

**AMALGAMATED BANK
CHARTER OF THE AUDIT COMMITTEE
OF THE BOARD OF DIRECTORS**

Pursuant to Article V of the By-Laws of Amalgamated Bank (the “Bank”), the Board of Directors (the “Board”) of the Bank has established, by a vote of at least a majority of the entire Board, the Audit Committee of the Board (the “Audit Committee”).

I. PURPOSE

The Audit Committee will assist the Board in fulfilling its responsibility for oversight of the quality and integrity of the accounting, auditing, reporting practices, other material disclosures, and internal controls of the Bank, and such other duties as directed by the Board. The Audit Committee shall also be responsible for recommending to the Board the appointment, compensation, retention and oversight of the external auditor. In addition, the Committee will assist the Board of Directors in its oversight of:

- The Bank’s external auditor’s qualifications and independence;
- The performance of the Bank’s Internal Audit function and its external auditor or other third party service provider;
- Management’s responsibilities to assure that there is in place an effective system of internal controls reasonably designed to: (i) safeguard the assets and income of the Bank; (ii) assure the integrity of the Bank’s financial statements; and (iii) maintain compliance with the Bank’s ethical standards, policies, plans and procedures, and with laws and regulations.

II. COMPOSITION

The Audit Committee shall consist of at least three outside, independent directors; as defined in Section 363.5 of the FDIC’s Rules and Regulations, 12 C.F.R. §363.5. Each member of the committee shall be financially literate, qualified to perform the functions of an Audit Committee member pursuant to requirements of the NASDAQ, and at least one member of the Committee shall be deemed “audit committee financial expert.” In addition, none of the Committee’s members shall be large customers of the Bank. The Board appoints the members of the Committee, and the Chairperson and may remove any member and the Chairperson from the Audit Committee at any time with or without cause. Vacancies shall be filled by the Board at any regular meeting of the Board or at a special meeting called for such purpose.

Audit Committee members will not have an interest in the Bank or engage in any related-party transactions that would have a material impact on the member’s independence or the ability to act in the best interests of the shareholders.

III. AUTHORITY, DUTIES AND RESPONSIBILITIES

The external auditor and the Chief Audit Executive report directly to the Audit Committee. The Audit Committee is expected to maintain free and open communication with the external auditor, the Chief Audit Executive, and management and may request any officer or employee of the Bank or the Bank's inside or outside counsel or external auditor to attend a meeting of the Audit Committee or to meet with any members of, or consultants to, the Audit Committee, including periodic private executive sessions with them.

The Audit Committee shall have the authority to retain and terminate its own separate outside legal counsel, accounting and other advisors when deemed necessary to discharge its duties and responsibilities, without prior permission from the Bank's Board of Directors or management, including sole authority to approve such firms' fees and other retention terms. The Bank shall provide the Audit Committee the necessary resources (human and financial) for such purposes. In discharging its oversight role, the Audit Committee is empowered to investigate any matter brought to its attention. Any communications between the Committee and legal counsel in the course of obtaining legal advice will be considered privileged communications of the Bank, and the Audit Committee will take all necessary steps to preserve the privileged nature of those communications. The Audit Committee shall be authorized to engage the Bank's regular outside counsel on routine matters as the Audit Committee deems appropriate.

Pursuant to Article V, Section 3 of the Bank's By-Laws, and as set forth in detail below, the Audit Committee shall have oversight responsibility for the soundness of the Bank's systems of internal control, which oversight shall be exercised by supervising the internal audit function at the Bank, serving as liaison between the Board and external auditors and bank regulatory agencies, and by regularly reviewing compliance reports prepared by the management of the Bank and its external auditors, reporting its findings to the Board and overseeing the implementation of the Bank's internal policies, procedures and practices to maintain its compliance with all applicable laws and regulations and with policies established by the Board. The Committee shall also be responsible for monitoring the integrity of the financial statements of the Bank.

The Audit Committee relies on the expertise and knowledge of management, the internal auditors and the external auditor in carrying out its oversight responsibilities. The Bank's management is responsible for determining that the Bank's financial statements are complete, accurate and in accordance with generally accepted accounting principles. The external auditor is responsible for auditing the Bank's annual financial statements. It is not the duty of the Audit Committee to plan or conduct audits, to determine that the financial statements are complete and accurate and in accordance with generally accepted accounting principles, to conduct investigations, or to assure compliance with laws and regulations or the Bank's standards of business conduct, codes of ethics, internal policies, procedures and controls.

The Audit Committee shall have oversight responsibility with respect to the matters set forth in the immediately preceding sentence as described below:

- The Audit Committee shall review and update, at least annually, as needed, the Committee's charter and responsibilities in light of changes in regulatory requirements, authoritative guidance and evolving oversight practices, and shall recommend any proposed changes to the Board for approval.
- The Chairperson of the Audit Committee shall report to the Board at the Board's meeting immediately following each meeting of the Committee and otherwise as the Committee determines to be necessary or desirable. The report shall include a review of any issues that have arisen with respect to the quality or integrity of the Bank's financial statements, significant internal or external audit findings, including those relating to the Bank's compliance with legal or regulatory requirements, the performance and independence of the external auditor, or the performance of the internal auditor.
- The Audit Committee shall review and oversee the Bank's procedures for the receipt, retention and treatment of complaints received by the Bank regarding accounting, internal accounting controls or auditing matters, and for the confidential, anonymous submission by Bank employees of concerns regarding questionable accounting or auditing matters. The Audit Committee shall seek to assure that such confidential "ethics hotline" procedures are disseminated within the Bank in a manner designed to enhance Bank employees' familiarity with such procedures.
- Review the Bank's antifraud plan annually, including the identification of potential fraud risk, fraud protection and fraud detection methods.

A. Oversight of the Bank's relationship to external and internal auditors

The Bank's internal and external auditors are each accountable to the Bank's Board of Directors and the Audit Committee and shall report directly to the Audit Committee.

As it relates to the external auditors, the Audit Committee shall:

- Appoint, retain, compensate, evaluate and, where appropriate, replace the external auditor (subject to Board approval and stockholder ratification if required or sought by the Board of Directors), and approve the fees and terms of engagement on which the external auditor is engaged for the ensuing fiscal year, and shall advise the Board of Directors on these matters.
- Require the external auditor to submit, at least annually, a report to the Audit Committee regarding any material issues raised by the most recent internal quality-control, peer review, or governmental or professional authorities conducted within the last five years, and any steps taken to deal with such issues. The external auditor shall also submit such a report to the Audit Committee promptly after any review, inquiry or

investigation referred to in the preceding sentence.

- Require the external auditor to submit on a periodic basis, but at least annually, to the Audit Committee a formal written statement delineating all relationships between the audit firm and the Bank that would bear on the auditors' independence in accordance with industry practices and legal requirements, including each non-audit service provided to the Bank, and at least addressing the matters set forth in Independence Standards Board Standard No. 1. The Audit Committee shall discuss with the external auditor whether any disclosed relationships or services, or any other factors, may impact the objectivity and independence of the external auditor, and shall recommend to the Board that it take appropriate action to satisfy itself of the independence of the external auditor.
- Approve individually, or pre-approve, or adopt appropriate procedures to pre- approve, all audit and non-audit services that the external auditor may perform for or on behalf of the Bank, including all fees and terms of engagement for such services.
- Review annually the experience and qualifications of the senior members of the independent auditor team. Assure that rotation of both the lead partner having primary responsibility for the audit and the audit partner responsible for reviewing the audit occurs every five years, in compliance with applicable laws and regulations and industry practices. The Audit Committee shall also consider whether, in order to assure continuing auditor independence, there should be a regular rotation of the external audit firm.
- Discuss hiring policies for employees or former employees of the external auditor as necessary.
- Discuss with management and the external auditor, and resolve, any disagreements regarding financial reporting.
- Review with the external auditor any audit problems or difficulties and management's response thereto.
- At least once per year, review the performance of the external auditors.

As it relates to the Internal Audit function and Chief Audit Executive the Audit Committee shall:

- Approve the internal audit charter and policy document.
- Approve decisions regarding the appointment and removal of the Chief Audit Executive. Ensure there are no unjustified restrictions or limitations, and review and concur in the appointment, replacement, or dismissal of the Chief Audit Executive.

- Review with the Chief Audit Executive the internal audit budget, resource plan performance relative to plan, activities, and organizational structure of the internal audit function.
- Consider and review the following:
 - Internal audit risk assessment process and internal audit plan;
 - Significant findings during the year and management's response to them;
 - Significant difficulties encountered during the course of audits, including any restrictions on the scope of work or access to required information;
 - Status of pending management action plans in response to audits and/or examinations.
- At least once per year, review the performance of the Chief Audit Executive and concur with the annual compensation and salary adjustment.
- In conformity with Institute of Internal Auditor Standards, ensure that a Quality Assurance Review is performed by an outside party at least every five years.
- Review the effectiveness of the internal audit function, including conformance with The Institute of Internal Auditors' the Definition of Internal Auditing, Code of Ethics and the *International Standards for Professional Practice of Internal Auditing*.
- On a regular basis, meet separately with the Chief Audit Executive to discuss any matters that the committee or Internal Audit believes should be discussed privately.
- With input provided by the Chief Audit Executive, perform the following for the consulting firm that the Bank uses to provide Internal Audit co-sourcing services:
 - Appoint, replace, reassign, or dismiss;
 - Assess annually the effectiveness and performance. Take such steps that are, in its judgment, reasonable or necessary to ensure that the co-sourcing partner is competent and objective.

The appointment of the co-sourcing partner shall not be subject to termination, and their compensation shall not be subject to adjustment, without the review and approval of the Audit Committee.

B. Compliance and regulatory oversight responsibilities

The Audit Committee shall:

- Receive periodically from the internal auditors and management, as appropriate, communications and presentations on significant operating and control issues in internal audit reports, management letters, and regulatory examination reports;
- Receive periodically from the internal auditors and management, as appropriate, communications and presentations on information on the initiation and status of significant special investigations, and initiate such other inquiries into the affairs of the Bank as it deems necessary or appropriate.
- Receive periodic presentations from management and the external auditor on the identification and resolution status of material weaknesses and reportable conditions in the internal control environment, including any significant deficiencies in the design or operation of internal controls that could adversely affect the Bank's ability to record, process, summarize and report financial data, and on any fraud, whether or not material, that involves management or other employees who have a significant role in the Bank's internal controls.
- Review with management the Bank's program for compliance with laws and regulations, including changes in such laws and regulations that affect the Bank, and review the record of such compliance.
- Review significant legal cases outstanding against the Bank or its subsidiaries and other regulatory or legal matters that may have a material impact on the Bank's financial statements.
- Review the Bank's Code of Conduct and recommend any appropriate changes or additions.
- Review management's means of monitoring compliance with the Code of Conduct and the Bank's record of such compliance.
- Review management's "Ethics Hotline" procedures for the receipt, retention, and treatment of complaints regarding accounting or auditing matters, including controls. The Chair of the Audit Committee shall receive any substantive "Ethics Hotline" complaints and an explanation of how such complaint is being or has been resolved.
- Review regulatory authorities' examination reports pertaining to the Bank and its subsidiaries.
- Review management reports prepared pursuant to the requirements of the Federal Deposit Insurance Corporation Improvement Act of 1991 ("FDICIA") and the

corresponding external auditor's attestation and agreed-upon procedures reports with respect to (i) the Bank's internal controls and (ii) compliance with the requirements applicable to the Bank with respect to (a) loans to insiders (the Federal Reserve Board's ("FRB's") Regulation O, 12 C.F.R. Part 215, and the regulations of the Federal Deposit Insurance Corporation (the "FDIC") at 12 C.F.R. 337.3 and 349.3), (b) dividend restrictions, and (c) transactions by the Bank with affiliates governed by Sections 23A and 23B of the Federal Reserve Act and the FRB's Regulation W, 12 C.F.R. Part 223, which collectively comprise the Designated Laws applicable to the Bank within the meaning of Appendix A to Part 363 of the FDIC's Regulations.

- As required by the Sarbanes-Oxley Act of 2002 ("SOX"), it must assist board oversight of (1) the integrity of financial reporting, (2) compliance with laws and regulations, (3) the external auditor's qualifications, independence and performance, and (4) the performance of the internal audit function. In addition, it must prepare the report required by the SEC's proxy rules for inclusion in the company's annual proxy statement. At its quarterly meetings, it should cover the auditing and reporting requirement of Section 404 of SOX and Section 36 of the Federal Deposit Insurance Act ("FDIA").
- Review any transactions with related parties and the procedures used to identify related party transactions.

C. Financial statement and regulatory reporting matters

The Audit Committee shall:

- Review and discuss the scope of the external audit, at least annually, with management and the external auditor.
- Review and discuss annually the Bank's annual audited financial statements with management and the external auditor.
- Review the type and presentation of the information to be included in the Bank's earnings and other material press releases relating to financial and accounting matters (paying particular attention to "adjusted" non-GAAP information) and review financial information and earnings guidance delivered to analysts and rating agencies.
- Review and discuss with the CEO and CFO the procedures undertaken in connection with the CEO & CFO certifications for the form 10ks and 10Qs, including their evaluation of the Bank's disclosure controls procedures and internal controls.
- Review with management and the external auditor the Bank's quarterly financial statements, including disclosures made in the MD&A.
- Review and discuss with management and the external auditor and receive a timely

- report from the external auditor with respect to, any significant issues or judgments made in connection with the preparation, or audit, of the Bank's financial statements, including any major issues regarding or significant changes in:
- The Bank's selection or application of accounting principles;
 - The development, selection and disclosure of critical accounting estimates or judgments (including reserves);
 - An analysis of the effect of any alternative assumptions, estimates or GAAP methods, on the financial statements; and
 - The effect of regulatory examinations or any regulatory and accounting initiatives, as well as off-balance sheet structures, on the financial statements.
- Obtain from the external auditors a timely report relating to any material communications between the external auditors and management.
 - Obtain from the external auditors a timely report of internal control weaknesses and unadjusted audit differences.
 - Review the responsibilities, functions and performance of the Bank's internal auditors.
 - Review internal accounting control reports (management letters) submitted by the external auditor which relate to the Bank or its subsidiaries.
 - Discuss with management, the internal auditors and the external auditor, guidelines and policies for assessing and managing the Bank's exposure to risks, including reputation risk, the Bank's major financial risk exposures and the steps management has taken to monitor and control such exposures.
 - Resolve any disagreements between management and the external auditor about financial reporting.
 - Review with management the external auditor's assessment of the adequacy of internal controls and the resolution of identified material weaknesses and significant deficiencies in the internal controls, including the prevention and detection of management override or compromise of the internal control system.
 - Following completion of the external audit, discuss with the external auditor the matters required to be described pursuant to current accounting standards, including SAS 114, as amended from time to time, and any successor accounting standard thereto, and other relevant authorities, including, without limitation, matters such as
 - (i) any difficulties encountered in the course of the work, (ii) any restriction on the scope of the external auditor's activities or on access to requested information, (iii) any significant disagreements with management, (iv) significant adjusting journal entries,

including those that management has elected to correct as well as those not booked, (v) the auditor's responsibility under generally accepted auditing standards, (vi) significant accounting policies, (vii) management's judgments and estimates, (viii) audit adjustments, (ix) auditor's judgments about the quality of the Bank's accounting principles, (x) other information in documents containing audited financial statements, (xi) consultation with other accountants, and (xii) major issues discussed with management before retention.

IV. MEETINGS AND PROCEDURES

The Audit Committee shall meet as often as it determines necessary, but not less frequently than quarterly. The Audit Committee shall meet at the request of the President and Chief Executive Officer, the Chief Financial Officer, the Chief Audit Executive or the external auditor or upon oral or written notice to all members by any other member of the Audit Committee. The Audit Committee shall meet with the Chief Audit Executive, the independent auditor, executive management, or any officer or employee in separate private sessions to discuss any matters that the Audit Committee or these persons believe should be discussed to fulfill the Audit Committee's responsibilities, at such times as it deems appropriate. Such sessions shall generally be held in conjunction with regularly scheduled meetings of the Audit Committee. The Audit Committee will cause to be kept adequate minutes of all of its meetings, and the Chairperson will report on the Audit Committee's actions and activities at the next following meeting of the Board. Committee members will be furnished with copies of the minutes of each meeting and any action taken by unanimous consent. A majority of the total number of the members of the Audit Committee shall constitute a quorum.

V. PERFORMANCE REVIEW

The Committee shall conduct an annual performance evaluation of itself, including a review of the compliance of the Committee with this Charter and set forth the goals and objectives of the Audit Committee for the upcoming year. The performance evaluation by the Audit Committee shall be conducted in such a manner as the Board deems appropriate.

VI. AMENDMENTS TO CHARTER/CHARTER REVIEW

- A. The Committee shall review and reassess this charter annually and propose any recommended changes to the Board of Directors.
- B. The Board may amend this charter, from time to time, by action at any meeting or by unanimous written consent.