

Amalgamated Financial Corp.

Third Quarter 2021 Earnings Presentation
October 28, 2021



amalgamatedbank.com
Member FDIC

Safe Harbor Statements

INTRODUCTION

On March 1, 2021 (the “Effective Date”), Amalgamated Financial Corp. (the “Company”) completed its holding company reorganization and acquired all of the outstanding stock of Amalgamated Bank (the “Bank”). In this presentation, unless the context indicates otherwise, references to “we,” “us,” and “our” refer to the Company and the Bank. However, if the discussion relates to a period before the Effective Date, the terms refer only to the Bank.

FORWARD-LOOKING STATEMENTS

This presentation contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act, Section 21E of the Securities Exchange Act of 1934, as amended. Any statement that does not describe historical or current facts is a forward-looking statement. These statements generally can be identified by forward-looking terminology, such as “plan,” “seek to,” “outlook,” “guidance,” “may,” “will,” “anticipate,” “should,” “would,” “believe,” “contemplate,” “forecast,” “expect,” “estimate,” “continue,” “initiatives,” and “intend,” as well as other similar words and expressions of the future. These forward-looking statements include, but are not limited to, our 2021 Guidance and, statements related to future loss/income (included projected non-interest income) of solar tax equity investments. These forward-looking statements are subject to known and unknown risks, uncertainties and other factors, many of which are beyond our control and any or all of which could cause actual results to differ materially from the results expressed or implied by such forward-looking statements. These risks and uncertainties include, but are not limited to:

- negative economic and political conditions that adversely affect the general economy, housing prices, the real estate market, the job market, consumer confidence, the financial condition of our borrowers and consumer spending habits, which may affect, among other things, the level of non-performing assets, charge-offs and provision expense;
- the rate of growth (or lack thereof) in the economy and employment levels, as well as general business and economic conditions, coupled with the risk that adverse conditions may be greater than anticipated in the markets that we serve;
- the COVID-19 pandemic and its continuing effects on the economic and business environments in which we operate;
- continuation of the historically low short-term interest rate environment;
- fluctuations or unanticipated changes in interest rates on loans or deposits or that affect the yield curve;
- our inability to maintain the historical growth rate of our loan portfolio;
- changes in loan underwriting, credit review or loss reserve policies associated with economic conditions, examination conclusions, or regulatory developments either as they currently exist or as they may be affected by conditions associated with the COVID-19 pandemic;
- the impact of competition with other financial institutions, many of which are larger and have greater resources, and fintechs, as well as changes in the competitive environment;
- our ability to meet heightened regulatory and supervisory requirements;
- our ability to grow and retain low-cost core deposits and retain large, uninsured deposits;
- any matter that would cause us to conclude that there was impairment of any asset, including intangible assets;
- inability to comply with regulatory capital requirements, including those resulting from changes to capital calculation methodologies, required capital maintenance levels or regulatory requests or directives;
- risks associated with litigation, including the applicability of insurance coverage;
- the risk of not achieving anticipated cost savings related to reduction in the number of branch locations and other expense areas;
- 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, the risk of any of which could be exacerbated by employees and others working remotely as a result of the effects of the COVID-19 pandemic;
- volatile credit and financial markets both domestic and foreign;
- the risk that the preliminary financial information reported herein and our current preliminary analysis could be different when our review is finalized;
- unexpected challenges related to our executive officer retention; and
- risks related to our proposed acquisition of Amalgamated Bank of Chicago, including, among others, that the acquisition does not close when expected or at all because conditions to closing are not satisfied on a timely basis or at all, or that financial projections from the acquisition are not realized.

Additional factors which could affect the forward-looking statements can be found in our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, and Current Reports on Form 8-K filed with the SEC and available on the SEC’s website at www.sec.gov. Forward-looking statements are based upon the current beliefs and expectations of management, and on information currently available to management. We disclaim any obligation to update or revise any forward-looking statements contained in this presentation, which speak only as of the date hereof, or to update the reasons why actual results could differ from those contained in or implied by such statements, whether as a result of new information, future events or otherwise, except as required by law.



Safe Harbor Statements cont.

NON-GAAP FINANCIAL MEASURES

This presentation contains certain non-GAAP financial measures including, without limitation, “Core Operating Revenue,” “Core Non-interest Expense,” “Tangible Common Equity,” “Average Tangible Common Equity,” “Core Efficiency Ratio,” “Core Net Income,” “Core ROAA,” and “Core ROATCE.”

We believe these non-GAAP financial measures provide useful information to management and investors that is supplementary to our financial condition, results of operations and cash flows computed in accordance with GAAP. Specifically, we believe these non-GAAP financial measures (a) allow management and investors to better assess our performance by removing volatility that is associated with discrete items that are unrelated to our core business, and (b) enable a more complete understanding of factors and trends affecting our business.

Non-GAAP financial measures, however, have inherent limitations, are not required to be uniformly applied, and are not audited. Accordingly, these non-GAAP financial measures should not be considered as substitutes for GAAP financial measures, and we strongly encourage investors to review the GAAP financial measures included in this presentation and not to place undue reliance on any single financial measure. In addition, because non-GAAP financial measures are not standardized, it may not be possible to compare the non-GAAP financial measures presented in this presentation with other companies' non-GAAP financial measures having the same or similar names. As such, you should not view these disclosures as a substitute for results determined in accordance with GAAP, and they are not necessarily comparable to non-GAAP financial measures that other companies use. Reconciliations of non-GAAP financial disclosures to what we believe to be the most directly comparable GAAP measures found in this presentation are set forth in the final pages of this presentation and also may be viewed on the bank's website, amalgamatedbank.com.

You should assume that all numbers presented are unaudited unless otherwise noted.



3Q21 Highlights

INCOME STATEMENT

- GAAP net income of \$0.46 per diluted share; core net income of \$0.46 per diluted share⁽¹⁾
- Pre-tax, pre-provision income⁽²⁾ of \$17.1 million compared to \$15.9 million in 2Q21
- Core pre-tax, pre-provision income of \$17.0 million compared to \$15.6 million in 2Q21
- Efficiency ratio of 65.95% in 3Q21, compared to 66.35% in 2Q21⁽¹⁾
 - Efficiency ratio was unfavorably impacted 1 pct pt and 2 pct pts from equity method investments in solar initiatives in 3Q21 and 2Q21, respectively

BALANCE SHEET

- Deposits increased \$314.5 million compared to 2Q21 primarily due to continued growth in political deposits and new relationships in core markets
- Property Assessed Clean Energy (PACE) assessments grew \$81.4 million to \$627.2 million in 3Q21 primarily from Commercial PACE assessments
- Net loans including PACE assessments grew by \$31.4 million, or 0.85%, on a linked quarter basis

CAPITAL

- Capital ratios remained strong with CET1 of 13.98% and Tier 1 Leverage of 7.85%
- Tangible book value of \$17.33 compared to \$17.07 as of 2Q21



1. See non-GAAP disclosures on pages 22-23

2. Pre-tax, pre-provision income is defined as net interest income plus non-interest income less non-interest expense

Priscilla Sims Brown – President and CEO

Four Pillars Designed to Fuel our Growth and Mission while Effectively Managing Risk

- Building our business through our mission as America's Socially Responsible Bank by focusing on sustainability through our ESG efforts.
- Improving our focus on and deepening insights of our core customers by analyzing customer information and behavior to identify profit tracks, key values, and demonstrated needs.
- Developing and expanding our product expertise to grow our lending platform and trust businesses.
- Improving our data and technology to drive improved efficiency and effectiveness of our operations by becoming a stronger digital bank.



ABOC Transaction Creates Significant Value



Strong Financial Metrics...

~17%

GAAP EPS Accretion to AMAL⁽¹⁾

No

Ownership Dilution
(Cash Deal)

~2 years

EPS Pull Forward

2.9 years

TBV Earn-back



... And A Robust Capital Position

~7%

TCE/TA Ratio

~12%

CET1 Ratio

~7%

Leverage Ratio

~15%

Total Capital Ratio



Franchise Scaled for Success ⁽²⁾

\$7.6bn

Combined Assets

14% increase

\$3.7bn

Gross Loans/Leases

16% increase

\$6.8bn

Total Deposits

14% increase

\$71.2bn

AUM and Custody

28% increase



Diversification & Risk Reduction

- Significant Diversification of Revenue & Credit Exposure
- Strategic Distribution of Risk in NY / Chicago / CA
- C&I and CRE balances improve

63% / 37%

Balanced Asset Mix
Commercial / Consumer

Note: All figures contemplate payment of contingent purchase price and associated payouts under management contracts, and achievement of anticipated synergies

1. 2023 GAAP EPS accretion (assumes deal closes in Q4-2021)

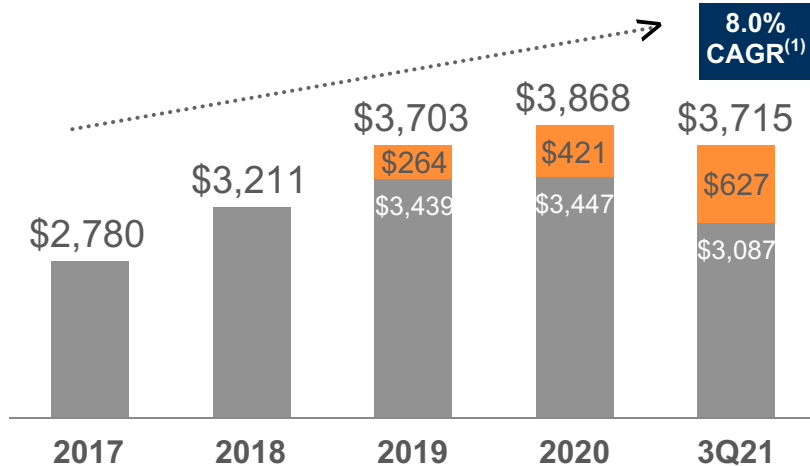
2. Pro forma balance sheet estimated at close

Trends

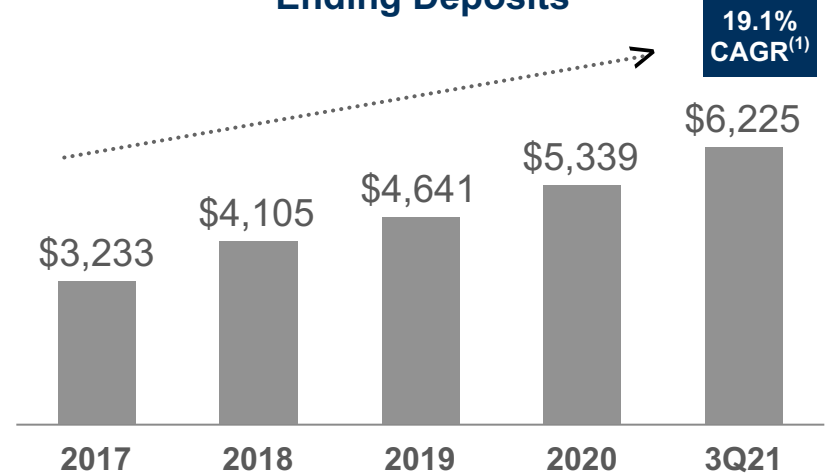
KEY FINANCIAL TRENDS THROUGH 3Q21

(\$ in millions)

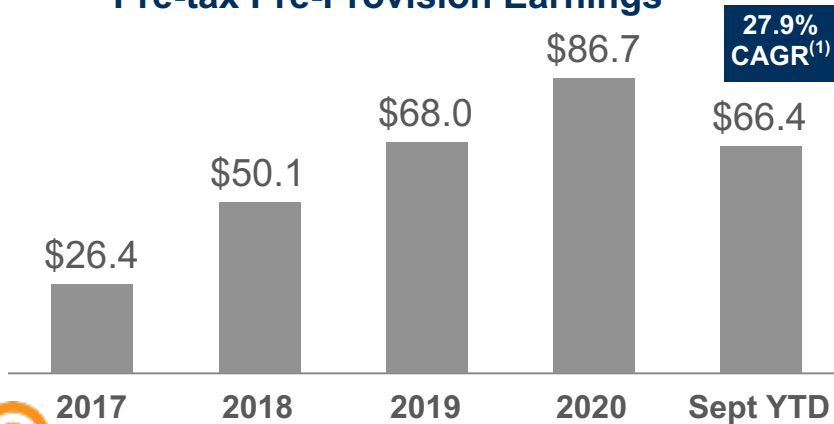
Loans + PACE



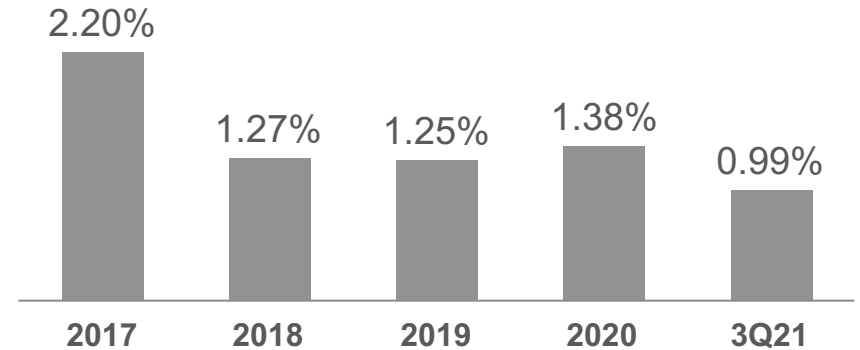
Ending Deposits



Pre-tax Pre-Provision Earnings⁽²⁾⁽³⁾



NPA / Total Assets



1. Compounded Annual Growth Rate ("CAGR")

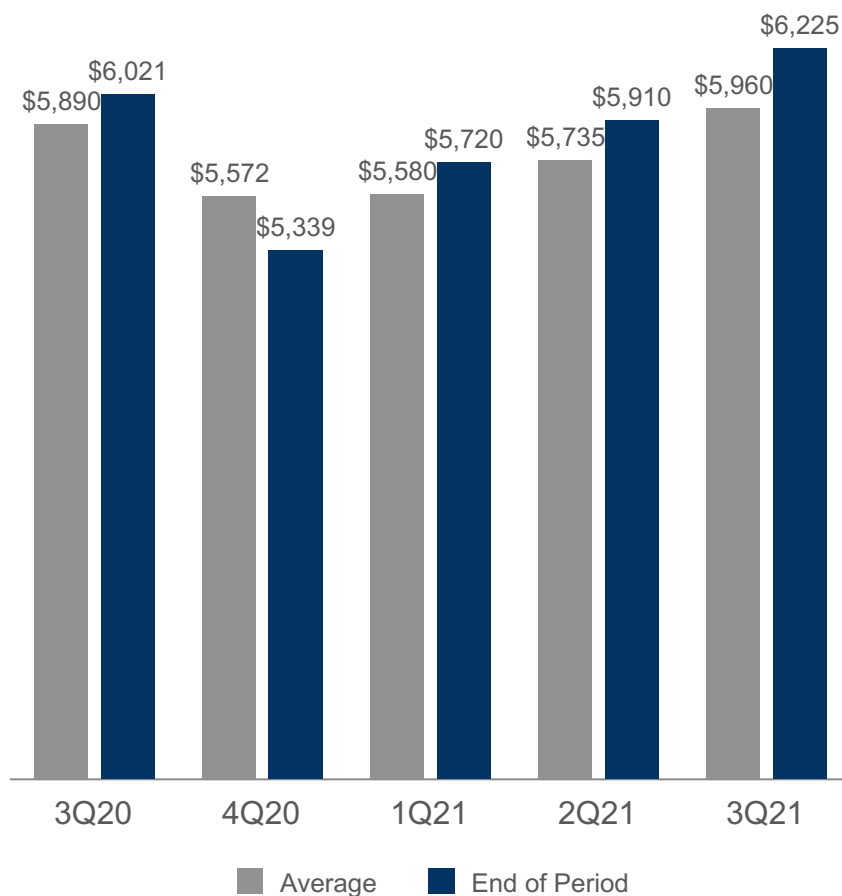
2. Sept YTD 2021 Pre-tax Pre-Provision earnings are annualized

3. Pre-tax Pre-provision Earnings, excluding the impact of equity method investments for solar initiatives, was \$79.3 million in 2020, and \$74.5 million in 2021 annualized

Deposit Portfolio

TOTAL DEPOSITS

(\$ in millions)



3Q21 HIGHLIGHTS

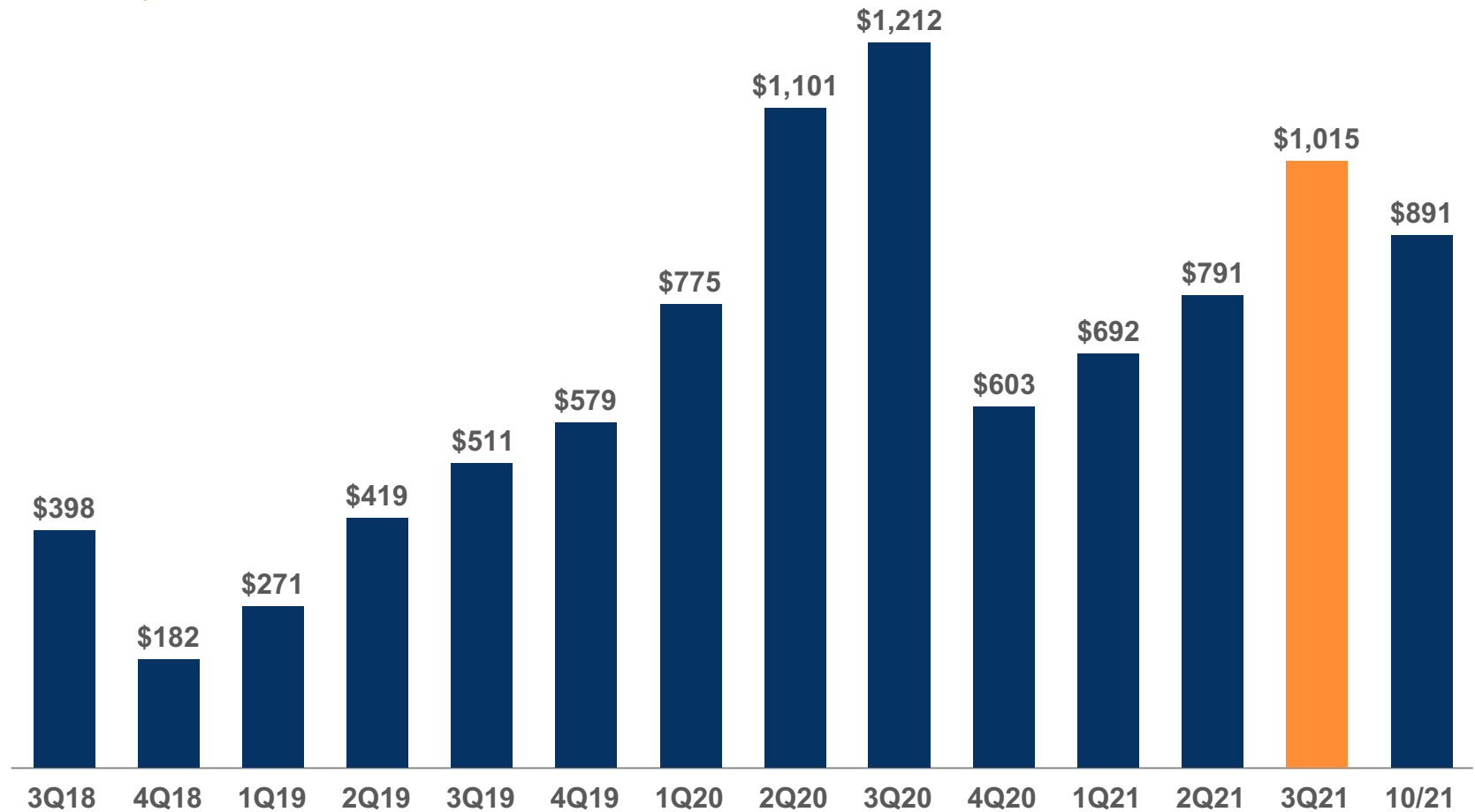
- Total ending deposits increased \$314.5 million compared to 2Q21 due to post-election rebound in political deposits and new relationships in core markets
 - Total average deposits increased \$224.8 million
- Average non-interest bearing deposits increased \$167.7 million, primarily due to political deposits
- Non-interest bearing deposits represented 51% of ending deposits in 3Q21, compared to 50% in 2Q21



Political Deposits

HISTORICAL TREND

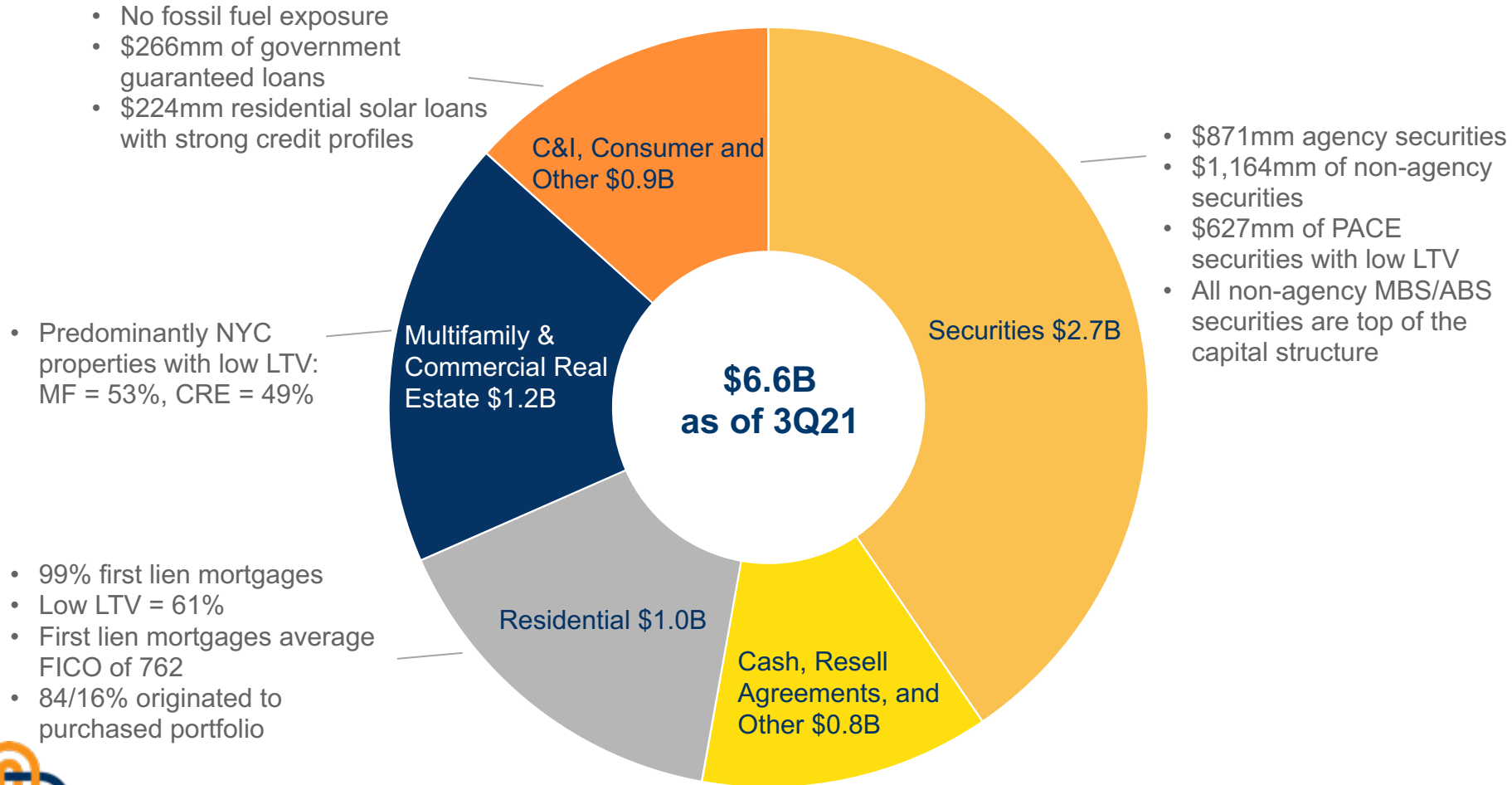
(\$ in millions)



Interest Earning Assets

INTEREST EARNING ASSETS OF \$6.6B AS OF SEPTEMBER 30, 2021

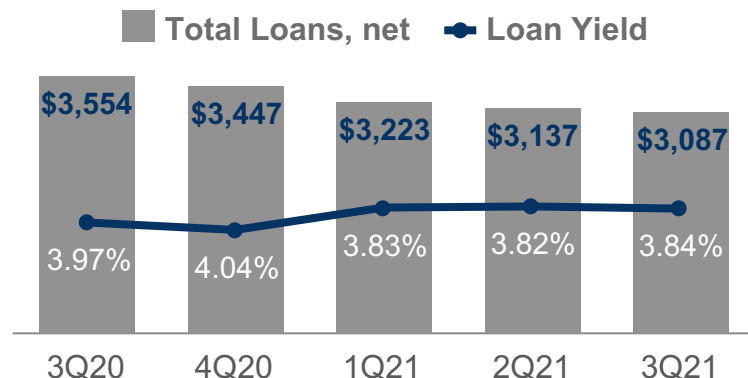
We maintain a diverse, low risk profile of interest earning assets



Loans and Held-to-Maturity Securities

TOTAL LOANS

(\$ in millions)

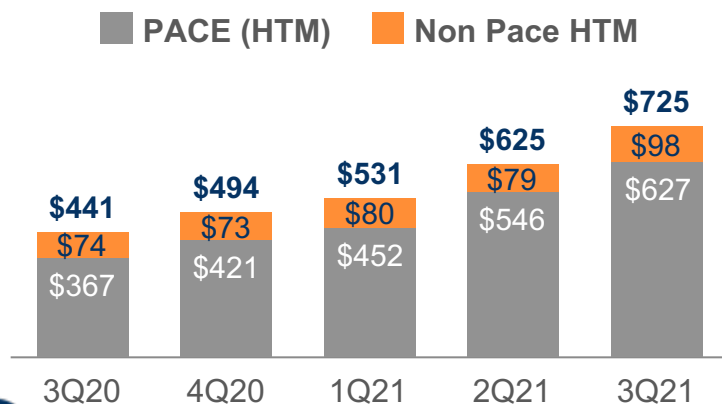


3Q21 HIGHLIGHTS

- Total loans decreased \$50.0 million, or 1.6%, compared to 2Q21 due to continued prepayment activity and principal paydowns
- 3Q21 Yield of 3.84%; an increase of 2 bps compared to 2Q21 and a decrease of 13 bps compared to 3Q20
- PACE securities of \$627.2 million increased \$81.4 million from \$545.8 million in 2Q21

HELD-TO-MATURITY SECURITIES

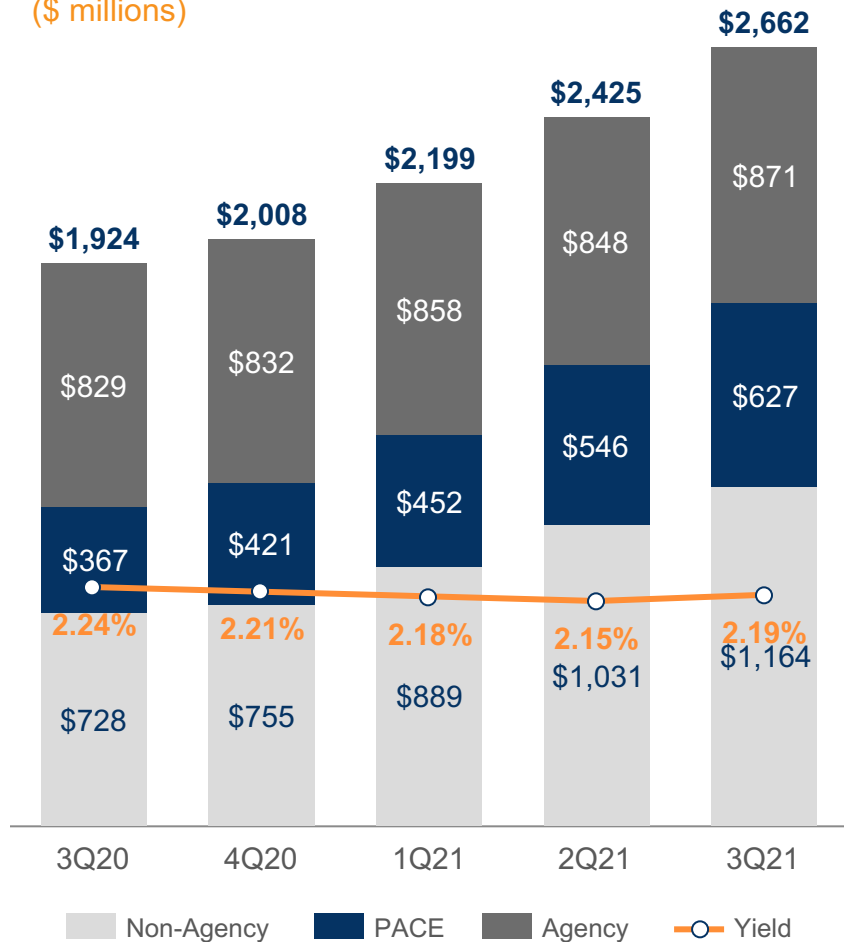
(\$ in millions)



Investment Securities

SECURITIES – BOOK VALUE⁽¹⁾

(\$ millions)



3Q21 HIGHLIGHTS

- Investment Securities totaled \$2.7 billion book value for 3Q21
- Securities increased \$231.0 million in 3Q21 compared to 2Q21 with continued mix shift toward non-agency partially from PACE assessment growth
 - Non-agency securities in 3Q21 include \$627.2 million of PACE assessments, which are non-rated
- 85.3% of all non-agency MBS/ABS securities are AAA rated and 99.6% are A rated or higher⁽²⁾; **all CLO's are AAA-rated**
- As of 3Q21 average subordination for the C&I CLOs was 42.8%

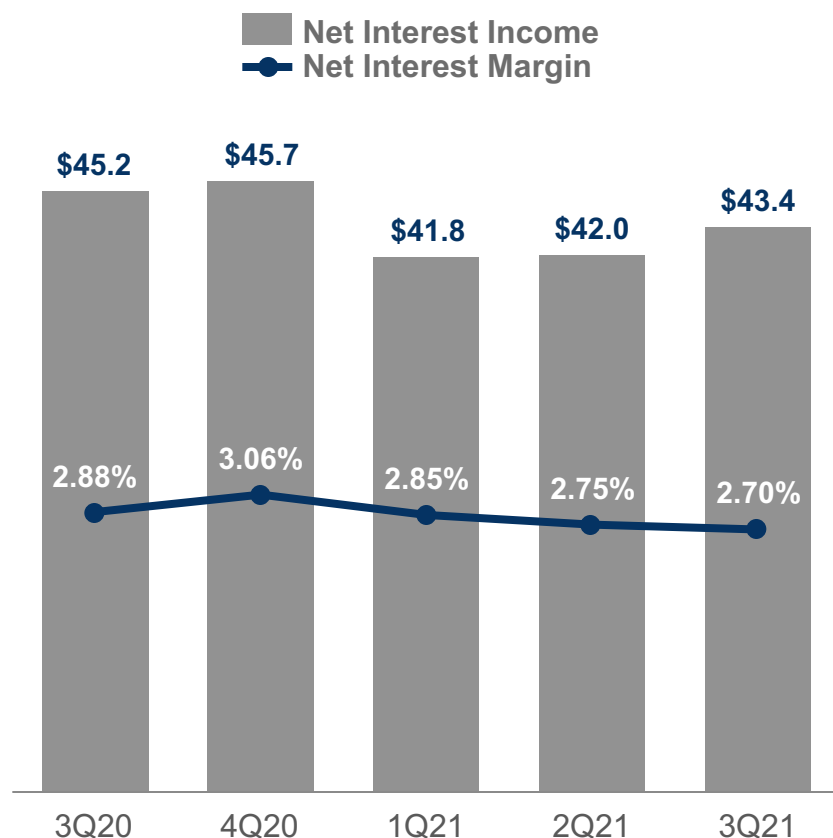


1. Securities book value excludes unrealized Available for Sale (AFS) gain / loss on sale
 2. MBS/ABS does not include PACE assessments

Net Interest Income and Margin

NET INTEREST INCOME & MARGIN

(\$ millions)



3Q21 HIGHLIGHTS

- Net interest income was \$43.4 million, compared to \$42.0 million in 2Q21
- 3Q21 NIM at 2.70%; a decrease of 5 bps and 18 bps, compared to 2Q21 and 3Q20, respectively
- NIM was negatively impacted by approximately 24 bps due to the high level of cash on the balance sheet
- Loan prepayment penalties favorably impacted NIM by one bp in 3Q21, compared to 3 bps and 7 bps in 2Q21 and 3Q20, respectively



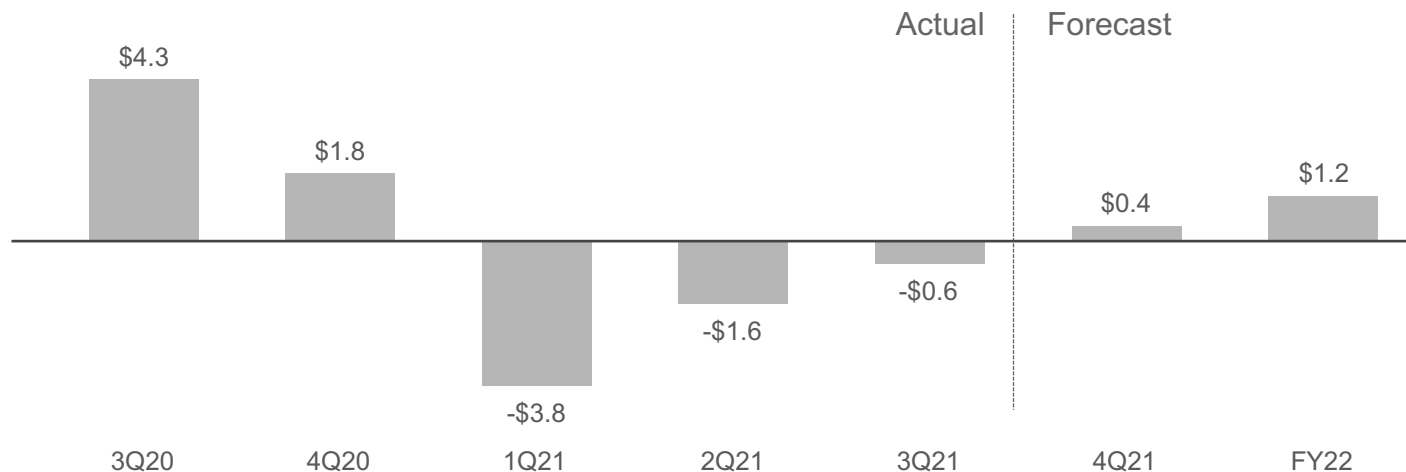
Solar Tax-Equity Investments

OVERVIEW OF SOLAR TAX EQUITY INVESTMENTS

- Realization of tax benefits in the project life and subsequent change in the fair value of the investment creates volatility in the earnings stream
- Current projects are expected to generate a slight loss in the next two quarters; net profitable over the life of investment
- We expect more tax-equity investment initiatives in the future (not shown in forecast below)

PROJECTED NON-INTEREST INCOME TREND

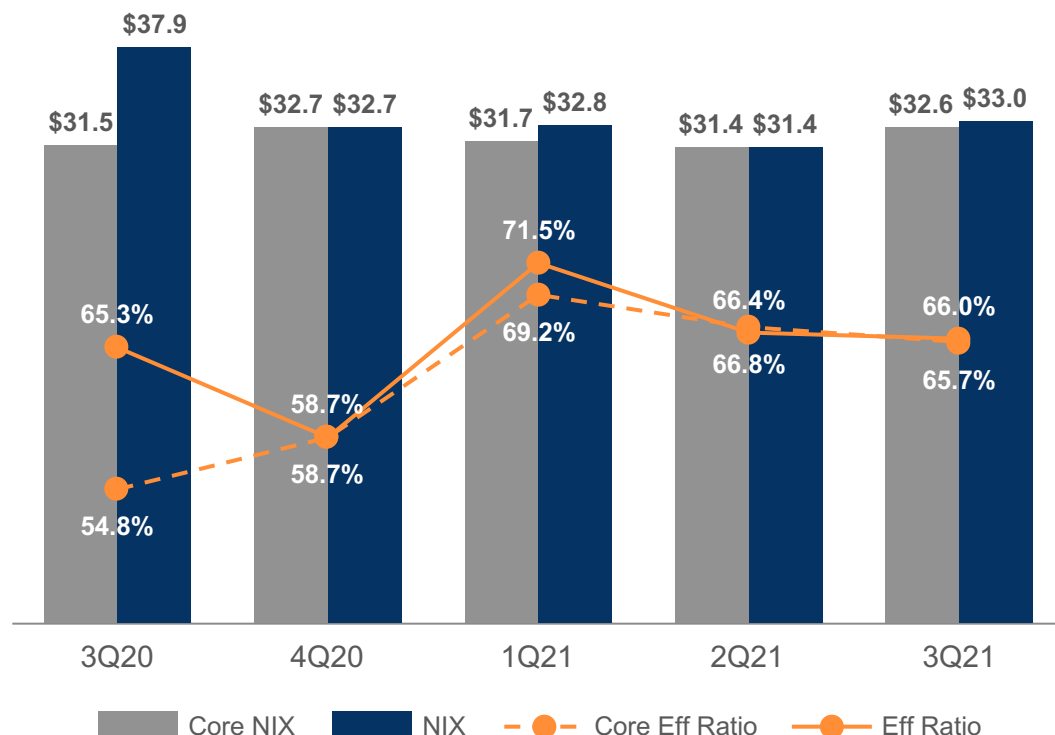
\$ millions



Non-Interest Expense and Efficiency

NON-INTEREST EXPENSE

(\$ millions)



3Q21 HIGHLIGHTS

- Efficiency ratio of 66.0% for 3Q21
- Core efficiency ratio of 65.7% for 3Q21⁽¹⁾
- Non-interest expense for 3Q21 was \$33.0 million
- Non-interest expense for 3Q21 was \$1.6 million higher compared to 2Q21 primarily due to \$0.4 million of ABOC deal related costs, a \$1.2 million increase in data processing costs for our outsourced Trust Department operations, and \$0.5 million in compensation and benefits, offset by lower professional service expenses
- Efficiency ratio excluding equity method investments in solar initiatives was 65.2% for 3Q21 and 64.1% for 2Q21



1. See non-GAAP disclosures on pages 22-23

Allowance for Loan Losses

ALLOWANCE FOR LOAN LOSSES (ALLL) CHANGE FROM 4Q20 TO 3Q21

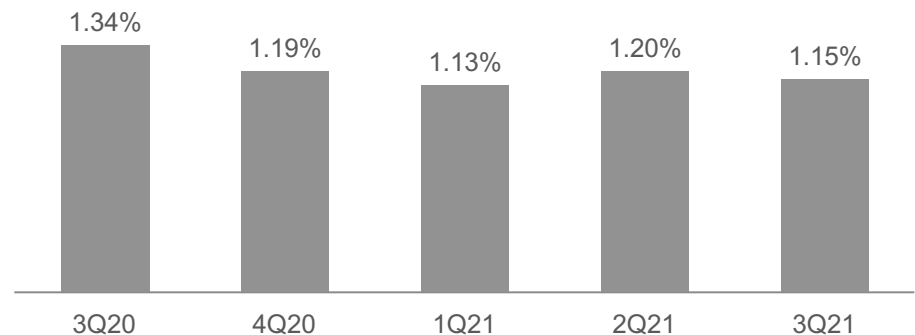
(\$ millions)

4Q20 Allowance	\$ 41.6
Loan balances	(2.4)
Changes in credit quality	(1.9)
Qualitative factors	(0.6)
1Q21 Allowance	\$ 36.7
Specific reserves	1.4
Changes in credit quality	0.6
Charge-offs	0.3
Loan balances	(1.0)
2Q21 Allowance	\$ 38.0
Qualitative factors	(0.7)
Loan balances	(0.8)
Charge-offs	(0.1)
Changes in credit quality	(0.5)
3Q21 Allowance	\$ 35.9

3Q21 HIGHLIGHTS

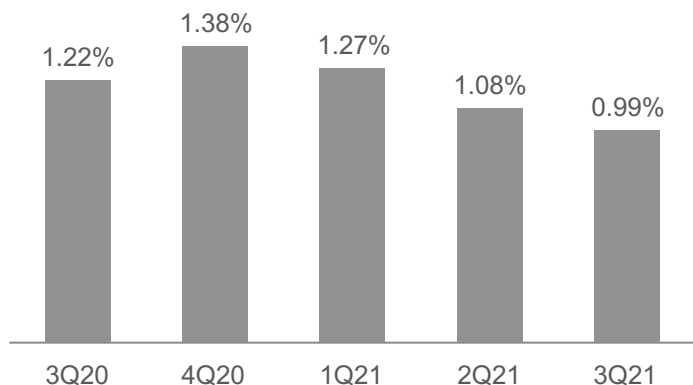
- Allowance for loan losses totals \$35.9 million in 3Q21, or \$2.1 million lower compared to 2Q21 primarily due to improved loss and qualitative factors, improved credit quality, and lower loan balances
- 3Q21 allowance was \$5.7 million lower than 4Q20 due largely to lower loan balances and credit quality improvement

ALLOWANCE FOR LOAN LOSSES / TOTAL LOANS



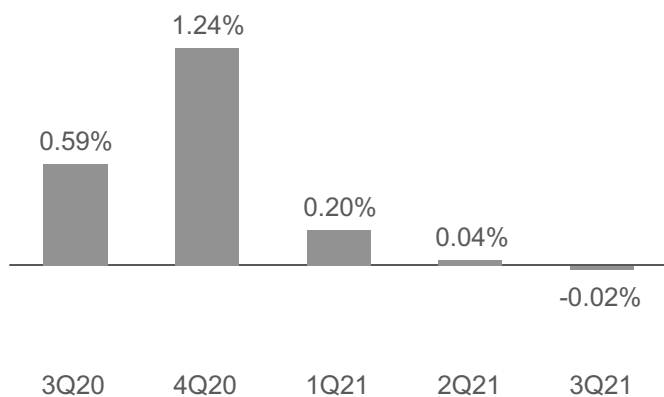
Credit Quality Portfolio

NPA / TOTAL ASSETS



NCO / AVERAGE LOANS⁽¹⁾

(Quarter trend)



3Q21 HIGHLIGHTS

- Nonperforming assets were \$67.8 million as of 3Q21, compared to \$71.0 million in 2Q21
- Net charge-offs of -0.02% in 3Q21 was 6 bps lower than 2Q21 due to a shift from a net charge-off position in Q2 to a net recovery position in Q3
- Pass rated loans are 90% of loan portfolio

LOAN CREDIT RISK RATINGS

(\$ millions)

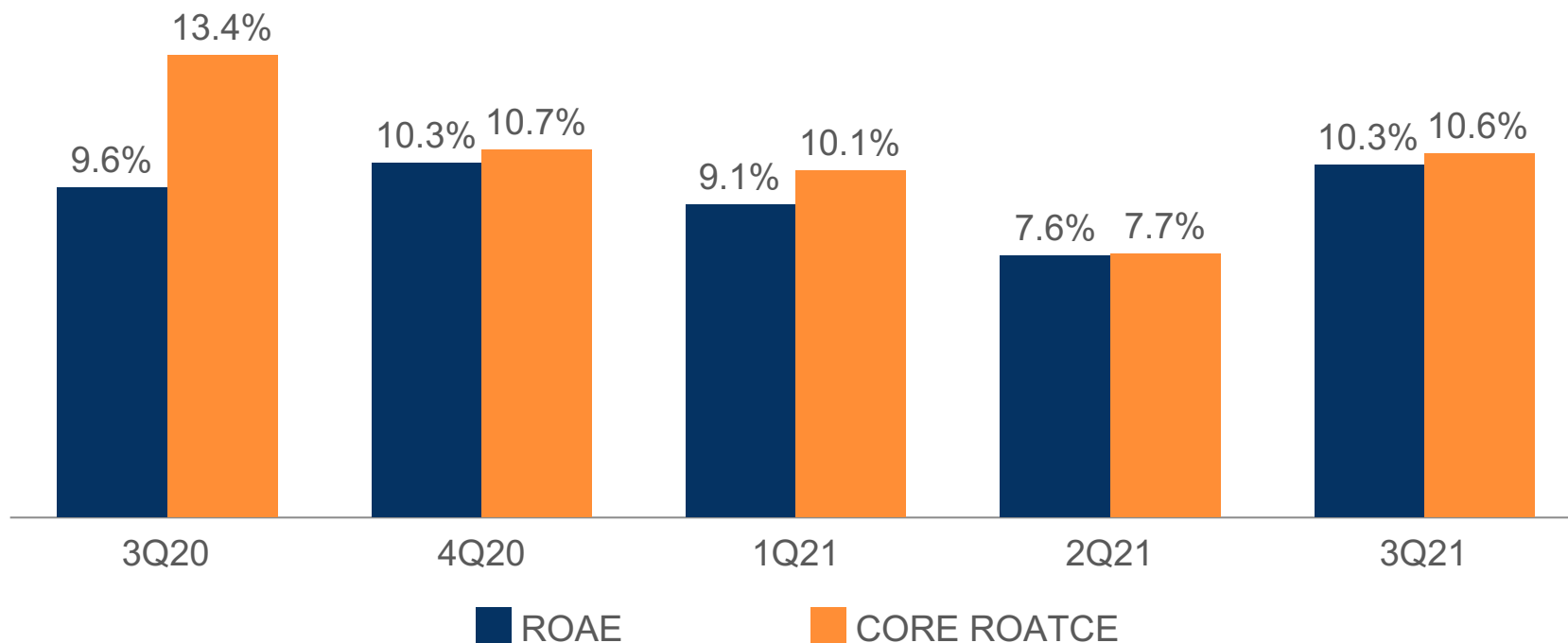
	Pass Rated	Special Mention	Substandard / Doubtful	Total
Commercial and industrial	579	23	26	628
Multifamily	697	84	45	826
CRE and construction	271	27	84	382
Residential real estate	1,012	—	21	1,033
Consumer and other	248	—	1	249
Total	\$ 2,808	\$ 134	\$ 177	\$ 3,118



1. Annualized

Returns

ROAE & CORE ROATCE ⁽¹⁾⁽²⁾

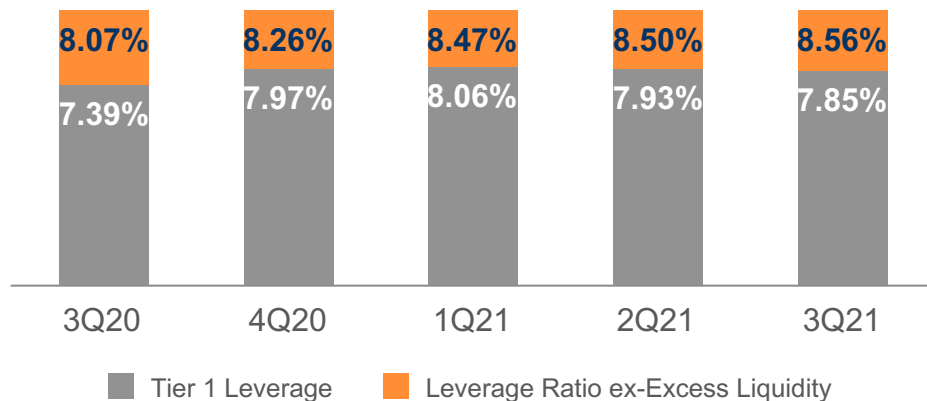


(1) See non-GAAP disclosures on pages 22-23

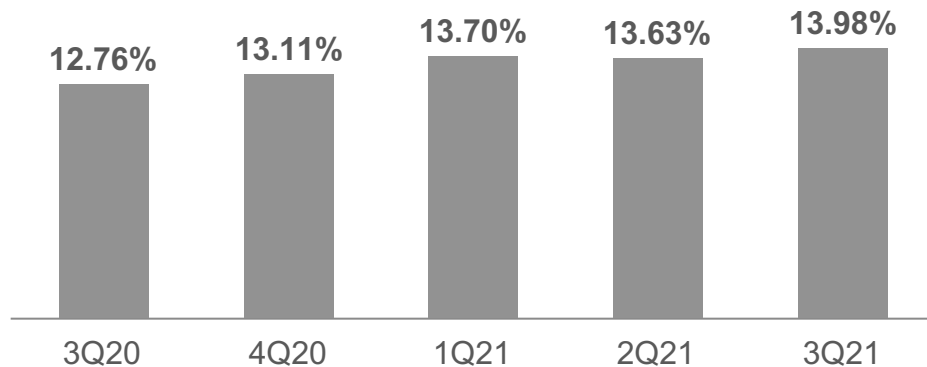
(2) ROATCE excluding equity method investments for solar initiatives was 10.9%, 9.7%, 12.3%, 8.6% and 10.7% for 3Q20, 4Q20, 1Q21, 2Q21 and 3Q21 respectively

Capital

TIER 1 LEVERAGE RATIO



COMMON EQUITY TIER 1 RATIO



3Q21 HIGHLIGHTS

- Regulatory capital ratios remained strong
 - Tier 1 leverage ratio of 7.85% as of 3Q21
 - Excluding the excess liquidity, tier 1 leverage ratio would be 8.56%
 - Common Equity Tier 1 Capital of 13.98%
- Tier 1 leverage ratio was 8 bps lower primarily driven by excess cash from strong deposit growth



2021 Guidance

2021 FINANCIAL OUTLOOK

- Core Pre-tax pre-provision earnings of \$66 million to \$72 million
 - Excludes impact of solar tax equity income/(loss) and any future non-core items
 - Net Interest Income of \$168 million to \$174 million
 - No change in Fed rate targets



Appendix



Reconciliation of Non-GAAP Financials

(in thousands)	As of and for the Three Months Ended			As of and for the Nine Months Ended	
	September 30, 2021	June 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
Core operating revenue					
Net Interest income	\$ 43,387	\$ 41,991	\$ 45,234	\$ 127,223	\$ 134,361
Non-interest income	6,702	5,327	12,776	16,028	30,565
Less: Branch sale (gain) loss ⁽¹⁾	—	—	—	—	(1,394)
Less: Securities (gain) loss	(413)	(321)	(619)	(755)	(1,605)
Core operating revenue (non-GAAP)	\$ 49,676	\$ 46,997	\$ 57,391	\$ 142,496	\$ 161,927
Core non-interest expense					
Non-interest expense	\$ 33,034	\$ 31,395	\$ 37,877	\$ 97,224	\$ 101,216
Less: Branch closure expense ⁽²⁾	—	—	(6,279)	—	(8,330)
Add: Severance ⁽³⁾	—	—	(125)	(1,090)	(201)
Less: ABOC	(392)	—	—	(392)	—
Core non-interest expense (non-GAAP)	\$ 32,642	\$ 31,395	\$ 31,473	\$ 95,742	\$ 92,685
Core net income					
Net Income (GAAP)	\$ 14,416	\$ 10,408	\$ 12,480	\$ 37,013	\$ 32,399
Less: Branch sale (gain) loss ⁽¹⁾	—	—	—	—	(1,394)
Less: Securities (gain) loss	(413)	(321)	(619)	(755)	(1,605)
Add: Branch closure expense ⁽²⁾	—	—	6,279	—	8,330
Add: Severance ⁽³⁾	—	—	125	1,090	201
Add: ABOC	392	—	—	392	—
Less: Tax on notable items	5	86	(1,472)	(188)	(1,412)
Core net income (non-GAAP)	\$ 14,400	\$ 10,173	\$ 16,793	\$ 37,552	\$ 36,519
<i>(1) Fixed Asset branch sale in March 2020</i>					
<i>(2) Occupancy and other expense related to closure of branches during our branch rationalization</i>					
<i>(3) Salary and COBRA expense reimbursement expense for positions eliminated</i>					



Reconciliation of Non-GAAP Financials

(in thousands)	As of and for the Three Months Ended			As of and for the Nine Months Ended	
	September 30, 2021	June 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
Tangible common equity					
Stockholders' Equity (GAAP)	\$ 556,390	\$ 548,211	\$ 522,497	\$ 556,390	\$ 522,497
Less: Minority Interest (GAAP)	(133)	(133)	(133)	(133)	(133)
Less: Goodwill (GAAP)	(12,936)	(12,936)	(12,936)	(12,936)	(12,936)
Less: Core deposit intangible (GAAP)	(4,453)	(4,755)	(5,701)	(4,453)	(5,701)
<i>Tangible common equity (non-GAAP)</i>	<u>\$ 538,868</u>	<u>\$ 530,387</u>	<u>\$ 503,727</u>	<u>\$ 538,868</u>	<u>\$ 503,727</u>
Average tangible common equity					
Average Stockholders' Equity (GAAP)	\$ 555,757	\$ 547,766	\$ 515,906	\$ 548,733	\$ 501,824
Less: Minority Interest (GAAP)	(133)	(133)	(134)	(133)	(134)
Less: Goodwill (GAAP)	(12,936)	(12,936)	(12,936)	(12,936)	(12,936)
Less: Core deposit intangible (GAAP)	(4,602)	(4,903)	(5,868)	(4,900)	(6,209)
<i>Average tangible common equity (non-GAAP)</i>	<u>\$ 538,086</u>	<u>\$ 529,794</u>	<u>\$ 496,968</u>	<u>\$ 530,764</u>	<u>\$ 482,545</u>
Core return on average assets					
Core net income (numerator) (non-GAAP)	\$ 14,400	\$ 10,173	\$ 16,793	\$ 37,552	\$ 36,519
Divided: Total average assets (denominator) (GAAP)	6,632,506	6,394,768	6,490,299	6,421,208	5,997,656
<i>Core return on average assets (non-GAAP)</i>	0.86%	0.64%	1.03%	0.78%	0.81%
Core return on average tangible common equity					
Core net income (numerator) (non-GAAP)	\$ 14,400	\$ 10,173	\$ 16,793	\$ 37,552	\$ 36,519
Divided: Average tangible common equity (denominator) (GAAP)	538,086	529,794	496,968	530,764	482,545
<i>Core return on average tangible common equity (non-GAAP)</i>	10.62%	7.70%	13.44%	9.46%	10.11%
Core efficiency ratio					
Core non-interest expense (numerator) (non-GAAP)	\$ 32,642	\$ 31,395	\$ 31,473	\$ 95,742	\$ 92,685
Core operating revenue (denominator) (non-GAAP)	49,676	46,997	57,391	142,496	161,927
<i>Core efficiency ratio (non-GAAP)</i>	65.71%	66.80%	54.84%	67.19%	57.24%



Thank You



Global Alliance for
Banking on Values



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