



Third Quarter 2026

Earnings Conference Call

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C O R P O R A T E P A R T I C I P A N T S

Jason Darby, *Chief Financial Officer*

Priscilla Sims-Brown, *President and Chief Executive Officer*

Sam Brown, *Chief Banking Officer*

C O N F E R E N C E C A L L P A R T I C I P A N T S

David Konrad, *KBW*

Steve Moss, *Raymond James*

Justin Crowley, *Piper Sandler*

P R E S E N T A T I O N

Operator

Good morning, ladies and gentlemen, and welcome to the Amalgamated Financial Corporation Third Quarter 2026 Earnings Conference Call.

During today's presentation, all parties will be in a listen-only mode with Q&A to follow. A replay of the call and the accompanying slides are available on our Investment Relations website. Please review the forward looking statements and non-GAAP disclosures on Slide 2.

As a reminder, this conference call is being recorded.

I would now like to turn the call over to Mr. Jason Darby, Chief Financial Officer. Please go ahead, sir.

Jason Darby

Thank you, Operator, and good morning, everyone. We appreciate your participation in our earnings call.

With me today is Priscilla Sims-Brown, our President and Chief Executive Officer. Additionally, Sam Brown, our Chief Banking Officer, is here for the Q&A portion of today's call. We'll keep our prepared remarks brief to limit repeating details you've already reviewed in the earnings materials.

I'll now turn the call over to Priscilla.

Priscilla Sims-Brown

Good morning, everyone, and thank you for joining us.

We delivered another strong quarter, and I'm very pleased with both our results and the continued progress we're making against our strategy. What stands out to me this quarter is not simply the level of performance, but the consistency of our execution and the way the different elements of our strategy are increasingly reinforcing one another.

Our differentiated deposit franchise continues to provide a strong foundation for the bank. We are putting that funding and our capital to work deliberately, focusing on opportunities where we believe we can generate attractive, risk-adjusted returns while serving the customers and communities at the core of our mission. We saw that clearly in the balance sheet this quarter. On-balance sheet deposits increased \$256 million during the quarter to \$8.7 billion, while off-balance sheet deposits totaled \$1.1 billion. Very notably, political deposits remained at approximately \$2 billion, while also moving beyond the peak of the prior Presidential election cycle. Growth across our mission-aligned customer segments continue to demonstrate the strength, resiliency, and diversity of our bank.

We also maintained approximately \$5 billion of cash, borrowing capacity, and unpledged securities, providing substantial liquidity and strategic flexibility. That funding strength allowed us to deploy capital into nicely balanced opportunities across the balance sheet. Commercial loans increased approximately \$93 million during the quarter, and C-PACE assessments increased approximately \$54.2 million. At the same time, lower-yielding residential mortgages and consumer solar balances declined through planned runoff, allowing us to redeploy that capital into higher-performing assets. This is a good example of how we expect to continue converting the strength of our pipeline into attractive deployment opportunities in the quarters ahead. Importantly, our focus remains on the quality and economics of that growth, not simply on adding assets.

At the same time, we continue to invest for the future. During the quarter, we advanced several modernization initiatives. We expanded the use of AI-enabled tools across the organization, and we continued building the technology foundation to support our long-term ambitions. These investments are designed to simplify how we operate, improve the customer and employee experience, strengthen our control environment, and enable us to support more business without adding complexity at the same pace. Just as importantly, we continued investing in our people. We strengthened their capabilities to better serve our communities and our customers.

Taken together, this is the strategy at work. We are putting our differentiated funding base and capital to work more effectively while building the capabilities that allow us to serve our customers better and sustain stronger performance over time. We're focused on creating greater value from the franchise we've built with a discipline and risk management that have always defined how we operate.

Our strong balance sheet, differentiated deposit franchise, mission-driven customer base, and disciplined execution give us the confidence in both where we are today and the opportunity ahead.

With that, I'll turn the call over to Jason.

Jason Darby

Thanks, Priscilla.

Last quarter, we discussed harvesting the earnings power of the bank. In this quarter, I'll spend some time talking about how that earnings power is showing up in the numbers. The earnings profile of the Company continues to strengthen. Core net income increased to a record \$34.6 million, or \$1.14 per diluted share. Net revenue exceeded \$100 million for the first time in the bank's history. Net interest income reached a record \$87.9 million while maintaining a net interest margin of 3.77%. Core profitability metrics again improved to record levels as core return on average assets increased to 1.44%, and core return on average tangible common equity increased to 16.57%. Collectively, these results demonstrate both strong and consistent performance.

We reached our target balance sheet size of approximately \$9.6 billion this quarter by adding \$141 million of interest earning assets across the lending, PACE, and traditional securities portfolios. Runoff loan portfolios generated approximately \$39 million of redeployed cash. While we believe our balance sheet is well optimized, we are considering ways to accelerate reduction of our consumer solar loan portfolio as we continue pursuing productive revenue generation and future profitability.

The scalability of the bank is starting to show. Revenue growth allowed us to continue investments in our technology ecosystem and necessary talent and also absorb an expected increase in occupancy expense associated with our headquarters move. Our core efficiency ratio remained remarkably stable at approximately 49%, demonstrating the positive operating leverage embedded within the bank and providing a glimpse into the long-term value we believe is still ahead of us.

A key takeaway this quarter is that our outlook remains favorable. Credit performance remains stable overall. Pass-rated loans continue to represent approximately 97% of the portfolio. Annualized net charge-offs declined to 20 basis points and we continue actively managing the previously discussed multifamily relationship. As another election cycle concludes in Q4, we expect to run a neutral balance sheet. We are comfortable with our liquidity position and ability to limit both NII and margin volatility.

With that, we are increasing our net interest income outlook for the year from a high end of \$340 million to a range of \$341 million to \$342 million, but project modest margin compression in the fourth quarter related to the DDA-IBA deposit remix as the election cycle concludes. For core pre-tax, pre-provision earnings, we are raising from the prior high end target of \$190 million to a new range of \$193 million to \$194 million, driven mainly by our strong Q3 performance.

In upcoming quarters, you'll hear us talk about meaningful but responsible growth. This means growing in a way that strengthens the bank rather than simply enlarging it. We're not attempting to become a larger bank for the sake of size. We are building a more productive bank. The objective is to generate stronger earnings, efficient returns, and increasing operating leverage with less inherent structural risk. Said differently, the objective is to derive more value from each incremental dollar of asset growth.

We believe the strongest banks are not those that grow the fastest, but those that become more productive. That philosophy benefits all our stakeholders by requiring strong financial performance, expansion of our capacity to serve customers, and scale a model for financial success and community impact. Ultimately, the point is, as Amalgamated grows, the voice and impact of the mission-driven communities we serve grows with us.

We're now ready for questions.

Operator

Thank you. We will now be conducting a question and answer session. If you would like to ask a question, please press star one on your telephone keypad. A confirmation tone will indicate your line is in the question and answer queue. You may press star two to remove yourself from the queue. For participants using speaker equipment, it may be necessary to pick up the handset before pressing the star keys.

Our first question comes from the line of David Konrad with KBW. Please proceed with your question.

David Konrad

Hey, good morning. Great quarter.

Priscilla Sims-Brown

Morning. Thank you.

David Konrad

Yeah, going through the pleasantries there, but I wanted to talk to Jason a little bit about the guide. Maybe run through a little bit of the NII because it seems all of a strong quarter is kind of flat next quarter. Then PTR looks to be down a bit quarter on quarter. I don't know if that's maybe seasonal fourth quarter expenses so maybe kind of highlight a little bit more of the guide.

Jason Darby

Yeah, no problem. Hey, David, how are you? The fourth quarter is going to follow the natural cyclicity pattern that Amalgamated has just as election cycles conclude. The NII probably will look very similar to the amount that we had in the third quarter as a result of really just the mix shifting that's going to happen through the funding base as the larger portion of DDA balances starts to decline to support the election conclusion. The NII has no real ability to lift from this period unless we decide to grow the balance sheet which we've indicated we're going to leave a neutral balance sheet because our main focus is really to serve the liquidity needs and limit any volatility that's rolling through the NII vis-a-vis borrowings.

That's really the NII guide as a flattening but I don't think that's going to be their trajectory. I think when we start to get out into next year we'll start to see NII lifting again and we'll talk more about that when we get into the guidance issue that we'll give at the end of the fourth quarter. But I think this period coming up will be a little bit of a pause in the momentum of the growth in revenue and other areas of the bank while we get through the election conclusion.

Then on the PPNR side, I think the PPNR largely the growth is fueled by the outperformance that we had in this quarter. We're being modest in our expectations for NII as I said. I think expenses will be generally close to where we are here in the third quarter maybe tick up slightly. On the non-interest income side I think we had an outsized quarter this quarter just as a result of a valuation adjustment from an equity investment we had. All things equal, I think that's where we are sitting with the PPNR guide. Our hope is we'll overperform but want to give you what we think is the most reasonable expectation.

David Konrad

Great, and then maybe with the Fed move and we did say one in December as well. What are your thoughts on deposit betas given the remix and what you think that'll be the next couple of quarters?

Jason Darby

Sure, it's a little too early to tell just on this quarter alone how the deposit betas are behaving just because it happened such at a late period in the end of this quarter and then there just wasn't a lot of movement from our pricing. If you look at our average posted rates actually ticked slightly down from quarter over quarter. I don't have a great lens on just what that beta is going to look like. But if I thought about the historical for Amalgamated and the last rising rate cycle which was the fastest one we've had in 50 years or so. The interest bearing deposit beta was just under 40% throughout the entire cycle.

I think the signal from us is that we're going to intend to be competitive on pricing. We're going move with the market. Typically, we enjoy a lower beta just by natural low than the market but that doesn't mean we're trying to manage to that. Historically I think we have been better than our beta assumptions. I think that's an important thing too. When we talk about our guide which we'll give at the end of the fourth quarter in January typically we have very conservative beta assumptions but usually we do better than that. Hopefully that'll give you an indication of how we're thinking about deposit costs going through the cycle and what our betas might look like.

But as at the beta discussion I still think you can count on Amalgamated to have a very stable cost of funds trajectory. I still believe this is very much an asset yield story as we get out into 2027 for the opportunity for potential margin expansion to continue.

David Konrad

Got it. Then maybe the last question for me you talked about looking for avenues to further reduce the consumer solar. Is there an opportunity? I mean, the PACE product has been kind of a stable growth. Is there an opportunity to accelerate maybe C-PACE growth rates in 2027?

Jason Darby

Yeah, I'm going to ask Sam to comment that in a moment, but I think that's exactly right. We are looking for ways to optimize our capital to move into PACE as a primary feature. There's other areas where we can deploy but the consumer solar portfolio just giving the way it's behaving the way that our CECL model is driving economics both in this quarter and into the future really makes us want to accelerate movement of that portfolio liquidity into a different asset class like PACE. Sam, you can talk about our expectations for growth.

Sam Brown

Yeah, obviously, David, we're really excited about what we saw in PACE for this quarter with \$54 million. I think this quarter was benefited from a lot of activity that I want to make sure we're being transparent about what the next quarter will look like. That was a very high mark. That said, we really like PACE for forward reasons because PACE historically has had a really good reaction in rising rate environments. We hope

that our opportunities for origination will actually expand here as rates continue to move and feel like that's a win for us.

We also saw a lot of great PACE production at both ends of the spectrum, both in large transactions but also in our small dollar program as well. We're looking at ways we can continue to grow those opportunity sets and expand our origination partners. We agree with you, we would love to be doing more and have that as a very strong target for us in terms of three legs of our asset generation stool.

Priscilla Sims-Brown

I'll just underscore that point about the diversification of the PACE program this quarter, not only in terms of size but also multiple geographies and property types. I think a lot depends on regulatory support for clean energy investment. We think that that will lend itself to sustainable C-PACE growth.

David Konrad

Great, thank you, I appreciate it.

Operator

Thank you. Our next question comes from the line of Steve Moss with Raymond James. You may proceed with your question.

Steve Moss

Good morning. Nice quarter here. Maybe just following up here in terms of business activity, I'm just curious, given the rate volatility, how you guys are thinking about overall loan growth here going forward and wondering if you're seeing any impacts from higher rates with regard to multifamily or other commercial borrowers?

Sam Brown

Yeah, hey Steve, it's Sam. Look, we are obviously making sure we're being responsive to the change out there. For us, rising rate environment, we really look at this across our three asset areas. In multifamily, it's really about managing our refinance risk and making sure that we're managing our credit standards and focusing on lower leverage deals because we want to continue that efficient NII growth that we've demonstrated. We think we've got a really high quality pipeline to do just that. Certainly, looking out, entering a long lead time on any maturities that are coming due, you've seen as we put that out, what that looks like in '27 beyond.

In C&I specifically and in our focus areas, the biggest impacts of higher rates have really been to, they show up in the form of increased sponsor equity that's needed to get these deals done. That's because in the C&I transactions, particularly in the energy space, these deals and these projects have to get finished because of the calendars that come from the tax credit expirations in '27 and in '30. We view that as, that's positive for us because again, the acceleration to bring those projects forward is continuing.

Then lastly, I just mentioned on PACE, I won't repeat myself, but historically we've seen some tailwind activity on that in a rising rate environment. You put all that together, we think we've got a diversified pipeline, a high quality pipeline, and it can adapt to what the needs are of the bank as we move forward.

Steve Moss

Okay, great. Appreciate that color there. Maybe just in terms of, on the subject of multifamily, the borrower in DC kind of curious if you can provide any update with regard to that credit.

Jason Darby

Yeah, Steve, it's Jason. How are you? The relationship that we've disclosed before in the DC area continues to work through a resolution process. Actually, this quarter, we didn't really have any activity relative to the potential ability to dispose of any of those assets. Not that we weren't working on it, but there was nothing that was recordable.

I think going forward, there's still an appetite to get something done to move some of those more degradative properties that we previously disclosed as nonaccrual at the end of last year in some form of a note sale. Where that will end up, I'm not exactly sure. We're not really ready to move off of our provision forecast. I still think a \$5 million or a \$5.5 million dollar number for Q4 for a provision expense perspective is appropriate.

Hopefully we'll be able to find some resolution there. But the overall discussion has been constructive. The borrower is engaged and the bank is continuing to look for all areas to preserve value. We'll have more to update as things unfold.

Steve Moss

Okay, appreciate that. Then on the margin here, with higher rates, you guys historically run at a lower beta. That should obviously be pretty favorable for your margin trends over the next year or so if we stay up here. I'm just kind of curious, maybe a couple of things. Where are new PACE originations coming on? Just as you think about maturities and repricing here and new loans on the books, how you're thinking about that margin trending beyond the short-term, a compression we'll see here in the fourth quarter. Any thoughts just given the shift in the rates in the last 90 days?

Jason Darby

Yeah. Yeah, I think Sam pointed out quite nicely that PACE traditionally does pretty well in a higher rate environment, just more consumers are in place and the construction projects or the capital projects that offer this additional slice, that becomes very advantageous capital placement for builders that are looking for improvements to projects. We think there's a good opportunity to keep building assets in that class as the rate environment potentially continues to rise.

Where we brought things on in the quarter was around 7% across the broader PACE portfolio. I would expect going forward, it could be as high as 7.75%. We could start approaching an eight number as you look out into 2027. The risk adjusted returns in that asset class are phenomenal. It's again why Sam and we have been forecasting or signaling for a while that we intend to move more aggressively into that asset class, not to diminish the impact of any of the other asset class that we have with the bank, but PACE has a particularly compelling opportunity for us.

Then I think you're right on the point about the margin in that we'll have a little compression probably here in the fourth quarter just as the election concludes and deposits have remixed. But as the DDA balances continue to build throughout 2027, that naturally has a mitigating impact on any rising cost of funds related to deposit beta activity. The asset yield story still is an area where Amalgamated has a tremendous harvesting opportunity. We don't have our guidance ready for 2027, but we feel very comfortable that there should be a good margin expansion opportunity throughout the year as we look into the opportunities that lie ahead for us.

Steve Moss

Great, okay, great. I appreciate all that color and I'll step back. Thank you very much.

Jason Darby

Thanks Steve.

Operator

Thank you. Our next question comes from the line of Justin Crowley with Piper Sandler. You may proceed with your question.

Justin Crowley

Hey, good morning, everyone. Maybe just to start with one for either Sam or whomever, it looks like you saw a little bit of the runoff on the political side, deposit side, maybe just a little earlier than the last election cycle. You were obviously also close to it. Just curious if you'd share any insights on what you've seen out of those deposit customers and maybe just any early thoughts. I know it's tough to predict, but just on how you think those flows could trend and then eventually rebuild over the next couple of quarters.

Sam Brown

Yeah, hey, Justin, it's Sam. We were really pleased with the fact that we did end the quarter at \$2 billion, which was flat from the prior quarter, which was the record for us. Then we do disclose in our deck, as you saw, that came down to about \$1.7 million that we disclosed as of 10/15, which really, we want to indicate we are obviously in the spend down phase as we near election day here.

I think the best kind of color I can give for you is to really look at that trend that we've demonstrated over the track record of how long we've been doing this in the chart. I think it is the right shape. I think that trend makes sense. But I would pivot also to just remind you that we are really pleased with the diversification we're seeing in all of our other deposit statements. Between the nonprofit and the labor, we were up about \$4 million on the quarter, and that really comes through.

I think it's all part of a bigger puzzle. We obviously, through all of the strategic management we've put in place in order to kind of understand what's coming from political runoff and be able to work around that to still deliver strong and efficient NII, we feel good that we've got our arms around it.

Jason Darby

Yeah. Then Justin, maybe I can just add some targets for you. Still in a very good place from an off-balance sheet perspective at the end of the quarter as well, over a billion dollars there. As the deposits have started to run off, we still feel very good about being able to handle the election conclusion without needing a borrowing position. We're really trying to manage our liquidity from that perspective.

But in terms of how it would flow through from a margin, if that's maybe where you're going, the target, at least that we're looking at, would be DDA was about 42% of total deposits at the end of the quarter. Probably going to be somewhere in the 36% range when we get to the end of the fourth quarter. You can get a sense for the mixed shift, obviously, as DDA starts to flow out, that'll be replaced by interest-bearing off-balance sheet deposits. That changes the funding mix and that changes the margin. I talked a little bit about the margin compression that'll happen here in the fourth quarter.

But to Sam's point, the historical trend is a very good measure to look at in terms of how that political balance will rebuild. We expect DDA will be a growing component of the deposit mix throughout 2027, which is giving some of the basis of the cost of funds level from my comments earlier about opportunistic margin expansion in 2027.

Justin Crowley

Okay, that's all super helpful. I guess just pivoting a little, just going back to expenses, I know there's a little bloat from the double rent. How much of that, if you're able to quantify, and the timing also of when that

eventually falls out of the run rate? I know you can probably get more specific come January, but maybe just some broader thoughts on expense levels as we move out into next year.

Jason Darby

Yes, absolutely. I think you're going to see a little bit more of the impact of the double rent plus the building move costs in general. There's restoration costs we have to incur for the previous building that we've exited from. That'll continue into the fourth quarter. Now we've planned for that, and I don't expect expenses to spike materially at all from where we are here in the third quarter. But as I've said before, I'm not also expecting as those expenses run off for that to be thought of as a reduction in the overall expense run rate.

The expenses that run off will be replaced by deferred costs that have been put on the balance sheet related to technology investment infrastructure, other talent moves that we've been making to continue to augment the staff. When we think about expenses out into the future, and I don't want to get too far ahead, I do think there's a natural continuation of Amalgamated investing in itself. But I think we'll always follow our core constraints, which are typically searching for positive operating leverage, making sure that revenues are in fact paying for the expenses that we're incurring so they prefer become investments. Also making sure that core efficiency is starting to become thought of as a very important and meaningful measurement for the bank in terms of what we're doing with the spend itself.

If that gives you an indication of how we're thinking about it for next year, hopefully that will suffice. I'm happy to talk a little bit more, answer any further follow-up questions, or maybe Priscilla, if you have something you'd like to add on that.

Priscilla Sims-Brown

No, I think you said it very well.

Justin Crowley

Agreed, that is helpful. Then maybe just one last one on buybacks. You got active again this quarter. I know the stocks moved pretty nicely, which I'm sure you're all happy about, but you continue to also have really strong capital levels, generate solid earnings. Just kind of curious how you're thinking about that as a capital return strategy as we look out here.

Jason Darby

Sure, it's a component for sure of my Shareholder return strategy. Obviously we want to make sure that we're not only focused on capital building from an earnings perspective. We have an obligation, but at the same time, we're investors in the stock to the extent that we always feel it's got more value to go. I don't have a specific program that I'm following or signaling with regard to what the buyback activity is, but I think you can recognize we increased the availability of the dividend, I'm sorry, of the repurchase authorization to \$40 million before the beginning of the third quarter.

We started utilizing that when the price receded a little bit in connection with the broader market moves. We feel that there's value in the stock. I think you can generally look at what we did this quarter as an indicator, although I wouldn't say it's going to be an absolute because I'm not following any specific program. I'll continue to just buy the stock as long as I think there's value to be had. Right now, we believe there's a lot of value left to run the stock.

Justin Crowley

Got it. Thanks so much. I appreciate it.

Operator

We have reached the end of the question-and-answer session. Therefore, I'd like to turn the call back over to Priscilla Sims-Brown for closing comments.

Priscilla Sims-Brown

Thanks for those great questions and thanks for your comments and notice on the quarter.

Before we close, I just want to leave you with a couple of takeaways that I think you've heard loud and clear. Our strategy is working. We think the strength of this quarter reflects the deliberate choices we've made to build a differentiated franchise, deploy our capital with discipline and invest in our people and our capabilities. That's how we're delivering stronger performance for our Shareholders while remaining true to our mission.

What is particularly gratifying is that these results reflect the strategy we laid out five years ago and we refined two years ago. We're doing what we said we would do. You can increasingly see that execution reflected in our results. I want to thank and congratulate our Board for its leadership and stewardship. I want to thank the entire team for their tremendous partnership and execution. This progress is a direct result of their commitment to the strategy and to our customers, communities and Shareholders. We enter the next phase from a position of strength with significant opportunities still ahead of us. I look forward to providing more guidance on that next quarter. Thank you for joining us.

Operator

This concludes today's conference. You may disconnect your lines at this time. Thank you for your participation. Enjoy the rest of your day.