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Brian Morton: Next, we'd like to welcome Amalgamated Bank to its first, of hopefully many, presentations at our conference. As you recall, Amalgamated went public in August of last year after expanding into the San Francisco market with the purchase of New Resource Bank.

From the company we're excited to have Keith Mestrich, President and CEO and Drew LeBenne, CFO.

Keith Mestrich: Thanks [Brian].

Brian Morton: You have a unique business model and corporate culture which has earned Amalgamated the reputation of America's socially responsible bank. For those not as familiar with this story, can you describe your strategy for approaching the market, the niche customer base you serve and why customers choose to bank with Amalgamated?

Keith Mestrich: Sure, thanks Brian and thanks to Barclays for having us here this morning and thanks to Barclays for being the lead book runner on our going public a year ago. So we appreciate the relationship that we have and are -- and hope it is the first of many times that we get to come here.

A little history, I think, helps set the table here a little bit. Our bank was founded in 1923 by a labor union called the Amalgamated Clothing Workers and at that time our bank was really focused on providing services for a historically under-banked part of the market which was really working people as consumers and it was our bank that invented the first free savings accounts for workers, the first unsecured credit and really the foreign remittance system which helped workers send money back to their families in Europe who were also trying to come to the United States.

That business has evolved pretty radically over the last century and today we serve an equally underserved marketplace but it's less a consumer marketplace and much more a commercial marketplace in that our customers are really -- the underserved kinds of organizations in a non-profit world. We do a good book of business with unions and their pension funds, other nonprofit organizations, political organizations and the philanthropies that support them. It's not that other banks don’t have them as customers, I think we're the only bank that really focuses, right, on really providing commercial banking services for that clientele. We hire bankers that come out of that industry, we don’t have extraordinarily different products and services but we really help people understand how very typical banking treasury management lending products can really help them in their -- in the work that they do and really for less sophisticated financial clients we can help focus on the financial services that they need and let them work on the human needs delivery or the political work or the work representing workers that's important to them every --

Brian Morton: Great. As a follow-up, can you discuss what it means to be the largest B Corp bank in the U.S.? Is that a competitive advantage in the niches you serve? For instance, I noticed you were named the 2019 Best Bank in North America for corporate social responsibility by Euro Money Magazine, does that resonate with customers?

Keith Mestrich: It really does. It may not be the most popular thing to say at a banking conference, but a lot of our customers are people still aren't really big fans of the American financial services or banking system. There's a lot of mistrust of banks that go on and maybe some of our clients are even less likely to trust banks than others. So when they see a bank that has a third-party certified like being a B certified bank is where somebody, other than just us, looks at the way that we treat our employees and our commitment to environmental stewardship and our commitment to diversity and sort of puts it through the ringer and gives it the kind of third-party certification that we do all those things. We're a

differentiated bank in that perspective.

There's over 3000 B Corps in the country. They also can increase their B score by doing business with other B Corporations so it gives us a competitive advantage amongst those entities as well.

Brian Morton: The new strategy has led to above year deposit growth, do you think this deposit growth can continue in a declining rate environment?

Keith Mestrich: Yeah, I absolutely do. I mean, if you look at our core markets of New York, Washington and San Francisco, and other markets that we'd like to get into like Boston or Chicago, there are a lot of clients in the, potential clients, in the sectors that we're in. We have very, very small market share in any of those markets so I think our runway is very long to be able to continue to add clients to our business.

Brian Morton: Also, you bank nearly all the democratic presidential nominee candidates. As candidates exit the campaign, does that accrete a headwind to deposit growth and where do those deposits go when candidates ultimately leave --

Keith Mestrich: Let's unpack that a little bit. There's a couple of questions in there. So one is people are continuing to raise money as they -- I mean, we haven't even gotten to the first primary, I mean the Iowa primary is in January. Still a long time before we even start to have the primaries and then really importantly there will be a general election and that's really when the big fundraising will really happen when one of those democratic candidates is running against President Trump, they'll continue to redo, recycle, the need to really be able to raise campaign funds and there are a number of competitive races throughout the country that beyond the presidential candidates that are really part of our clientele as well.

When a candidate closes up shop, a lot of different things happen. They don't have to give that money back to their -- to the people who gave it to them. A lot of them keep it, they'll set up leadership packs, they'll give money to other people, some of them are going to hang onto it until they run for office again but it's a very cyclical business and even though we will see a significant runoff in deposits come this fall, or the fall of 2020, it will start over again and people will begin raising money again and as long as we can manage the liquidity needs of a cyclical business like that, we'll continue to see deposit growth and be able to bring in those -- that business.

Brian Morton: Okay. Maybe as you grow larger, does that give you more capacity to serve large clients better? Also, are there other products and services such as lines of credit or construction loans that you can offer these clients in addition to treasury and cash management services?

Keith Mestrich: Absolutely. I mean, I do think that size matters. We're still a relatively small bank at $5 billion in assets, it really limits us in terms of what we can do from a product development standpoint but many of our clients have needs well beyond just basic treasury management. Some of them have working capital needs, some of it requires a little bit more creative way to think about working capital by working with third-party guarantors and others who you could do that; bigger allows us to take on a little bit more risk and do some of that.

There are some unique and bespoke products that our clientele needs that are in the banking segment that we can develop if we had a little bit more ability to take on the risk associated with product development. And then there's certainly other kind -- and then maybe if you think long-term for us, the other kinds of non-bank financial services that the same people at our clients are the ones making the decisions around, give us a real

opportunity to be able to do that.

Drew LaBenne: It's probably also worth mentioning our trust in asset management business where we have over $40 billion in assets under management and assets under custody. And for many of our commercial clients, that's also a competitive advantage because we can handle the custody aspect of their investment funds but also the disbursement of those funds to their clients and their -- so it really allows us to have a more wholesome package for some of our larger commercial clients.

Brian Morton: Interesting. Looking forward, what do you view as the largest opportunity for the bank within lending?

Keith Mestrich: Within the lending category, I think we have -- you mentioned, Brian, in your opening comments a little bit about our purchase of a bank called New Resource Bank that was a bank based in San Francisco. That was a bank that was about a dozen years old that had approached to try to finance the sustainability economy and they had done a lot of work particularly in the renewable energy and energy efficiency business. We have been able to leverage not only the team that did that and brought the expertise of doing that, but from a bank that was a $300 million bank with a very, very small lending cap to now a much larger balance sheet, we've been able to see not only the nationalization of that business but really larger bite sizes of the loans that we've been able to do and we've grown that. We've doubled the size of that book essentially over the little bit more than a year that the new resource has been part of our family. And I think there's tremendous opportunity for us to continue to grow in that area. It's a growing part of the economy with an enormous amount of focus on the impact of climate change and other things. Only one that's going to continue to grow. We're developing real expertise and are becoming one of the go-to players in that marketplace and I think it's a tremendous opportunity for us.

Brian Morton: How much capacity do you have to like maybe fund additional purchases of commercial solar, residential solar, like energy efficiency loans from the securities portfolio? Are these mostly fixed or floating loans?

Drew LaBenne: The commercial solar loans are more floating then the consumer solar and pace loans, those are all fixed rate loans. But when you look at our asset profile, we have a very low loan to deposit ratio especially for a New York-based banking institution. We are about 80% loan to deposit ratio at the end of Q2 and really part of that is a result of -- we had undergone a de-risking process over the past year where we reduced some of our exposure to what we call our indirect C&I portfolio, we ran off about $500 million of loans from that portfolio which obviously slowed down our loan growth. We're now basically through the majority of that de-risking process. I think what we'll see over time now is our ability to increase that loan to deposit ratio, with some of that excess liquidity in the securities portfolio.

Brian Morton: Okay, and then maybe you can discuss other growth opportunities that you see now that you're a year into your entry into California through the acquisition of New Resource Bank?

Keith Mestrich: Sure, we really saw the entry into that marketplace as having two significant components to it and one was the ability to get the specialty lending expertise that we've talked a little bit about. The other was the access related to a tremendous deposit market in San Francisco. That's an opportunity, I think, still largely in front of us, one that we -- the team that we acquired had never had to focus on deposit gathering and really was focused on loan acquisition and doing that. As we've rotated that team out and have begun to rebuild that team I think gives us the opportunity to really focus in on the key markets for us which is really the substantially sized union community in the Bay area; a lot of the

non-profit community and most -- and one of the things that I'm really excited about is both those number of sustainability organizations that are in the Bay area and the philanthropies that support them. The philanthropic community is a great opportunity for us to not only provide commercial banking services but also, as Drew mentioned, with their endowments, the ability to talk to them about additional line investment opportunities.

Brian Morton: Okay, overall, it sounds like the New Resource Bank acquisition has been quite successful. Can you talk about the qualities you're looking for in potential future acquisitions? What are the financial hurdles it would need to clear? Additionally, how do you balance your capital allocation between M&A, dividends and share repurchase?

Keith Mestrich: Let me take the strategic components and then I'll turn it over to Drew to talk a little bit about economic factors and the capital considerations. Really from a strategic standpoint is we're going to be -- we're pretty choosey in terms of the kinds of institutions that we would want to do business with us. First, from a geographic standpoint, we don't think our model works in every community across the country. You really need to have a significant concentration of core deposit customers. That, again, those unions, non-profits, political organizations that I mentioned, that really limits us, I think, to a handful of the largest cities in the country. Our model works in Chicago, maybe not so well in Little Rock. And I think that's one of the things that is a consideration for us.

Two, is I do think we think about entry into those markets that could either be inorganic through M&A or organic by being able to put our boots on the ground and do that. We bought our way into San Francisco. We organically built the business in Washington and I think we could look at markets to be --

Ideally, we'd find a bank with some mission orientation. We'd find a bank that had a deposit franchise similar to ours and hopefully we'd try and find some bank that gave us an opportunity to have additional products; whether it was new lending products or some of the kinds of financial services that we had.

One of the things that we learned with our New Resource transaction, the kinds of banks that we might be interested in acquiring, they're going to have founders or boards or other things that are very committed to the mission that they have, whether that's as a minority deposit institution, a sustainability bank like New Resource was, remnants of some other union banks that exist around the country, and there's going to be a real predilection to want to sell to somebody who is going to protect that mission. We think we can be that bank and we think we can be a buyer of choice. That would be the perfect -- that was the opportunity that we found in San Francisco. It's always dangerous to let the perfect be the enemy of the good but we'd like to try to find similar deals like that around the country.

Drew LaBenne: And economically speaking, the New Resource transaction was just about a three-year payback, a little bit under on the cross-over method which we found very attractive. The synergies were very achievable. We hit on all cylinders on that. You know, I think any acquisitions that we do in the future, Keith just laid out the strategic criteria but I think from a payback or a return standpoint, we would be looking for something very similar. With regards to your second question, you had talked about kind of capital prioritization and use of capital and, you know, we've stated that, number one, we'd like to grow organically to use capital, grow through M&A, number two, pay the dividend and then number three, share buybacks. I would say that order is a little bit price dependent on our own stock as well, right? So as of today, trading at 1.1 times the price of tangible book, you know, using our own capital for share buyback looks pretty attractive. The payback can be very quick and probably faster than doing an acquisition of other institutions.

So, in -- we've actually, in August, a little bit through September, we bought back a little over 100,000 shares as we've seen a decline in the share price. So I think we'll see more capital being used to buyback, at least at the current prices that we're running at. Continue to look at M&A and obviously we're always evaluating the appropriate dividend levels. But we're very conscious of where our stock is trading right now and while we want to find a really good acquisition, a really good deal, we're also very conscious of potential dilution to our shareholders, we want to make sure it is the right tradeoff for them.

Brian Morton: I'm going to be turning to the economic backdrop, Amalgamated screens as relatively asset sensitive in a declining rate environment. You recently put some new guidance out there for a third quarter, net interest margin to be in the 3.45% to 3.5% range.

Keith Mestrich: Correct, yep.

Brian Morton: I want to talk about, first before that guidance, like what does that include? I mean, does that include just this current rate hike and maybe additional rate hikes? The environment kind of stays the same, is that what the new baseline we should kind of think of? What other steps can you take to protect the NIM -- rates continue?

Drew LaBenne: Yeah, so first of all, just talking about assets sensitivity. We talked about our deposit base, one of the things I mentioned is as of Q2 our total cost of deposits was 34 basis points so we have a very low cost deposit base, very high percentage of non-interest bearing deposits. That in and of itself certainly moves you towards being an asset-sensitive bank. You know, high quality problem to have, I guess, at the end of the day but with declining long-term rates, it certainly does put pressure on our NIM.

So we had given previous guidance that said we were going to be 355 to 365 for the full year, we were 365, 366 the first two quarters so I think we're coming in kind of at the low end of where our guidance was and there's a few factors there. The first is in Q2 we ran off about $130 million of the indirect C&I portfolio which was higher yielding but we also viewed it as a little higher risk going into a potential recession. So while it was very nice to make that de-risking move, we're very happy that we did it. It does have some impact on the loan yield going into Q3 as those assets have come off the balance sheet, we are seeing a little bit more pressure in terms of yields and how those will play out through Q3.

On top of that, we do have a low cost deposit franchise. We have seen some increase in deposit pricing but, you know, very manageable in Q3 but that will put a little pressure on NIM as well. The guidance that we gave you is really just for Q3, but we'll wait and see what the Fed does next week.

Brian Morton: Following on the macroeconomic theme, there's been increasing concerns about a potential recession of late. Historically, how is your unique customer base been impacted?

Keith Mestrich: Yeah, you know, our clients obviously get impacted -- well, it's different in different places. So, union revenues are largely dependent on the number of members that they have and as recessions, you know, hit, and traditional sectors of the economy that get hit during a recession is the employment reduction, dues, revenue, sometimes drops for those unions as well; so balances might drop a little bit in their deposits. It's fairly management cash flow and they tend to [manage] to the cash flow that they have so it doesn’t put the organizations in a crisis where they could potentially go out of business but it does lead to a little bit of drops in revenue from time to time.

Some of our clients actually see increases in activity that happens because there's greater

need. So a lot of our clients who are in the human needs delivery service space, there's actually an increased need for what they have to do and they sometimes see increases in government funding or increases in foundation funding. All and all, I think it balances it out pretty well for our clientele in terms of --

Campaign finance, whether you have a position on it, whether it's good or bad, it just keeps going from our political business that's largely un-impacted by whatever happens in the economy

Brian Morton: All right, moving on to expenses, we talk about some of the cost saves that you put out for -- that occurred in August, the -- maybe other steps you can take over the near meeting term to lower the efficiency?

Drew LaBenne: Yeah, absolutely. Maybe just for the benefit of everyone here. When I first joined the bank in 2015, late 2014, efficiency ratio of the bank was about 100%. So, maybe even in a couple of quarters slightly above that. So we've gone through a -- you know, like on many things with the bank, we've gone through a continual process of optimization in our ratio. In Q2 it was 63.5% and, you know, very proud of the progress we made but there's always more progress that can be made there as well.

You know, the expense moves that we're making, I would call good housekeeping, right? There are things that we've been working on for a while so we closed one of our unprofitable branches, our Chelsea branch which should take out about $800,000 annually on a run rate basis, really starting in Q4. We also renegotiated some vendor contracts this quarter as well for $1.6 million annual save, which again, will really kick in fully in Q4.

Those are some of the actions we're taking. We think that in real estate expense, continued vendor expense, these are opportunities we have but you also have to work with other parties, right, landlords, vendors, to get those saves. It will take time to realize the full expense saves that we think –are achievable.

Brian Morton: Are the expenses really attributed to the latter innings of the banks turnaround? I mean, from a birds eye view, how much room for future savings --

Drew LaBenne: You know, so it's hard to say what inning we're in. We're not first, second or third, you know, we might -- six or seventh probably, Keith likes baseball more than me. He might have a better analogy. But -- or a better view on it. But, you know, I think probably the biggest cost saving that we talk about often is our headquarters and the majority of our staff is all in Midtown Manhattan and we pay approximately $9 million a year in rent for that building and we probably have more space than we need but we're locked into probably seven years left on that lease and that's not exactly the optimal time to work with your landlord for -- negotiations. But we look at various options there. You know, eventually we'll find the right answer there. It may take a little time but it's an opportunity that's there for cost savings.

Keith Mestrich: And then I think the other thing is, we probably are in inning seven of our sort of branch optimization project, right, we started off with 30 branches. I think we're down to 12 and we're not going to go down to zero but we're not going to be at 12, so we're going to be somewhere in between there so there's continued opportunity for rationalizing the real estate and employment costs that goes with those underperforming branches.

Brian Morton: One -- the recent rent regulation changes in New York have been in overhang on multifamily lending. So far, how has this impacted on your multifamily portfolio and how do you plan on managing --

Drew LaBenne: Yeah, I mean we've really seen no impact on our existing portfolio. You know, we believe, as I'm sure most New York City banks believe, that we've done very conservative underwriting. You know, very focused on debt service coverage which really is not impacted by this regulation. Obviously we think -- the loan to value and the value of these properties is affected. We've seen no downgrades in our portfolio as a result of the regulation. You know, we've actually still seen deals coming through that we've been closing. So, certainly think there's going to be some impacts probably both on demand and I think on property values but I believe for banks that have really stuck to their knitting on conservative lender writing, the impacts should -- manageable --

Brian Morton: As we wrap up, is there anything else that you would like to discuss or share with the audience?

Drew LaBenne: You know, other updates on Q3, I would just say credit quality has been very solid for us. Although I think everyone's looking for cracks in the economy or signs of a recession, you know, we're not seeing that in our portfolio at this point so, you know there is still time left in the quarter and there could be surprises but it looks like a very clean quarter thus far from a credit standpoint.

Keith Mestrich: I would just, you know, a year ago when we went public, we laid out a business strategy that I think is still the right long-term business strategy for the company which was really geared towards addressing the unmet needs of a niche market that no other bank is really focused on. Being able to do that, build a very, very good core deposit. Speaking deposits, franchise, I do think that there is long-term value in banks that figure that out. I think that that is, you know, still the strongest attribute of our business. It might not be a sexy, you know, right now in the current market environment as it was, you know, a year ago, but this is the long play and I think that we have a very, very good business strategy for the -- for the long-term and I don’t think much has changed since -- other than the --

Brian Morton: We have a couple of polling questions for the audience, maybe we'll -- and if you don’t have a clicker in front of you, there are plenty up in the front that you can grad.

Keith Mestrich: Do I get to vote too?

Brian Morton: I'm sure, I mean, come up and grab a clicker. Quickly, the first question, is do you own the stock? Yes, overweight, yes market weight, yes underweight or short or no?

A lot of people are overweight here. Certainly people have heard the story.

Keith Mestrich: No shorts in the room?

Brian Morton: All right. Second question. What is the best use of capital for Amalgamated; traditional loan purchases, bank acquisition, non-bank acquisition, share repurchases or maybe a higher dividend? For bank acquisition --

Keith Mestrich: Is that the Barclays team?

Brian Morton: I guess it's the timing. Three, what is the biggest concern that would prevent you from buying shares? Slowing deposit growth? Potential for high [priced acquisition], declining interest rates, capital redeployment, multifamily lending or other?

Keith Mestrich: Didn't realize the second --

Brian Morton: Followed by declining interest --

Keith Mestrich: That mysterious other bucket there is a good one to respond to but I do think, yeah, I

mean, if I were just to think about things, obviously the declining rate environment is going to put a lot of pressure on margin, a lot of pressure on yield. That doesn't make us much different than a lot of the other banks that are here today and I think that's obviously a common point of conversation. The bank is where we're going to find that additional yield. I'm going to go back to that comment that we had around that renewable energy space where I think you'll continue to see us focus and a little bit in the multifamily space too looking at some of our other markets. We do like, you know, the -- that category of lending and thinking about a couple of places where we emphasized it less than New York I think might give us some --

I don't worry about the declining deposit environment. I think that is something that we have a very, very long runway and that the recession will have no impact on our ability to continue to gather deposit clients. It might even give us a little bit of an advantage as our -- as we don't need to try and compete on rate, people will continue to come for us for service.

I don't worry, that is not something that keeps me up at night, obviously like cyber security -- and those kinds of things. And I do -- I'm glad to see that there was no real concern around a high priced acquisition. I don't think we'll do that. That doesn't meet either our strategic goals or economic goals and I do think we'll be very disciplined.

I don't know if you want to add anything else in that space?

Drew LaBenne: No. Exactly right.

Brian Morton: Maybe we'll pause there and any questions in the audience?

Keith Mestrich: Have to be able to see -- Going once --

Brian Morton: All right, sounds great. Well, please join me in thanking Drew and Keith for their presentation. If you do have more questions, there is a breakout session.