



**Third Quarter 2024  
Earnings Call Transcript**

*October 24, 2024*

## 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

**Mark Fitzgibbon**, *Piper Sandler*

**Christopher O'Connell**, *KBW*

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

### Operator

Good morning, ladies and gentlemen, and welcome to the Amalgamated Financial Third Quarter 2024 Earnings Call. During today's presentation, all parties will be in a listen-only mode. Following the presentation, the conference will be open for questions with instructions to follow at that time.

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.

As a reminder, a telephonic replay of this call will be available in the Investor section of our website for an extended period of time. Additionally, a slide deck to complement today's discussion is also available in the Investor section of our website.

Before we begin, let me remind everyone that this call may contain certain statements that constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. We caution investors that actual results may differ from the expectations indicated or implied by any such forward-looking information or statements. Investors should refer to Slide 2 of our earnings slide deck, as well as our 2023 10-K, filed on March 7, 2024, for a list of risk factors that could cause actual results to differ materially from those indicated or implied by such statements.

We will also discuss certain non-GAAP measures during today's call, which we believe are useful in evaluating our performance. The presentation of this additional information should not be considered in isolation or as a substitute for results prepared in accordance with U.S. GAAP. A reconciliation of these non-GAAP measures to the most comparable GAAP measure can be found in our earnings release, as well as on our website.

Let me now turn the call over to Priscilla.

**Priscilla Sims Brown**

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

Our third quarter financial results clearly demonstrate that Amalgamated remains positioned to achieve sustainable earnings and profitability. During the quarter, we delivered outstanding deposit and loan growth, strong profitability and returns, and a growing capital base that positions us to invest in our strategic initiatives, which will power our growth well into the future.

This was another quarter of growth across customer segments, as we continue to demonstrate a defensible business model that is positioned to thrive as the pace of investment and financing accelerates across politics, labor, sustainability, and other impact areas. Our business is well diversified and not dependent on a single customer segment. It delivers robust growth regardless of which party is in control in Washington.

In fact, we have seen broad-based strength across our deposit franchise, as our customers increasingly understand that their money can have a significant positive impact in the world when they bank with Amalgamated. Whether it's addressing social issues, the climate crisis, or a range of other topics that our customers are passionate about, they know that their money will be used in a way that aligns with their values. We are still in the early innings of the societal shift, which presents a significant growth opportunity for the bank.

To punctuate this, we have a new tagline that better reflects our impact with clients, the planet, and the financial industry. Impact is in our DNA, and our new tagline, Bank On Impact, shows both how mission meets performance and how you can rely on us to do well through good work.

Our third quarter results clearly highlight our unique franchise and position as our deposit franchise once again outperformed the industry with \$311 million in new deposits led by strength across our political, social, and philanthropy, and sustainable customer segments. Our nonpolitical deposits were strong again this quarter, as our social and philanthropy deposits rose \$82 million, and our sustainable deposits rose \$77 million.

As I will touch on more in a moment, the sustainable segment is a large opportunity for Amalgamated, given the significant amount of investment anticipated in order for the U.S. to achieve net zero emissions by 2050. This spending also represents a significant deposit opportunity. Ultimately, the transition to a clean economy is still only in the opening chapters. We continue to build on our rich expertise in this space and expect to be a leading player in its growth.

Our political deposit balances grew 13% and ended the quarter at \$2 billion, well ahead of our prior peak of \$1.3 billion achieved during the midterm elections in 2022. This cycle is clearly unique, as we continue to experience political deposit inflows throughout the third quarter, a period that historically sees higher outflows as balances are spent down as the election nears. This is truly an unprecedented environment, with fundraising records continuing to be broken and a level of engagement that bodes well for future cycles.

Looking to the fourth quarter, our updated model shows that our political deposits will likely trough somewhere between \$850 million and \$875 million at the end of this year, which is well above the 2022 trough and our previous estimate of \$700 million. We remind investors that the pattern of inflows and outflows in a political cycle tend to be repetitive. However, political deposit flows this late in the cycle are very difficult to pinpoint. Our confidence comes from the publicly reported spending data, which so far has been similar to prior cycles.

Turning to the other side of our balance sheet, we experienced an acceleration in our loan growth through the third quarter, with a nice balance across commercial and industrial, real estate and sustainable lending. Importantly, the effect of paydowns and payoffs in our C&I segment was less, which allowed the steady underlying loan pipeline to show this quarter. Overall, we generated 2.7% of core loan growth in the quarter. Our fourth quarter metric will likely be within our target range of between 1% and 2%.

We're also carefully reshaping our balance sheet, with a focus on harvesting yield as commercial real estate loans mature in the upcoming years. In fact, we have \$352 million of below-market yielding loans set to mature by the end of 2025, and an additional \$149 million set to mature by the end of 2026, which will be replaced with higher-yielding loans even as rates decline. This will allow us to continue NII growth while also keeping our balance sheet relatively neutral.

As I think about our business against the backdrop of continued revenue growth, we begin pulling forward necessary investments. During the third quarter, we added to our sustainable lending team, which I will touch on in a moment, our technology team, as well as we made strategic IT investments. I would like to stress that our investments will, as always, be funded through profitability with core efficiency ratio and positive operating leverage constraints. I see many opportunities to further grow Amalgamated and deliver increased value to our shareholders.

Our sustainable lending segment is one where I am particularly optimistic as the years go forward. There is tremendous momentum in this segment as the world continues to mobilize to meet climate finance needs, which will require an estimated \$3 trillion of financing over the next 10 years, just to reduce net emissions to zero by 2050.

Our sustainable lending team is working on projects across the country as we look to provide the necessary funding to bring sustainable infrastructure to life. In fact, our mission-based banking franchise truly has no geographic boundaries as we currently have commercial customers in 48 states.

During the third quarter, we added industry experts to our sustainable lending team to lead our efforts to successfully execute on the \$27 billion Greenhouse Gas Reduction Fund. We've been able to attract top-tier and well-recognized leaders in sustainable lending, and I'm honored that they have joined Amalgamated as we accelerate our efforts to support America's transition to a clean energy economy.

I also remain optimistic that while the Greenhouse Gas Reduction Fund could experience some pressure depending upon the political climate next year, we believe that any rollbacks would likely come from allowing the expiration of certain tax credits and other changes at the broader Inflation Reduction Act level. These areas are at the core of our strategy to finance the rapidly growing renewable energy market.

To conclude, I remain very optimistic on the future for Amalgamated, for our employees, our customers, and, of course, our shareholders. We continue to have a long runway ahead of us as we carefully grow the bank and drive socially responsible banking to new heights.

Jason, over to you.

**Jason Darby**

Good morning, everyone.

Starting off on Slide 3, we continue to produce solid results through the 2024 third quarter. Net income was \$27.9 million, or \$0.90 per diluted share, and core net income, which is a non-GAAP measure, was \$28 million, or \$0.91 per diluted share, reflecting our carefully improved earnings base.

The quarterly results also featured a continued surge in deposit growth with a low total cost of deposits of 158 basis points. Additionally, we saw \$2.9 million of net interest income growth, a 21 basis point leverage ratio increase, and a five basis point increase in our net interest margin.

Now, as I previewed on our second quarter call, we expected to have a bit of noise again this quarter to flow through our margins, and during the quarter, our loan income absorbed \$1.3 million of an acceleration of deferred costs on certain loans. Excluding this impact, our net interest margin would have risen two basis points to 3.58% from the second quarter's adjusted level of 3.56%.

Our neutral balance sheet strategy continues to drive our return metrics. Over the past seven quarters, we have been moving varying amounts of deposits off-balance sheet to both maintain our focus on building capital and also advantageously generate off-balance sheet income. We ended the quarter with \$1.2 billion of deposits off-balance sheet comprised of both transactional political deposits and other segment deposits, which generated approximately \$8.1 million of non-core non-interest income.

This deposit strength allows us great flexibility to structure our balance sheet for sustainable profitability and returns. This quarter, in addition to selling another \$51.9 million of underwater securities, we also agreed to sell \$40.9 million of low-yield residential loans. To the extent we have off-balance sheet deposits in the fourth quarter, we expect to continue to utilize that non-core interest income to sell securities and improve our core net interest income. That said, we expect this income to be substantially less than the current quarter with the conclusion of this presidential election.

Continuing to Slide 4, we look at some of our key performance metrics during the third quarter. Starting on the left, our tangible book value per share increased \$1.69 or a healthy 8.2% to \$22.29, helped by the improvement in AOCI combined with our strong earnings in the quarter. Our core revenue per diluted share was \$2.62 for the third quarter, a \$0.10 increase from the prior quarter. We think this nicely shows our commitment to delivering long-term shareholder value.

Moving across to our returns, core return on average equity was 16.66%, a modest decline that we expected, given the build in our equity base through the mark-to-market improvements as rates declined. We are especially pleased with the improvement in our core return on average assets, which increased six basis points to 1.33%, further showing the earnings power and potential of the bank.

Moving to capital, our Tier 1 leverage ratio improved another 21 basis points to 8.63%, and we have now achieved our minimum 8.5% goal. Looking forward, we will tether our balance sheet size to our minimum leverage target. Further, we have an eye towards a 9% Tier 1 leverage ratio given the pace of our capital building as we position our balance sheet to comfortably pass increasingly tougher adverse stress scenarios.

Our tangible common equity to tangible assets was 8.14%, representing an eighth consecutive quarter of improvement. We believe this demonstrates our results of consistently turning over our securities portfolio. We sold \$812.9 million of securities since implementing the strategy in March of 2022.

Turning to Slide 5, total deposits at September 30, 2024, were \$7.6 billion, an increase of \$145.6 million in the linked quarter. On balance sheet deposits, excluding brokered CDs, increased by \$196.9 million or 2.7% to \$7.5 billion.

Additionally, we were very pleased to see our non-interest-bearing deposits increase to approximately 50% of average deposits and 51% of ending deposits excluding brokered CDs, which contributed to a strong average cost of deposits of 151 basis points in the third quarter of 2024.

Jumping ahead to Slide 6 and 7, the book value of our traditional securities portfolio increased \$107 million during the quarter, primarily as a result of \$167 million in purchases, offset by \$51.9 million in strategic sales and \$126.6 million in traditional securities payouts.

Net PACE assessment growth was \$10.6 million. Net R-PACE production was below our \$20 million to \$25 million target as payouts were significantly higher than in previous quarters due mainly to seasonality. That said, the payouts were substantially within our HTM portfolio where more of the aged and lower yielding assets are. Our AFS portfolio, where we have been recording more of our recent purchases, saw a net growth of \$36.6 million in the quarter.

Turning to Slide 8, net loans receivable at September 30, 2024, were \$4.5 billion, an increase of \$78 million or 1.8% compared to the linked quarter. The yield in our total loans increased 11 basis points to 4.79% during the quarter. The increase in loan income and yield was primarily due to an \$86.7 million increase in average loan balances in addition to \$2.1 million of accelerated amortization related to purchase premiums associated with the payoff of a C&I loan relationship last quarter, offset by a \$1.3 million loss of income from an acceleration of deferred costs on certain loans this quarter. Additionally, as Priscilla noted, our third quarter loan growth was 2.7% after adjusting for the loans that we have agreed to sell in the quarter.

Moving to Slides 9, 10, and 11, looking at the real estate portfolio, we have \$111 million in maturing, lower-priced commercial real estate and multifamily loans over the balance of the year. Importantly, we have a relatively benign exposure profile as our office-only commercial real estate portfolio was \$61 million comprised of all past-grade credits, and just over 20% of our multifamily portfolio had loans with units subject to pre-1974 rent stabilization rules.

On the multifamily side, we renewed \$13 million of pre-1974 exposure across three credits via a combination of cash infusions and amortizing terms in exchange for modest rate concessions during the quarter. In the fourth quarter, we have \$29 million of pre-1974 loans maturing.

Moving to Slide 14, non-performing assets decreased \$7.1 million to \$28.6 million, or 0.34% of period and total assets at September 30, 2024; and our criticized assets decreased \$5.9 million to \$88.6 million on a linked quarter basis. During the third quarter, we recognized a fully reserved \$4.5 million charge-off of a delinquent legacy-leveraged C&I loan which drove our net charge-off ratio higher in the quarter.

Turning to Slide 16, we are tightening our full year 2024 guidance to core pre-tax, pre-provision earnings of \$154 million to \$156 million and net interest income of \$279 million to \$281 million, which considers the effect of the forward rate curve of 2024.

Additionally, we estimate an approximate \$2 million decrease in annual net interest income for a parallel 25 basis point decrease in interest rates beyond what the forward curve currently suggests.

Rounding out guidance, we are maintaining our target balance sheet size for year-end at approximately \$8.35 billion. We have been very happy with our Tier 1 leverage growth and are now eyeing 9% in the coming quarters. We reiterate our belief that we will not need wholesale funding support for the political

deposit outflows that we expect in the fourth quarter when the presidential election concludes. That said, we note the pace of outflows has significantly picked up during the month of October.

Looking at the fourth quarter, we think our net interest margin should hold from our Q3 mark, but it's also possible our margin may compress from one to two basis points, depending on the political deposits outflow mix, and correspondingly we range our net interest income between \$70 million and \$72 million for the fourth quarter.

Wrapping up, we are delighted to deliver strong record results for our shareholders this quarter, and we thank you for believing in us. We look forward to updating you all again with our fourth quarter results and our 2025 outlook in January.

Before turning to the Operator, I'd like to welcome Sam Brown, our Chief Banking Officer, to the Q&A section of today's call. Now, Operator, please open up the line for any questions. Operator?

**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 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 key. One moment, please, while we poll for our questions.

Our first question comes from the line of Mark Fitzgibbon with Piper Sandler. Please proceed with your question.

**Mark Fitzgibbon**

Hey, guys, good morning.

**Priscilla Sims Brown**

Good morning, Mark.

**Mark Fitzgibbon**

Hi Priscilla. First question I had, I know you all have talked a bit about your trust business and making some strategic changes there. I wondered if you could share at a high level any of the kinds of things you're looking to do with that trust business.

**Priscilla Sims Brown**

Yes, thanks for that question. We've spent much of the year focusing on just enhancing the quality of the revenue in that trust business, and that resulted in some turnover of clients. But at the midpoint of 2024, we brought in a new trust officer, and he's really focused on just transforming the sales infrastructure. As part of the 2025 planning process, we'll be making some investments in trust, but they'll be directed towards increased sales capacity, bringing on individuals with proven experience in the industry, and that digital acceleration that we've talked about will also benefit the trust business.

**Mark Fitzgibbon**



Okay. Then secondly, did I hear correctly that you, Priscilla, had said that the political deposits should end the year at about \$850 million to \$875 million? Is that right?

**Priscilla Sims Brown**

We expect that to be the trough. I did caution you that it's hard to pinpoint that exactly, particularly in a year where everything's a bit outsized in that segment.

**Mark Fitzgibbon**

Would you expect some additional runoff in the first quarter, or do you think it'll flatten out as you start to see fundraising activity mitigate some of the outward flows?

**Priscilla Sims Brown**

We think it'll flatten out and then start to rebuild a bit. Sam, do you want to add any additional color to that?

**Sam Brown**

Sure. Hey, Mark, nice to talk to you again. Priscilla's exactly right. If you go back to our historical trends, we really see that troughing at the beginning of the first quarter and start to see the rebuild begin at the end of the first quarter. If you go back to our slide on the political trend, that is really held through cycle over cycle.

**Mark Fitzgibbon**

Okay. Then I think in the press release, you mentioned that you had a charge-off in the consumer solar space. Was that a PACE loan, I guess I was curious?

**Jason Darby**

The consumer solar is just our normal homogenous loan pool consumer portfolio that has had a historical charge-off run rate. There was a larger C&I charge-off. Is that possibly what you're referring to? Because that was about \$4.6 million, but that was a non-solar related charge-off. It was a legacy leverage loan that had been in our NPA portfolio for quite some time, so we were able to exit that. But I just want to make sure I'm answering your question correctly.

**Mark Fitzgibbon**

Yea, I wasn't referring to that. I just seen consumer solar, and I thought it might be PACE related, and obviously you guys haven't had a charge-off in that, so it caught my attention is all.

**Jason Darby**

Yes, sorry. No. No PACE charge-offs. In fact, we haven't had any PACE charge-offs since the history of that portfolio dating back to 2018. The CECL reserve on that remains very small. I think it's about \$600,000 on the total balance. But the charge-offs that we're referring to in the NCOs for consumer solar is in our traditional call it lightly secured consumer solar portfolio. It's one that we've had a fair amount of charge-offs over the past several quarters, particularly as the rate environment has risen. But you'll probably also notice we did bump up the reserve coverage on that portfolio as well. It moved to a coverage ratio of 7.68% as we did an early review of the baseline loss rates there to make sure that we had a proper coverage ratio relative to that portfolio given the consistency of the charge-offs. We don't expect the charge-offs to abate any time soon, although we do think as rates continue to decline, there'll be more opportunities for houses



to move again in the mortgage market, in which case, we ought to have our fixture liens cleaned up as it relates to any charge-off activity that we're having. But for now, we think that run rate will be fairly steady for the foreseeable future.

**Mark Fitzgibbon**

Okay. Then last question, Jason, on expenses. I apologize if I missed it. Any thoughts on your expense growth outlook?

**Jason Darby**

Yes. We had a little bit of elevated expenses in this quarter. Some of it I would characterize as one time in nature. I think we should expect to see a similar expense base for Q4, somewhere in that \$40 million to \$40.5 million range. I think, again, it's grounded in the core efficiency band, and we moved forward a few investments into the current quarter that we'll see included in our run rate going forward that will look very similar to Q3, but again, given where we are with the core efficiency ratio, we feel pretty good about advancing those expenses. I don't have full year guidance for 2025, but I think looking at the Q3 and Q4 run rate, that's a good starting point, and we'll refine it for you, Mark, when we get to the full year outlook at the end of next quarter.

**Mark Fitzgibbon**

Great. Thank you.

**Jason Darby**

You're welcome.

**Operator**

Thank you. As a reminder, if anyone has any questions, you may press star one on your telephone keypad in order to join the queue.

Our next question comes from the line of Christopher O'Connell with KBW. Please proceed with your question.

**Christopher O'Connell**

Hi, good morning.

**Priscilla Sims Brown**

Hi, Chris.

**Christopher O'Connell**

I was just hoping to get some color on the loan pipeline. I know for the fourth quarter, you expected 1% to 2%, but maybe just what the mix is generally and what some of the pipeline yields are there.

**Sam Brown**

Hey, Chris, it's Sam. Look, we're really optimistic about our forward pipeline, and you're right, we did mention that we're expecting to be back in our target range of between 1% and 2%, which really that reflects our risk balance approach to origination. We really like what we're doing on recycling the real estate portfolio. We've talked about that a lot and really seeing higher quality and higher yielding assets come on, which is great and consistent with the neutral balance sheet strategy. On the C&I space, we are seeing a lot of pipeline growth there as well, which is really consistent with the increased energy demand, and we like what we're seeing there. We are seeing some diversification between our commercial solar, our community solar, and other asset types in that renewable space and feel like we're seeing strong yields and great credit quality. We feel good about a forward basis.

**Christopher O'Connell**

Got it. Then any sense in general just around where the origination yields are coming on at?

**Sam Brown**

Look, we're seeing yields going up as we are replacing what is coming off the balance sheet and feel pretty good about that.

**Jason Darby**

Yes, Chris, I think probably the multifamily CRE side, you're in that 6.25% to 6.5% range on C&I would probably be in the upper 7%, 8%, depending on which deal it is. That has a little bit more variability to it. Then you didn't ask particularly on the loan pipeline, but if you're thinking about PACE, which we tend to add to our basket relative to loans, that's probably in the high 6% range, maybe even low 7% still as we think about the fourth quarter bring on yields.

**Christopher O'Connell**

Great. Thank you. Then thinking about the trajectory of the margin from here, I appreciate the \$2 million annual hit on NII with the parallel shift. Assuming the long end holds up pretty well around current levels, how are you guys thinking about the impact on just the short end coming down 25 basis points?

**Jason Darby**

Yes, I think it's really already baked into that range we've given for Q4 coming in about \$70 million, \$72 million on NII. We think the margin should hang in there pretty good, assuming that we don't have an unexpected shift in the mix of deposits from a political outflow. All things equal given the short end and the factoring from our model of two 25 basis point rate cuts in November and December, we think that'll have a margin—close to a margin neutral impact. Assuming, like I said, we don't have an unexpected change in the mix of the positive outflow relative to political.

Going forward, again, we haven't given our full year guidance, and we'll do that at the end of next quarter. But we do factor the full effect of the forward rate curve through 2025. We still think there's opportunity for consistent NII growth and modest margin expansion throughout next year. But we'll be able to dial in a little bit more for you when we get to Q4, and we do the full year guidance. But the one thing I would comment on too is that \$2 million sensitivity that we gave you on a parallel basis above what the forward rate curve suggests. That's our secret decoder pin for you to look at what variability might be. But I'll point out that we use very conservative deposit beta assumptions when we put that number together. I like to think of that as a pretty conservative assumption as to what that impact would be and there's potential for it to be better to the extent that our deposit betas are greater than how we model it.

**Christopher O'Connell**

Great. That's helpful. As far as the political deposits and the overall off-balance sheet strategy into Q4, obviously, this quarter, that strategy yielded significant fees on the ICS side. Again, just based on the early look on the political outflows, do you still think that you'll eke out a little bit more on the ICS fees over with that strategy in Q4?

**Jason Darby**

I think so, Chris. But we're not banking on it being a contributor, not nearly to the extent that it was in Q3, and Q3 was a delightful surprise for us. We took full advantage of that opportunity by moving into a residential loan pool sale as well, which we were able to move off some pretty low-yielding assets and create some good capacity for earn back. That said, what we'll probably do is eke out, I don't know, call it a third of what that number was for Q3. We'll look to probably match securities losses again during this quarter. Going forward from there, I couldn't really tell you exactly what the strategy is. We really need to see what's going to happen with the final outflow of the political deposits. As Sam pointed out earlier, we just don't know yet what the expected rebuild will look like and what the pace will be. There'll be more to come on the ICS strategy as we get into the fourth quarter, and we give our full-year guidance for next year. But I think all things equal, we'll probably have a little bit, call it a third, and we'll match that off with potential security losses as well in the fourth quarter.

**Christopher O'Connell**

Great. That's helpful. As far as just the securities, low yielding, how much is left at this point to even turn over given how short duration the portfolio is?

**Jason Darby**

Yes. Happy you asked that question because we were literally talking about it this morning. We've turned over about \$820 million of securities now since the first quarter of 2022 with a long strategy to protect our earnings. That's about 37% of the portfolio as it exists today. The answer to your question is there isn't that much more we need to do. We're very happy with what we've been able to accomplish and even more happy that we were able to use a lot of this ICS-related income to make that happen without having an impact to GAAP income. That is a tremendous benefit that we feel very fortunate to have had. That said, we still will be opportunistic throughout next year as we continue to look at opportunities to improve the earnings profile of the bank. We'll always do that with the mind's eye of capital and what we have available from an earnings perspective. But I think the pace at which we've been doing these securities restructures will slow down as we get into next year and be a little less consistent and a bit more opportunistic.

**Christopher O'Connell**

Got it. Thanks. Then last one for me, just the updated read on the Tier 1 leverage. You guys are above what you want as your lower band target now. Have a medium-term operating target to be around 9% level. Can I read that as probably hold off on any share repurchases until you hit that 9% level and then reevaluate at that time? Then also any rough expected timeline that you guys think to get to 9%?

**Jason Darby**

Sure. I'll work in reverse on that question. We think with the pace that we're building capital right now, we could be at that 9% leverage mark first quarter of '25, at worst, second quarter of 2025. It's a very short runway between now and then. The reason for the 9% is just based on the pace of that capital build and not because we're trying to move the goalposts.

The two things that we're trying to service are our ability to handle just more adverse stress scenarios. We want to make sure that we have the most regulator-friendly balance sheet we can have so that we can continue to operate according to the growth plans that we want. Then in the spirit of growth, any addition to the capital base continues to allow us more room within our concentration limits to dive into the asset classes that we're in. That's the fundamental concept around moving towards a 9%. I use the word "eye" in my prepared remarks very specifically an eye towards 9% because we do recognize return on capital as a priority.

We do still have the \$20 million remaining on our share buyback authorization. While I don't have a specific plan for you at this point during the call, I do expect we'll be coming back to you in the fourth quarter with a return on capital plan that will encompass the entire year and give you something that you could model out.

**Christopher O'Connell**

Great. Really helpful. Thanks, Jason.

**Jason Darby**

You're welcome.

**Operator**

Thank you. We have reached the end of the question-and-answer session. I would like to turn the floor back to Priscilla Sims Brown for closing remarks.

**Priscilla Sims Brown**

Thank you, Operator.

Again, thank you all for your time today. We always appreciate your continued interest, whether it's here on the NDRs or in Investor Day. Those opportunities to address your questions gives us additional feedback as we factor in our plans. As always, I also want to thank our employees and our board. The hard work and dedication to this bank has resulted in another stellar quarter for us and we don't take that for granted at any point. That success would just not be possible without the commitment and determination of this talented team of people that we work with.

I also just look forward to updating you on our progress, both at our Investor Day, which is, you've hopefully all received an invitation for December 3, and of course, always on our fourth quarter call. I asked Sam Brown to join us today so that your production questions could be directly addressed by the business. Sam and other leaders will continue to join us both on the Investor Day and in future calls. Thank you, Sam.

This concludes our prepared remarks and Q&A, and I appreciate your time.

**Operator**

Thank you. This concludes today's teleconference. We thank you for your participation. You may disconnect your lines at this time.