324	$ 15,274	$ 23,218	$ 3,140	$ 67,431

The activities in the allowance by portfolio for the six months ended June 30, 2022 are as follows:

(In thousands)	Commercial and Industrial	Multifamily	Commercial Real Estate	Construction and Land Development	Residential Real Estate Lending	Consumer and Other	Total
Allowance for loan losses:							
Beginning balance	$ 10,652	$ 4,760	$ 7,273	$ 405	$ 9,008	$ 3,768	$ 35,866
Provision for (recovery of) loan losses	3,953	53	(1,547)	302	792	1,652	5,205
Charge-offs	—	(416)	—	—	(821)	(1,863)	(3,100)
Recoveries	12	—	—	2	1,325	167	1,506
Ending Balance	$ 14,617	$ 4,397	$ 5,726	$ 709	$ 10,304	$ 3,724	$ 39,477

The amortized cost basis of loans on nonaccrual status and the specific allowance as of June 30, 2023 are as follows:

(In thousands)	Nonaccrual with No Allowance	Nonaccrual with Allowance	Reserve
Commercial and industrial	$ 654	$ 6,921	$ 4,259
Multifamily	—	2,376	538
Commercial real estate	4,660	—	—
Construction and land development	8,803	4,664	197
Total commercial portfolio	14,117	13,961	4,994
Residential real estate lending	2,470	—	—
Consumer solar	2,811	—	—
Consumer and other	325	—	—
Total retail portfolio	5,606	—	—
	$ 19,723	$ 13,961	$ 4,994

The below table summarizes collateral dependent loans which were individually evaluated to determine expected credit losses as of June 30, 2023:

(In thousands)	Real Estate Collateral Dependent	Associated Allowance for Credit Losses
Multifamily	$ 2,376	$ 538
Commercial real estate	4,673	—
Construction and land development	18,667	197
	$ 25,716	$ 735

As of June 30, 2023 and December 31, 2022, mortgage loans with an unpaid principal balance of $2.16 billion and $819.4 million, respectively, were pledged to the FHLBNY to secure outstanding advances, letters of credit and to provide additional borrowing potential.

There were $1.6 million in related party loans outstanding as of June 30, 2023 compared to $1.6 million related party loans as of December 31, 2022.

Impaired Loans (prior to the adoption of ASU 2016-13)

The following table provides information regarding the methods used to evaluate the Company's loans for impairment by portfolio prior to the adoption of ASU 2016-13, and the Company's allowance by portfolio based upon the method of evaluating loan impairment as of as of December 31, 2022.

(In thousands)	Commercial and Industrial	Multifamily	Commercial Real Estate	Construction and Land Development	Residential Real Estate Lending	Consumer and Other	Total
Loans:							
Individually evaluated for impairment	$ 14,716	$ 3,828	$ 4,851	$ 2,424	$ 1,982	$ —	$ 27,801
Collectively evaluated for impairment	910,925	963,693	330,282	35,272	1,369,797	463,999	4,073,968
Total loans	$ 925,641	$ 967,521	$ 335,133	$ 37,696	$ 1,371,779	$ 463,999	$ 4,101,769
Allowance for loan losses:							
Individually evaluated for impairment	$ 5,433	$ 180	$ —	$ —	$ 55	$ —	$ 5,668
Collectively evaluated for impairment	7,483	6,924	3,627	825	11,283	9,221	39,363
Total allowance for loan losses	$ 12,916	$ 7,104	$ 3,627	$ 825	$ 11,338	$ 9,221	$ 45,031

The following is additional information regarding the Company's impaired loans and the allowance related to such loans prior to the adoption of ASU 2016-13, as of and for the year ended December 31, 2022.

	December 31, 2022			
(In thousands)	Recorded Investment	Average Recorded Investment	Unpaid Principal Balance	Related Allowance
Loans without a related allowance:				
Residential real estate lending	$ 764	$ 5,636	$ 1,761	$ —
Multifamily	334	167	334	—
Construction and land development	2,424	4,950	7,476	—
Commercial real estate	4,851	4,453	5,023	—
Commercial and industrial	3,791	1,896	3,881	—
	12,164	17,102	18,475	—
Loans with a related allowance:				
Residential real estate lending	1,218	8,352	1,278	55
Multifamily	3,494	3,201	3,494	180
Commercial and industrial	10,925	11,855	11,975	5,433
	15,637	23,408	16,747	5,668
Total individually impaired loans:				
Residential real estate lending	1,982	13,988	3,039	55
Multifamily	3,828	3,368	3,828	180
Construction and land development	2,424	4,950	7,476	—
Commercial real estate	4,851	4,453	5,023	—
Commercial and industrial	14,716	13,751	15,856	5,433
	$ 27,801	$ 40,510	$ 35,222	$ 5,668

5. DEPOSITS

Deposits are summarized as follows:

	June 30, 2023		December 31, 2022	
(In thousands)	Amount	Weighted Average Rate	Amount	Weighted Average Rate
Non-interest-bearing demand deposit accounts	$ 2,958,104	0.00 %	$ 3,331,067	0.00 %
NOW accounts	199,262	0.95 %	206,434	0.73 %
Money market deposit accounts	2,744,411	2.02 %	2,445,396	0.94 %
Savings accounts	363,058	1.04 %	386,190	0.75 %
Time deposits	161,335	1.77 %	151,699	2.57 %
Brokered CDs	468,481	5.02 %	74,251	3.84 %
	$ 6,894,651	1.27 %	$ 6,595,037	0.52 %

The scheduled maturities of time deposits and brokered CDs as of June 30, 2023 are as follows:

(In thousands)	Balance
2023	$ 450,989
2024	53,986
2025	35,654
2026	34,682
2027	28,746
Thereafter	25,759
	$ 629,816

Time deposits of greater than $250,000 totaled $30.8 million as of June 30, 2023 and $36.2 million as of December 31, 2022.

The Bank offers time deposits through the Certificate of Deposit Account Registry Service (“CDARS”) for the purpose of providing FDIC insurance to bank customers with balances in excess of FDIC insurance limits. CDARS deposits totaled approximately $48.0 million and $28.3 million as of June 30, 2023 and December 31, 2022, respectively, and are included in Time deposits above.

Our total deposits included deposits from Workers United and its related entities, a related party, in the amounts of $92.3 million as of June 30, 2023 and $52.2 million as of December 31, 2022.

Included in total deposits are state and municipal deposits totaling $35.7 million and $88.3 million as of June 30, 2023 and December 31, 2022, respectively. Such deposits are secured by letters of credit issued by the FHLBNY or by securities pledged with the FHLBNY.

6. BORROWED FUNDS

FHLBNY advances are collateralized by the FHLBNY stock owned by the Bank plus a pledge of other eligible assets comprised of securities and mortgage loans. Assets are pledged to collateral capacity. As of June 30, 2023, the value of the other eligible assets had an estimated market value net of haircut totaling $2.00 billion (comprised of securities of $394.3 million and mortgage loans of $1.60 billion). The fair value of assets pledged to the FHLBNY is required to exceed outstanding advances. There were no outstanding FHLB advances as of June 30, 2023 and $580.0 million in outstanding FHLBNY advances as of December 31, 2022. For the three months ended June 30, 2023, and 2022, interest expense on FHLBNY advances was $1.4 million and zero, respectively. For the six months ended June 30, 2023, and 2022, interest expense on FHLBNY advances was $4.4 million and zero, respectively.

In addition to FHLBNY advances, the Company uses other borrowings for short-term borrowing needs. Federal funds lines of credit are extended to the Company by non-affiliated banks with which a correspondent banking relationship exists. At June 30, 2023, and December 31, 2022 there was no outstanding balance related to federal funds purchased. In addition, following the recent bank failures, the Federal Reserve created a new Bank Term Funding Program ("BTFP") as an additional source of liquidity against high-quality securities, offering loans of up to one year to eligible institutions pledging qualifying assets as collateral. At June 30, 2023, there was an outstanding balance of $230.0 million related to the BTFP, and no outstanding balance at December 31, 2022. For the three months ended June 30, 2023, and 2022, interest expense on other borrowings was $2.1 million and zero, respectively. For the six months ended June 30, 2023, and 2022, interest expense on other borrowings was $2.3 million and zero, respectively.

7. SUBORDINATED DEBT

On November 8, 2021, the Company completed a public offering of $85.0 million of aggregated principal amount of 3.250% Fixed-to-Floating Rate subordinated notes due 2031 (the "Notes"). The fixed rate period is defined from and including November 8, 2021 to, but excluding, November 15, 2026, or the date of earlier redemption. The floating rate period is defined from and including November 15, 2026 to, but excluding, November 15, 2031, or the date of earlier redemption. The floating rate per annum is equal to three-month term SOFR (the "benchmark rate") plus a spread of 230 basis points for each quarterly interest period during the floating rate period, provided however, that if the benchmark rate is less than zero, the benchmark rate shall be deemed to be zero. The subordinated notes will mature on November 15, 2031.

The Company may, at its option, beginning with the interest payment date of November 15, 2026, and on any interest payment date thereafter, redeem the Notes, in whole or in part, from time to time, subject to obtaining prior approval of the Board of Governors of the Federal Reserve System (the "Federal Reserve Board") to the extent such approval is then required under the capital adequacy rules of the Federal Reserve Board, at a redemption price equal to 100% of the principal amount of the Notes being redeemed, plus accrued and unpaid interest to, but excluding, the date of redemption.

Interest expense on subordinated debt for the three months ended June 30, 2023 and 2022 was $0.6 million and $0.7 million, respectively. Interest expense on subordinated debt for the six months ended June 30, 2023 and 2022 was $1.2 million and $1.4 million, respectively.

On July 26, 2022, September 29, 2022, and March 17, 2023 the Company repurchased $3.25 million, $3.0 million, $4.0 million, respectively, of the subordinated notes due on November 15, 2031.

There were no gains on repurchases of subordinated debt for the three months ended June 30, 2023 or 2022. Gains on repurchases of subordinated debt for the six months ended June 30, 2023 and 2022 were $0.8 million and zero, respectively, and are recorded in Non-interest income - other on the consolidated statements of income.

8. EARNINGS PER SHARE

Under the two-class method, earnings available to common stockholders for the period are allocated between common stockholders and participating securities according to participation rights in undistributed earnings. Our time-based and performance-based restricted stock units are not considered participating securities as they do not receive dividend distributions until satisfaction of the related vesting requirements. For the three months ended June 30, 2023 and June 30, 2022, we had 74 thousand and 5 thousand anti-dilutive shares, respectively. For the six months ended June 30, 2023 and June 30, 2022, we had 84 thousand and 32 thousand anti-dilutive shares, respectively.

Following is a table setting forth the factors used in the earnings per share computation follow:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	**2022**	**2023**	**2022**
(In thousands, except per share amounts)				
Income attributable to common stock	$ 21,642	$ 19,613	$ 42,976	$ 33,778
Weighted average common shares outstanding, basic	30,619	30,818	30,662	30,962
Basic earnings per common share	**$ 0.71**	**$ 0.64**	**$ 1.40**	**$ 1.09**
Income attributable to common stock	$ 21,642	$ 19,613	$ 42,976	$ 33,778
Weighted average common shares outstanding, basic	30,619	30,818	30,662	30,962
Incremental shares from assumed conversion of options and RSUs	157	371	158	371
Weighted average common shares outstanding, diluted	30,776	31,189	30,820	31,333
Diluted earnings per common share	**$ 0.70**	**$ 0.63**	**$ 1.39**	**$ 1.08**

9. EMPLOYEE BENEFIT PLANS

Long Term Incentive Plans

Stock Options:

The Company does not currently maintain an active stock option plan that is available for issuing new options. As of December 31, 2020, all options are fully vested and the Company will not incur any further expense related to options.
A summary of the status of the Company's options as of June 30, 2023 follows:

	Number of Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term	Intrinsic Value *(in thousands)*
Outstanding, January 1, 2023	426,880	$ 13.09	3.3 years	
Granted	—	—	—	
Forfeited/ Expired	—	—	—	
Exercised	(29,320)	14.56	—	
Outstanding, June 30, 2023	397,560	12.99	2.8 years	$ 1,234
Vested and Exercisable, June 30, 2023	397,560	$ 12.99	2.8 years	$ 1,234

The range of exercise prices is $11.00 to $14.65 per share.

As noted above, there was no compensation cost attributable to the options for the three and six months ended June 30, 2023 or for the three and six months ended June 30, 2022 as all options had been fully expensed as of December 31, 2020. The fair value of all awards outstanding as of June 30, 2023 and December 31, 2022 was $1.2 million and $4.2 million, respectively. No cash was received for options exercised in the three and six months ended June 30, 2023 or for the three and six months ended June 30, 2022.

The Company repurchased 3,999 shares and 4,019 shares for options exercised in the six months ended June 30, 2023 and June 30, 2022, respectively.

Restricted Stock Units:

The Amalgamated Financial Corp. 2023 Equity Incentive Plan (the "Equity Plan") provides for the grant of stock-based incentive awards to employees and directors of the Company. The number of shares of common stock of the Company available for stock-based awards in the Equity Plan is 1,300,000 of which 1,265,610 shares were available for issuance as of June 30, 2023.

Restricted stock units ("RSUs") represent an obligation to deliver shares to an employee or director at a future date if certain vesting conditions are met. RSUs are subject to a time-based vesting schedule, the satisfaction of performance conditions, or the satisfaction of market conditions, and are settled in shares of the Company's common stock. RSUs do not provide dividend equivalent rights from the date of grant and do not provide voting rights. RSUs accrue dividends based on dividends paid on common shares, but those dividends are paid in cash upon satisfaction of the specified vesting requirements on the underlying RSU.

A summary of the status of the Company’s time-based vesting RSUs for the six months ended June 30, 2023 follows:

	Shares	Grant Date Fair Value
Unvested, January 1, 2023	331,023	$ 17.72
Awarded	135,837	20.95
Forfeited/Expired	(8,294)	15.74
Vested	(124,970)	16.66
Unvested, June 30, 2023	333,596	$ 19.48

A summary of the status of the Company’s performance-based vesting RSUs for the six months ended June 30, 2023 follows:

	Shares	Grant Date Fair Value
Unvested, January 1, 2023	96,970	$ 16.37
Awarded	62,945	19.54
Forfeited/Expired	(6,013)	15.08
Vested	(23,948)	14.82
Unvested, June 30, 2023	129,954	$ 16.37

During the six months ended June 30, 2023, the Company granted 29,923 performance-based RSUs at a fair value of $23.42 per share, respectively which vest subject to the achievement of the Company’s corporate goal for the three-year period from January 1, 2023 to December 31, 2025. The corporate goal is based on the Company achieving a target increase in Tangible Book Value, adjusted for certain factors. The minimum and maximum awards that are achievable are 0 and 44,885 shares, respectively.

During the six months ended June 30, 2023, the Company granted 29,747 market-based RSUs at a fair value of $23.56 per share which vest subject to the Bank’s relative total shareholder return compared to a group of peer banks over a three-year period from February 15, 2023 to February 14, 2026. The minimum and maximum awards that are achievable are 0 and 44,621 shares, respectively.

During the six months ended June 30, 2023, the Company granted 619 and 2,656 shares at a fair value of $14.45 and $15.23 per share, respectively, related to the vesting of performance-based RSUs to satisfy the achievement of corporate goals above target.

As of June 30, 2023, the Company reserved 194,931 shares for issuance upon vesting of performance-based RSUs assuming the Company’s employees achieve the maximum share payout.

The Company repurchased 45,130 shares and 42,371 shares for RSUs vested in the six months ended June 30, 2023 and 2022, respectively.

Of the 463,550 unvested RSUs and PSUs on June 30, 2023, the minimum units that will vest, solely due to a service test, are 333,596. The maximum units that will vest, assuming the highest payout on performance and market-based units, are 528,527.

Compensation expense attributable to RSUs and PSUs was $1.1 million and $2.0 million for the three and six months ended June 30, 2023, and $0.6 million and $1.1 million for the three and six months ended June 30, 2022. Other expenses for directors were $0.1 million and $0.2 million for the three and six months ended June 30, 2023, and $0.1 million and $0.3 million for the three and six months ended June 30, 2022. As of June 30, 2023, there was $7.5 million of total unrecognized compensation cost related to the non-vested RSUs and PSUs granted. This expense may increase or decrease depending on the expected number of performance-based shares to be issued. This expense is expected to be recognized over 2.0 years.

Employee Stock Purchase Plan

On April 28, 2021, the Company's stockholders approved the Amalgamated Financial Corp. Employee Stock Purchase Plan (the "ESPP") which was implemented on March 2, 2022. The aggregate number of shares of common stock that may be purchased and issued under the ESPP will not exceed 500,000 of previously authorized shares. Under the terms of the ESPP, employees may authorize the withholding of up to 15% of their eligible compensation to purchase the Company's shares of common stock, not to exceed $25,000 of the fair market value of such common stock for any calendar year. The purchase price per shares acquired under the ESPP will never be less than 85% of the fair market value of the Company's common stock on the last day of the offering period. The Company's Board of Directors in its discretion may terminate the ESPP at any time with respect to any shares for which options have not been granted.

The Compensation Committee of the Board of Directors (the "Committee") has the right to amend the ESPP without the approval of our stockholders; provided, that no such change may impair the rights of a participant with respect to any outstanding offering period without the consent of such participant, other than a change determined by the Committee to be necessary to comply with applicable law. A participant may not dispose of shares acquired under the ESPP until six months following the grant date of such shares, or any earlier date as of which the Committee has determined that the participant would qualify for a hardship distribution from the Company’s 401(k) Plan. Accordingly, the fair value award associated with their discounted purchase price is expensed at the time of purchase. The below following summarizes the shares purchased under the ESPP since the inception of the plan:

	Number of Shares
Shares available for purchase at December 31, 2022	478,081
Purchases during the three months ended:	
March 31, 2023	(21,919)
June 30, 2023	(7,835)
	(29,754)
Remaining shares available for purchase at June 30, 2023	448,327

The expense related to the discount on purchased shares for the three months ended June 30, 2023 and June 30, 2022 was $18.9 thousand and $44.3 thousand, respectively, and is recorded within compensation and employee benefits expense on the Consolidated Statements of Income. The expense for the six months ended June 30, 2023 and June 30, 2022 was $77.0 thousand and $52.1 thousand, respectively.

10. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Assumptions are developed based on prioritizing information within a fair value hierarchy that gives the highest priority to quoted prices in active markets and the lowest priority to unobservable data. A description of the disclosure hierarchy and the types of financial instruments recorded at fair value that management believes would generally qualify for each category are as follows:

Level 1 - Valuations are based on quoted prices in active markets for identical assets or liabilities. Accordingly, valuation of these assets and liabilities does not entail a significant degree of judgment. Examples include most U.S. Government securities and exchange-traded equity securities.

Level 2 - Valuations are based on either quoted prices in markets that are not considered to be active or significant inputs to the methodology that are observable, either directly or indirectly. Financial instruments in this level would generally include mortgage-related securities and other debt issued by GSEs, non-GSE mortgage-related securities, corporate debt, certain redeemable fund investments and certain trust preferred securities.

Level 3 - Valuations are based on inputs to the methodology that are unobservable and significant to the fair value measurement. These inputs reflect management's own judgments about the assumptions that market participants would use in pricing the assets and liabilities.

Assets Measured at Fair Value on a Recurring Basis

Available for sale securities

The Company's available for sale securities are reported at fair value. Investments in fixed income securities are generally valued based on evaluations provided by an independent pricing service. These evaluations represent an exit price or their opinion as to what a buyer would pay for a security, typically in an institutional round lot position, in a current sale. The pricing service utilizes evaluated pricing techniques that vary by asset class and incorporate available market information and, because many fixed income securities do not trade on a daily basis, applies available information through processes such as benchmark curves, benchmarking of available securities, sector groupings and matrix pricing. Model processes, such as option adjusted spread models, are used to value securities that have prepayment features. In those limited cases where pricing service evaluations are not available for a fixed income security, management will typically value those instruments using observable market inputs in a discounted cash flow analysis.

The following summarizes those financial instruments measured at fair value on a recurring basis in the Consolidated Statements of Financial Condition as of the dates indicated, categorized by the relevant class of investment and level of the fair value hierarchy:

	June 30, 2023			
(In thousands)	**Level 1**	**Level 2**	**Level 3**	**Total**
Available for sale securities:				
Mortgage-related:				
GSE residential CMOs	$ —	$ 368,658	$ —	$ 368,658
GSE commercial certificates & CMO	—	139,492	—	139,492
Non-GSE residential certificates	—	101,373	—	101,373
Non-GSE commercial certificates	—	95,683	—	95,683
Other debt:				
U.S. Treasury	194	—	—	194
ABS	—	728,397	—	728,397
Trust preferred	—	10,134	—	10,134
Corporate	—	113,861	—	113,861
Residential PACE	—	—	22,456	22,456
Total assets carried at fair value	$ 194	$ 1,557,598	$ 22,456	$ 1,580,248

(In thousands)	December 31, 2022 Level 1	Level 2	Level 3	Total
Available for sale securities:				
Mortgage-related:				
GSE residential CMOs	$ —	$ 389,260	$ —	$ 389,260
GSE commercial certificates & CMO	—	213,786	—	213,786
Non-GSE residential certificates	—	107,080	—	107,080
Non-GSE commercial certificates	—	97,482	—	97,482
Other debt:				
U.S. Treasury	192	—	—	192
ABS	—	862,163	—	862,163
Trust preferred	—	10,143	—	10,143
Corporate	—	132,370	—	132,370
Total assets carried at fair value	$ 192	$ 1,812,284	$ —	$ 1,812,476

Assets Measured at Fair Value on a Non-recurring Basis

Certain financial assets and financial liabilities are measured at fair value on a non-recurring basis. That is, they are subject to fair value adjustments in certain circumstances. Financial assets measured at fair value on a non-recurring basis include certain individually evaluated loans (or impaired loans prior to the adoption of ASU 2016-13) reported at the fair value of the underlying collateral if repayment is expected solely from the collateral.

The following tables summarize assets measured at fair value on a non-recurring basis in the Consolidated Statements of Financial Condition as of the dates indicated, categorized by the relevant class of investment and level of the fair value hierarchy:

(In thousands)	June 30, 2023 Carrying Value	Level 1	Level 2	Level 3	Estimated Fair Value
Fair Value Measurements:					
Individually analyzed loans	$ 6,306	$ —	$ —	$ 6,306	$ 6,306
	$ 6,306	$ —	$ —	$ 6,306	$ 6,306

(In thousands)	December 31, 2022 Carrying Value	Level 1	Level 2	Level 3	Estimated Fair Value
Fair Value Measurements:					
Impaired loans	$ 3,315	$ —	$ —	$ 3,315	$ 3,315
	$ 3,315	$ —	$ —	$ 3,315	$ 3,315

Financial Instruments Not Measured at Fair Value

For those financial instruments that are not recorded at fair value in the consolidated statements of financial condition, but are measured at fair value for disclosure purposes, management follows the same fair value measurement principles and guidance as for instruments recorded at fair value. For a description of the methods, factors and significant assumptions utilized in estimating the fair values for significant categories of financial instruments not measured at fair value, refer to footnote 14, *Fair Value of Financial Instruments*, included in the Annual Report on Form 10-K for the year ended December 31, 2022. An additional category of financial instrument not measured at fair value that was not previously included in the Annual Report on Form 10-K is summarized below:

- Other borrowings - Other borrowings are valued using a present value technique that incorporates current rates offered on borrowings of comparable remaining maturity. Other borrowings are categorized as Level 2.

There are significant limitations in estimating the fair value of financial instruments for which an active market does not exist. Due to the degree of management judgment that is often required, such estimates tend to be subjective, sensitive to changes in assumptions and imprecise. Such estimates are made as of a point in time and are impacted by then-current observable market conditions; also such estimates do not give consideration to transaction costs or tax effects if estimated unrealized gains or losses were to become realized in the future. Because of inherent uncertainties of valuation, the estimated fair value may differ significantly from the value that would have been used had a ready market for the investment existed and the difference could be material. Lastly, consideration is not given to nonfinancial instruments, including various intangible assets, which could represent substantial value. Fair value estimates are not necessarily representative of the Company’s total enterprise value.

The following table summarizes the financial statement basis and estimated fair values for significant categories of financial instruments:

	June 30, 2023				
(In thousands)	**Carrying Value**	**Level 1**	**Level 2**	**Level 3**	**Estimated Fair Value**
Financial assets:					
Cash and cash equivalents	$ 65,715	$ 65,715	$ —	$ —	$ 65,715
Held-to-maturity securities	1,654,531	—	563,122	913,819	1,476,941
Loans held for sale	2,458	—	—	2,458	2,458
Loans receivable, net	4,184,307	—	—	3,833,150	3,833,150
Accrued interest receivable	44,104	27	12,434	31,643	44,104
Financial liabilities:					
Deposits payable on demand	6,264,835	—	6,264,835	—	6,264,835
Time deposits and brokered CDs	629,816	—	625,002	—	625,002
Other borrowings	230,000	—	228,258	—	228,258
Subordinated debt, net	73,766	—	59,013	—	59,013
Accrued interest payable	5,661	—	5,661	—	5,661

(In thousands)	December 31, 2022 Carrying Value	Level 1	Level 2	Level 3	Estimated Fair Value
Financial assets:					
Cash and cash equivalents	$ 63,540	$ 63,540	$ —	$ —	$ 63,540
Held-to-maturity securities	1,541,301	—	574,609	840,262	1,414,871
Loans held for sale	7,943	—		7,943	7,943
Loans receivable, net	4,060,971	—	—	3,718,308	3,718,308
Resell agreements	25,754	—	—	25,754	25,754
Accrued interest and dividends receivable	41,441	17	12,197	29,227	41,441
Financial liabilities:					
Deposits payable on demand	6,369,087	—	6,369,087	—	6,369,087
Time deposits and brokered CDs	225,950	—	225,805	—	225,805
FHLBNY advances	580,000	—	580,000	—	580,000
Subordinated debt, net	77,708	—	68,966	—	68,966
Accrued interest payable	1,218	—	1,218	—	1,218

11. COMMITMENTS, CONTINGENCIES AND OFF BALANCE SHEET RISK

Credit Commitments

The Company is party to various credit related financial instruments with off balance sheet risk. The Company, in the normal course of business, issues such financial instruments in order to meet the financing needs of its customers. These financial instruments include commitments to extend credit and standby letters of credit. Such commitments involve, to varying degrees, elements of credit and interest rate risk in excess of the amounts recognized in the consolidated statements of financial condition.

The following financial instruments were outstanding whose contract amounts represent credit risk as of the related periods:

(In thousands)	June 30, 2023	December 31, 2022
Commitments to extend credit	$ 641,697	$ 723,902
Standby letters of credit	23,095	29,568
Total	$ 664,792	$ 753,470

Commitments to extend credit are contracts to lend to a customer as long as there is no violation of any condition established in the contract. These commitments have fixed expiration dates and other termination clauses and generally require the payment of nonrefundable fees. Since a portion of the commitments are expected to expire without being drawn upon, the contractual principal amounts do not necessarily represent future cash requirements. The Company's maximum exposure to credit risk is represented by the contractual amount of these instruments. These instruments represent ultimate exposure to credit risk only to the extent they are subsequently drawn upon by customers.

Standby letters of credit are conditional lending commitments issued by the Company to guarantee the financial performance of a customer to a third party. The credit risk involved in issuing standby letters of credit is essentially the same as that involved in extending loan facilities to customers. The balance sheet carrying value of standby letters of credit approximates any nonrefundable fees received but not yet recorded as income. The Company considers this carrying value, which is not material, to approximate the estimated fair value of these financial instruments.

The Company reserves for the credit risk inherent in off balance sheet credit commitments. This allowance, which is included in other liabilities, amounted to approximately $5.1 million as of June 30, 2023, compared to a reserve of $1.6 million as of December 31, 2022. The provision for credit losses related to off balance sheet credit commitments was $0.8 million and $0.9 million for the three and six months ended June 30, 2023, and the expense related to off balance sheet credit commitments in other non-interest expense was $0.0 million and $0.3 million for the three and six months ended June 30, 2022.

Investment Obligations

The Company is a party to agreements with Pace Funding Group LLC, which operates Home Run Financing, for the purchase of PACE assessment securities until December 2023. As of June 30, 2023, the Company had purchased $599.3 million of these obligations and had an estimated remaining commitment of $132.4 million. The PACE assessments have equal-lien priority with property taxes and generally rank senior to first lien mortgages. These investments are currently held in the Company's held-to-maturity investment portfolio. The Company evaluates these obligations for credit risk and the recorded reserve is immaterial.

Other Commitments and Contingencies

In the ordinary course of business, there are various legal proceedings pending against the Company. Based on the opinion of counsel, management believes that the aggregate liabilities, if any, arising from such actions would not have a material adverse effect on the consolidated financial position or results of operations of the Company. As part of the Company's ongoing investments in VIE projects, we also have commitments to provide financing, which are included in Note 14.

12. LEASES

The Bank as a lessee has operating leases primarily consisting of real estate arrangements where the Company operates its headquarters, branches and business production offices. All leases identified as in scope are accounted for as operating leases as of June 30, 2023. These leases are typically long-term leases and generally are not complicated arrangements or structures. Several of the leases contain renewal options at a rate comparable to the fair market value based on comparable analysis to similar properties in the Bank's geographies.

Real estate operating leases are presented as a right-of-use ("ROU") asset and a related operating lease liability on the Consolidated Statements of Financial Condition. The ROU asset represents the Company's right to use the underlying asset for the lease term and the operating lease liabilities represent the obligation to make lease payments arising from the lease. The Company applied its incremental borrowing rate ("IBR") as the discount rate to the remaining lease payments to derive a present value calculation for initial measurement of the operating lease liability. The IBR reflects the interest rate the Company would have to pay to borrow on a collateralized basis over a similar term for an amount equal to the lease payments. Lease expense is recognized on a straight-line basis over the lease term.

The following table summarizes our lease cost and other operating lease information:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	**2022**	**2023**	**2022**
(In thousands)				
Operating lease cost	$ 1,795	$ 2,257	$ 3,572	$ 4,508
Cash paid for amounts included in the measurement of operating leases liability	$ 2,816	$ 2,632	$ 5,629	$ 5,262
Note: Sublease income and variable income or expense considered immaterial				

The weighted average remaining lease term on operating leases at June 30, 2023 and June 30, 2022 was 3.3 years and 4.4 years, respectively.

The weighted average discount rate used for the operating lease liability was 3.23% and 3.25% at June 30, 2023 and June 30, 2022, respectively.

The following table presents the remaining commitments for operating lease payments for the next five years and thereafter, as well as a reconciliation to the discounted operating leases liability recorded in the Consolidated Statements of Financial Condition as of June 30, 2023:

(In thousands)	**As of June 30, 2023**
2023	$ 5,665
2024	11,324
2025	10,593
2026	9,200
2027	959
Thereafter	—
Total undiscounted operating lease payments	37,741
Less: present value adjustment	1,940
Total Operating leases liability	$ 35,801

13. GOODWILL AND INTANGIBLE ASSETS

Goodwill

In accordance with GAAP, the Company performs an annual test as of June 30 to identify potential impairment of goodwill, or more frequently if events or circumstances indicate a potential impairment may exist. If the carrying amount of the Company, as a sole reporting unit, including goodwill, exceeds its fair value, an impairment loss is recognized in an amount equal to that excess up to the amount of the recorded goodwill.

The Company performed its annual test based upon market data as of June 30, 2023 and estimates and assumptions that the Company believes most appropriate for the analysis. Based on the qualitative analysis performed in accordance with ASC 350, the Company determined it is more likely than not that goodwill was not impaired as of June 30, 2023. Changes in certain assumptions used in the Company's assessment could result in significant differences in the results of the impairment test. Should market conditions or management’s assumptions change significantly in the future, an impairment to goodwill is possible.

At June 30, 2023 and December 31, 2022, the carrying amount of goodwill was $12.9 million.

Intangible Assets

The following table reflects the estimated amortization expense, comprised entirely by the Company’s core deposit intangible asset, for the next five years and thereafter:

(In thousands)	Total
2023	$ 444
2024	730
2025	574
2026	419
2027	265
Thereafter	229
Total	$ 2,661

Accumulated amortization of the core deposit intangible was $6.4 million as of June 30, 2023.

Amortization expense recognized on the core deposit intangible was $0.2 million and $0.3 million for the three months ended June 30, 2023 and June 30, 2022, respectively, and $0.4 million and $0.5 million for the six months ended June 30, 2023 and June 30, 2022, respectively.

14. VARIABLE INTEREST ENTITIES

Tax Credit Investments

The Company makes investments in unconsolidated entities that construct, own and operate solar generation facilities. An unrelated third party is the managing member and has control over the significant activities of the variable interest entities ("VIE"). The Company generates a return through the receipt of tax credits allocated to the projects, as well as operational distributions. The primary risk of loss is generally mitigated by policies requiring that the project qualify for the expected tax credits prior to the Company making its investment. Any loans to the VIE are secured. As of June 30, 2023, the Company's maximum exposure to loss is $66.9 million.

(In thousands)	June 30, 2023	December 31, 2022
Unconsolidated Variable Interest Entities		
Tax credit investments included in equity investments	$ 6,651	$ 3,299
Loans and letters of credit commitments	60,276	60,857
Funded portion of loans and letters of credit commitments	53,945	47,683

The following table summarizes the tax benefits conveyed by the Company's solar generation VIE investments:

	Three Months Ended June 30,		Six Months Ended June 30,	
(In thousands)	2023	2022	2023	2022
Tax credits and other tax benefits recognized	$ 813	$ 668	$ 1,600	$ 1,336

Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations.

General

In this discussion, unless the context indicates otherwise, references to “we,” “us,” “our” and the “Company” refer to Amalgamated Financial Corp. and Amalgamated Bank. References to the “Bank” refer to Amalgamated Bank.

The following is a discussion of our consolidated financial condition as of June 30, 2023, as compared to December 31, 2022, and our results of operations for the three and six month periods ended June 30, 2023 and June 30, 2022. The purpose of this discussion is to focus on information about our financial condition and results of operations which is not otherwise apparent from our consolidated financial statements and is intended to provide insight into our results of operations and financial condition. This discussion and analysis is best read in conjunction with our unaudited consolidated financial statements and related notes as well as the financial and statistical data appearing elsewhere in this report and our Annual Report on Form 10-K for the year ended December 31, 2022 (the “2022 Annual Report”), filed with the Securities and Exchange Commission on March 9, 2023. Historical results of operations and the percentage relationships among any amounts included, and any trends that may appear, may not indicate results of operations for any future periods.

In addition to historical information, this discussion includes certain forward-looking statements regarding business matters and events and trends that may affect our future results. For additional information regarding forward-looking statements and our related cautionary disclosures, see the “*Cautionary Note Regarding Forward-Looking Statements*” beginning on page ii of this report.

Overview

Our business

The Company was formed on August 25, 2020 to serve as the holding company for the Bank, effective March 1, 2021 when the Company acquired the common stock of the Bank. The 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. Although we are no longer majority union-owned, The Amalgamated Clothing Workers of America’s successor, Workers United, an affiliate of the Service Employees International Union that represents workers in the textile, distribution, food service and gaming industries, remains a significant stockholder, holding approximately 41% of our equity as of June 30, 2023. As of June 30, 2023, our total assets were $7.79 billion, our total loans, net of deferred fees and allowance were $4.18 billion, our total deposits were $6.89 billion, and our stockholders' equity was $528.6 million. As of June 30, 2023, our trust business held $40.31 billion in assets under custody and $14.52 billion in assets under management.

We offer a complete suite of commercial and retail banking, investment management and trust and custody services. Our commercial banking and trust businesses are national in scope and we also offer a full range of products and services to both commercial and retail customers through our three branch offices across New York City, one branch office in Washington, D.C., one branch office in San Francisco, one commercial office in Boston and our digital banking platform. Our corporate divisions include Commercial Banking, Trust and Investment Management and Consumer Banking. Our product line includes residential mortgage loans, commercial and industrial ("C&I") loans, commercial real estate ("CRE") loans, multifamily mortgages, consumer loans (predominantly consumer residential solar) and a variety of commercial and consumer deposit products, including non-interest bearing accounts, interest-bearing demand products, savings accounts, money market accounts and certificates of deposit. We also offer online banking and bill payment services, online cash management, safe deposit box rentals, debit card and ATM card services and the availability of a nationwide network of ATMs for our customers.

We currently offer a wide range of trust, custody and investment management services, including asset safekeeping, corporate actions, income collections, proxy services, account transition, asset transfers, and conversion management. We also offer a broad range of investment products, including both index and actively-managed funds spanning equity, fixed-income, real estate and alternative investment strategies to meet the needs of our clients. Our products and services are tailored to our target customer base that prefers a financial partner that is socially responsible, values-oriented and committed to creating positive change in the world. These customers include advocacy-based non-profits, social welfare organizations, national labor unions, political organizations, foundations, socially responsible businesses, and other for-profit companies that seek to balance their profit-making activities with activities that benefit their other stakeholders, as well as the members and stakeholders of these commercial customers. In 2021, we introduced ResponsiFunds which are Environmental, Social and Governance ("ESG") impact products designed to align our clients' investment growth goals with their organizational values.

Our goal is to be the go-to financial partner for people and organizations who strive to make a meaningful impact in our society and who care about their communities, the environment, and social justice. The growth of our business is fundamental to our social mission and how we deliver impact and value for our stakeholders. The Company has obtained B Corporation™ certification, a distinction earned after being evaluated under rigorous standards of social and environmental performance, accountability, and transparency. The Company is also the largest of twelve commercial financial institutions in the United States that are members of the Global Alliance for Banking on Values ("GABV"), a network of banking leaders from around the world committed to advancing positive change in the banking sector. Earlier this year, the Company hosted the annual GABV conference in New York alongside its centennial celebrations. Along with fellow GABV members, the Company has worked to launch the Partnership for Carbon Accounting Financials ("PCAF"). This is the third year the Company has reported its financed emissions across its portfolio of loans, investments and assets under management through PCAF. The Company was the first U.S. bank to set full portfolio targets under the guidelines of the UN Net Zero Banking Alliance. The Company has targets verified by the Science-Based Targets Initiative, with a goal to achieve net-zero emissions across all of its activities by 2045.

New Developments

In March 2023, the failures of Santa Clara, California-based Silicon Valley Bank ("SIVB") and New York, New York-based Signature Bank have generated concerns regarding the overall health and liquidity of the banking sector. SIVB was placed into receivership on March 10, 2023, and Signature Bank was placed into receivership on March 12, 2023, with the Federal Deposit Insurance Corporation ("FDIC") being appointed receiver for both failed banks. On March 12, 2023, the Board of Governors of the Federal Reserve System, Department of Treasury and the FDIC issued a joint statement concerning actions they had taken in response to the SIVB and Signature Bank failures. The Federal Reserve Board announced that it would make available additional funding to eligible depository institutions through the creation of a new Bank Term Funding Program. Subsequently, on May 1, 2023, First Republic Bank was also placed into FDIC receivership. These failures represented the second, third, and fourth largest bank failures in U.S. history. As a result, there is increased scrutiny on the banking industry, particularly in the area of liquidity monitoring. In response, we have taken numerous precautionary actions to monitor and limit liquidity risk, including increased deposit monitoring and reporting, proactive customer outreach, increased pledging of loans and securities to the Federal Home Loan Bank of New York ("FHLBNY") and increased pledging of securities at the Federal Reserve Bank discount window to increase our borrowing capacity, pledging of securities to the Bank Term Funding Program, increased issuance of brokered certificates of deposit, and increasing our target cash balances.

Critical and Significant Accounting Policies and Estimates

Our consolidated financial statements are prepared based on the application of accounting policies generally accepted in the United States, or GAAP, and conform to general practices within the banking industry. Our significant accounting policies are more fully described in Note 1 of our audited consolidated financial statements included in our 2022 Annual Report. The allowance for credit losses is a critical accounting policy, which has changed due to the adoption of ASU 2016-13 effective January 1, 2023. Our Current Expected Credit Losses ("CECL") policy is described under "Recently Adopted Accounting Standards" in Note 1 to the Consolidated Financial Statements in Item 1 of this Form 10-Q, in addition to our accounting policy related to treasury stock.

Apart from the aforementioned additions, there have been no other significant changes to our significant accounting policies, or the estimates made pursuant to those policies as described in our 2022 Annual Report.

Uncertainties Regarding the Allowance for Credit Loss Estimate

Estimating the timing and amounts of future losses is subject to significant management judgment as these projected cash flows rely upon the estimates discussed within the CECL policy and factors that are reflective of current or future expected conditions. These estimates depend on the duration of current overall economic conditions, industry, borrower, or portfolio specific conditions. Volatility in certain credit metrics and differences between expected and actual outcomes are to be expected. Customers may not repay their loans according to the original terms, and the collateral securing the payment of those loans may be insufficient to pay any remaining loan balance. Bank regulators periodically review our allowance for credit losses and may require us to increase our provision for credit losses or loan charge-offs.

Impact on Financial Condition and Results of Operations

If our assumptions prove to be incorrect, the allowance for credit losses may not be sufficient to cover expected losses in the loan portfolio, resulting in additions to the allowance. Future additions or reductions to the allowance may be necessary based on changes in economic, market or other conditions. Changes in estimates could result in a material change in the allowance through charges to earnings and would materially decrease our net income. We may experience significant credit losses if borrowers experience financial difficulties, which could have a material adverse effect on our operating results. In addition, various regulatory agencies, as an integral part of the examination process, periodically review the allowance for credit losses. Such agencies may require the Bank to recognize adjustments to the allowance based on their judgments of the information available to them at the time of their examination.

Recent Accounting Pronouncements

Accounting Standards Effective in 2023 and onward

On January 7, 2021, the FASB has issued Accounting Standards Update No. 2021-01, Reference Rate Reform (Topic 848): Scope. The new guidance amends the scope of ASU 2020-04, Facilitation of the Effects of Reference Rate Reform on Financial Reporting, which was aimed at easing the potential accounting burden expected when global capital markets move away from the London Interbank Offered Rate ("LIBOR") (the benchmark interest rate banks use to make short-term loans to each other) and provided temporary, optional expedients and exceptions for applying accounting guidance to contract modifications and hedging relationships, subject to meeting certain criteria, that reference LIBOR or another reference rate expected to be discontinued. As the majority of our securities tied to LIBOR are expected to transition to the Secured Overnight Financing Rate ("SOFR") or pay off before the transition date and given that we do not have a substantial amount of commercial loans or any derivative transactions tied to LIBOR, the Adoption of ASU 2021-01 is not expected to have a material impact on our operating results or financial condition.

Results of Operations

General

Our results of operations depend substantially on net interest income, which is the difference between interest income on interest-earning assets, consisting primarily of interest income on loans, investment securities and other short-term investments and interest expense on interest-bearing liabilities, consisting primarily of interest expense on deposits and borrowings. Our results of operations are also dependent on non-interest income, consisting primarily of income from Trust Department fees, service charges on deposit accounts, net gains on sales of investment securities and income from bank-owned life insurance (“BOLI”). Other factors contributing to our results of operations include our provisions for credit losses, income taxes, and non-interest expenses, such as salaries and employee benefits, occupancy and depreciation expenses, professional fees, data processing fees and other miscellaneous operating costs.

Net income for the second quarter of 2023 was $21.6 million, or $0.70 per diluted share, compared to $19.6 million, or $0.63 per diluted share, for the second quarter of 2022. The $2.0 million increase was primarily due to a $15.1 million increase in interest income on securities and a $11.6 million increase in interest income on loans, and a $0.7 million increase in non-interest income, offset by an increase in interest expense of $20.7 million primarily related to deposits, a $3.2 million increase in non-interest expense, a $1.0 million increase in the provision for credit losses, and a $0.9 million increase in income tax expense.

Net income for the six months ended June 30, 2023 was $43.0 million, or $1.39 per diluted share, compared to $33.8 million, or $1.08 per diluted share, for the same period in 2022. The $9.2 million increase was primarily due to a $61.8 million increase in interest income, offset by a $25.4 million increase in interest expense, a $7.5 million increase in non-interest expense, a $3.7 million increase in the provision for credit losses, a $3.6 million increase in income tax expense, and a $1.5 million decrease in non-interest income.

Net Interest Income

Net interest income, representing interest income less interest expense, is a significant contributor to our revenues and earnings. We generate interest income from interest, dividends and prepayment fees on interest-earning assets, including loans, investment securities and other short-term investments. We incur interest expense from interest paid on interest-bearing liabilities, including interest-bearing deposits, FHLBNY advances, federal funds purchased and other borrowings. To evaluate net interest income, we measure and monitor (i) yields on our loans and other interest-earning assets, (ii) the costs of our deposits and other funding sources, (iii) our net interest spread and (iv) our net interest margin. Net interest spread is equal to the difference between rates earned on interest-earning assets and rates paid on interest-bearing liabilities. Net interest margin is equal to the annualized net interest income divided by average interest-earning assets. Because non-interest-bearing sources of funds, such as non-interest-bearing deposits and stockholders’ equity, also fund interest-earning assets, net interest margin includes the benefit of these non-interest-bearing sources.

Changes in the market interest rates and interest rates we earn on interest-earning assets or pay on interest-bearing liabilities, as well as the volume and types of interest-earning assets, interest-bearing and non-interest-bearing liabilities, are usually the largest drivers of periodic changes in net interest spread, net interest margin and net interest income.

Three Months Ended June 30, 2023 and 2022

The following table sets forth information related to our average balance sheet, average yields on assets, and average costs of liabilities for the periods indicated:

(In thousands)	Three Months Ended June 30, 2023			Three Months Ended June 30, 2022		
	Average Balance	Income / Expense	Yield / Rate	Average Balance	Income / Expense	Yield / Rate
Interest-earning assets:						
Interest-bearing deposits in banks	$ 114,010	$ 1,056	3.72 %	$ 305,134	$ 551	0.72 %
Securities[1]	3,259,797	39,393	4.85 %	3,443,987	23,308	2.71 %
Resell agreements	5,570	113	8.14 %	231,468	1,044	1.81 %
Total loans, net [2][3]	4,202,911	45,360	4.33 %	3,504,223	33,766	3.86 %
Total interest-earning assets	7,582,288	85,922	4.55 %	7,484,812	58,669	3.14 %
Non-interest-earning assets:						
Cash and due from banks	5,034			9,296		
Other assets	208,944			266,186		
Total assets	$ 7,796,266			$ 7,760,294		
Interest-bearing liabilities:						
Savings, NOW and money market deposits	$3,203,681,000	$ 13,298	1.66 %	$ 3,030,788	$ 1,332	0.18 %
Time deposits	158,992	610	1.54 %	192,181	149	0.31 %
Brokered CDs	411,510	4,908	4.78 %	—	—	0.00 %
Total interest-bearing deposits	3,774,183	18,816	2.00 %	3,222,969	1,481	0.18 %
FHLBNY advances	104,834	1,363	5.21 %	—	—	0.00 %
Other Borrowings	266,170	2,758	4.16 %	83,886	690	3.30 %
Total borrowings	371,004	4,121	4.46 %	83,886	690	3.30 %
Total interest-bearing liabilities	4,145,187	22,937	2.22 %	3,306,855	2,171	0.26 %
Non-interest-bearing liabilities:						
Demand and transaction deposits	3,055,770			3,855,735		
Other liabilities	67,710			80,274		
Total liabilities	7,268,667			7,242,864		
Stockholders' equity	527,599			517,430		
Total liabilities and stockholders' equity	$ 7,796,266			$ 7,760,294		
Net interest income / interest rate spread		$ 62,985	2.33 %		$ 56,498	2.88 %
Net interest-earning assets / net interest margin	$ 3,437,101		3.33 %	$ 4,177,957		3.03 %
Total deposits / total cost of deposits	$ 6,829,953		1.10 %	$ 7,078,704		0.08 %
Total funding / total cost of funds	$ 7,200,957		1.28 %	$ 7,162,590		0.12 %

[1] Includes FHLBNY stock in the average balance, and dividend income on FHLBNY stock in interest income
[2] Amounts are net of deferred origination costs. With the adoption of the CECL standard on January 1, 2023, the average balance of the allowance for credit losses on loans was reclassified for all presented periods to other assets to allow for comparability.
[3] Includes prepayment penalty income in 2Q2023 and 2Q2022 of $0 and $379 thousand, respectively

Net interest income was $63.0 million for the second quarter of 2023, compared to $56.5 million for the second quarter of 2022. The $6.5 million, or 11.5%, increase from the second quarter of 2022 was primarily attributable to higher yields and average balances on interest-earning assets, partially offset by higher costs and average balances on interest-bearing liabilities.

Our net interest spread was 2.33% for the three months ended June 30, 2023, compared to 2.88% for the same period in 2022, a decrease of 55 basis points. Our net interest margin was 3.33% for the second quarter of 2023, an increase of 30 basis points from 3.03% in the second quarter of 2022. No prepayment penalties were earned in loan income in the second quarter of 2023, compared to a two basis point contribution to net interest margin in the second quarter of 2022.

The yield on average earning assets was 4.55% for the three months ended June 30, 2023, compared to 3.14% for the same period in 2022, an increase of 141 basis points. This increase was driven primarily by the rising rate environment and an increase in average loan and securities balances.

The average rate on interest-bearing liabilities was 2.22% for the three months ended June 30, 2023, an increase of 196 basis points from the same period in 2022, which was primarily due to the increase in interest expense on borrowings with the increase in the average balance of FHLBNY advances and other borrowings, and the rising rate environment that led to an increase in interest expense paid for deposits. Non-interest-bearing deposits represented 45% of average deposits for the three months ended June 30, 2023.

Six Months Ended June 30, 2023 and 2022

The following table sets forth information related to our average balance sheet, average yields on assets, and average costs of liabilities for the periods indicated:

	Six Months Ended June 30, 2023			Six Months Ended June 30, 2022		
(In thousands)	**Average Balance**	**Income / Expense**	**Yield / Rate**	**Average Balance**	**Income / Expense**	**Yield / Rate**
Interest-earning assets:						
Interest-bearing deposits in banks	$ 102,550	$ 1,673	3.29 %	$ 364,178	$ 730	0.40 %
Securities[1]	3,310,492	78,586	4.79 %	3,319,009	41,743	2.54 %
Resell agreements	12,071	432	7.22 %	225,378	1,764	1.58 %
Total loans, net [2][3]	4,166,389	90,166	4.36 %	3,392,788	64,893	3.86 %
Total interest-earning assets	7,591,502	170,857	4.54 %	7,301,353	109,130	3.01 %
Non-interest-earning assets:						
Cash and due from banks	4,527			9,261		
Other assets	212,960			266,932		
Total assets	$ 7,808,989			$ 7,577,546		
Interest-bearing liabilities:						
Savings, NOW and money market deposits	$ 3,147,765	$ 22,853	1.46 %	$ 2,963,809	$ 2,579	0.18 %
Time deposits	154,429	907	1.18 %	195,741	304	0.31 %
Brokered CDs	389,718	8,891	4.60 %	—	—	0.00 %
Total interest-bearing deposits	3,691,912	32,651	1.78 %	3,159,550	2,883	0.18 %
FHLBNY advances	179,116	4,373	4.92 %	—	—	0.00 %
Other Borrowings	180,389	3,569	3.99 %	84,239	1,381	3.31 %
Total borrowings	359,505	7,942	4.45 %	84,239	1,381	3.31 %
Total interest-bearing liabilities	4,051,417	40,593	2.02 %	3,243,789	4,264	0.27 %
Non-interest-bearing liabilities:						
Demand and transaction deposits	3,170,729			3,703,455		
Other liabilities	71,732			91,510		
Total liabilities	7,293,878			7,038,754		
Stockholders' equity	515,111			538,792		
Total liabilities and stockholders' equity	$ 7,808,989			$ 7,577,546		
Net interest income / interest rate spread		$ 130,264	2.52 %		$ 104,866	2.74 %
Net interest-earning assets / net interest margin	$ 3,540,085		3.46 %	$ 4,057,564		2.90 %
Total deposits / total cost of deposits	$ 6,862,641		0.96 %	$ 6,863,005		0.08 %
Total funding / total cost of funds	$ 7,222,146		1.13 %	$ 6,947,244		0.12 %

(1) Includes FHLBNY stock in the average balance, and dividend income on FHLBNY stock in interest income.
(2) Amounts are net of deferred origination costs. With the adoption of the CECL standard on January 1, 2023, the average balance of the allowance for credit losses on loans was reclassified for all presented periods to other assets to allow for comparability.
(3) Includes prepayment penalty interest income in June YTD 2023 and June YTD 2022 of $0 million and $0.8 million, respectively

Net interest income was $130.3 million for the six months ended June 30, 2023, compared to $104.9 million for the same period in 2022. The year-over-year increase of $25.4 million, or 24.2%, was primarily attributable to higher yields and average balances on interest-earning assets, partially offset by higher costs and average balances on interest-bearing liabilities.

Our net interest spread was 2.52% for the six months ended June 30, 2023, compared to 2.74% for the same period in 2022, a decrease of 22 basis points. Our net interest margin was 3.46% for the six months ended June 30, 2023, an increase of 56 basis points from 2.90% in the same period of 2022. No prepayment penalties were earned in loan income in the six months ended June 30, 2023, compared to a 3 basis point contribution to net interest margin in the same period of 2022.

The yield on average earning assets was 4.54% for the six months ended June 30, 2023, compared to 3.01% for the same period in 2022, an increase of 153 basis points. This increase was driven primarily by the rising rate environment and an increase in average loan and securities balances.

The average rate on interest-bearing liabilities was 2.02% for the six months ended June 30, 2023, an increase of 175 basis points from the same period in 2022, which was primarily due to the increase in interest expense on borrowings with the increase in the average balance of FHLBNY advances and other borrowings, and the rising rate environment that led to an increase in interest expense paid for deposits. Non-interest-bearing deposits represented 46% of average deposits for the six months ended June 30, 2023.

Rate-Volume Analysis

Increases and decreases in interest income and interest expense result from changes in average balances (volume) of interest-earning assets and interest-bearing liabilities, as well as changes in weighted average interest rates. The table below presents the effect of volume and rate changes on interest income and expense. Changes in volume are changes in the average balance multiplied by the previous period's average rate. Changes in rate are changes in the average rate multiplied by the average balance from the previous period. The net changes attributable to the combined impact of both rate and volume have been allocated proportionately to the changes due to volume and the changes due to rate:

	Three Months Ended June 30, 2023 over June 30, 2022			Six Months Ended June 30, 2023 over June 30, 2022		
	Changes Due To			Changes Due To		
(In thousands)	Volume	Rate	Net Change	Volume	Rate	Net Change
Interest-earning assets:						
Interest-bearing deposits in banks	$ (797)	$ 1,302	$ 505	$ (1,485)	$ 2,428	$ 943
Securities and FHLBNY stock	(2,080)	18,165	16,085	(201)	37,044	36,843
Resell Agreements	(1,084)	153	(931)	(1,923)	591	(1,332)
Total loans, net	7,014	4,580	11,594	15,624	9,649	25,273
Total interest income	3,053	24,200	27,253	12,015	49,712	61,727
Interest-bearing liabilities:						
Savings, NOW and money market deposits	683	11,283	11,966	1,267	19,007	20,274
Time deposits	(104)	565	461	(194)	797	603
Brokered CDs	2,454	2,454	4,908	8,891	—	8,891
Total deposits	3,033	14,302	17,335	9,964	19,804	29,768
FHLBNY advances	1,363	—	1,363	4,373	—	4,373
Other borrowings	1,589	479	2,068	1,658	530	2,188
Total borrowings	2,952	479	3,431	6,031	530	6,561
Total interest expense	5,985	14,781	20,766	15,995	20,334	36,329
Change in net interest income	$ (2,932)	$ 9,419	$ 6,487	$ (3,980)	$ 29,378	$ 25,398

Provision for Credit Losses

We establish an allowance for credit losses through a provision for credit losses charged as an expense in our Consolidated

Statements of Income. On January 1, 2023, we adopted the CECL standard for calculating the allowance for credit losses and the provision for credit losses. For further discussion of the adoption of and methodology under the CECL standard, refer to Note 1 to the Consolidated Financial Statements in Item 1 of this Form 10-Q.

Three Months Ended June 30, 2023 and 2022

Our provision for credit losses totaled an expense of $3.9 million for the second quarter of 2023 compared to an expense of $2.9 million for the same period in 2022. The provision for credit losses on loans totaled $3.1 million, the provision for credit losses on securities totaled $20 thousand, and the provision for credit losses on off-balance sheet credit exposures was $0.8 million. Overall, the expense increase in the second quarter of 2023 was primarily driven by $1.4 million in consumer loan charge-offs and a $1 million increase in specific reserves for individually analyzed loans.

Six Months Ended June 30, 2023 and 2022

Our provision for credit losses totaled an expense of $8.9 million for the six months ended June 30, 2023 compared to an expense of $5.2 million for the same period in 2022. The provision for credit losses on loans totaled $6.7 million, the provision for credit losses on securities totaled $1.2 million, and the provision for credit losses on off-balance sheet credit exposures was $0.9 million. Overall, the expense increase in the six months ended June 30, 2023 was primarily driven by a $1.2 million impairment charge on a SIVB Corporate bond and an additional $1.1 million of provision expense related to the charge-off of a multifamily loan. The remaining provision expense of $1.4 million in the current quarter was primarily driven by solar charge-offs, portfolio growth, and changes in the economic forecasts used to calculate the allowance, in addition to a $1 million increase in specific reserves for individually analyzed loans.

For a further discussion of the allowance, see "*Allowance for Credit Losses*" below.

Non-Interest Income

Our non-interest income includes Trust Department fees, which consist of fees received in connection with investment advisory and custodial management services of investment accounts, service fees charged on deposit accounts, income on BOLI, gain or loss on sales of securities, sales of loans, and other real estate owned, income from equity method investments, and other income.

The following table presents our non-interest income for the periods indicated:

	Three Months Ended June 30,		Six Months Ended June 30,	
(In thousands)	**2023**	**2022**	**2023**	**2022**
Trust Department fees	$ 4,006	$ 3,479	$ 7,935	$ 6,970
Service charges on deposit accounts	2,712	2,826	5,166	5,273
Bank-owned life insurance income	546	1,283	1,327	2,097
Losses on sale of securities	(267)	(582)	(3,353)	(420)
Gains on sale of loans, net	2	492	4	335
Equity method investments income	556	(638)	711	(206)
Other income	389	386	1,360	619
Total non-interest income	$ 7,944	$ 7,246	$ 13,150	$ 14,668

Three Months Ended June 30, 2023 and 2022

Non-interest income was $7.9 million for the second quarter of 2023, compared to $7.2 million for the second quarter in 2022. The increase of $0.7 million in the second quarter of 2023 compared to the corresponding quarter in 2022 was primarily due to a $1.2 million increase in income from equity method investments and an increase in Trust Department fees of $0.5 million, offset by a $0.8 million decrease in income from bank-owned life insurance, and a $0.5 million decrease in gains on the sale of loans.

Trust Department fees consist of fees we receive in connection with our investment advisory and custodial management services of investment accounts. Our Trust Department fees were $4.0 million in the second quarter of 2023, an increase of $0.5 million, or 15.1%, from same period in 2022.

Six Months Ended June 30, 2023 and 2022

Non-interest income was $13.2 million for the six months ended June 30, 2023, compared to $14.7 million for the six months ended June 30, 2022. The decrease of $1.5 million was primarily due to $3.0 million in increased losses on the sale of securities, $0.6 million of which relates to the loss on the sale of a portion of a SIVB Corporate bond, and the remainder as part of strategic sales in order to reinvest in higher yielding securities. This was partially offset by a $0.9 million increase in Trust Department fees, a $0.9 million increase in income from equity investments, and an increase in other income of $0.8 million primarily attributed to a gain on the repurchase of subordinated debt.

Trust Department fees consist of fees we receive in connection with our investment advisory and custodial management services of investment accounts. Our Trust Department fees were $7.9 million in the second quarter of 2023, an increase of $0.9 million, or 13.8%, from same period in 2022.

Non-Interest Expense

Non-interest expense includes compensation and employee benefits, occupancy and depreciation expense, professional fees (including legal, accounting and other professional services), data processing, office maintenance and depreciation, amortization of intangible assets, advertising and promotion, federal deposit insurance premiums, and other expenses. The following table presents non-interest expense for the periods indicated:

	Three Months Ended June 30,		**Six Months Ended June 30,**	
(In thousands)	**2023**	**2022**	**2023**	**2022**
Compensation and employee benefits, net	$ 21,165	$ 18,046	$ 43,180	$ 35,715
Occupancy and depreciation	3,436	3,457	6,835	6,897
Professional fees	2,759	2,745	4,989	5,560
Data processing	4,082	4,327	8,631	9,511
Office maintenance and depreciation	718	784	1,445	1,509
Amortization of intangible assets	222	261	444	523
Advertising and promotion	1,028	761	2,615	1,615
Federal deposit insurance premiums	1,100	761	1,818	1,427
Other expense	3,019	3,204	6,199	5,986
Total non-interest expense	$ 37,529	$ 34,346	$ 76,156	$ 68,743

Three Months Ended June 30, 2023 and 2022

Non-interest expense for the second quarter of 2023 was $37.5 million, an increase of $3.2 million from the second quarter of 2022. The increase of $3.2 million from the second quarter of 2022 was driven by a $3.2 million increase in compensation and benefits expense related to an expected increase in compensation due to increased headcount and corporate incentive payments.

Six Months Ended June 30, 2023 and 2022

Non-interest expense for the six months ended June 30, 2023 was $76.2 million, an increase of $7.5 million from $68.7 million for six months ended June 30, 2022. The increase was driven by a $7.5 million increase in compensation and benefits expense related to an expected increase in compensation due to increased headcount, corporate incentive payments, and temporary personnel costs.

Income Taxes

Three Months Ended June 30, 2023 and 2022

We had a provision for income tax expense of $7.8 million for the second quarter of 2023, compared to $6.9 million for the second quarter of 2022. Our effective tax rate for the second quarter of 2023 was 26.5%, compared to 25.9% for the second quarter of 2022.

Six Months Ended June 30, 2023 and 2022

We had a provision for income tax expense of $15.4 million for the six months ended June 30, 2023, compared to $11.8 million for same period in 2022. Our effective tax rate for the six months ended June 30, 2023 was 26.4%, compared to 25.9% for the same period in 2022.

Financial Condition

Balance Sheet

Our total assets were $7.79 billion at June 30, 2023, compared to $7.84 billion at December 31, 2022. Notable changes within individual balance sheet line items include a $123.3 million increase in loans receivable, net, a $119.0 million decrease in investment securities, a $25.8 million decrease in resell agreements, and a decrease in FHLBNY stock of $25.4 million.

Investment Securities

The primary goal of our securities portfolio is to maintain an available source of liquidity and an efficient investment return on excess capital, while maintaining a low-risk profile. We also use our securities portfolio to manage interest rate risk, meet Community Reinvestment Act (“CRA”) goals, support the Company's mission, and to provide collateral for certain types of deposits or borrowings. An Investment Committee chaired by our Chief Financial Officer manages our investment securities portfolio according to written investment policies approved by our Board of Directors. Investments in our securities portfolio may change over time based on management’s objectives and market conditions.

We seek to minimize credit risk in our securities portfolio through diversification, concentration limits, restrictions on high risk investments (such as subordinated positions), comprehensive pre-purchase analysis and stress testing, ongoing monitoring and by investing a significant portion of our securities portfolio in U.S. Government sponsored entity (“GSE”) obligations. GSEs include the Federal Home Loan Mortgage Corporation (“FHLMC”), the Federal National Mortgage Association (“FNMA”), the Government National Mortgage Association (“GNMA”) and the Small Business Administration (“SBA”). GNMA is a wholly-owned U.S. Government corporation whereas FHLMC and FNMA are private. Mortgage-related securities may include mortgage pass-through certificates, participation certificates and collateralized mortgage obligations (“CMOs”). We invest in non-GSE securities, including property assessed clean energy, or Property Assessed Clean Energy ("PACE") assessments, bonds, in order to generate higher returns, improve portfolio diversification and reduce interest rate and prepayment risk. With the exception of small legacy CRA investments, Trust Preferred securities, and certain corporate bonds, all of our non-GSE securities are senior positions that are the top of the capital structure.

Our investment securities portfolio consists of securities classified as available for sale and held-to-maturity. There were no trading securities in our investment portfolio at June 30, 2023 or at December 31, 2022. All available for sale securities are carried at fair value and may be used for liquidity purposes should management consider it to be in our best interest.

At June 30, 2023 and December 31, 2022, we had available for sale securities of $1.58 billion and $1.81 billion, respectively.

At June 30, 2023, our held-to-maturity securities portfolio primarily consisted of PACE assessments, tax-exempt municipal securities, GSE commercial and residential certificates and other debt. We carry these securities at amortized cost. We had held-to-maturity securities of $1.65 billion at June 30, 2023, and $1.54 billion at December 31, 2022.

With the adoption of the CECL standard as of January 1, 2023, management measures expected credit losses on held-to-maturity debt securities on a collective basis by major security type. Accrued interest receivable on held-to-maturity debt securities totaled $16.9 million at June 30, 2023 and is excluded from the estimate of credit losses, as accrued interest receivable is reversed for securities placed on nonaccrual status. The allowance for credit losses for held-to-maturity securities at January 1, 2023 was $0.7 million. The provision for credit losses for held-to-maturity securities for the three months ended June 30, 2023 was $20 thousand, and $65 thousand for the six months ended June 30, 2023.

For available-for-sale debt securities in an unrealized loss position, the Company first assesses whether it intends to sell, or it is more likely than not that it will be required to sell the security before the recovery of its amortized cost basis. If either of the criteria regarding intent or requirement to sell is met, the security's amortized cost basis is written down to fair value through income. For debt securities available-for-sale that do not meet the aforementioned criteria, the Company evaluates whether the decline in fair value has resulted from credit losses or other factors. In making this assessment, management considers the extent to which fair value is less than amortized cost, any changes to the rating of the security by a rating agency, and adverse conditions specifically related to the security, among other factors. If this assessment indicates that an expected credit loss exists, the present value of cash flows expected to be collected from the security are compared to the amortized cost basis of the security. If the present value of cash flows expected to be collected is less than the amortized cost basis, a credit loss exists and an allowance for credit losses is recorded for the credit loss, limited by the amount that the fair value is less than the amortized cost basis. Any impairment that has not been recorded through an allowance for credit losses is recognized in other comprehensive income. There was no allowance for credit losses for available for sale securities at January 1, 2023.

Changes in the allowance for credit losses are recorded as credit loss expense (or reversal). Losses are charged against the allowance when management believes the uncollectibility of an available-for-sale security is confirmed or when either of the criteria regarding intent or requirement to sell is met.

Accrued interest receivable on available-for-sale debt securities totaled $9.1 million at June 30, 2023 and is excluded from the estimate of credit losses, as accrued interest receivable is reversed for securities placed on nonaccrual status.

The following table is a summary of our investment portfolio, using market value for available for sale securities and amortized cost excluding the allowance for credit losses for held-to-maturity securities, as of the dates indicated.

	June 30, 2023		December 31, 2022	
(In thousands)	**Amount**	**% of Portfolio**	**Amount**	**% of Portfolio**
Available for sale:				
Mortgage-related:				
GSE residential CMOs	$ 368,658	11.4 %	$ 389,260	11.6 %
GSE commercial certificates & CMO	139,492	4.3 %	213,786	6.4 %
Non-GSE residential certificates	101,373	3.1 %	107,080	3.2 %
Non-GSE commercial certificates	95,683	3.0 %	97,482	2.9 %
Other debt:				
U.S. Treasury	194	0.0 %	192	0.0 %
ABS	728,397	22.5 %	862,163	25.7 %
Trust preferred	10,134	0.3 %	10,143	0.3 %
Corporate	113,861	3.5 %	132,370	3.9 %
Residential PACE	22,456	0.7 %	—	0.0 %
Total available for sale	1,580,248	48.8 %	1,812,476	54.0 %
Held-to-maturity:				
Traditional securities:				
GSE residential CMOs	$ 66,982	2.1 %	$ 69,391	2.1 %
GSE commercial certificates	89,859	2.8 %	90,335	2.7 %
GSE residential certificates	420	0.0 %	428	0.0 %
Non GSE commercial certificates	32,651	1.0 %	32,635	1.0 %
Non GSE residential certificates	48,599	1.5 %	50,468	1.5 %
ABS	284,377	8.8 %	288,682	8.6 %
Municipal	94,549	2.9 %	95,485	2.8 %
Other	—	0.0 %	2,000	0.1 %
PACE assessments:				
Commercial PACE	262,093	8.1 %	255,424	7.6 %
Residential PACE	775,708	24.0 %	656,453	19.6 %
Total held-to-maturity	1,655,238	51.2 %	1,541,301	46.0 %
Total securities	$ 3,235,486	100.0 %	$ 3,353,777	100.0 %

The following table shows contractual maturities and yields for the available-for sale and held-to-maturity securities portfolios:

	Contractual Maturity as of June 30, 2023							
	One Year or Less		One to Five Years		Five to Ten Years		Due after Ten Years	
(In thousands)	Amortized Cost	Weighted Average Yield [1]	Amortized Cost	Weighted Average Yield [1]	Amortized Cost	Weighted Average Yield [1]	Amortized Cost	Weighted Average Yield [1]
Available for sale:								
Mortgage-related:								
GSE residential CMOs	$ —	0.0 %	$ —	0.0 %	$ 47,577	2.9 %	$ 359,224	3.5 %
GSE commercial certificates & CMO	—	0.0 %	22,361	2.8 %	86,471	5.1 %	39,182	2.5 %
Non-GSE residential certificates	—	0.0 %	—	0.0 %	—	0.0 %	116,941	2.8 %
Non-GSE commercial certificates	—	0.0 %	—	0.0 %	—	0.0 %	106,510	3.5 %
Other debt:								
U.S. Treasury	199	1.3 %	—	0.0 %	—	0.0 %	—	0.0 %
ABS	—	0.0 %	2,250	2.4 %	276,914	6.9 %	480,789	5.8 %
Trust preferred	—	0.0 %	10,990	6.1 %	—	0.0 %	—	0.0 %
Corporate	—	0.0 %	55,070	4.1 %	81,007	3.8 %	—	0.0 %
Residential PACE	—	0.0 %	—	0.0 %	—	0.0 %	22,861	6.9 %
Held-to-maturity:								
Mortgage-related:								
GSE CMOs	—	0.0 %	—	0.0 %	—	0.0 %	66,982	3.0 %
GSE commercial certificates	—	0.0 %	4,870	2.9 %	13,953	3.3 %	71,036	2.6 %
GSE residential certificates	—	0.0 %	—	0.0 %	—	0.0 %	420	3.9 %
Non GSE commercial certificates	—	0.0 %	—	0.0 %	—	0.0 %	32,651	2.1 %
Non GSE residential certificates	—	0.0 %	—	0.0 %	—	0.0 %	48,599	3.1 %
Other debt:								
ABS	—	0.0 %	—	0.0 %	6,997	5.1 %	277,380	5.9 %
Commercial PACE	—	0.0 %	—	0.0 %	—	0.0 %	262,093	4.9 %
Residential PACE	—	0.0 %	—	0.0 %	—	0.0 %	775,708	4.9 %
Municipal	—	0.0 %	9,429	3.7 %	3,556	2.2 %	81,564	2.7 %
Total securities	$ 199	1.3 %	$ 104,970	3.7 %	$ 516,475	5.6 %	$ 2,741,940	4.6 %

[1] Estimated yield based on book price (amortized cost divided by par) using estimated prepayments and no change in interest rates.

The following table shows a breakdown of our asset-backed securities by sector and ratings as of June 30, 2023:

					Credit Ratings *Highest Rating if split rated*					
(In thousands)	Amount	%	Expected Avg. Life in Years	% Floating	% AAA	% AA	% A	% BBB	%Not Rated	Total
CLO Commercial & Industrial	$ 575,205	57 %	2.8	100 %	98 %	2 %	0 %	0 %	0 %	100 %
Consumer	178,057	17 %	5.5	0 %	13 %	25 %	61 %	1 %	0 %	100 %
Mortgage	179,345	18 %	1.9	84 %	100 %	0 %	0 %	0 %	0 %	100 %
Student	80,167	8 %	4.5	72 %	100 %	0 %	0 %	0 %	0 %	100 %
Total Securities:	$ 1,012,774	100 %	3.2	77 %	84 %	5 %	11 %	0 %	0 %	100 %

Our securities portfolio primarily consists of high quality investments in mortgage-backed securities to government sponsored entities and other asset-backed securities and PACE investments. All non-agency securities, composed of non-agency commercial mortgage-backed securities, collateralized loan obligations, non-agency mortgage-backed securities, and asset-backed securities, are senior tranche and approximately 84% carry AAA credit ratings and 16% carry A credit ratings or higher. Approximately 72% of this portfolio is classified as "available for sale."

Loans

Lending-related income is the most important component of our net interest income and is the main driver of our results of operations. Total loans, net of deferred origination fees and allowance for credit losses, were $4.18 billion as of June 30, 2023 compared to $4.06 billion as of December 31, 2022. Within our commercial loan portfolio, our primary focus has been on C&I, multifamily and CRE lending. Within our retail loan portfolio, our primary focus has been on residential 1-4 family (1st lien) mortgages. We intend to focus any organic growth in our loan portfolio on these lending areas as part of our strategic plan.

In the second quarter of 2023, we purchased $13.9 million of consumer solar loans.

The following table sets forth the composition of our loan portfolio, as of June 30, 2023 and December 31, 2022:

(In thousands)	**June 30, 2023**		**December 31, 2022**	
	Amount	**% of total loans**	**Amount**	**% of total loans**
Commercial portfolio:				
Commercial and industrial	$ 949,403	22.3 %	$ 925,641	22.5 %
Multifamily mortgages	1,095,752	25.8 %	967,521	23.6 %
Commercial real estate mortgages	333,340	7.8 %	335,133	8.2 %
Construction and land development mortgages	28,664	0.7 %	37,696	0.9 %
Total commercial portfolio	2,407,159	56.6 %	2,265,991	55.2 %
Retail portfolio:				
Residential real estate lending	1,388,571	32.7 %	1,371,779	33.5 %
Consumer solar(1)	411,873	9.7 %	416,849	10.2 %
Consumer and other(1)	44,135	1.0 %	47,150	1.1 %
Total retail portfolio	1,844,579	43.4 %	1,835,778	44.8 %
Total loans	4,251,738	100.0 %	4,101,769	100.0 %
Net deferred loan origination costs(2)	—		4,233	
Allowance for credit losses(3)	(67,431)		(45,031)	
Total loans, net	$ 4,184,307		$ 4,060,971	

(1) The Company adopted the CECL standard on January 1, 2023. As a result, the classification of loan segments was updated, and all loan balances for presented periods have been reclassified.
(2) With the adoption of the CECL standard, loans balances as of June 30, 2023 are presented at amortized cost, net of deferred loan origination costs.

(3) With the adoption of the CECL standard, the allowance for credit losses on both loans and securities as of June 30, 2023 is calculated under the current expected credit losses model. For December 31, 2022, no allowance was calculated on securities, and the allowance on loans presented is the allowance for loan losses calculated using the incurred loss model.

Commercial loan portfolio

Our commercial loan portfolio comprised 56.6% of our total loan portfolio at June 30, 2023 and 55.2% of our total loan portfolio at December 31, 2022. The major categories of our commercial loan portfolio are discussed below:

C&I. Our C&I loans are generally made to small and medium-sized manufacturers and wholesale, retail and service-based businesses to provide either working capital or to finance major capital expenditures. In addition, our C&I portfolio includes commercial solar financings; for many of these we are the sole lender, while for some others we are a participant in a syndicated credit facility led by another institution. The primary source of repayment for C&I loans is generally operating cash flows of the business or project. We also seek to minimize risks related to these loans by requiring such loans to be collateralized by various business assets (including inventory, equipment, accounts receivable, and the assignment of contracts that generate cash flow). The average size of our C&I loans at June 30, 2023 by exposure was $4.2 million with a median size of $0.9 million. We have shifted our lending strategy to focus on developing full customer relationships including deposits, cash management, and lending. The businesses that we focus on are generally mission-aligned with our core values, including organic and natural products, sustainable companies, clean energy, nonprofits, and B Corporations ™.

Our C&I loans totaled $949.4 million at June 30, 2023, which comprised 22.3% of our total loan portfolio. During the six months ended June 30, 2023, the C&I loan portfolio increased by 2.6% from $925.6 million at December 31, 2022.

Multifamily. Our multifamily loans are generally used to purchase or refinance apartment buildings of five units or more, which collateralize the loan, in major metropolitan areas within our markets. Multifamily loans have 70% of their exposure in New York City - our largest geographic concentration. Our multifamily loans have been underwritten under stringent guidelines on loan-to-value and debt service coverage ratios that are designed to mitigate credit and concentration risk in this loan category.

Our multifamily loans totaled $1.10 billion at June 30, 2023, which comprised 25.8% of our total loan portfolio. During the six months ended June 30, 2023, the multifamily loan portfolio increased by 13.3% from $967.5 million at December 31, 2022.

CRE. Our CRE loans are used to purchase or refinance office buildings, retail centers, industrial facilities, medical facilities and mixed-used buildings. Our CRE loans totaled $333.3 million at June 30, 2023, which comprised 7.8% of our total loan portfolio. During the six months ended June 30, 2023, the CRE loan portfolio decreased by 0.5% from $335.1 million at December 31, 2022.

Retail loan portfolio

Our retail loan portfolio comprised 43.4% of our total loan portfolio at June 30, 2023 and 44.8% of our loan portfolio at December 31, 2022. The major categories of our retail loan portfolio are discussed below.

Residential real estate lending. Our residential 1-4 family mortgage loans are residential mortgages that are primarily secured by single-family homes, which can be owner occupied or investor owned. These loans are either originated by our loan officers or purchased from other originators with the servicing generally retained by such originators. Our residential real estate lending portfolio is 99% first mortgage loans and 1% second mortgage loans. As of June 30, 2023, 82% of our residential 1-4 family mortgage loans were either originated by our loan officers since 2012 or were acquired in our acquisition of New Resource Bank, 16% were purchased from two third parties on or after July 2014, and 2% were purchased by us from other originators before 2010. Our residential real estate lending loans totaled $1.39 billion at June 30, 2023, which comprised 75.3% of our retail loan portfolio and 32.7% of our total loan portfolio. As of June 30, 2023, our residential real estate lending loans increased by 1.2% from $1.37 billion at December 31, 2022.

Consumer solar. Our consumer solar portfolio is comprised of purchased residential solar loans, secured by Uniform Commercial Code (UCC) financing statements. Our consumer solar loans totaled $411.9 million at June 30, 2023, which comprised 9.7% of our total loan portfolio, compared to $416.8 million, or 10.2%, of our total loan portfolio at December 31, 2022.

Consumer and other. Our consumer and other portfolio is comprised of purchased student loans, unsecured consumer loans and overdraft lines. Our consumer and other loans totaled $44.1 million at June 30, 2023, which comprised 1.0% of our total loan portfolio, compared to $47.2 million, or 1.1% of our total loan portfolio, at December 31, 2022.

Maturities of Loans

The information in the following table is based on the contractual maturities of individual loans, including loans that may be subject to renewal at their contractual maturity. Renewal of these loans is subject to review and credit approval, as well as modification of terms upon maturity. Actual repayments of loans may differ from the maturities reflected below because borrowers have the right to prepay obligations with or without prepayment penalties. The following tables summarize the loan maturity distribution by type and related interest rate characteristics at June 30, 2023:

(In thousands)	One year or less	After one but within five years	After five years but within 15 years	After 15 years	Total
June 30, 2023:					
Commercial Portfolio:					
Commercial and industrial	$ 289,871	$ 245,931	$ 308,643	$ 104,958	$ 949,403
Multifamily	201,239	550,751	337,578	6,184	1,095,752
Commercial real estate	117,473	133,418	68,037	14,412	333,340
Construction and land development	27,054	1,610	—	—	28,664
Retail Portfolio:					
Residential real estate lending	14,209	2,427	152,015	1,219,920	1,388,571
Consumer solar	63	7,206	46,017	358,587	411,873
Consumer and other	1,167	2,834	28,343	11,791	44,135
Total Loans	$ 651,076	$ 944,177	$ 940,633	$ 1,715,852	$ 4,251,738

(In thousands)	After one but within five years	After 5 years but within 15 years	More than 15 years	Total
Gross loan maturing after one year with:				
Fixed interest rates	$ 763,264	$ 837,894	$ 1,110,711	$ 2,711,869
Floating or adjustable interest rates	180,913	102,739	605,141	888,793
Total Loans	$ 944,177	$ 940,633	$ 1,715,852	$ 3,600,662

Allowance for Credit Losses

We maintain the allowance at a level we believe is sufficient to absorb current expected credit losses in our loan portfolio. For further discussion of the adoption of and methodology under the CECL standard, refer to Note 1 to the Consolidated Financial Statements in Item 1 of this Form 10-Q.

The following tables presents, by loan type, the changes in the allowance for credit losses at June 30, 2023 under the CECL standard, and the allowance for loans losses at June 30, 2022 under the incurred loss methodology:

(In thousands)	Three Months Ended June 30, 2023	Three Months Ended June 30, 2022	Six Months Ended June 30, 2023	Six Months Ended June 30, 2022
Balance at beginning of period	$ 67,323	$ 37,542	$ 45,031	$ 35,866
Adoption of ASU 2016-13	—	—	21,229	—
Loan charge-offs:				
Commercial portfolio:				
Commercial and industrial	1,726	—	1,726	—
Multifamily	—	—	1,127	416
Commercial real estate	—	—	—	—
Construction and land development	—	—	—	—
Retail portfolio:				
Residential real estate lending	1	782	59	821
Consumer solar	1,824	949	3,631	1,797
Consumer and other	221	46	239	66
Total loan charge-offs	3,772	1,777	6,782	3,100
Recoveries of loans previously charged-off:				
Commercial portfolio:				
Commercial and industrial	38	6	42	12
Multifamily	—	—	—	—
Commercial real estate	—	—	—	—
Construction and land development	—	1	—	2
Retail portfolio:				
Residential real estate lending	89	674	327	1,325
Consumer solar	631	89	842	124
Consumer and other	6	30	14	43
Total loan recoveries	764	800	1,225	1,506
Net charge-offs	3,008	977	5,557	1,594
Provision for credit losses	3,116	2,912	6,728	5,205
Balance at end of period	$ 67,431	$ 39,477	$ 67,431	$ 39,477

During the quarter, the allowance for credit losses on loans increased $0.1 million to $67.4 million at June 30, 2023 from $67.3 million at March 31, 2023. The ratio of allowance to total loans was 1.59%, a decrease of 2 basis points from 1.61% in the first quarter of 2023.

The allowance for credit losses on loans increased $22.4 million to $67.4 million at June 30, 2023 from $45.0 million at December 31, 2022. On January 1, 2023, the adoption of the CECL standard increased the allowance for credit losses on loans by $21.2 million to recognize the Day 1 cumulative effect, primarily attributed to our consumer solar portfolio. The ratio of allowance to total loans was 1.59% at June 30, 2023 and 1.10% at December 31, 2022. Considering the Day 1 cumulative effect, the ratio of allowance to total loans at January 1, 2023 was 1.61%.

At June 30, 2023, the allowance for credit losses on held-to-maturity securities was $0.7 million, compared to $0.7 million at March 31, 2023. On January 1, 2023, an allowance of $0.7 million was recorded to recognize the Day 1 cumulative effect, primarily attributed to commercial and residential PACE assessments. Additionally, the allowance for expected credit losses on off-balance sheet loan exposures was increased by $2.7 million to recognize the Day 1 cumulative impact of adopting the CECL standard.

Allocation of Allowance for Credit Losses

The following table presents the allocation of the allowance and the percentage of the total amount of loans in each loan category listed as of the dates indicated:

	At June 30, 2023		At December 31, 2022	
(In thousands)	**Amount**	**% of total loans**	**Amount**	**% of total loans**
Commercial Portfolio:				
Commercial and industrial	$ 16,793	22.3 %	$ 12,916	22.5 %
Multifamily	6,397	25.8 %	7,104	23.6 %
Commercial real estate	2,285	7.8 %	3,627	8.2 %
Construction and land development	324	0.7 %	825	0.9 %
Total commercial portfolio	$ 25,799	56.6 %	$ 24,472	55.2 %
Retail Portfolio:				
Residential real estate lending	$ 15,274	32.7 %	$ 11,338	33.5 %
Consumer solar	23,218	9.7 %	6,867	10.2 %
Consumer and other	3,140	1.0 %	2,354	1.1 %
Total retail portfolio	$ 41,632	43.4 %	$ 20,559	44.8 %
Total allowance for credit losses	$ 67,431		$ 45,031	

Nonperforming Assets

Nonperforming assets include all loans categorized as nonaccrual, other real estate owned and other repossessed assets. The accrual of interest on loans is discontinued, or the loan is placed on nonaccrual, when the full collection of principal and interest is in doubt. Interest on loans is generally recognized on the accrual basis. Interest is not accrued on loans that are more than 90 days delinquent on payments, and any interest that was accrued but unpaid on such loans is reversed from interest income at that time, or when deemed to be uncollectible. Interest subsequently received on such loans is recorded as interest income or alternatively as a reduction in the amortized cost of the loan if there is significant doubt as to the collectability of the unpaid principal balance. Loans are returned to accrual status when principal and interest amounts contractually due are brought current and future payments are reasonably assured.

The following table sets forth our nonperforming assets as of June 30, 2023 and December 31, 2022:

(In thousands)	June 30, 2023	December 31, 2022
Loans 90 days past due and accruing	$ —	$ —
Nonaccrual loans held for sale	1,546	6,914
Nonaccrual loans - Commercial	28,078	18,308
Nonaccrual loans - Retail	5,606	3,391
Nonaccrual securities	35	36
Total nonperforming assets	$ 35,265	$ 28,649
Nonaccrual loans:		
Commercial and industrial	$ 7,575	$ 9,629
Multifamily	2,376	3,828
Commercial real estate	4,660	4,851
Construction and land development	13,467	—
Total commercial portfolio	28,078	18,308
Residential real estate lending	2,470	1,807
Consumer solar	2,811	1,584
Consumer and other	325	—
Total retail portfolio	5,606	3,391
Total nonaccrual loans	$ 33,684	$ 21,699
Nonperforming assets to total assets	0.45 %	0.44 %
Nonaccrual assets to total assets	0.45 %	0.36 %
Nonaccrual loans to total loans	0.79 %	0.53 %
Allowance for credit losses on loans to nonaccrual loans	200.19 %	207.53 %
Allowance for credit losses on loans to total loans	1.59 %	1.10 %
Annualized net charge-offs (recoveries) to average loans	0.29 %	0.16 %

Nonperforming assets totaled $35.3 million, or 0.45% of period-end total assets at June 30, 2023, an increase of $6.7 million, compared with $28.6 million, or 0.44% of period-end total assets at December 31, 2022. The increase in non-performing assets at June 30, 2023 compared to December 31, 2022 assets was primarily driven by $8.8 million in construction loans that were placed on nonaccrual status in the second quarter, offset by the charge-off of a $1.7 million commercial loan. In addition, a $4.7 million construction loan was transferred from held for sale to held for investment in the second quarter.

Potential problem loans are loans which management has doubts as to the ability of the borrowers to comply with the present loan repayment terms. Potential problem loans are performing loans and include our special mention and substandard-accruing commercial loans and/or loans 30-89 days past due. Potential problem loans are not included in the nonperforming assets table above and totaled $81.4 million, or 1.0% of total assets, at June 30, 2023, as follows: $75.2 million are commercial loans currently in workout that management expects will be rehabilitated; $4.5 million are residential 1-4 family or retail loans at 30 days delinquent, of which $11.0 million were subsequently brought current.

Resell Agreements

As of June 30, 2023, we have entered into no short term investments of resell agreements backed by residential first-lien mortgage loans. As of December 31, 2022, we had entered into $25.8 million of short term investments of resell agreements backed by residential first-lien mortgage loans, with a weighted interest rate of 6.86%.

Deferred Tax Asset

We had a deferred tax asset, net of deferred tax liabilities, of $63.5 million at June 30, 2023 and $62.5 million at December 31, 2022. As of June 30, 2023, our deferred tax assets were fully realizable with no valuation allowance held against the balance. Our management concluded that it was more likely than not that the entire amount will be realized.

We will evaluate the recoverability of our net deferred tax asset on a periodic basis and record decreases (increases) as a deferred tax provision (benefit) in the Consolidated Statements of Income as appropriate.

Deposits

Deposits represent our primary source of funds. We are focused on growing our core deposits through relationship-based banking with our business and consumer clients. Total deposits were $6.89 billion at June 30, 2023, compared to $6.60 billion at December 31, 2022. We believe that our strong deposit franchise is attributable to our mission-based strategy of developing and maintaining relationships with our clients who share similar values and through maintaining a high level of service.

We gather deposits through each of our three branch locations across New York City, our one branch in Washington, D.C., our one branch in San Francisco and through the efforts of our commercial banking team including our Boston group which focuses nationally on business growth. Through our branch network, online, mobile and direct banking channels, we offer a variety of deposit products including demand deposit accounts, money market deposits, NOW accounts, savings and certificates of deposit, Insured Cash Sweep accounts, Certificate of Deposit Account Registry Service accounts, and brokered certificates of deposit. We bank politically active customers, such as campaigns, PACs, and state and national party committees, which we refer to as political deposits. These deposits exhibit seasonality based on election cycles. As of June 30, 2023 and December 31, 2022, we had approximately $835.8 million and $643.6 million, respectively, in political deposits which are primarily in demand deposits.

Total estimated uninsured deposits at June 30, 2023 and December 31, 2022 were $3.93 billion and $4.52 billion, respectively.

Maturities of time certificates of deposit and other time deposits of more than $250,000 outstanding at June 30, 2023 are summarized as follows:

Maturities as of June 30, 2023

(In thousands)		**Balance**
Within three months	$	18,279
After three but within six months		6,264
After six months but within twelve months		2,541
After twelve months		3,755
	$	30,839

Evaluation of Interest Rate Risk

Our simulation models incorporate various assumptions, which we believe are reasonable but which may have a significant impact on results such as: (1) the timing of changes in interest rates, (2) shifts or rotations in the yield curve, (3) loan and securities prepayment speeds for different interest rate scenarios, (4) interest rates and balances of indeterminate-maturity deposits for different scenarios, and (5) new volume and yield assumptions for loans, securities and deposits. Because of limitations inherent in any approach used to measure interest rate risk, simulation results are not intended as a forecast of the actual effect of a change in market interest rates on our results but rather to better plan and execute appropriate asset-liability management strategies and manage our interest rate risk.

Potential changes to our net interest income and economic value of equity in hypothetical rising and declining rate scenarios calculated as of June 30, 2023 are presented in the following table. The projections assume immediate, parallel shifts downward of the yield curve of 100 and 200 basis points and immediate, parallel shifts upward of the yield curve of 100, 200, 300, and 400 basis points.

The results of this simulation analysis are hypothetical and should not be relied on as indicative of expected operating results. A variety of factors might cause actual results to differ substantially from what is depicted. For example, if the timing and magnitude of interest rate changes differ from those projected, our net interest income might vary significantly. Non-parallel yield curve shifts such as a flattening or steepening of the yield curve or changes in interest rate spreads, would also cause our net interest income to be different from that depicted. An increasing interest rate environment could reduce projected net interest income if deposits and other short-term liabilities re-price faster than expected or faster than our assets re-price. Actual results could differ from those projected if we grow assets and liabilities faster or slower than estimated, if we experience a net outflow of deposit liabilities or if our mix of assets and liabilities otherwise changes. Actual results could also differ from those projected if we experience substantially different repayment speeds in our loan portfolio than those assumed in the simulation model. Finally, these simulation results do not contemplate all the actions that we may undertake in response to potential or actual changes in interest rates, such as changes to our loan, investment, deposit, funding or hedging strategies.

Change in Market Interest Rates as of June 30, 2023	**Estimated Increase (Decrease) in:**			
Immediate Shift	Economic Value of Equity	Economic Value of Equity ($)	Year 1 Net Interest Income	Year 1 Net Interest Income ($)
+400 basis points	-27.4%	(356,849)	-19.2%	(46,643)
+300 basis points	-18.5%	(240,907)	-11.8%	(28,559)
+200 basis points	-10.7%	(138,748)	-6.1%	(14,829)
+100 basis points	-3.6%	(46,292)	-2.3%	(5,644)
-100 basis points	-3.4%	(43,841)	-0.9%	(2,259)
-200 basis points	-11.8%	(153,749)	-1.6%	(3,953)

Liquidity

Liquidity refers to our ability to maintain cash flow that is adequate to fund our operations, support asset growth, maintain reserve requirements and meet present and future obligations of deposit withdrawals, lending obligations and other contractual obligations through either the sale or maturity of existing assets or by obtaining additional funding through liability management. Our liquidity risk management policy provides the framework that we use to maintain adequate liquidity and sources of available liquidity at levels that enable us to meet all reasonably foreseeable short-term, long-term and strategic liquidity demands. The Asset and Liability Management Committee is responsible for oversight of liquidity risk management activities in accordance with the provisions of our liquidity risk policy and applicable bank regulatory capital and liquidity laws and regulations. Our liquidity risk management process includes (i) ongoing analysis and monitoring of our funding requirements under various balance sheet and economic scenarios, (ii) review and monitoring of lenders, depositors, brokers and other liability holders to ensure appropriate diversification of funding sources and (iii) liquidity contingency planning to address liquidity needs in the event of unforeseen market disruption impacting a wide range of variables. We continuously monitor our liquidity position in order for our assets and liabilities to be managed in a manner that will meet our immediate and long-term funding requirements. We manage our liquidity position to meet the daily cash flow needs of customers, while maintaining an appropriate balance between assets and liabilities to meet the return on investment objectives of our stockholders. We also monitor our liquidity requirements in light of interest rate trends, changes in the economy, and the scheduled maturity and interest rate sensitivity of our securities and loan portfolios and deposits. Liquidity management is made more complicated because different balance sheet components are subject to varying degrees of management control. For example, the timing of maturities of our investment portfolio is fairly predictable and subject to a high degree of control when we make investment decisions. Net deposit inflows and outflows, however, are far less predictable and are not subject to the same degree of certainty.

In addition to assessing liquidity risk on a consolidated basis, we monitor the parent company’s liquidity. The parent company’s routine funding requirements consist primarily of operating expenses, dividends paid to shareholders, debt service, repurchases of common stock and funds used for acquisitions. The parent company obtains funding to meet its obligations from dividends collected from its subsidiaries and the issuance of debt and capital securities. Dividend payments to the parent company by its subsidiary bank are subject to regulatory review and statutory limitations and, in some instances, regulatory approval. The Company maintains sufficient funding to meet expected capital and debt service obligations for 24 months without the support of dividends from subsidiaries and assuming access to the wholesale markets is maintained. The Company maintains sufficient liquidity to meet its capital and debt service obligations for 12 months under adverse conditions without the support of dividends from subsidiaries or access to the wholesale markets.

Our liquidity position is supported by management of our liquid assets and liabilities and access to alternative sources of funds. Our short-term and long-term liquidity requirements are primarily to fund on-going operations, including payment of interest on deposits and debt, extensions of credit to borrowers and capital expenditures. These liquidity requirements are met primarily through our deposits, FHLBNY advances and other borrowings and the principal and interest payments we receive on loans and investment securities. Cash, interest-bearing deposits in third-party banks, securities available for sale and maturing or prepaying balances in our investment and loan portfolios are our most liquid assets. Other sources of liquidity that are available to us include the sale of loans we hold for investment, the ability to acquire additional national market non-core deposits, borrowings through the Federal Reserve's discount window, federal fund purchases and the issuance of debt or equity securities. In addition, following the failures of SIVB and Signature Bank, the Federal Reserve created a new Bank Term Funding Program ("BTFP") as an additional source of liquidity against high-quality securities, offering loans of up to one year to eligible institutions pledging qualifying assets as collateral. We believe that the sources of available liquidity are adequate to meet our current and reasonably foreseeable future liquidity needs.

At June 30, 2023, our cash and equivalents, which consist of cash and amounts due from banks and interest-bearing deposits in other financial institutions, amounted to $65.7 million, or 0.8% of total assets, compared to $63.5 million, or 0.8% of total assets at December 31, 2022. The $2.2 million, or 3.42%, increase is due to strategic investment securities sales. Our available for sale securities at June 30, 2023 were $1.58 billion, or 20.3% of total assets, compared to $1.81 billion, or 23.1% of total assets at December 31, 2022. Investment securities with an aggregate fair value of $118.3 million at June 30, 2023 were pledged to secure public deposits and repurchase agreements.

The liability portion of the balance sheet serves as our primary source of liquidity. Customer deposits have historically provided a sizeable source of relatively stable and low-cost funds. We are also a member of the FHLBNY, from which we can borrow for leverage or liquidity purposes. The FHLBNY requires that securities and qualifying loans be pledged to secure any advances. At June 30, 2023, we had no advances from the FHLBNY and a remaining credit availability of $1.99 billion. In addition, we maintain borrowing capacity of approximately $360.7 million with the Federal Reserve's discount window or BTFP that is secured by certain securities from our portfolio which are not pledged for other purposes. Our cash and borrowing capacity totaled $2.6 billion of immediately available funds, in addition to unpledged securities with two-day availability of $758.3 million for total liquidity within two-days of $3.3 billion, which provided coverage for 85% of total uninsured deposits.

The outstanding balance related to borrowings from the BTFP at June 30, 2023 was $230.0 million, and is recorded in Other borrowings on the consolidated statements of financial condition.

Capital Resources

Total stockholders' equity at June 30, 2023 was $528.6 million, compared to $509.0 million at December 31, 2022, an increase of $19.7 million. The increase was primarily driven by $43.0 million of net income and a $3.5 million improvement in accumulated other comprehensive loss due to the tax effected mark-to-market on our securities portfolio, offset by $6.2 million of dividends, $4.6 million in stock repurchases, and a $17.8 million tax effected charge to retained earnings related to the adoption of the CECL standard. We did not elect to utilize the optional three-year phase-in period for the Day 1 adverse regulatory capital effects upon adopting the CECL standard.

On October 5, 2021, we filed a shelf registration statement with the SEC under which we may offer for sale, from time to time, either separately or together in any combination, equity, debt or other securities described in the shelf registration statement. The registration statement expires on October 5, 2024.

We are subject to various regulatory capital requirements administered by federal banking regulators. Failure to meet minimum capital requirements can initiate certain mandatory and possibly additional discretionary actions by federal banking regulators that, if undertaken, could have a direct material effect on our financial statements.

Regulatory capital rules adopted in July 2013 and fully phased in as of January 1, 2019, which are referred to as the Basel III rules, impose minimum capital requirements for bank holding companies and banks. The Basel III rules apply to all national and state banks and savings associations regardless of size and bank holding companies and savings and loan holding companies with consolidated assets of more than $3 billion. In order to avoid restrictions on capital distributions or discretionary bonus payments to executives, a covered banking organization must maintain the fully phased in "capital conservation buffer" of 2.5% on top of its minimum risk-based capital requirements. This buffer must consist solely of common equity Tier 1 risk-based capital, but the buffer applies to all three measurements (common equity Tier 1 risk-based capital, Tier 1 capital and total capital). The capital conservation is equal to 2.5% of risk-weighted assets.

The following table shows the regulatory capital ratios for the Bank and the Company at the dates indicated:

	Actual		For Capital Adequacy Purposes(1)		To Be Considered Well Capitalized	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
(In thousands)						
June 30, 2023						
Consolidated:						
Total capital to risk weighted assets	$ 750,668	15.26 %	$ 393,564	8.00 %	N/A	N/A
Tier 1 capital to risk weighted assets	615,262	12.51 %	295,173	6.00 %	N/A	N/A
Tier 1 capital to average assets	615,262	7.78 %	316,365	4.00 %	N/A	N/A
Common equity tier 1 to risk weighted assets	615,262	12.51 %	221,380	4.50 %	N/A	N/A
Bank:						
Total capital to risk weighted assets	$ 745,912	15.17 %	$ 393,395	8.00 %	$ 491,744	10.00 %
Tier I capital to risk weighted assets	684,298	13.92 %	295,046	6.00 %	393,395	8.00 %
Tier I capital to average assets	684,298	8.65 %	316,374	4.00 %	395,468	5.00 %
Common equity tier 1 to risk weighted assets	684,298	13.92 %	221,285	4.50 %	319,634	6.50 %
December 31, 2022						
Consolidated:						
Total capital to risk weighted assets	$ 721,324	14.87 %	$ 387,957	8.00 %	N/A	N/A
Tier 1 capital to risk weighted assets	597,022	12.31 %	290,967	6.00 %	N/A	N/A
Tier 1 capital to average assets	597,022	7.52 %	317,738	4.00 %	N/A	N/A
Common equity tier 1 to risk weighted assets	597,022	12.31 %	218,226	4.50 %	N/A	N/A
Bank:						
Total capital to risk weighted assets	$ 715,458	14.75 %	$ 388,107	8.00 %	$ 485,134	10.00 %
Tier 1 capital to risk weighted assets	668,864	13.79 %	291,080	6.00 %	388,107	8.00 %
Tier 1 capital to average assets	668,864	8.44 %	317,111	4.00 %	396,389	5.00 %
Common equity tier 1 to risk weighted assets	668,864	13.79 %	218,310	4.50 %	315,337	6.50 %

(1) Amounts are shown exclusive of the capital conservation buffer of 2.50%.

As of June 30, 2023, the Bank was categorized as “well capitalized” under the prompt corrective action measures and met the capital conservation buffer requirements.

Contractual Obligations

We have entered into contractual obligations in the normal course of business that involve elements of credit risk, interest rate risk and liquidity risk. The following table summarizes these relations as of June 30, 2023:

June 30, 2023 *(In thousands)*	Total	Less than 1 year	1-3 years	3-5 years	More than 5 years
Subordinated Debt	$ 73,737	$ —	$ —	$ —	$ 73,737
Operating Leases	37,741	5,665	31,117	959	—
Purchase Obligations	23,754	4,612	9,224	4,718	5,200
Certificates of Deposit	629,816	450,989	124,322	28,746	25,759
	$ 765,048	$ 461,266	$ 164,663	$ 34,423	$ 104,696

Investment Obligations

We are a party to agreements with Pace Funding Group LLC, which operates Home Run Financing, for the purchase of PACE, assessment securities until December 2023. As of June 30, 2023, we had purchased $599.3 million of these obligations and had an estimated remaining commitment of $132.4 million. The PACE assessments have equal-lien priority with property taxes and generally rank senior to first lien mortgages. The PACE assessments held in the Company's available for sale and held-to-maturity investment portfolios at June 30, 2023 were $22.5 million and $1.04 billion, respectively.

Item 3. Quantitative and Qualitative Disclosures about Market Risk.

Material changes in our market risk as of June 30, 2023 from that presented in the 2022 Annual Report are described in Part II, Item 1A of this Form 10-Q below. Our interest rate sensitivity position at June 30, 2023 is set forth in the table labeled “Evaluation of Interest Rate Risk” in Management’s Discussion and Analysis of Financial Condition and Results of Operation of this Quarterly Report on Form 10-Q and incorporated herein by this reference.

Item 4. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

Under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, we have evaluated the effectiveness of our disclosure controls and procedures (as defined in Exchange Act Rule 13a-15(e), as of June 30, 2023. Based on such evaluations, our principal executive officer and principal financial officer concluded that, as of such date, our disclosure controls and procedures were effective.

Changes in Internal Control Over Financial Reporting

There was no change in our internal control over financial reporting (as such term is defined in Exchange Act Rule 13a-15(f)) that occurred during the quarter ended June 30, 2023 that materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II

Item 1. Legal Proceedings.

We are subject to certain pending and threatened legal proceedings that arise out of the ordinary course of business. Additionally, we, like all banking organizations, are subject to regulatory examinations and investigations. Based upon management's current knowledge, following consultation with legal counsel, in the opinion of management, there is no pending or threatened legal matter that would result in a material adverse effect on our consolidated financial condition or results of operation, either individually or in the aggregate.

Item 1A. Risk Factors.

Investing in shares of our common stock involves certain risks, including those identified and described in Item 1A. of our Annual Report on Form 10-K for the fiscal year ended December 31, 2022, as filed with the SEC on March 9, 2023, as well as cautionary statements contained in this report, including those under the caption "*Cautionary Note Regarding Forward-Looking Statements*," risks and matters described elsewhere in this report and in our other filings with the SEC.

Material changes to the risk factors previously disclosed in our Annual Report on Form 10-K for the fiscal year ended December 31, 2022 are listed below:

Our business may be affected by stress and volatility in the banking sector related to recent bank failures.

The March 10, 2023 failure of Santa Clara, California-based Silicon Valley Bank, and subsequent bank failures in 2023, have generated concerns regarding the overall health and liquidity of the banking sector. The Board of Governors of the Federal Reserve System, Department of Treasury and the FDIC issued a joint statement concerning actions they had taken in response to the bank failures. The Federal Reserve Board announced that it would make available additional funding to eligible depository institutions through the creation of a new Bank Term Funding Program. Despite these actions, concern about the banking sector could continue into the future, which could lead to difficulties in attracting and maintaining deposits and customers. In addition, the FDIC is likely to increase the costs of insurance assessments and impose special assessments on some or all banks in order to replenish the Deposit Insurance Fund, the amounts of which are outside of our control. Any of these events could materially and adversely affect our business, results of operations or financial condition.

We could see increased credit risk due to recent bank failures.

Our net income for the first quarter of 2023 reflected a $1.2 million impairment charge to provision expense on a SIVB Corporate bond and a $0.6 million loss related to the sale of a portion of the SIVB Corporate bond. Because the financial system contains many interdependencies, the failures of additional banks and financial institutions that are counterparties to commercial agreements with us could lead to additional credit losses, threaten our investments, and adversely affect our ability to meet our own contractual obligations, originate new loans, invest in securities, or fulfill obligations to customers and depositors. If any of our customers are unable to access deposits or lending arrangements with other financial institutions, they could experience a downgrade in their credit quality or lose their ability to repay their obligations to us. These negative events may cause us to incur losses and may adversely affect our capital, liquidity and financial condition.

We are subject to liquidity risk.

We require liquidity to meet our deposit and debt obligations as they come due. Our access to funding sources in amounts adequate to finance our activities or on terms that are acceptable to us could be impaired by factors that affect us specifically or the financial services industry or economy generally. Factors that could detrimentally impact our access to liquidity sources include a downturn in the geographic markets in which our loans are concentrated, difficult credit markets, adverse regulatory or judicial actions against labor unions, political organizations or not-for profits, adverse regulatory actions against us, declines in the value of our investments, and ongoing instability and concerns in the banking sector following recent high-profile bank failures.

Liquidity constraints may require that we sell investment securities at a loss, negatively impacting our net income, earnings, and capital. As of June 30, 2023, our net unrealized losses on available for sale securities totaled $128.1 million, and our net unrecognized losses on held-to-maturity securities totaled $178.3 million. Our access to deposits may also be affected by the liquidity needs of our depositors, particularly in an inflationary environment where they may be compelled to withdraw deposits in order to cover rising expenses. As a part of our liquidity management, we must ensure we can respond effectively to potential volatility in our customers' deposit balances. For instance, our political campaigns, PACs, and state and national party committee clients totaled $835.8 million in deposits as of June 30, 2023 and may increase or decrease their deposit balances significantly as we approach an election campaign, resulting in short-term volatility in their deposit balances held with us through election cycles. Although we have been able to replace maturing or withdrawn deposits and advances historically as necessary, we might not be able to replace such funds in the future, especially if a large number of our depositors or those depositors with a high concentration of deposits sought to withdraw their accounts. We could encounter difficulty meeting a significant deposit outflow which could negatively impact our profitability or reputation. Any long-term decline in deposit funding would adversely affect our liquidity. While we believe our funding sources are adequate to meet any significant unanticipated deposit withdrawal, we may not be able to manage the risk of deposit volatility effectively. A failure to maintain adequate liquidity could materially and adversely affect our business, results of operations or financial condition.

The recent bank failures caused substantial market disruption that has not yet stabilized, leading to ongoing concerns about the liquidity of the financial services industry. Ongoing destabilization could exacerbate deposit outflows due to concerns that deposits held at the Bank exceed the amount of insurance provided by the FDIC, which provides basic deposit coverage with limits up to $250,000 per customer. In particular, continuing negative media attention and the rapid spread of rumors, concerns and misinformation on social media could cause panic among investors, depositors, customers and the general public. Deposit outflows could increase if customers with uninsured deposits look for alternative placements for their funds to weather banking sector volatility and instability. Our total estimated uninsured deposits at June 30, 2023 was $3.9 billion. Our cash and borrowing capacity totaled $2.6 billion of immediately available funds, in addition to unpledged securities with two-day availability of $758.3 million for total liquidity within two-days of $3.3 billion, which provided coverage for 85% of total uninsured deposits. An increase in deposit outflows could require us to seek alternate sources of liquidity to fund our operations and meet withdrawal demands. These alternate sources of liquidity could include higher-cost borrowings (as a result of competition for liquidity and rising interest rates), which could negatively affect our financial performance. Regulators could impose new requirements on banks, which could limit future growth. These changes may be more difficult or expensive than we anticipate.

Shares of our common stock could face volatility due to banking sector uncertainty.

The recent bank failures have negatively impacted the price of securities issued by financial institutions, which underscores the sensitivity of bank holding company public trading prices to generalized concerns about the health of the banking industry as a whole, regardless of the health of a particular institution. Ongoing stress in the banking sector could adversely impact the market price of our common stock and our business, financial condition and results of operations. We cannot predict if investors will find our common stock less attractive as a result of these market stresses. If some investors find our common stock less attractive as a result, there may be a less active trading market for our common stock and our stock price may be more volatile.

Fiscal challenges facing the U.S. government could negatively impact the value of investments in GSEs and the financial markets, which in turn could have an adverse effect on our financial position or results of operations.

Fiscal challenges facing the U.S. government, such as the recent downgrade of the sovereign credit ratings of the U.S. by Fitch Ratings, could have an adverse impact on value of investments in GSEs and on the financial markets, interest rates and economic conditions in the U.S. and worldwide. Federal budget deficit concerns and the potential for political conflict over legislation to fund U.S. government operations and raise the U.S. government's debt limit may increase the possibility of a default by the U.S. government on its debt obligations, additional related credit-rating downgrades, or an economic recession in the U.S. A significant portion of our securities portfolio is invested in GSE securities. As a result of uncertain domestic political conditions, including potential future federal government shutdowns or the possibility of the federal government defaulting on its obligations for a period of time, investments in financial instruments issued or guaranteed by the federal government pose liquidity and credit risks.

A debt default or further downgrades to the U.S. government’s sovereign credit rating or its perceived creditworthiness could also adversely affect the ability of the U.S. government to support the financial stability of Fannie Mae, Freddie Mac and the FHLBNY, with which we do business and in whose securities we invest.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

The following table contains information regarding purchases of our common stock during the three months ended June 30, 2023 by or on behalf of the Company or any "affiliate purchaser" as defined in Rule 10b-18(a)(3) under the Exchange Act:

	Issuer Purchases of Equity Securities					
Period (Settlement Date)	**Total number of shares purchased (1)**		**Average price paid per share**	**Total number of shares purchased as part of publicly announced plans or programs**		**Approximate dollar value that may yet be purchased under plans or programs (2)**
April 1 through April 30, 2023	—	$	—	—	$	25,672,104
May 1 through May 31, 2023	69,800		15.03	69,800	$	24,622,884
June 1 through June 30, 2023	92,554		15.74	69,162	$	23,514,795
Total	**162,354**	**$**	**15.44**	**138,962**		

(1) Includes shares withheld by the Company to pay the costs associated with tax withholdings related to the exercise of stock options and RSU and PSU vesting. There were 23,392 shares withheld for taxes during the quarter.

(2) Effective February 25, 2022, the Company's Board of Directors approved an increase to the share repurchase program authorizing the repurchase of an aggregate amount up to $40 million of the Company's outstanding common stock. The authorization did not require the Company to acquire any specified number of shares and can be suspended or discontinued without prior notice. Under this authorization, $2.2 million of common stock was purchased during the second quarter of 2023.

Item 5. Other Information

Securities Trading Plans of Directors and Executive Officers

During the three months ended June 30, 2023, none of the Company's directors of executive officers adopted or terminated any contract, instruction, or written plan for the purchase or sale of the Company's securities that was intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) or any "non-Rule 10b5-1 trading arrangement" as defined in item 408(c) of Regulation S-K.

Item 6. Exhibits.

Exhibit No.	Description of Exhibit
3.1	Certificate of Incorporation of Amalgamated Financial Corp. (incorporated by reference to Exhibit 3.1 to Amalgamated Financial Corp.'s Current Report on Form 8-K filed with the SEC on March 1, 2021).
3.2	Bylaws of Amalgamated Financial Corp. (incorporated by reference to Exhibit 3.2 to Amalgamated Financial Corp.'s Current Report on Form 8-K filed with the SEC on March 1, 2021).
4.1	Pursuant to Item 601(b)(4)(iii)(A), other instruments that define the rights of holders of the long-term indebtedness of Amalgamated Financial Corp. and its subsidiaries that does not exceed 10% of its consolidated assets have not been filed; however, Amalgamated Financial Corp. agrees to furnish a copy of any such agreement to the SEC upon request.
10.1	Amalgamated Financial Corp. Equity Incentive Plan (incorporated by reference to Annex A of the Amalgamated Financial Corp.'s Definitive Proxy Statement on form DEF 14A filed with the SEC on April 14, 2023).
31.1	Rule 13a-14(a) Certification of the Chief Executive Officer
31.2	Rule 13a-14(a) Certification of the Chief Financial Officer
32.1	Section 1350 Certifications
101	Interactive data files for the Quarterly Report on Form 10-Q of Amalgamated Financial Corp. for the quarter ended June 30, 2023, formatted in iXBRL (Inline eXtensible Business Reporting Language): (i) Consolidated Statements of Financial Condition at June 30, 2023 and December 31, 2022, (ii) Consolidated Statements of Income for the quarters ended June 30, 2023 and 2022, (iii) Consolidated Statements of Comprehensive Income for the quarters ended June 30, 2023 and 2022, (iv) Consolidated Statements of Changes in Shareholders' Equity for the quarters ended June 30, 2023 and 2022, (v) Consolidated Statements of Cash Flows for the quarters ended June 30, 2023 and 2022 and (vi) Notes to Consolidated Financial Statements (unaudited).
104	The cover page of Amalgamated Financial Corp.'s Form 10-Q Report for the quarter ended June 30, 2023, formatted in iXBRL (included with the Exhibit 101 attachments).

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

AMALGAMATED FINANCIAL CORP.

August 4, 2023	By:	/s/ Priscilla Sims Brown
		Priscilla Sims Brown President and Chief Executive Officer (*Principal Executive Officer*)
August 4, 2023	By:	/s/ Jason Darby
		Jason Darby Chief Financial Officer (*Principal Financial Officer)*
August 4, 2023	By:	/s/ Leslie Veluswamy
		Leslie Veluswamy Chief Accounting Officer *(Principal Accounting Officer)*

Exhibit 31.1

Rule 13a-14(a) Certification of the Chief Executive Officer

I, Priscilla Sims Brown, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Amalgamated Financial Corp.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s Board of Directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: August 4, 2023

/s/ Priscilla Sims Brown

Priscilla Sims Brown, President and Chief Executive Officer

Exhibit 31.2

Rule 13a-14(a) Certification of the Chief Financial Officer

I, Jason Darby, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Amalgamated Financial Corp.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s Board of Directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: August 4, 2023

/s/ Jason Darby
Jason Darby, Chief Financial Officer

Exhibit 32.1

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Amalgamated Financial Corp. (the “Company”) on Form 10-Q for the period ended June 30, 2023 as filed with the U.S. Securities and Exchange Commission on the date hereof (the “Report”), the undersigned officers each certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 that, to his knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Priscilla Sims Brown
Priscilla Brown
President and Chief Executive Officer
August 4, 2023

/s/ Jason Darby
Jason Darby
Chief Financial Officer
August 4, 2023