UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)
ý **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the quarterly period ended June 30, 2019

¨ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the transition period __________ to __________

Commission File Number: 001-38534

Amerant Bancorp Inc.
(Exact Name of Registrant as Specified in Its Charter)

Florida	**65-0032379**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
220 Alhambra Circle **Coral Gables, Florida**	**33134**
(Address of principal executive offices)	(Zip Code)

(305) 460-4038
Registrant's telephone number, including area code

Former Name, as listed on the last report:
Mercantil Bank Holding Corporation

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbols	Name of exchange on which registered
Class A Common Stock	AMTB	NASDAQ
Class B Common Stock	AMTBB	NASDAQ

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ý No ¨

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

Yes ý No ¨

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer", "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ¨ Accelerated filer ¨ Smaller reporting company ¨ Emerging growth company ý
Non-accelerated filer ý (Do not check if a smaller reporting company)

If an emerging growth company, indicate by check mark if the company has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ¨

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ¨ No ý

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class	Outstanding as of August 12, 2019
Class A Common Stock, $0.10 par value per share	28,985,996 shares of Class A Common Stock
Class B Common Stock, $0.10 par value per share	14,218,596 shares of Class B Common Stock

AMERANT BANCORP INC. AND SUBSIDIARIES

FORM 10-Q

June 30, 2019

INDEX

Table of Contents

Part 1. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

Amerant Bancorp Inc. and Subsidiaries
Consolidated Balance Sheets

(in thousands, except per share data)	(Unaudited) June 30, 2019	December 31, 2018
Assets		
Cash and due from banks	$ 25,813	$ 25,756
Interest earning deposits with banks	64,504	59,954
Cash and cash equivalents	90,317	85,710
Securities		
Available for sale	1,501,222	1,586,051
Held to maturity	81,240	85,188
Federal Reserve Bank and Federal Home Loan Bank stock	68,170	70,189
Securities	1,650,632	1,741,428
Loans held for investment, gross	5,812,755	5,920,175
Less: Allowance for loan losses	57,404	61,762
Loans held for investment, net	5,755,351	5,858,413
Bank owned life insurance	208,965	206,142
Premises and equipment, net	124,456	123,503
Deferred tax assets, net	7,014	16,310
Goodwill	19,193	19,193
Accrued interest receivable and other assets	70,898	73,648
Total assets	$ 7,926,826	$ 8,124,347
Liabilities and Stockholders' Equity		
Deposits		
Demand		
Noninterest bearing	$ 785,727	$ 768,822
Interest bearing	1,183,051	1,288,030
Savings and money market	1,510,832	1,588,703
Time	2,339,771	2,387,131
Total deposits	5,819,381	6,032,686
Advances from the Federal Home Loan Bank and other borrowings	1,125,000	1,166,000
Junior subordinated debentures held by trust subsidiaries	118,110	118,110
Accounts payable, accrued liabilities and other liabilities	57,967	60,133
Total liabilities	7,120,458	7,376,929
Commitments and contingencies (Note 12)		
Stockholders' equity		
Class A common stock, $0.10 par value, 400 million shares authorized; 28,985,996 shares issued and outstanding (2018: 26,851,832 shares issued and outstanding)	2,899	2,686
Class B common stock, $0.10 par value, 100 million shares authorized; 17,751,053 shares issued; 14,218,596 shares outstanding (2018: 16,330,917 shares outstanding)	1,775	1,775
Additional paid in capital	417,338	385,367
Treasury stock, at cost; 3,532,457 shares of Class B common stock (2018: 1,420,136 shares of Class B common stock)	(46,373)	(17,908)
Retained earnings	419,590	393,662
Accumulated other comprehensive income (loss)	11,139	(18,164)
Total stockholders' equity	806,368	747,418
Total liabilities and stockholders' equity	$ 7,926,826	$ 8,124,347

The accompanying notes are an integral part of these consolidated financial statements (unaudited).

Amerant Bancorp Inc. and Subsidiaries
Consolidated Statements of Operations and Comprehensive Income (Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
(in thousands, except per share data)	2019	2018	2019	2018
Interest income				
Loans	$ 66,801	$ 62,448	$ 133,523	$ 122,118
Investment securities	11,886	12,709	24,467	24,450
Interest earning deposits with banks	539	759	1,543	1,279
Total interest income	79,226	75,916	159,533	147,847
Interest expense				
Interest bearing demand deposits	301	113	575	202
Savings and money market deposits	4,014	3,104	7,747	5,688
Time deposits	12,740	10,172	25,293	18,872
Advances from the Federal Home Loan Bank	6,292	6,511	12,497	12,501
Junior subordinated debentures	2,090	2,025	4,195	3,960
Securities sold under agreements to repurchase	—	2	—	2
Total interest expense	25,437	21,927	50,307	41,225
Net interest income	53,789	53,989	109,226	106,622
(Reversal of) provision for loan losses	(1,350)	150	(1,350)	150
Net interest income after (reversal of) provision for loan losses	55,139	53,839	110,576	106,472
Noninterest income				
Deposits and service fees	4,341	4,471	8,427	9,053
Brokerage, advisory and fiduciary activities	3,736	4,426	7,424	8,841
Change in cash surrender value of bank owned life insurance	1,419	1,474	2,823	2,918
Cards and trade finance servicing fees	1,419	1,173	2,334	2,235
Gain on early extinguishment of advances from the Federal Home Loan Bank	—	882	557	882
Securities gains, net	992	16	996	16
Data processing and fees for other services	365	613	885	1,494
Other noninterest income	1,875	1,931	3,857	3,492
Total noninterest income	14,147	14,986	27,303	28,931
Noninterest expense				
Salaries and employee benefits	34,057	34,932	67,494	68,973
Occupancy and equipment	4,232	4,060	8,274	7,775
Professional and other services fees	3,954	5,387	7,398	11,831
Telecommunication and data processing	3,233	3,011	6,259	6,095
Depreciation and amortization	2,010	1,945	3,952	4,086
FDIC assessments and insurance	1,177	1,468	2,570	2,915
Other operating expenses	4,242	1,835	8,903	6,608
Total noninterest expenses	52,905	52,638	104,850	108,283
Net income before income tax	16,381	16,187	33,029	27,120
Income tax expense	(3,524)	(5,764)	(7,101)	(7,268)
Net income	$ 12,857	$ 10,423	$ 25,928	$ 19,852

The accompanying notes are an integral part of these consolidated financial statements (unaudited).

Amerant Bancorp Inc. and Subsidiaries
Consolidated Statements of Operations and Comprehensive Income (Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
(in thousands, except per share data)	2019	2018	2019	2018
Other comprehensive income (loss), net of tax				
Net unrealized holding gains (losses) on securities available for sale arising during the period	$ 14,313	$ (5,454)	$ 30,591	$ (20,431)
Net unrealized holding gains (losses) on cash flow hedges arising during the period	—	2,139	(11)	6,352
Reclassification adjustment for net (gains) losses included in net income	(1,025)	2	(1,277)	159
Other comprehensive income (loss)	13,288	(3,313)	29,303	(13,920)
Comprehensive income	$ 26,145	$ 7,110	$ 55,231	$ 5,932
Earnings Per Share (Note 14):				
Basic earnings per common share	$ 0.30	$ 0.25	$ 0.61	$ 0.47
Diluted earnings per common share	$ 0.30	$ 0.25	$ 0.60	$ 0.47

The accompanying notes are an integral part of these consolidated financial statements (unaudited).

Amerant Bancorp Inc. and Subsidiaries
Consolidated Statements of Changes in Stockholders' Equity (Unaudited)
Six Months Ended June 30, 2019 and 2018

	Common Stock								
	Shares Outstanding		Issued Shares - Par Value						
(in thousands, except share data)	Class A	Class B	Class A	Class B	Additional Paid in Capital	Treasury Stock	Retained Earnings	Accumulated Other Comprehensive (Loss) Income	Total Stockholders' Equity
Balance at December 31, 2017	24,737,470	17,751,053	$ 2,474	$ 1,775	$ 367,505	$ —	$ 387,829	$ (6,133)	$ 753,450
Dividends	—	—	—	—	—	—	(40,000)	—	(40,000)
Net income	—	—	—	—	—	—	19,852	—	19,852
Other comprehensive loss	—	—	—	—	—	—	—	(13,920)	(13,920)
Balance at June 30, 2018	24,737,470	17,751,053	$ 2,474	$ 1,775	$ 367,505	$ —	$ 367,681	$ (20,053)	$ 719,382
Balance at December 31, 2018	26,851,832	16,330,917	$ 2,686	$ 1,775	$ 385,367	$ (17,908)	$ 393,662	$ (18,164)	$ 747,418
Common stock issued	2,132,865	—	213	—	29,005	—	—	—	29,218
Repurchase of Class B common stock	—	(2,112,321)	—	—	—	(28,465)	—	—	(28,465)
Restricted stock issued	1,299	—	—	—	—	—	—	—	—
Stock-based compensation expense	—	—	—	—	2,966	—	—	—	2,966
Net income	—	—	—	—	—	—	25,928	—	25,928
Other comprehensive income	—	—	—	—	—	—	—	29,303	29,303
Balance at June 30, 2019	28,985,996	14,218,596	$ 2,899	$ 1,775	$ 417,338	$ (46,373)	$ 419,590	$ 11,139	$ 806,368

The accompanying notes are an integral part of these consolidated financial statements (unaudited).

Amerant Bancorp Inc. and Subsidiaries
Consolidated Statements of Cash Flows (Unaudited)

	Six Months Ended June 30,	
(in thousands)	2019	2018
Cash flows from operating activities		
Net income	$ 25,928	$ 19,852
Adjustments to reconcile net income to net cash provided by operating activities		
(Reversal of) provision for loan losses	(1,350)	150
Net premium amortization on securities	7,164	8,447
Depreciation and amortization	3,952	4,086
Stock-based compensation expense	2,966	—
Change in cash surrender value of bank owned life insurance	(2,823)	(2,918)
Deferred taxes, securities net gains or losses and others	(2,150)	(4,374)
Net changes in operating assets and liabilities:		
Accrued interest receivable and other assets	9,518	(2,075)
Accounts payable, accrued liabilities and other liabilities	(9,736)	3,071
Net cash provided by operating activities	33,469	26,239
Cash flows from investing activities		
Purchases of investment securities:		
Available for sale	(195,390)	(121,245)
Federal Home Loan Bank stock	(12,968)	(13,642)
	(208,358)	(134,887)
Maturities, sales and calls of investment securities:		
Available for sale	313,757	122,805
Held to maturity	3,737	1,338
Federal Home Loan Bank stock	14,987	9,563
	332,481	133,706
Net decrease in loans	(109,951)	(174,197)
Proceeds from loan portfolio sales	214,416	23,781
Net purchases of premises and equipment, and others	(4,451)	(3,522)
Net proceeds from sale of subsidiary	—	7,500
Net cash provided by (used in) investing activities	224,137	(147,619)
Cash flows from financing activities		
Net decrease in demand, savings and money market accounts	(165,945)	(165,745)
Net (decrease) increase in time deposits	(47,360)	205,910
Proceeds from Advances from the Federal Home Loan Bank and other borrowings	590,000	656,000
Repayments of Advances from the Federal Home Loan Bank and other borrowings	(630,447)	(571,000)
Dividend paid	—	(40,000)
Proceeds from common stock issued - Class A	29,218	—
Repurchase of common stock - Class B	(28,465)	—
Net cash (used in) provided by financing activities	(252,999)	85,165
Net increase (decrease) in cash and cash equivalents	4,607	(36,215)
Cash and cash equivalents		
Beginning of period	85,710	153,445
End of period	$ 90,317	$ 117,230

The accompanying notes are an integral part of these consolidated financial statements (unaudited).

Amerant Bancorp Inc. and Subsidiaries
Consolidated Statements of Cash Flows (Unaudited) (continued)

	Six Months Ended June 30,	
(in thousands)	**2019**	**2018**
Supplemental disclosures of cash flow information		
Cash paid:		
Interest	$ 49,868	$ 40,491
Income taxes	3,424	15,203

The accompanying notes are an integral part of these consolidated financial statements (unaudited).

Amerant Bancorp Inc. and Subsidiaries
Notes to Interim Consolidated Financial Statements (Unaudited)

1. Business, Basis of Presentation and Summary of Significant Accounting Policies

a) Business

Amerant Bancorp Inc., formerly Mercantil Bank Holding Corporation, (the "Company"), is a Florida corporation incorporated in 1985, which has operated since January 1987. The Company is a bank holding company registered under the Bank Holding Company Act of 1956, as a result of its 100% indirect ownership of Amerant Bank, N.A. (the "Bank"). The Company's principal office is in the City of Coral Gables, Florida. The Bank is a member of the Federal Reserve Bank of Atlanta ("Federal Reserve Bank") and the Federal Home Loan Bank of Atlanta ("FHLB"). The Bank has two principal subsidiaries, Amerant Investments, Inc., a securities broker-dealer ("Amerant Investments"), and Amerant Trust, N.A, a non-depository trust company ("Amerant Trust").

Beginning in the second quarter of 2019, the Company is managed using a single segment concept, on a consolidated basis, and management determined to discontinue its separate disclosures of operating segments. See "Reportable Segments" within "Basis of Presentation and Summary of Significant Accounting Policies" in this footnote for further details.

The Company's Class A common stock, par value $0.10 per common share, and Class B common stock, par value $0.10 per common share, are listed and trade on the Nasdaq Global Select Market under the symbols "AMTB" and "AMTBB," respectively.

Initial Public Offering and Shares Repurchase

On December 21, 2018, the Company completed an initial public offering (the "IPO"). For more information about the IPO, see Note 15 to our audited consolidated financial statements included in the Company's annual report on Form 10-K filed with the U.S. Securities and Exchange Commission (the "SEC") on April 1, 2019 (the "Form 10-K"). In March 2019, following the partial exercise of the over-allotment option by the IPO's underwriters, and completion of certain private placements of shares of the Company's Class A common stock, the Company repurchased the remaining shares of its Class B common stock held by Mercantil Servicios Financieros, C.A., the Company's former parent company ("MSF" or "the Former Parent"). See Note 11 to these unaudited interim consolidated financial statements for more information about the private placements and the repurchase of Class B common stock previously held by MSF.

Rebranding

On June 4, 2019, the Company's stockholders approved an amendment to the Company's Amended and Restated Articles of Incorporation (the "Articles of Incorporation") to change the Company's name from "Mercantil Bank Holding Corporation" to "Amerant Bancorp Inc." (the "Name Change"). The Name Change became effective on June 5, 2019. Each of the Company, the Bank and its principal subsidiaries now operate under the "Amerant" brand.

Amerant Bancorp Inc. and Subsidiaries
Notes to Interim Consolidated Financial Statements (Unaudited)

b) Basis of Presentation and Summary of Significant Accounting Policies

The accompanying unaudited interim consolidated financial statements have been prepared in accordance with generally accepted accounting principles in the United States of America ("U.S. GAAP") for interim financial information and the instructions to Form 10-Q and Article 10 of SEC Regulation S-X. Accordingly, they do not include all of the information and footnotes required for a fair statement of financial position, results of operations and cash flows in conformity with U.S. GAAP. These unaudited interim consolidated financial statements reflect all adjustments that are, in the opinion of management, necessary for a fair statement of the results for the interim periods presented. These adjustments are of a normal, recurring nature. Interim period operating results may not be indicative of the operating results for a full year or any other period. These unaudited interim consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements as of December 31, 2018 and 2017 and for each of the three years in the period ended December 31, 2018 and the accompanying footnote disclosures for the Company, which are included in the Form 10-K.

For a complete summary of our significant accounting policies, please see Note 1 to the Company's audited consolidated financial statements in the Form 10-K.

Reportable Segments

Prior to the second quarter of 2019, the Company had four reportable segments: Personal and Commercial Banking ("PAC"), Corporate LATAM, Treasury, and Institutional. Results of these segments were presented on a managed basis. This structure was driven, among other things, by how the Company previously managed the business, how internal reporting was prepared and analyzed, and how management made decisions.

Beginning in the second quarter of 2019, all decisions, including those relating to loan growth and concentrations, deposit and other funding, market risk, credit risk, operational risk and pricing are made after assessing their effects on the Company as a whole, using a single segment concept. This change is consistent with the Company's strategic shift to focus on community banking after the spin-off from its Former Parent in August 2018, and the rebranding of the Company launched in April 2019. As part of this strategic shift, the Company has significantly reduced its international lending activities, which had been largely allocated to the Corporate LATAM segment. As a result, management reassessed the Company's remaining international business activities as well as the remaining three segments to determine whether the Company would continue to manage these businesses as separate operating segments, or consolidated as one single segment. In performing its assessment, management noted a similarity in the nature of products and services, processes, type of customers, distribution methods, and regulatory environment of its businesses. Further, management determined that it will no longer review discrete financial information related to the remaining operating segments for purposes of assessing performance or to allocate resources.

As a result of the above referenced strategic shift, assessments and determination, the Company is now managed as a single operating segment, on a consolidated basis. Therefore, beginning with the quarter ended June 30, 2019, the Company determined that no separate current or historical reportable segment disclosures are required under U.S. GAAP.

Amerant Bancorp Inc. and Subsidiaries
Notes to Interim Consolidated Financial Statements (Unaudited)

Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates made by management include: (i) the determination of the allowance for loan losses; (ii) the fair values of securities and the value assigned to goodwill during the annual goodwill impairment test; (iii) the cash surrender value of bank owned life insurance; and (iv) the determination of whether the amount of deferred tax assets will more likely than not be realized. Management believes that these estimates are appropriate. Actual results could differ from these estimates.

c) Subsequent Events

On July 10, 2019 the Company announced the redemption of all $15.0 million of its outstanding 10.60% trust preferred securities issued by its Commercebank Statutory Trust II (“Statutory Trust II”), and all $10.0 million of its outstanding 10.18% trust preferred securities issued by its Commercebank Capital Trust III (“Capital Trust III”). The Capital Trust III securities were redeemed on July 31, 2019 at the contractual call price of 101.018% and the Statutory Trust II securities will be redeemed on September 7, 2019, the earliest call date, at the contractual call price of 100.53%. The Company will simultaneously redeem all $15.5 million and $10.4 million junior subordinated debentures held by its Statutory Trust II and Capital Trust III, respectively, as part of these redemption transactions. These redemptions together will reduce total cash and cash equivalents by approximately $23.8 million, financial liabilities by approximately $25.9 million and other assets by approximately $2.4 million. In addition, third quarter 2019 results will include a total charge of $0.3 million for the premiums paid to security holders from these redemptions. The redemption of these legacy Tier 1 capital instruments will reduce the Company’s Tier 1 equity capital by a total of $23.5 million.

The Company’s regulatory capital ratios will continue to exceed regulatory minimums to be well-capitalized, upon these redemptions.

In August 2019, the Company entered into interest rate swaps that were designated as cash flow hedges to manage exposure of floating rate interest payments on all of the Company’s outstanding variable-rate junior subordinated debentures. See Note 7 to our unaudited interim consolidated financial statements in this Form 10-Q for details on the interest rate swap transaction.

All significant subsequent events have been recognized or disclosed in these unaudited interim consolidated financial statements.

Amerant Bancorp Inc. and Subsidiaries
Notes to Interim Consolidated Financial Statements (Unaudited)

2. Securities

Amortized cost and approximate fair values of securities available for sale are summarized as follows:

	June 30, 2019			
		Gross Unrealized		
(in thousands)	Amortized Cost	Gains	Losses	Estimated Fair Value
U.S. government sponsored enterprise debt securities	$ 930,137	$ 9,440	$ (5,907)	$ 933,670
Corporate debt securities	268,724	3,186	(204)	271,706
U.S. government agency debt securities	201,074	576	(2,910)	198,740
Municipal bonds	70,668	2,659	—	73,327
Mutual funds	24,269	—	(490)	23,779
Commercial paper	—	—	—	—
	$ 1,494,872	$ 15,861	$ (9,511)	$ 1,501,222

	December 31, 2018			
		Gross Unrealized		
(in thousands)	Amortized Cost	Gains	Losses	Estimated Fair Value
U.S. government sponsored enterprise debt securities	$ 840,760	$ 2,197	$ (22,178)	$ 820,779
Corporate debt securities	357,602	139	(5,186)	352,555
U.S. government agency debt securities	221,682	187	(4,884)	216,985
Municipal bonds	162,438	390	(2,616)	160,212
Mutual funds	24,266	—	(1,156)	23,110
Commercial paper	12,448	—	(38)	12,410
	$ 1,619,196	$ 2,913	$ (36,058)	$ 1,586,051

At June 30, 2019 and December 31, 2018, the Company had no foreign sovereign or government agency debt securities.

Amerant Bancorp Inc. and Subsidiaries
Notes to Interim Consolidated Financial Statements (Unaudited)

The Company's securities available for sale with unrealized losses that are deemed temporary, aggregated by the length of time that individual securities have been in a continuous unrealized loss position, are summarized below:

	June 30, 2019					
	Less Than 12 Months		12 Months or More		Total	
(in thousands)	Estimated Fair Value	Unrealized Loss	Estimated Fair Value	Unrealized Loss	Estimated Fair Value	Unrealized Loss
U.S. government sponsored enterprise debt securities	$ 41,500	$ (307)	$ 436,675	$ (5,600)	$ 478,175	$ (5,907)
Corporate debt securities	305	(1)	48,637	(203)	48,942	(204)
Municipal bonds	—	—	—	—	—	—
U.S. government agency debt securities	6,402	(42)	141,248	(2,868)	147,650	(2,910)
Mutual funds	—	—	23,530	(490)	23,530	(490)
Commercial paper	—	—	—	—	—	—
	$ 48,207	$ (350)	$ 650,090	$ (9,161)	$ 698,297	$ (9,511)

	December 31, 2018					
	Less Than 12 Months		12 Months or More		Total	
(in thousands)	Estimated Fair Value	Unrealized Loss	Estimated Fair Value	Unrealized Loss	Estimated Fair Value	Unrealized Loss
U.S. government sponsored enterprise debt securities	$ 90,980	$ (2,995)	$ 608,486	$ (19,183)	$ 699,466	$ (22,178)
Corporate debt securities	243,667	(3,800)	75,762	(1,386)	319,429	(5,186)
Municipal bonds	63,580	(939)	133,886	(3,945)	197,466	(4,884)
U.S. government agency debt securities	1,449	(6)	94,331	(2,610)	95,780	(2,616)
Mutual funds	—	—	22,865	(1,156)	22,865	(1,156)
Commercial paper	12,410	(38)	—	—	12,410	(38)
	$ 412,086	$ (7,778)	$ 935,330	$ (28,280)	$ 1,347,416	$ (36,058)

At June 30, 2019 and December 31, 2018, certain debt securities issued or guaranteed by U.S. government-sponsored entities and agencies were held by the Company. The Company believes these issuers to present little credit risk. The Company does not consider these securities to be other-than-temporarily impaired because the decline in fair value is attributable to changes in interest rates and investment securities markets, generally, and not credit quality. The Company does not intend to sell these debt securities and it is more likely than not that it will not be required to sell the securities before their anticipated recovery.

Amerant Bancorp Inc. and Subsidiaries
Notes to Interim Consolidated Financial Statements (Unaudited)

Unrealized losses on corporate debt securities atJune 30, 2019, and municipal and corporate debt securities at December 31, 2018, are attributable to changes in interest rates and investment securities markets, generally, and as a result, temporary in nature. The Company does not consider these securities to be other-than-temporarily impaired because the issuers of these debt securities are considered to be high quality, and management does not intend to sell these investments and it is more likely than not that it will not be required to sell these investments before their anticipated recovery.

Amortized cost and approximate fair values of securities held to maturity, are summarized as follows:

	June 30, 2019			
	Amortized	Gross Unrealized		Estimated
(in thousands)	Cost	Gains	Losses	Fair Value
Securities Held to Maturity -				
U.S. government sponsored enterprise debt securities	$ 78,448	$ 497	$ (382)	$ 78,563
U.S. Government agency debt securities	2,792	54	—	2,846
	$ 81,240	$ 551	$ (382)	$ 81,409

	December 31, 2018			
	Amortized	Gross Unrealized		Estimated
(in thousands)	Cost	Gains	Losses	Fair Value
Securities Held to Maturity -				
U.S. government sponsored enterprise debt securities	$ 82,326	$ —	$ (3,889)	$ 78,437
U.S. Government agency debt securities	2,862	—	(49)	2,813
	$ 85,188	$ —	$ (3,938)	$ 81,250

Contractual maturities of securities at June 30, 2019 are as follows:

	Available for Sale		Held to Maturity	
(in thousands)	Amortized Cost	Estimated Fair Value	Amortized Cost	Estimated Fair Value
Within 1 year	$ 44,267	$ 44,283	$ —	$ —
After 1 year through 5 years	217,122	218,528	—	—
After 5 years through 10 years	175,701	179,155	—	—
After 10 years	1,033,513	1,035,477	81,240	81,409
No contractual maturities	24,269	23,779	—	—
	$ 1,494,872	$ 1,501,222	$ 81,240	$ 81,409

Amerant Bancorp Inc. and Subsidiaries
Notes to Interim Consolidated Financial Statements (Unaudited)

3. Loans

The loan portfolio consists of the following loan classes:

(in thousands)	June 30, 2019	December 31, 2018
Real estate loans		
Commercial real estate		
Nonowner occupied	$ 1,872,493	$ 1,809,356
Multi-family residential	968,080	909,439
Land development and construction loans	291,304	326,644
	3,131,877	3,045,439
Single-family residential	535,563	533,481
Owner occupied	836,334	777,022
	4,503,774	4,355,942
Commercial loans	1,180,736	1,380,428
Loans to financial institutions and acceptances	25,006	68,965
Consumer loans and overdrafts	103,239	114,840
	$ 5,812,755	$ 5,920,175

The amounts above include loans under syndication facilities of approximately$609 million and $807 million at June 30, 2019 and December 31, 2018, respectively, which include Shared National Credit facilities and agreements to enter into credit agreements among other lenders (club deals), and other agreements.

The following tables summarize international loans by country, net of loans fully collateralized with cash of approximately$20.6 million and $19.5 million at June 30, 2019 and December 31, 2018, respectively.

	June 30, 2019		
(in thousands)	Venezuela	Others (1)	Total
Real estate loans			
Single-family residential (2)	$ 116,218	$ 6,636	$ 122,854
Commercial loans	—	57,374	57,374
Loans to financial institutions and acceptances	—	5,000	5,000
Consumer loans and overdrafts (3)	21,197	8,368	29,565
	$ 137,415	$ 77,378	$ 214,793

(1) Loans to borrowers in 15 other countries which do not individually exceed 1% of total assets.
(2) Corresponds to mortgage loans secured by single-family residential properties located in the U.S.
(3) Mostly comprised of credit card extensions of credit to customers with deposits with the Bank. In April 2019, the Company revised its credit card program to further strengthen credit quality. The Company stopped the charging privileges of its smallest and riskiest cardholders and required repayment of their balances by November 2019. Other cardholders' charging privileges will end in October 2019 and they will be required to repay all balances by January 2020. Overdrafts to customers outside the United States were de minimis at June 30, 2019 and December 31, 2018.

Amerant Bancorp Inc. and Subsidiaries
Notes to Interim Consolidated Financial Statements (Unaudited)

	December 31, 2018		
(in thousands)	Venezuela	Others (1)	Total
Real estate loans			
Single-family residential (2)	$ 128,971	$ 6,467	$ 135,438
Commercial loans	—	73,636	73,636
Loans to financial institutions and acceptances	—	49,000	49,000
Consumer loans and overdrafts (3)	28,191	13,494	41,685
	$ 157,162	$ 142,597	$ 299,759

(1) Loans to borrowers in 17 other countries which do not individually exceed 1% of total assets.
(2) Corresponds to mortgage loans secured by single-family residential properties located in the U.S.
(3) Mostly comprised of credit card extensions of credit to customers with deposits with the Bank. Charging privileges for Venezuela resident card holders are suspended when the cardholders' average deposits decline below the outstanding credit balance. At the beginning of 2018, the Company changed the monitoring of such balances from quarterly to monthly.

The age analysis of the loan portfolio by class, including nonaccrual loans, as of June 30, 2019 and December 31, 2018 are summarized in the following tables:

	June 30, 2019							
			Past Due					
(in thousands)	Total Loans, Net of Unearned Income	Current	30-59 Days	60-89 Days	Greater than 90 Days	Total Past Due	Total Loans in Nonaccrual Status	Total Loans 90 Days or More Past Due and Accruing
Real estate loans								
Commercial real estate								
Nonowner occupied	$ 1,872,493	$ 1,870,529	$ 1,964	$ —	$ —	$ 1,964	$ 1,964	$ —
Multi-family residential	968,080	967,423	—	—	657	657	657	—
Land development and construction loans	291,304	291,304	—	—	—	—	—	—
	3,131,877	3,129,256	1,964	—	657	2,621	2,621	—
Single-family residential	535,563	528,921	916	1,573	4,153	6,642	9,432	—
Owner occupied	836,334	832,924	2,715	—	695	3,410	10,528	—
	4,503,774	4,491,101	5,595	1,573	5,505	12,673	22,581	—
Commercial loans	1,180,736	1,176,688	872	80	3,096	4,048	10,032	—
Loans to financial institutions and acceptances	25,006	25,006	—	—	—	—	—	—
Consumer loans and overdrafts	103,239	102,464	419	250	106	775	114	23
	$ 5,812,755	$ 5,795,259	$ 6,886	$ 1,903	$ 8,707	$ 17,496	$ 32,727	$ 23

Amerant Bancorp Inc. and Subsidiaries
Notes to Interim Consolidated Financial Statements (Unaudited)

	December 31, 2018							
			Past Due					
(in thousands)	Total Loans, Net of Unearned Income	Current	30-59 Days	60-89 Days	Greater than 90 Days	Total Past Due	Total Loans in Nonaccrual Status	Total Loans 90 Days or More Past Due and Accruing
Real estate loans								
Commercial real estate								
Nonowner occupied	$ 1,809,356	$ 1,809,356	$ —	$ —	$ —	$ —	$ —	$ —
Multi-family residential	909,439	909,439	—	—	—	—	—	—
Land development and construction loans	326,644	326,644	—	—	—	—	—	—
	3,045,439	3,045,439	—	—	—	—	—	—
Single-family residential	533,481	519,730	7,910	2,336	3,505	13,751	6,689	419
Owner occupied	777,022	773,876	2,800	160	186	3,146	4,983	—
	4,355,942	4,339,045	10,710	2,496	3,691	16,897	11,672	419
Commercial loans	1,380,428	1,378,022	704	1,062	640	2,406	4,772	—
Loans to financial institutions and acceptances	68,965	68,965	—	—	—	—	—	—
Consumer loans and overdrafts	114,840	113,227	474	243	896	1,613	35	884
	$ 5,920,175	$ 5,899,259	$ 11,888	$ 3,801	$ 5,227	$ 20,916	$ 16,479	$ 1,303

At June 30, 2019 and December 31, 2018, loans with an outstanding principal balance of$1.7 billion were pledged as collateral to secure advances from the FHLB.

4. Allowance for Loan Losses

The analyses by loan segment of the changes in the allowance for loan losses for the three andsix month periods ended June 30, 2019 and 2018, and its allocation by impairment methodology and the related investment in loans, net as of June 30, 2019 and 2018 are summarized in the following tables:

	Three Months Ended June 30, 2019				
(in thousands)	Real Estate	Commercial	Financial Institutions	Consumer and Others	Total
Balances at beginning of the period	$ 22,456	$ 29,100	$ 106	$ 8,660	$ 60,322
(Reversal of) provision for loan losses	(556)	(2,646)	(46)	1,898	(1,350)
Loans charged-off					
Domestic	—	(874)	—	(210)	(1,084)
International	—	(43)	—	(894)	(937)
Recoveries	—	287	—	166	453
Balances at end of the period	$ 21,900	$ 25,824	$ 60	$ 9,620	$ 57,404

Table of Contents

	Six Months Ended June 30, 2019				
(in thousands)	Real Estate	Commercial	Financial Institutions	Consumer and Others	Total
Balances at beginning of the period	$ 22,778	$ 30,018	$ 445	$ 8,521	$ 61,762
(Reversal of) provision for loan losses	(878)	(2,677)	(385)	2,590	(1,350)
Loans charged-off					
Domestic	—	(1,866)	—	(406)	(2,272)
International	—	(61)	—	(1,300)	(1,361)
Recoveries	—	410	—	215	625
Balances at end of the period	$ 21,900	$ 25,824	$ 60	$ 9,620	$ 57,404

	June 30, 2019				
(in thousands)	Real Estate	Commercial	Financial Institutions	Consumer and Others	Total
Allowance for loan losses by impairment methodology					
Individually evaluated	$ 527	$ 2,608	$ —	$ 1,390	$ 4,525
Collectively evaluated	21,373	23,216	60	8,230	52,879
	$ 21,900	$ 25,824	$ 60	$ 9,620	$ 57,404
Investment in loans, net of unearned income					
Individually evaluated	$ 2,621	$ 19,298	$ —	$ 6,633	$ 28,552
Collectively evaluated	3,123,437	2,104,143	25,006	531,617	5,784,203
	$ 3,126,058	$ 2,123,441	$ 25,006	$ 538,250	$ 5,812,755

Table of Contents

Amerant Bancorp Inc. and Subsidiaries
Notes to Interim Consolidated Financial Statements (Unaudited)

	Three Months Ended June 30, 2018				
(in thousands)	Real Estate	Commercial	Financial Institutions	Consumer and Others	Total
Balances at beginning of the period	$ 30,503	$ 33,672	$ 3,671	$ 4,272	$ 72,118
(Reversal of) provision for loan losses	(1,814)	(1,750)	(354)	4,068	150
Loans charged-off					
Domestic	—	(2,355)	—	(98)	(2,453)
International	—	(52)	—	(230)	(282)
Recoveries	4	269	—	125	398
Balances at end of the period	$ 28,693	$ 29,784	$ 3,317	$ 8,137	$ 69,931

	Six Months Ended June 30, 2018				
(in thousands)	Real Estate	Commercial	Financial Institutions	Consumer and Others	Total
Balances at beginning of the period	31,290	32,687	4,362	3,661	72,000
(Reversal of) provision for loan losses	(2,635)	(1,215)	(1,045)	5,045	150
Loans charged-off					
Domestic	—	(2,737)	—	(117)	(2,854)
International	—	(52)	—	(630)	(682)
Recoveries	38	1,101	—	178	1,317
Balances at end of the period	28,693	29,784	3,317	8,137	69,931

	June 30, 2018				
(in thousands)	Real Estate	Commercial	Financial Institutions	Consumer and Others	Total
Allowance for loan losses by impairment methodology					
Individually evaluated	$ 4,055	$ 2,252	$ —	$ —	$ 6,307
Collectively evaluated	24,638	27,532	3,317	8,137	63,624
	$ 28,693	$ 29,784	$ 3,317	$ 8,137	$ 69,931
Investment in loans, net of unearned income					
Individually evaluated	$ 11,078	$ 16,206	$ —	$ 306	$ 27,590
Collectively evaluated	3,078,004	2,184,226	371,498	558,231	6,191,959
	$ 3,089,082	$ 2,200,432	$ 371,498	$ 558,537	$ 6,219,549

Amerant Bancorp Inc. and Subsidiaries
Notes to Interim Consolidated Financial Statements (Unaudited)

The following is a summary of the recorded investment amount of loan sales by portfolio segment:

Three Months Ended June 30, (in thousands)	Real Estate	Commercial	Financial Institutions	Consumer and others	Total
2019	$ —	$ 59,282	$ —	$ 2,957	$ 62,239
2018	$ 5,049	$ 5,774	$ —	$ —	$ 10,823

Six Months Ended June 30, (in thousands)	Real Estate	Commercial	Financial Institutions		Consumer and others	Total
2019	23,475	186,120	—		4,821	214,416
2018	8,007	15,774	—	1,864	—	23,781

The following is a summary of impaired loans as ofJune 30, 2019 and December 31, 2018

	June 30, 2019					
	Recorded Investment					
(in thousands)	With a Valuation Allowance	Without a Valuation Allowance	Total	Year Average (1)	Total Unpaid Principal Balance	Valuation Allowance
Real estate loans						
Commercial real estate						
Nonowner occupied	$ 1,964	$ —	$ 1,964	$ 3,052	$ 1,964	$ 313
Multi-family residential	657	—	657	702	657	214
Land development and construction loans	—	—	—	—	—	—
	2,621	—	2,621	3,754	2,621	527
Single-family residential	6,377	484	6,861	4,697	6,950	1,444
Owner occupied	3,223	6,427	9,650	5,980	9,688	1,056
	12,221	6,911	19,132	14,431	19,259	3,027
Commercial loans	9,235	92	9,327	6,987	10,477	1,448
Consumer loans and overdrafts	84	9	93	39	90	50
	$ 21,540	$ 7,012	$ 28,552	$ 21,457	$ 29,826	$ 4,525

Amerant Bancorp Inc. and Subsidiaries
Notes to Interim Consolidated Financial Statements (Unaudited)

	December 31, 2018					
	Recorded Investment					
(in thousands)	With a Valuation Allowance	Without a Valuation Allowance	Total	Year Average (1)	Total Unpaid Principal Balance	Valuation Allowance
Real estate loans						
Commercial real estate						
Nonowner occupied	$ —	$ —	$ —	$ 7,935	$ —	$ —
Multi-family residential	—	717	717	724	722	—
Land development and construction loans	—	—	—	—	—	—
	—	717	717	8,659	722	—
Single-family residential	3,086	306	3,392	4,046	3,427	1,235
Owner occupied	169	4,427	4,596	5,524	4,601	75
	3,255	5,450	8,705	18,229	8,750	1,310
Commercial loans	4,585	148	4,733	7,464	6,009	1,059
Consumer loans and overdrafts	9	11	20	15	17	4
	$ 7,849	$ 5,609	$ 13,458	$ 25,708	$ 14,776	$ 2,373

(1) Average using trailing four quarter balances.

The Company recognized interest income on impaired loans of $14 thousand and $83 thousand during the three months ended June 30, 2019 and 2018, respectively, and $32 thousand and $108 thousand during the six months ended June 30, 2019 and 2018, respectively.

During the six months ended June 30, 2019, new troubled debt restructurings (“TDRs”) consisted ofone single-family residential loan with a recorded investment of$202 thousand as of June 30, 2019. During the six months ended June 30, 2019, the Company had no charge-offs against the allowance for loan losses as a result of TDR loans. Since June 30, 2018, no TDRs subsequently defaulted under the modified terms of the loan agreement.

On July 30, 2019, the Company agreed to restructure certain CRE, owner occupied and commercial loans totaling$9.4 million in a multiple loan relationship with a South Florida customer. This TDR restructure consisted of extending repayment terms and adjusting future periodic payments, and the Company determined no additional impairment charges were necessary. Four residential loans, totaling $2.2 million, which are included in this loan relationship, were not modified. The Company believes the specific reserves associated with these CRE, owner occupied, commercial loans, and residential loans, which total a $11.6 million impaired loan relationship as of June 30, 2019, are adequate to cover probable losses given current facts and circumstances. The Company will continue to closely monitor the performance of these loans under their modified terms.

Amerant Bancorp Inc. and Subsidiaries
Notes to Interim Consolidated Financial Statements (Unaudited)

Credit Risk Quality

The Company's investment in loans by credit quality indicators as ofJune 30, 2019 and December 31, 2018 are summarized in the following tables:

	June 30, 2019					
	Credit Risk Rating					
	Nonclassified		Classified			
(in thousands)	Pass	Special Mention	Substandard	Doubtful	Loss	Total
Real estate loans						
Commercial real estate						
Nonowner occupied	$ 1,864,278	$ 6,251	$ 1,964	$ —	$ —	$ 1,872,493
Multi-family residential	967,423		657	—	—	968,080
Land development and construction loans	291,304	—	—	—	—	291,304
	3,123,005	6,251	2,621	—	—	3,131,877
Single-family residential	526,131	—	9,432	—	—	535,563
Owner occupied	812,918	9,476	13,940	—	—	836,334
	4,462,054	15,727	25,993	—	—	4,503,774
Commercial loans	1,163,375	5,332	11,490	539	—	1,180,736
Loans to financial institutions and acceptances	25,006	—	—	—	—	25,006
Consumer loans and overdrafts	98,818	—	4,421	—	—	103,239
	$ 5,749,253	$ 21,059	$ 41,904	$ 539	$ —	$ 5,812,755

Amerant Bancorp Inc. and Subsidiaries
Notes to Interim Consolidated Financial Statements (Unaudited)

	December 31, 2018					
	Credit Risk Rating					
	Nonclassified		Classified			
(in thousands)	Pass	Special Mention	Substandard	Doubtful	Loss	Total
Real estate loans						
Commercial real estate						
Nonowner occupied	$ 1,802,573	$ 6,561	$ 222	$ —	$ —	$ 1,809,356
Multi-family residential	909,439	—	—	—	—	909,439
Land development and construction loans	326,644	—	—	—	—	326,644
	3,038,656	6,561	222	—	—	3,045,439
Single-family residential	526,373	—	7,108	—	—	533,481
Owner occupied	758,552	9,019	9,451	—	—	777,022
	4,323,581	15,580	16,781	—	—	4,355,942
Commercial loans	1,369,434	3,943	6,462	589	—	1,380,428
Loans to financial institutions and acceptances	68,965	—	—	—	—	68,965
Consumer loans and overdrafts	108,778	—	6,062	—	—	114,840
	$ 5,870,758	$ 19,523	$ 29,305	$ 589	$ —	$ 5,920,175

5. Time Deposits

Time deposits in denominations of $100,000 or more amounted to approximately $1.4 billion at June 30, 2019 and December 31, 2018. Time deposits in denominations of $250,000 or more amounted to approximately $740 million and $718 million at June 30, 2019 and December 31, 2018, respectively. As of June 30, 2019 and December 31, 2018, brokered time deposits amounted to $619 million and $642 million, respectively.

6. Advances from the Federal Home Loan Bank and Other Borrowings

The Company had outstanding advances from the FHLB and other borrowings. These borrowings bear fixed interest rates or variable rates based on 3-month LIBOR as follows:

Year of Maturity	Interest Rate	June 30, 2019	December 31, 2018
(in thousands, except percentages)			
2019	1.80% to 3.86%	$ 350,000	$ 440,000
2020	1.50% to 2.74%	325,000	306,000
2021	1.93% to 3.08%	240,000	210,000
2022	2.48% to 2.80%	120,000	120,000
2023 and after	2.95% to 3.23%	90,000	90,000
		$ 1,125,000	$ 1,166,000

Amerant Bancorp Inc. and Subsidiaries
Notes to Interim Consolidated Financial Statements (Unaudited)

7. Derivative Instruments

At June 30, 2019 and December 31, 2018, the fair values of the Company's derivative instruments were as follows:

	June 30, 2019		December 31, 2018	
(in thousands)	Other Assets	Other Liabilities	Other Assets	Other Liabilities
Interest rate swaps designated as cash flow hedges	$ —	$ —	$ 9,386	$ 283
Interest rate swaps not designated as hedging instruments:				
Customers	10,226	—	1,420	—
Third party broker	—	10,226	—	1,420
	10,226	10,226	1,420	1,420
Interest rate caps not designated as hedging instruments:				
Customers	—	78	—	685
Third party broker	78	—	685	—
	78	78	685	685
	$ 10,304	$ 10,304	$ 11,491	$ 2,388

Derivatives Designated as Hedging Instruments

At December 31, 2018, the Company had 16 interest rate swap contracts with total notional amounts of$280 million, that were designated as cash flow hedges of floating rate interest payments on the outstanding and expected rollover of variable-rate advances from the FHLB. These hedge relationships were expected to be highly effective in offsetting the effects of changes in interest rates in the cash flows associated with the advances from the FHLB. No hedge ineffectiveness gains or losses were recognized in the six months ended June 30, 2019 and 2018.

In February and March 2019, the Company terminated these 16 interest rate swaps designated as cash flow hedges. The Company will recognize the contracts' cumulative net unrealized gains of $8.9 million in earnings over the remaining original life of the terminated interest rate swaps of betweensix months and seven years.

On August 8, 2019, the Company entered into five interest rate swap contracts with notional amounts totaling$64.2 million that were designated as cash flow hedges to manage exposure of floating rate interest payments on all of the Company's outstanding variable-rate junior subordinated debentures with carrying amounts at June 30, 2019 totaling $64.2 million. These interest rate swap contracts mature in approximatelythree years. The Company expects these interest rates swaps to be highly effective in offsetting the effects of changes in interest rates on cash flows associated with the Company's variable-rate junior subordinated debentures.

The Company's interest rate swaps designated as cash flow hedges involve the Company's payment of fixed-rate amounts in exchange for the Company receiving variable-rate payments over the life of the agreements without exchange of the underlying notional amount.

Derivatives Not Designated as Hedging Instruments

At June 30, 2019 and December 31, 2018, the Company had 22 and eight interest rate swap contracts with customers, respectively, with a total notional amount of$199.1 million and $80.4 million, respectively. These instruments involve the payment of fixed-rate amounts in exchange for the Company receiving variable-rate payments over the life of the contract. In addition, at June 30, 2019 and December 31, 2018, the Company had interest rate swap mirror contracts with a third party broker with similar terms.

Amerant Bancorp Inc. and Subsidiaries
Notes to Interim Consolidated Financial Statements (Unaudited)

At each of June 30, 2019 and December 31, 2018, the Company had 16 interest rate cap contracts with customers with a total notional amount of$302.8 million and $323.7 million, respectively. In addition, at June 30, 2019 and December 31, 2018, the Company had interest rate cap mirror contracts with various third party brokers with similar terms.

8. Stock-based Incentive Compensation Plan

The Company sponsors the 2018 Equity and Incentive Compensation Plan (the "2018 Equity Plan"). See Note 11 to the Company's audited consolidated financial statements in the Form 10-K for more information on the 2018 Equity Plan and restricted stock awards for the year ended 2018. The 2018 Equity Plan was renamed as of August 8, 2019 to reflect the change of the Company's name to Amerant Bancorp Inc. on June 5, 2019.

On January 22, 2019, the Company granted an additional1,299 shares of restricted stock to an employee who was not included in the December 21, 2018 restricted stock award. These shares of restricted stock will vest in three approximately equal amounts on each of January 21, 2020, 2021 and 2022. The fair value of the restricted stock granted was based on the market price of the shares of the Company's Class A common stock at the grant date which was $13.58 per share.

During the three and six month periods ended June 30, 2019, the Company recorded$1.5 million and $3.0 million, respectively, of compensation expense related to the restricted stock awards granted in December 2018 and January 2019. The total unamortized deferred compensation expense of $6.8 million for all unvested restricted stock outstanding at June 30, 2019 will be recognized over a weighted average period of 1.6 years.

9. Income Taxes

The Company uses an estimated annual effective tax rate method in computing its interim tax provision. This effective tax rate is based on forecast annual consolidated pre-tax income, permanent tax differences and statutory tax rates. Under this method, the tax effect of certain items that do not meet the definition of ordinary income or expense are computed and recognized as discrete items when they occur.

The effective combined federal and state tax rates for thesix months ended June 30, 2019 and 2018 were 21.50% and 26.80%, respectively. Effective tax rates differ from the statutory rates mainly due to the impact of forecast permanent non-taxable interest and other income, and the impact of permanent non-deductible discrete expense items incurred during the period, which primarily include the non-deductible spin-off costs in 2018 and the effect of corporate state taxes.

10. Accumulated Other Comprehensive Income (Loss) ("AOCI/AOCL"):

The components of AOCI/AOCL are summarized as follows using applicable blended average federal and state tax rates for each period:

	June 30, 2019			December 31, 2018		
(in thousands)	Before Tax Amount	Tax Effect	Net of Tax Amount	Before Tax Amount	Tax Effect	Net of Tax Amount
Net unrealized holding gains (losses) on securities available for sale	$ 6,350	$ (1,552)	$ 4,798	$ (33,145)	$ 8,104	$ (25,041)
Net unrealized holding gains on interest rate swaps designated as cash flow hedges	8,393	(2,052)	6,341	9,103	(2,226)	$ 6,877
Total AOCI (AOCL)	$ 14,743	$ (3,604)	$ 11,139	$ (24,042)	$ 5,878	$ (18,164)

Amerant Bancorp Inc. and Subsidiaries
Notes to Interim Consolidated Financial Statements (Unaudited)

The components of other comprehensive income (loss) for the periods presented is summarized as follows:

	Three Months Ended June 30,					
	2019			2018		
(in thousands)	Before Tax Amount	Tax Effect	Net of Tax Amount	Before Tax Amount	Tax Effect	Net of Tax Amount
Net unrealized holding gains (losses) on securities available for sale:						
Change in fair value arising during the period	$ 18,946	$ (4,633)	$ 14,313	$ (6,716)	$ 1,262	$ (5,454)
Reclassification adjustment for net gains included in net income	(992)	243	(749)	(16)	4	(12)
	17,954	(4,390)	13,564	(6,732)	1,266	(5,466)
Net unrealized holding gains on interest rate swaps designated as cash flow hedges:						
Change in fair value arising during the period	—	—	—	2,574	(435)	2,139
Reclassification adjustment for net interest (income) expense included in net income	(366)	90	(276)	19	(5)	14
	(366)	90	(276)	2,593	(440)	2,153
Total other comprehensive income (loss)	$ 17,588	$ (4,300)	$ 13,288	$ (4,139)	$ 826	$ (3,313)

Amerant Bancorp Inc. and Subsidiaries
Notes to Interim Consolidated Financial Statements (Unaudited)

	Six Months Ended June 30,					
	2019			2018		
(in thousands)	Before Tax Amount	Tax Effect	Net of Tax Amount	Before Tax Amount	Tax Effect	Net of Tax Amount
Net unrealized holding gains (losses) on securities available for sale:						
Change in fair value arising during the period	$ 40,491	$ (9,900)	$ 30,591	$ (27,566)	$ 7,135	$ (20,431)
Reclassification adjustment for net gains included in net income	(996)	244	(752)	(16)	4	(12)
	39,495	(9,656)	29,839	(27,582)	7,139	(20,443)
Net unrealized holding (losses) gains on interest rate swaps designated as cash flow hedges:						
Change in fair value arising during the period	(15)	4	(11)	8,608	(2,256)	6,352
Reclassification adjustment for net interest (income) expense included in net income	(695)	170	(525)	207	(36)	171
	(710)	174	(536)	8,815	(2,292)	6,523
Total other comprehensive income (loss)	$ 38,785	$ (9,482)	$ 29,303	$ (18,767)	$ 4,847	$ (13,920)

11. Stockholders' Equity

a) Class A Common Stock

Shares of the Company's Class A common stock issued and outstanding as ofJune 30, 2019 and December 31, 2018 were 28,985,996 and 26,851,832, respectively.

IPO Over-allotment Option

On January 23, 2019, the underwriters of the Company's IPO partially exercised their over-allotment option by purchasing229,019 shares of the Company's Class A common stock at the public offering price of $13.00 per share. The net proceeds to the Company from this transaction were approximately$3.0 million.

Private Placements

On February 1, 2019 and February 28, 2019, the Company issued and sold153,846 and 1,750,000 shares of its Class A common stock, respectively, in private placements exempt from registration under Section 4(a)(2) of the Securities Act and Securities and SEC Rule 506 (the "Private Placements"). The net proceeds to the Company from the Private Placements totaled approximately $26.7 million.

Amerant Bancorp Inc. and Subsidiaries
Notes to Interim Consolidated Financial Statements (Unaudited)

b) Class B Common Stock and Treasury Stock

Shares of the Company's Class B common stock issued as of June 30, 2019 and December 31, 2018 were 17,751,053. As of June 30, 2019 and December 31, 2018, there were 14,218,596 shares and 16,330,917 shares, respectively, of Class B common stock outstanding. As of June 30, 2019 and December 31, 2018, the Company had 3,532,457 shares and 1,420,136 shares, respectively, of Class B common stock held as treasury stock under the cost method.

On March 7, 2019, the Company repurchased all of MSF's 2,112,321 remaining shares of nonvoting Class B common stock at a weighted average price of $13.48 per share with proceeds from the IPO over-allotment exercise and the Private Placements, representing an aggregate purchase price of approximately $28.5 million. The aforementioned 2,112,321 shares of Class B common stock are held in treasury stock under the cost method.

Following this repurchase, MSF no longer owns any shares of the Company's Class A common stock or Class B common stock, and therefore, MSF no longer has any rights to register Company shares for resale.

e) Dividends

On March 13, 2018, the Company paid a special, one-time, cash dividend of $40.0 million to MSF, or $0.94 per common share.

12. Commitments and Contingencies

The Company and its subsidiaries are parties to various legal actions arising in the ordinary course of business. In the opinion of management, the outcome of these proceedings will not have a significant effect on the Company's consolidated financial position or results of operations.

The Company occupies various premises under noncancelable lease agreements expiring through the year 2046. Actual rental expenses may include deferred rents that are recognized as rent expense on a straight line basis. Rent expense under these leases was approximately $1.2 million and $1.6 million for the three months ended June 30, 2019 and 2018, respectively, and $2.8 million and and $3.0 million for the six months ended June 30, 2019 and 2018, respectively.

Financial instruments whose contract amount represents off-balance sheet credit risk at June 30, 2019 are generally short-term and are as follows:

(in thousands)	Approximate Contract Amount
Commitments to extend credit	$ 844,170
Credit card facilities	143,666
Standby letters of credit	22,068
Commercial letters of credit	8,496
	$ 1,018,400

Amerant Bancorp Inc. and Subsidiaries
Notes to Interim Consolidated Financial Statements (Unaudited)

13. Fair Value Measurements

Assets and liabilities measured at fair value on a recurring basis are summarized below:

	June 30, 2019			
(in thousands)	Quoted Prices in Active Markets for Identical Assets (Level 1)	Third-Party Models with Observable Market Inputs (Level 2)	Internal Models with Unobservable Market Inputs (Level 3)	Total Carrying Value in the Consolidated Balance Sheet
Assets				
Securities available for sale				
U.S. government sponsored enterprise debt securities	$ —	$ 933,670	$ —	$ 933,670
Corporate debt securities	—	271,706	—	271,706
U.S. government agency debt securities	—	198,740	—	198,740
Municipal bonds	—	73,327	—	73,327
Mutual funds	—	23,779	—	23,779
	—	1,501,222	—	1,501,222
Bank owned life insurance	—	208,965	—	208,965
Derivative instruments	—	10,304	—	10,304
	$ —	$ 1,720,491	$ —	$ 1,720,491
Liabilities				
Derivative instruments	$ —	$ 10,304	$ —	$ 10,304

Amerant Bancorp Inc. and Subsidiaries
Notes to Interim Consolidated Financial Statements (Unaudited)

	December 31, 2018			
(in thousands)	Quoted Prices in Active Markets for Identical Assets (Level 1)	Third-Party Models with Observable Market Inputs (Level 2)	Internal Models with Unobservable Market Inputs (Level 3)	Total Carrying Value in the Consolidated Balance Sheet
Assets				
Securities available for sale				
U.S. government sponsored enterprise debt securities	$ —	$ 820,779	$ —	$ 820,779
Corporate debt securities	—	352,555	—	352,555
U.S. government agency debt securities	—	216,985	—	216,985
Municipal bonds	—	160,212	—	160,212
Mutual funds	—	23,110	—	23,110
Commercial paper	—	12,410	—	12,410
	—	1,586,051	—	1,586,051
Bank owned life insurance	—	206,141	—	206,141
Derivative instruments	—	11,491	—	11,491
	$ —	$ 1,803,683	$ —	$ 1,803,683
Liabilities				
Derivative instruments	$ —	$ 2,388	$ —	$ 2,388

At the dates shown, there were no Level 3 assets or liabilities.

Level 2 Valuation Techniques

The valuation of securities and derivative instruments is performed through a monthly pricing process using data provided by generally recognized providers of independent data pricing services (the “Pricing Providers”). These Pricing Providers collect, use and incorporate descriptive market data from various sources, quotes and indicators from leading broker dealers to generate independent and objective valuations. The fair value of bank-owned life insurance policies is based on the cash surrender values of the policies as reported by the insurance companies.

The valuation techniques and the inputs used in our consolidated financial statements to measure the fair value of our recurring Level 2 financial instruments consider, among other factors, the following:

- Similar securities actively traded which are selected from recent market transactions;
- Observable market data which includes spreads in relationship to LIBOR, swap curve, and prepayment speed rates, as applicable; and
- The captured spread and prepayment speed are used to obtain the fair value for each related security.

On a quarterly basis, the Company evaluates the reasonableness of the monthly pricing process for the valuation of securities and derivative instruments. This evaluation includes challenging the valuation of a random sample of the different types of securities in the investment portfolio as of the end of the quarter selected. This challenge consists of obtaining from the Pricing Providers a document explaining the methodology applied to obtain their fair value assessments for each type of investment included in the sample selection. The Company then analyzes in detail the various inputs used in the fair value calculation, both observable and unobservable (e.g., prepayment speeds, yield curve benchmarks, spreads, delinquency rates). Management believes that the consistent application of this methodology allows the Company to understand and evaluate the categorization of its investment portfolio.

The methods described above may produce a fair value calculation that may differ from the net realizable value or may not be reflective of future fair values. Furthermore, while the Company believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of its financial instruments could result in different estimates of fair value at the reporting date.

Assets and Liabilities Measured at Fair Value on a Nonrecurring Basis

There were no assets or liabilities measured at fair value on a nonrecurring basis atJune 30, 2019 and December 31, 2018.

Fair Value of Financial Instruments

The fair value of a financial instrument represents the price that would be received from its sale in an orderly transaction between market participants at the measurement date. The best indication of the fair value of a financial instrument is determined based upon quoted market prices. However, in many cases, there are no quoted market prices for the Company’s various financial instruments. As a result, the Company derives the fair value of the financial instruments held at the reporting period-end, in part, using present value or other valuation techniques. Those techniques are significantly affected by management’s assumptions, the estimated amount and timing of future cash flows and estimated discount rates included in present value and other techniques. The use of different assumptions could significantly affect the estimated fair values of the Company’s financial instruments. Accordingly, the net realized values could be materially different from the estimates presented below.

The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which it is practicable to estimate that value:

- Because of their nature and short-term maturities, the carrying values of the following financial instruments were used as a reasonable estimate of their fair value: cash and cash equivalents, interest earning deposits with banks, variable-rate loans with re-pricing terms shorter than twelve months, demand and savings deposits, short-term time deposits and other borrowings.

- The fair value of loans held for sale, securities, bank owned life insurance and derivative instruments, are based on quoted market prices, when available. If quoted market prices are unavailable, fair value is estimated using the pricing process described in Note 17 to the Company’s audited consolidated financial statements in the Form 10-K.

- The fair value of commitments and letters of credit is based on the assumption that the Company will be required to perform on all such instruments. The commitment amount approximates estimated fair value.

- The fair value of advances from the FHLB, junior subordinated debentures and fixed-rate loans are estimated using a present value technique by discounting the future expected contractual cash flows using the current rates at which similar instruments would be issued with comparable credit ratings and terms at the measurement date.
- The fair value of long-term time deposits, including certificates of deposit, is determined using a present value technique by discounting the future expected contractual cash flows using current rates at which similar instruments would be issued at the measurement date.

The estimated fair value of financial instruments where fair value differs from carrying value are as follows:

	June 30, 2019		December 31, 2018	
(in thousands)	Carrying Value	Estimated Fair Value	Carrying Value	Estimated Fair Value
Financial assets				
Loans	$ 2,768,972	$ 2,650,162	$ 2,850,015	$ 2,739,721
Financial liabilities				
Time deposits	1,721,207	1,733,538	1,745,025	1,740,752
Advances from the FHLB	1,125,000	1,136,506	1,166,000	1,167,213
Junior subordinated debentures	118,110	114,581	118,110	99,450

14. Earnings Per Share

The following table shows the calculation of basic and diluted earnings per share:

	Three months ended June 30,		Six months ended June 30,	
(in thousands, except per share data)	2019	2018	2019	2018
Numerator:				
Net income available to common stockholders	$ 12,857	$ 10,423	$ 25,928	$ 19,852
Denominator:				
Basic weighted average shares outstanding	42,466	42,489	42,610	42,489
Dilutive effect of share-based compensation awards	353	—	255	—
Diluted weighted average shares outstanding	42,819	42,489	42,865	42,489
Basic earnings per common share	$ 0.30	$ 0.25	$ 0.61	$ 0.47
Diluted earnings per common share	$ 0.30	$ 0.25	$ 0.60	$ 0.47

Amerant Bancorp Inc. and Subsidiaries
Notes to Interim Consolidated Financial Statements (Unaudited)

As of June 30, 2019, potential dilutive instruments consist of 738,138 unvested shares of restricted stock, including 736,839 shares of restricted stock issued in December 2018 in connection with the Company's IPO and 1,299 additional shares of restricted stock issued in January 2019. As of June 30, 2019, these 738,138 unvested shares of restricted stock were included in the diluted earnings per share computation because, when the unamortized deferred compensation cost related to these shares was divided by the average market price per share at that date, fewer shares would have been purchased than restricted shares assumed issued. Therefore, at that date, such awards resulted in higher diluted weighted average shares outstanding than basic weighted average shares outstanding in the three and six months ended June 30, 2019, and had a dilutive effect in per share earnings for the three (not shown due to rounding) and six months ended June 30, 2019. As of June 30, 2018, the Company had no potentially dilutive instruments.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis is designed to provide a better understanding of various factors related to Amerant Bancorp Inc.'s (the "Company," "our" or "we") results of operations and financial condition and its wholly owned subsidiaries, including its principal subsidiary, Amerant Bank, N.A. (the "Bank"). The Bank has two principal subsidiaries, Amerant Trust, N.A. ("Amerant Trust"), a non-depository trust company, and Amerant Investments, Inc., a securities broker-dealer ("Amerant Investments").

This discussion is intended to supplement and highlight information contained in the accompanying unaudited interim consolidated financial statements and related footnotes included in this Quarterly Report on Form 10-Q ("Form 10-Q"), as well as the information contained in the Company's annual report on Form 10-K filed with the U.S. Securities and Exchange Commission (the "SEC") on April 1, 2019 ("Form 10-K").

Cautionary Notice Regarding Forward-Looking Statements

Various of the statements made in this Form 10-Q, including information incorporated herein by reference to other documents, are "forward-looking statements" within the meaning of, and subject to, the protections of the Securities Act of 1933 (the "Securities Act") and the Securities Exchange Act of 1934 (the "Exchange Act"). These forward-looking statements include, without limitation, future financial and operating results; costs and revenues; economic conditions generally and in our markets and among our customer base; loan demand; drivers for improvement; changes in the mix of our earning assets and our deposit and wholesale liabilities; net interest income and margin; yields on earning assets; interest rates (generally and those applicable to our assets and liabilities); credit quality, including loan performance, nonperforming assets, provisions for loan losses, charge-offs, other-than-temporary impairments and collateral values; the effect of redemptions of certain fixed rate trust preferred securities and related junior subordinated debt; rebranding and staff realignment costs and expected savings; market trends; and customer preferences, as well as statements with respect to our objectives, expectations and intentions and other statements that are not historical facts. All statements other than statements of historical fact are statements that could be forward-looking statements. You can identify these forward-looking statements through our use of words such as "may," "will," "anticipate," "assume," "should," "indicate," "would," "believe," "contemplate," "expect," "estimate," "continue," "plan," "point to," "project," "could," "intend," "target," "goals," "outlooks," "modeled" and other similar words and expressions of the future in this Form 10-Q. These forward-looking statements should be read together with the "Risk Factors" included in our Form 10-K and our other reports filed with the SEC. Additionally, these forward-looking statements may not be realized due to a variety of factors, including, without limitation:

- our ability to successfully execute our strategic plan, manage our growth and achieve our performance targets which assume, among other things, continued growth in our domestic loans, increased domestic deposits, increased cross-selling of services, increased efficiency and cost savings;
- the effects of future economic, business, and market condition changes, domestic and foreign, especially those affecting our Venezuelan depositors and credit card holders;
- business and economic conditions, generally and especially in our primary market areas;
- operational risks inherent to our business;
- our ability to successfully manage our credit risks and the sufficiency of our allowance for possible loan losses;
- the failure of assumptions and estimates, as well as differences in, and changes to, economic, market, interest rate, and credit conditions, including changes in borrowers' credit risks and payment behaviors, including those resulting from the changes to our credit card program in April 2019;

- compliance with governmental and regulatory requirements, including the Dodd-Frank Act and others relating to banking, consumer protection, securities and tax matters, and our ability to maintain licenses required in connection with mortgage origination, sale and servicing operations;
- compliance with the Bank Secrecy Act of 1970, the rules of the Treasury Department's Office of Foreign Assets Control and anti-money laundering laws and regulations, especially given our exposure to Venezuela customers;
- governmental monetary and fiscal policies, including market interest rates;
- the effectiveness of our enterprise risk management framework, including internal controls and disclosure controls;
- fluctuations in the values of the securities held in our securities portfolio;
- the risks of changes in interest rates on the levels, composition and costs of deposits, loan demand, and the values and liquidity of loan collateral, securities, and interest-sensitive assets and liabilities, and the risks and uncertainty of the amounts realizable;
- changes in the availability and cost of credit and capital in the financial markets, and the types of instruments that may be included as capital for regulatory purposes;
- changes in the prices, values and sales volumes of residential real estate and CRE;
- the effects of competition from a wide variety of local, regional, national and other providers of financial, investment, trust and other wealth management services and insurance services, including the disruptive effects of financial technology companies and other competitors who are not subject to the same regulations as the Company and the Bank;
- defaults by or deteriorating asset quality of other institutions;
- the failure of assumptions and estimates underlying the establishment of allowances for possible loan losses and other asset impairments, losses, valuations of assets and liabilities and other estimates, including the timing and effects of the implementation of the current expected credit losses model to financial instruments ("CECL") and the change in our credit card programs;
- the risks of mergers, acquisitions and divestitures, including, without limitation, the related time and costs of implementing such transactions, integrating operations as part of these transactions and possible failures to achieve expected gains, revenue growth and/or expense savings from such transactions;
- changes in technology or products that may be more difficult, costly, or less effective than anticipated;
- the effects of war, civil unrest, or other conflicts, acts of terrorism, hurricanes or other catastrophic events that may affect general economic conditions, including in countries where we have depositors and other customers;
- the effects of recent and future legislative and regulatory changes, including changes in banking, securities, tax, trade and finance laws, rules and regulations, such as the planned cessation of LIBOR, and their application by our regulators;
- our ability to continue to increase our core domestic deposits, and reduce the percentage of foreign deposits;

- the occurrence of fraudulent activity, data breaches or failures of our information security controls or cybersecurity-related incidents that may compromise our systems or customers' information;
- interruptions involving our information technology and telecommunications systems or third-party services;
- changes in our senior management team and our ability to attract, motivate and retain qualified personnel consistent with our strategic plan;
- the costs and obligations associated with being a newly public company;
- our ability to maintain our strong reputation, particularly in light of our ongoing rebranding effort;
- claims or legal actions to which we may be subject; and
- the other factors and information in our Form 10-K and other filings that we make with the SEC under the Exchange Act and Securities Act. See "Risk Factors" in our Form 10-K.

Forward-looking statements, including those as to our beliefs, plans, objectives, goals, expectations, anticipations, estimates and intentions, involve known and unknown risks, uncertainties and other factors, which may be beyond our control, and which may cause the Company's actual results, performance, achievements, or financial condition to be materially different from future results, performance, achievements, or financial condition expressed or implied by such forward-looking statements. You should not rely on any forward-looking statements as predictions of future events. In addition, our past results of operations are not necessarily indicative of our future results of operations. You should not expect us to update any forward-looking statements. All written or oral forward-looking statements attributable to us are expressly qualified in their entirety by this cautionary notice, together with those risks and uncertainties described in "Risk factors" in our Form 10-K and in our other filings with the SEC, which are available at the SEC's website www.sec.gov.

OVERVIEW

Our Company

We are a bank holding company headquartered in Coral Gables, Florida. We provide individuals and businesses a comprehensive array of deposit, credit, investment, wealth management, retail banking and fiduciary services. We serve customers in our United States markets and select international customers. These services are offered primarily through the Bank and its Amerant Trust and Amerant Investments subsidiaries. The Bank's primary markets are South Florida, where we operate 15 banking centers in Miami-Dade, Broward and Palm Beach counties; the greater Houston, Texas area where we have eight banking centers that serve nearby areas of Harris, Montgomery, Fort Bend and Waller counties, and Dallas, Texas and New York, New York, where we operate loan production offices. We have no foreign offices.

Rebranding

We launched "Amerant" as our new brand across all our markets in April 2019. The launch included rebranding of all digital platforms, new signs in most branches and buildings, and a broad campaign through digital and traditional media focused on brand awareness. We expect our rebranding to be substantially completed during the fourth quarter of 2019, and we expect to spend approximately $1.8 million in additional rebranding expenses for the second half of 2019. In addition, we expect to incur approximately $1.2 million in capital expenditures, or CAPEX, which will be amortized over the shorter of seven years (the estimated useful life of our signs), the remaining life of owned buildings or the remaining terms of leased facilities.

On June 4, 2019, the Company's stockholders approved an amendment to the Company's Amended and Restated Articles of Incorporation (the "Articles of Incorporation") to change the Company's name from "Mercantil Bank Holding Corporation" to "Amerant Bancorp Inc." (the "Name Change"). The Name Change became effective on June 5, 2019. Each of the Company, the Bank and its principal subsidiaries now operate under the "Amerant" brand.

Segment Reporting

Prior to the second quarter of 2019, the Company had four reportable segments: Personal and Commercial Banking ("PAC"), Corporate LATAM, Treasury, and Institutional. Results of these segments were presented on a managed basis. This structure was driven, among other things, by how the Company previously managed the business, how internal reporting was prepared and analyzed, and how management made decisions.

Beginning in the second quarter of 2019, all decisions, including those relating to loan growth and concentrations, deposit and other funding, market risk, credit risk, operational risk and pricing are made after assessing their effects on the Company as a whole, using a single segment concept. This change is consistent with the Company's strategic shift to focus on community banking after the spin-off from its former parent ("MSF" or "the Former Parent") in August 2018, and the rebranding of the Company launched in April 2019. As part of this strategic shift, the Company has significantly reduced its international lending activities which had been largely allocated to the Corporate LATAM segment. As a result, management reassessed the Company's remaining international business activities as well as the remaining three segments to determine whether the Company would continue to manage these businesses as separate operating segments, or consolidated as one single segment. In performing its assessment, management noted a similarity in the nature of products and services, processes, type of customers, distribution methods, and regulatory environment of its businesses. Further, management determined that it will no longer review discrete financial information related to the remaining operating segments for purposes of assessing performance or to allocate resources.

As a result of the above referenced strategic shift, assessments and determination, the Company is now managed as a single operating segment, on a consolidated basis. Therefore, beginning with the quarter ended June 30, 2019, the Company determined that no separate current or historical reportable segment disclosures are required under U.S. GAAP.

Primary Factors Used to Evaluate Our Business

Results of Operations. In addition to net income, the primary factors we use to evaluate and manage our results of operations include net interest income, noninterest income and noninterest expenses.

Net Interest Income. Net interest income represents interest income less interest expense. We generate interest income from interest, dividends and fees received on interest-earning assets, including loans and securities we own. We incur interest expense from interest paid on interest-bearing liabilities, including interest-bearing deposits, and borrowings such as advances from the Federal Home Loan Bank (the "FHLB") and other borrowings such as repurchase agreements and junior subordinated debentures. Net interest income typically is the most significant contributor to our revenues and net income. To evaluate net interest income, we measure and monitor: (i) yields on our loans and other interest-earning assets; (ii) the costs of our deposits and other funding sources; (iii) our net interest spread; (iv) our net interest margin, or NIM; and (v) our provisions for loan losses. Net interest spread is the difference between rates earned on interest-earning assets and rates paid on interest-bearing liabilities. NIM is calculated by dividing net interest income for the period by average interest-earning assets. Because noninterest-bearing sources of funds, such as noninterest-bearing deposits and stockholders' equity, also fund interest-earning assets, NIM includes the benefit of these noninterest-bearing sources of funds.

Changes in market interest rates and interest we earn on interest-earning assets, or which we pay on interest-bearing liabilities, as well as the volumes and the types of interest-earning assets, interest-bearing and noninterest-bearing liabilities and stockholders' equity, usually have the largest impact on periodic changes in our net interest spread, NIM and net interest income. We measure net interest income before and after the provision for loan losses.

Noninterest Income. Noninterest income consists of, among other revenue streams: (i) service fees on deposit accounts; (ii) income from brokerage, advisory and fiduciary activities; (iii) benefits from and changes in cash surrender value of bank-owned life insurance, or BOLI, policies; (iv) card and trade finance servicing fees; (v) data processing and fees for other services provided to our Former Parent and its affiliates; (vi) securities gains or losses; and (vii) other noninterest income.

Our income from service fees on deposit accounts is affected primarily by the volume, growth and mix of deposits we hold. Fees are affected by the volume of customer transactions, prevailing market conditions, including interest rates, generally, and for deposit products, our marketing efforts and other factors.

Our income from brokerage, advisory and fiduciary activities consists of brokerage commissions related to the trading volume of our customers' transactions, fiduciary and investment advisory fees generally based on a percentage of the average value of assets under management and custody, and account administrative services and ancillary fees during the contractual period. Our assets under management and custody accounts increased $195.0 million, or 12.2%, to $1.8 billion at June 30, 2019 from $1.6 billion at December 31, 2018. The Company is focused on leveraging our wealth management platform to grow this side of our domestic business.

Income from changes in the cash surrender value of our BOLI policies represents the amount that may be realized under the contracts with the insurance carriers, which are nontaxable.

Credit card issuance fees currently are generally recognized over the period in which the cardholders are entitled to use the cards. Interchange fees, other fees and revenue sharing are recognized when earned. Trade finance servicing fees, which primarily include commissions on letters of credit, are generally recognized over the service period on a straight line basis. Card servicing fees has included credit card issuance and credit and debit card interchange and other fees.

We have been revising our card program to continue to serve our card customers, reduce risks and increase the efficiency of a relatively small program. Under our new credit card arrangements, we will earn referral fees and a share in a portion of card revenues from cards that we refer to the unaffiliated card issuer. Our credit card issuance and interchange fees, and interest, will decrease as we cease to be a card issuer. We entered into an arrangement with a major U.S.-based global card issuer and began referring our international customers to it in May 2019. We expect to market this program to our other foreign customers in the Fall of 2019 when foreign cardholders' charge privileges will end. We are currently negotiating a similar referral program with another card issuer for our domestic customers. These programs will permit us to serve our customers and earn referral fees and a share of card revenue without credit risk to our balance sheet.

We have historically provided certain administrative services to our Former Parent and its non-U.S. affiliates under administrative services and transition agreements with arms-length terms and charges. Income from this source was based on changes to the direct costs associated with providing the services and based on changes to the amount and scope of services provided, which are reviewed periodically. Fees for these services are billed by us and paid by our Former Parent and its non-U.S. affiliates in U.S. Dollars. During the six months ended June 30, 2019, we were paid approximately $0.9 million for these services. These administrative and transition services have substantially ended, with only a small portion expected to remain through the end of third quarter of 2019. Our Former Parent's non-U.S. affiliates have also provided certain shareholder services to us.

Our gains and losses on sales of securities are derived from sales from our securities portfolio and are primarily dependent on changes in U.S. Treasury interest rates and asset liability management activities. Generally, as U.S. Treasury rates increase, our securities portfolio decreases in market value, and as U.S. Treasury rates decrease, our securities portfolio increases in value.

Our gains or losses on sales of property and equipment are recorded at the date of the sale and presented as other noninterest income or expense in the period they occur.

Noninterest Expense. Noninterest expense includes, among other things: (i) salaries and employee benefits; (ii) occupancy and equipment expenses; (iii) professional and other services fees; (iv) FDIC deposit and business insurance assessments and premiums; (v) telecommunication and data processing expenses; (vi) depreciation and amortization; and (vii) other operating expenses.

Salaries and employee benefits include compensation, employee benefits and employer tax expenses for our personnel.

Occupancy expense includes lease expense on our leased properties and other occupancy-related expenses. Equipment expense includes furniture, fixtures and equipment related expenses.

Professional and other services fees include legal, accounting and consulting fees, card processing fees, and other fees related to our business operations, and include directors' fees and regulatory agency fees, such as OCC examination and application fees.

FDIC deposit and business insurance assessments and premiums include deposit insurance, corporate liability and other business insurance premiums.

Telecommunication and data processing expenses include expenses paid to our third-party data processing system providers and other telecommunication and data service providers.

Depreciation and amortization expense includes the value associated with the depletion of the value on our owned properties and equipment, including leasehold improvements made to our leased properties.

Other operating expenses include advertising, marketing (including our current rebranding), community engagement, and other operational expenses. Other operating expenses include the incremental cost associated with servicing the large number of shareholders resulting from our spin-off from our Former Parent completed in 2018.

Noninterest expenses generally increase as our business grows and whenever necessary to implement or enhance policies and procedures for regulatory compliance. During the first six months of 2019, we incurred approximately$3.7 million of restructuring expenses which included $0.9 million of staff realignment expenses and $2.8 million of rebranding expenses.

Primary Factors Used to Evaluate Our Financial Condition

The primary factors we use to evaluate and manage our financial condition include asset quality, capital and liquidity.

Asset Quality. We manage the diversification and quality of our assets based upon factors that include the level, distribution and risks in each category of assets. Problem assets may be categorized as classified, delinquent, nonaccrual, nonperforming and restructured assets. We also manage the adequacy of our allowance for loan losses, or the allowance, the diversification and quality of loan and investment portfolios, the extent of counterparty risks, credit risk concentrations and other factors.

We review and update our allowance for loan loss model annually to better reflect our loan volumes, and credit and economic conditions in our markets. The model may differ among our segments to reflect their different asset types, and includes qualitative factors, which are updated semi-annually, based on the type of loan.

Capital. Financial institution regulators have established minimum capital ratios for banks and bank holding companies. We manage capital based upon factors that include: (i) the level and quality of capital and our overall financial condition; (ii) the trend and volume of problem assets; (iii) the adequacy of reserves; (iv) the level and quality of earnings; (v) the risk exposures in our balance sheet under various scenarios, including stressed conditions; (vi) the Tier 1 capital ratio, the total capital ratio, the Tier 1 leverage ratio, and the CET1 capital ratio; and (vii) other factors, including market conditions.

Liquidity. Our deposit base consists primarily of personal and commercial accounts maintained by individuals and businesses in our primary markets and select international core depositors. In recent years, we have increased our fully-insured brokered time deposits under $250,000. We manage liquidity based upon factors that include the amount of core deposit relationships as a percentage of total deposits, the level of diversification of our funding sources, the allocation and amount of our deposits among deposit types, the short-term funding sources used to fund assets, the amount of non-deposit funding used to fund assets, the availability of unused funding sources, off-balance sheet obligations, the lending pipeline, the amount of cash and liquid securities we hold, the availability of assets readily convertible into cash without undue loss, the characteristics and maturities of our assets when compared to the characteristics of our liabilities and other factors.

Performance Highlights

Performance highlights for the three months ended June 30, 2019 include the following (See "Selected Financial Information" for an explanation of non-GAAP financial measures):

- Net income of $12.9 million in the second quarter of 2019, 23.4% higher than the $10.4 million reported in the second quarter of 2018, and net income of $25.9 million for the six months ended June 30, 2019, 30.6% higher than the $19.9 million reported in the six months ended June 30, 2018.

- NIM was 2.92% in the second quarter of 2019, up from 2.77% in the second quarter of 2018. NIM was 2.94% for the first six months of 2019, up from 2.72% in the same period of 2018.

- Credit quality remained strong. The Company released $1.4 million from the allowance for loan losses in the second quarter of 2019, compared to a $0.2 million provision in the second quarter of 2018. The ratio of non-performing assets to total assets was 0.41% as of June 30, 2019, unchanged compared to June 30, 2018.

- Noninterest expense was $52.9 million in the second quarter of 2019, up 0.5% compared to $52.6 million in the same quarter of 2018. Noninterest expenses include expenses associated with restructuring activities, including $3.7 million of staff reduction and rebranding costs in the six months ended June 30, 2019. We had non-tax deductible spin-off costs of $6.0 million in the same period of 2018. Adjusted noninterest expense was $50.2 million in the second quarter of 2019, up 1.5% from $49.4 million in the same quarter of 2018.

- The launch of our new "Amerant" brand across all our major markets in April 2019.

- Increased customer share of wallet, with sales of interest rate cap and swap products to commercial borrowing customers reaching a record high.

- The efficiency ratio was 76.80% (74.11%, as adjusted for rebranding and staff reduction costs) for the six months ended June 30, 2019, compared to 79.88% (75.43%, as adjusted for spin-off costs) for the corresponding period of 2018.

- Announced the redemption of $25.0 million of the Company's 10.60% and 10.18% trust preferred securities and related junior subordinated debentures. When completed in September 2019, these actions will increase annual pretax net income by approximately $2.6 million, and the Company's capital ratios will continue to exceed regulatory minimums.

- Added to the Russell 2000® Index in June, which is expected to bolster our recognition in the capital markets, and among investors, including those tracking this index.

Selected Financial Information

The following table sets forth selected financial information derived from our unaudited interim consolidated financial statements for the three and six months ended June 30, 2019 and 2018 and as of June 30, 2019 and our audited consolidated financial statement as of December 31, 2018. These unaudited interim consolidated financial statements are not necessarily indicative of our results of operations for the year ending December 31, 2019 or any interim or future period or our financial position at any future date. The selected financial information should be read in conjunction with this Management's Discussion and Analysis of Financial Condition and Results of Operations and our unaudited interim consolidated financial statements and the corresponding notes included in this Form 10-Q.

(in thousands)	June 30, 2019	December 31, 2018
Consolidated Balance Sheets		
Total assets	$ 7,926,826	$ 8,124,347
Total investments	1,650,632	1,741,428
Total net loans (1)	5,755,351	5,858,413
Allowance for loan losses	57,404	61,762
Total deposits	5,819,381	6,032,686
Junior subordinated debentures (2)	118,110	118,110
Advances from the FHLB and other borrowings	1,125,000	1,166,000
Stockholders' equity	806,368	747,418

(in thousands, except per share amounts)	Three Months Ended June 30, 2019	Three Months Ended June 30, 2018	Six Months Ended June 30, 2019	Six Months Ended June 30, 2018
Consolidated Results of Operations				
Net interest income	$ 53,789	$ 53,989	$ 109,226	$ 106,622
(Reversal of) provision for loan losses	(1,350)	150	(1,350)	150
Noninterest income	14,147	14,986	27,303	28,931
Noninterest expense	52,905	52,638	104,850	108,283
Net income	12,857	10,423	25,928	19,852
Effective income tax rate	21.51%	35.61%	21.50%	26.80%
Common Share Data (3)				
Tangible stockholders' equity (book value) per common share (4)	$ 18.18	$ 16.43	$ 18.18	$ 16.43
Basic earnings per common share	$ 0.30	$ 0.25	$ 0.61	$ 0.47
Diluted earnings per common share	$ 0.30	$ 0.25	$ 0.60	$ 0.47
Basic weighted average shares outstanding	42,466	42,489	42,610	42,489
Diluted weighted average shares outstanding (5)	42,819	42,489	42,865	42,489
Cash dividend declared per common share (6)	—	—	—	$ 0.94

(in thousands, except per share amounts and percentages)	Three Months Ended June 30, 2019	Three Months Ended June 30, 2018	Six Months Ended June 30, 2019	Six Months Ended June 30, 2018
Other Financial and Operating Data (7)				
Profitability Indicators (%)				
Net interest income / Average total interest earning assets (NIM) (8)	2.92%	2.77%	2.94%	2.72%
Net income / Average total assets (ROA) (9)	0.66%	0.50%	0.66%	0.47%
Net income / Average stockholders' equity (ROE) (10)	6.56%	5.57%	6.76%	5.31%
Capital Indicators				
Total capital ratio (11)	14.70%	12.61%	14.70%	12.61%
Tier 1 capital ratio (12)	13.85%	11.67%	13.85%	11.67%
Tier 1 leverage ratio (13)	11.32%	9.87%	11.32%	9.87%
Common equity tier 1 capital ratio (CET1) (14)	12.14%	10.13%	12.14%	10.13%
Tangible common equity ratio (15)	9.93%	8.21%	9.93%	8.21%
Asset Quality Indicators (%)				
Non-performing assets / Total assets (16)	0.41%	0.41%	0.41%	0.41%
Non-performing loans / Total loans (1) (17)	0.56%	0.56%	0.56%	0.56%
Allowance for loan losses / Total non-performing loans (18)	175.28%	201.55%	175.28%	201.55%
Net charge-offs / Average total loans (19)	0.11%	0.16%	0.11%	0.07%
Efficiency Indicators				
Efficiency ratio (20)	77.87%	76.31%	76.80%	79.88%
Full-time-equivalent employees (FTEs)	839	940	839	940
Adjusted Selected Consolidated Results of Operations and Other Data (21)				
Adjusted noninterest expense	$ 50,169	$ 49,438	101,181	102,245
Adjusted net income	15,005	14,142	28,808	25,831
Adjusted earnings per common share (5)	0.35	0.33	0.68	0.61
Adjusted earnings per diluted common share (5)	0.35	0.33	0.67	0.61
Adjusted net income / Average total assets (Adjusted ROA) (8)	0.77%	0.67%	0.73%	0.61%
Adjusted net income / Average stockholders' equity (Adjusted ROE) (9)	7.66%	7.56%	7.51%	6.91%
Adjusted efficiency ratio (22)	73.84%	71.68%	74.11%	75.43%

(1) Outstanding loans are net of deferred loan fees and costs and net of the allowance for loan losses. There were no loans held for sale at June 30, 2019 and December 31, 2018.
(2) In July 2019, the Company called $25.0 million of its 10.60% and 10.18% trust preferred securities and related junior subordinated debentures, which will be redeemed by September 2019.
(3) The earnings per common share reflect the October 2018 reverse stock split which reduced the number of outstanding shares of each class on a 1-for-3 basis. See Note 15 to the audited consolidation financial statements included in the Form 10-K for more details on the reverse stock split.
(4) This Non-GAAP financial information is reconciled to GAAP in "Non-GAAP Financial Measures Reconciliation" herein.
(5) As of June 30, 2019, potential dilutive instruments included 738,138 unvested shares of restricted stock, including 736,839 shares of restricted stock issued in December 2018 in connection with the Company's IPO and 1,299 additional shares of restricted stock issued in January 2019. As of June 30, 2019, these 738,138 unvested shares of restricted stock were included in the diluted earnings per share computation because, when the unamortized deferred compensation cost related to these shares was divided by the average market price per share at that date, fewer shares would have been purchased than restricted shares assumed issued. Therefore, at that date, such awards resulted in higher diluted weighted average shares outstanding than basic weighted average shares outstanding in the three and six months ended June 30, 2019, and had a dilutive effect in per share earnings for the three (not shown due to rounding) and six months ended June 30, 2019. We had no outstanding dilutive instruments as of any period prior to December 2018.
(6) Special cash dividend of $40.0 million paid to our Former Parent in connection with the spin-off.
(7) Operating data for the three and six month periods ended June 30, 2019 and 2018 have been annualized.
(8) Net interest margin is net interest income divided by average interest-earning assets, which are loans, securities, deposits with banks and other financial assets, which yield interest or similar income.
(9) Calculated based upon the average daily balance of total assets.
(10) Calculated based upon the average daily balance of stockholders' equity.
(11) Total stockholders' equity divided by total risk-weighted assets, calculated according to the standardized regulatory capital ratio calculations.
(12) Tier 1 capital divided by total risk-weighted assets.
(13) Tier 1 capital divided by quarter to date average assets. Tier 1 capital is composed of Common Equity Tier 1 (CET 1) capital plus outstanding qualifying trust preferred securities of $114.1 million at June 30, 2019 and 2018. $25.0 million of these trust preferred securities will be redeemed by September 2019. See footnote 2.
(14) Common Equity Tier 1 (CET 1) capital divided by total risk-weighted assets.
(15) Tangible common equity is calculated as the ratio of common equity less goodwill and other intangibles divided by total assets less goodwill and other intangible assets. Other intangibles assets are included in other assets in the Company's consolidated balance sheets.
(16) Non-performing assets include all accruing loans past due more than 90 days, and all nonaccrual loans and OREO properties acquired through or in lieu of foreclosure. Non-performing assets were $32.8 million and $35.3 million as of June 30, 2019 and 2018, respectively.
(17) Non-performing loans include all accruing loans past due by more than 90 days, and all nonaccrual loans. Non-performing loans were $32.8 million and $34.7 million as of June 30, 2019 and 2018, respectively.
(18) Allowance for loan losses was $57.4 million and $69.9 million as of June 30, 2019 and 2018, respectively. See Note 5 to our audited consolidated financial statements in our Form 10-K and Note 4 to these unaudited interim consolidated financial statements for more details on our impairment models.
(19) Calculated based upon the average daily balance of outstanding loan principal balance net of deferred loan fees and costs, excluding the allowance for loan losses.
(20) Efficiency ratio is the result of noninterest expense divided by the sum of noninterest income and net interest income.
(21) This presentation contains adjusted financial information, including adjusted noninterest expenses and the other adjusted items shown, determined by methods other than GAAP. This adjusted financial information is reconciled to GAAP in "Non-GAAP Financial Measures Reconciliation."
(22) Adjusted efficiency ratio is the efficiency ratio less the effect of restructuring and spin-off costs, described in "Non-GAAP Financial Measures Reconciliation."

Non-GAAP Financial Measures Reconciliation

The following table sets forth selected financial information derived from the Company's interim unaudited consolidated financial statements, adjusted for certain costs incurred by the Company in the periods presented related to tax deductible restructuring and non-deductible spin-off costs. The Company believes these adjusted numbers are useful to understand the Company's performance absent these transactions and events.

(in thousands, except per share amounts and percentages)	Three Months Ended June 30, 2019	Three Months Ended June 30, 2018	Six Months Ended June 30, 2019	Six Months Ended June 30, 2018
Total noninterest expenses	$ 52,905	$ 52,638	$ 104,850	$ 108,283
Less: restructuring costs (1):				
Staff reduction costs	907	—	907	—
Rebranding costs	1,829	—	2,762	—
Total restructuring costs	2,736	—	3,669	—
Less spin-off costs:				
Legal fees	—	2,000	—	3,000
Additional contribution to non-qualified deferred compensation plan on behalf of participants to mitigate tax effects of unexpected early distribution due to spin-off (2)	—	1,200	—	1,200
Accounting and consulting fees	—	—	—	1,294
Other expenses	—	—	—	544
Total spin-off costs	—	3,200	—	6,038
Adjusted noninterest expenses	$ 50,169	$ 49,438	$ 101,181	$ 102,245
Net income	$ 12,857	$ 10,423	$ 25,928	$ 19,852
Plus after-tax restructuring costs:				
Restructuring costs before income tax effect	2,736	—	3,669	—
Income tax effect	(588)	—	(789)	—
Total after-tax restructuring costs	2,148	—	2,880	—
Plus after-tax total spin-off costs:				
Total spin-off costs before income tax effect	—	3,200	—	6,038
Income tax effect (3)	—	519	—	(59)
Total after-tax spin-off costs	—	3,719	—	5,979
Adjusted net income	$ 15,005	$ 14,142	$ 28,808	$ 25,831
Basic earnings per share	$ 0.30	$ 0.25	$ 0.61	$ 0.47
Plus: after tax impact of restructuring costs	0.05	—	0.07	—
Plus: after tax impact of total spin-off costs	—	0.08	—	0.14
Total adjusted basic earnings per common share	$ 0.35	$ 0.33	$ 0.68	$ 0.61
Diluted earnings per share (4)	$ 0.30	$ 0.25	$ 0.60	$ 0.47
Plus: after tax impact of restructuring costs	0.05	—	0.07	—
Plus: after tax impact of total spin-off costs	—	0.08	—	0.14
Total adjusted diluted earnings per common share	$ 0.35	$ 0.33	$ 0.67	$ 0.61

(in thousands, except per share amounts and percentages)	Three months ended June 30, 2019	Three months ended June 30, 2018	Six Months Ended June 30, 2019	Six Months Ended June 30, 2018
Net income / Average total assets (ROA)	0.66 %	0.50 %	0.66 %	0.47 %
Plus: after tax impact of restructuring costs	0.11 %	— %	0.07 %	— %
Plus: after tax impact of total spin-off costs	— %	0.17 %	— %	0.14 %
Adjusted net income / Average total assets (Adjusted ROA)	0.77 %	0.67 %	0.73 %	0.61 %
Net income / Average stockholders' equity (ROE)	6.56 %	5.57 %	6.76 %	5.31 %
Plus: after tax impact of restructuring costs	1.10 %	—%	0.75 %	— %
Plus: after tax impact of total spin-off costs	— %	1.99 %	— %	1.60 %
Adjusted net income / Stockholders' equity (Adjusted ROE)	7.66 %	7.56 %	7.51 %	6.91 %
Efficiency ratio	77.87 %	76.31 %	76.80 %	79.88 %
Less: impact of restructuring costs	(4.03)%	—%	(2.69)%	— %
Less: impact of total spin-off costs	— %	(4.63)%	— %	(4.45)%
Adjusted efficiency ratio	73.84 %	71.68 %	74.11 %	75.43 %
Stockholders' equity	$ 806,368	$ 719,382	$ 806,368	$ 719,382
Less: goodwill and other intangibles	(20,969)	(21,114)	(20,969)	(21,114)
Tangible common stockholders' equity	$ 785,399	$ 698,268	$ 785,399	$ 698,268
Total assets	7,926,826	8,530,464	7,926,826	$ 8,530,464
Less: goodwill and other intangibles	(20,969)	(21,114)	(20,969)	(21,114)
Tangible assets	$ 7,905,857	$ 8,509,350	$ 7,905,857	$ 8,509,350
Common shares outstanding	43,205	42,489	43,205	42,489
Tangible common equity ratio	**9.93 %**	**8.21 %**	**9.93 %**	**8.21 %**
Tangible stockholders' book value per common share	**$ 18.18**	**$ 16.43**	**$ 18.18**	**$ 16.43**

(1) Expenses incurred for actions designed to implement the Company's strategy as a new independent company. These actions include, but are not limited to costs associated with reductions in workforce, streamlining operational processes, rolling out the Amerant brand, implementation of new technology system applications, enhanced sales tools and training, expanded product offerings and improved customer analytics to identify opportunities.

(2) The spin-off caused an unexpected early distribution for U.S. federal income tax purposes from our deferred compensation plan. This distribution was taxable to plan participants as ordinary income during 2018. We partially compensated plan participants, in the aggregate amount of $1.2 million, for the higher tax expense they incurred as a result of the distribution increasing the plan participants' estimated effective federal income tax rates by recording a contribution to the plan on behalf of its participants. The after tax net effect of this $1.2 million contribution for the period ended June 30, 2018, was approximately $952,000. As a result of the early taxable distribution to plan participants, we expensed and deducted for federal income tax purposes, previously deferred compensation of approximately $8.1 million, resulting in an estimated tax credit of $1.7 million, which exceeded the amount of the tax gross-up paid to plan participants.

(3) Calculated based upon the estimated annual effective tax rate for the periods, which excludes the tax effect of discrete items, and the amounts that resulted from the permanent difference between spin-off costs that are non-deductible for Federal and state income tax purposes, and total spin-off costs recognized in the consolidated financial statements. The estimated annual effective rate applied for the calculation differs from the reported effective tax rate since it is based on a different mix of statutory rates applicable to these expenses and to the rates applicable to the Company and its subsidiaries.

(4) As of June 30, 2019, potential dilutive instruments included 738,138 unvested shares of restricted stock, including 736,839 shares of restricted stock issued in December 2018 in connection with the Company's IPO and 1,299 additional shares of restricted stock issued in January 2019. As of June 30, 2019, these 738,138 unvested shares of restricted stock were included in the diluted earnings per share computation because, when the unamortized deferred compensation cost related to these shares was divided by the average market price per share at that date, fewer shares would have been purchased than restricted shares assumed issued. Therefore, at that date, such awards resulted in diluted weighted average shares outstanding to be higher than basic weighted average shares outstanding in the three and six months ended June 30, 2019, and had a dilutive effect in per share earnings in the three (not shown due to rounding) and six months ended June 30, 2019. We had no outstanding dilutive instruments as of any period prior to December 31, 2018.

Results of Operations - Comparison of Results of Operations for the Three and Six Month Periods Ended June 30, 2019 and 2018

Net income

The table below sets forth certain results of operations data for the three and six months ended June 30, 2019 and 2018:

(in thousands, except per share amounts and percentages)	Three Months Ended June 30, 2019	Three Months Ended June 30, 2018	Change 2019 vs 2018	Change 2019 vs 2018 (%)	Six Months Ended June 30, 2019	Six Months Ended June 30, 2018	Change 2019 vs 2018	Change 2019 vs 2018 (%)
Net interest income	$ 53,789	$ 53,989	$ (200)	(0.4)%	$ 109,226	$ 106,622	$ 2,604	2.4 %
(Reversal of) provision for loan losses	(1,350)	150	(1,500)	N/M	(1,350)	150	(1,500)	N/M
Net interest income after (reversal of) provision for loan losses	55,139	53,839	1,300	2.4 %	110,576	106,472	4,104	3.9 %
Noninterest income	14,147	14,986	(839)	(5.6)%	27,303	28,931	(1,628)	(5.6)%
Noninterest expense	52,905	52,638	267	0.5 %	104,850	108,283	(3,433)	(3.2)%
Net income before income tax	16,381	16,187	194	1.2 %	33,029	27,120	5,909	21.8 %
Income tax	(3,524)	(5,764)	2,240	(38.9)%	(7,101)	(7,268)	167	(2.3)%
Net income	$ 12,857	$ 10,423	$ 2,434	23.4 %	$ 25,928	$ 19,852	$ 6,076	30.6 %
Basic earnings per common share	$ 0.30	$ 0.25	$ 0.05	20.0 %	$ 0.61	$ 0.47	$ 0.14	29.8 %
Diluted earnings per common share(1)	$ 0.30	$ 0.25	$ 0.05	20.0 %	$ 0.60	$ 0.47	$ 0.13	27.7 %

(1) At June 30, 2019, potential dilutive instruments consist of 738,138 unvested shares of restricted stock. We had no outstanding dilutive instruments at June 30, 2018. See Note 14 to our unaudited interim financial statements in this Form 10-Q for details on the dilutive effects of the issuance of restricted stock on earnings per share for the six months ended June 30, 2019.

N/M Not meaningful

Three Months Ended June 30, 2019 and 2018

Net income of $12.9 million, or $0.30 per share, in the three months ended June 30, 2019 represents an increase of $2.4 million, or 23.4% compared to the same quarter of 2018. Higher net income during the three months ended June 30, 2019 was mainly the result of: (i) the $1.4 million reversal of provision for loan losses in the second quarter of 2019, and (ii) no non-deductible spin off costs in the second quarter of 2019, and a normalized lower tax rate of 21.51%. These results were partially offset by: (i) lower noninterest income; (ii) higher noninterest expenses driven by rebranding expenses and staff reduction costs related to our various restructuring activities and an additional compensation expense of $1.5 million in connection with the amortization of restricted stock awards granted in December 2018 and January 2019; and (iii) lower net interest income.

Net interest income declined from $54.0 million in three months ended June 30, 2018, to $53.8 million in the three months ended June 30, 2019. The slight decrease of $0.2 million, or 0.4%, was primarily due to higher cost of time deposits. We expect that the costs of new deposits and income on loans and new variable rate investments may decrease with the decline in market interest rates. Changes in deposit rates may also lag the change in interest rates on our loans and investments.

Noninterest income decreased $0.8 million in the three months ended June 30, 2019 compared to the same period one year ago, mainly due to lower income from brokerage, advisory and fiduciary activities, lower fees from administrative and transition services to our Former Parent, and the $0.9 million gain realized in the second quarter of 2018 related to the early termination of advances from the FHLB. This was partially offset by a $1.0 million gain on the sale of municipal bonds in the second quarter of 2019.

Noninterest expenses increased $0.3 million, or 0.5%, in the three months ended June 30, 2019 compared to the same period one year ago, mainly as a result of higher other operating expenses driven by rebranding and staff reduction expenses. This was partially offset by lower professional and other services fees as well as lower salaries and employee benefits mainly due to no spin-off costs in the second quarter of 2019. The decrease in salaries and employee benefits were partially offset by an additional compensation expense of $1.5 million in connection with restricted stock awards granted in December 2018 and January 2019 and higher staff reduction costs. In the three months ended June 30, 2019 and 2018, noninterest expense included $2.7 million in restructuring costs, consisting primarily of rebranding and staff reduction costs, and $3.2 million in spin-off costs, respectively.

Adjusted net income for the quarter ended June 30, 2019 was $15.0 million, 6.1% higher than the same quarter one year ago. Adjusted net income excludes restructuring costs of $2.7 million in the three months ended June 30, 2019, and spin-off costs of $3.2 million in the same period one year ago. See "Non-GAAP Financial Measures Reconciliation" for a reconciliation of these non-GAAP financial measures to their U.S. GAAP counterparts.

Six Months Ended June 30, 2019 and 2018

Net income of $25.9 million, or $0.61 per share, in the six months ended June 30, 2019 represents an increase of $6.1 million, or 30.6%, compared to the same period of 2018. Higher net income during the six months ended June 30, 2019 was mainly the result of: (i) increased net interest income driven by higher yields, (ii) a $1.4 million reversal of provision for loan losses in the first half of 2019 and (iii) lower noninterest expenses mainly driven by no spin-off costs during the first half of 2019. These results were partially offset by: (i) higher other operating expenses, mainly rebranding expenses (ii) an additional compensation expense of $3.0 million in connection with restricted stock awards granted in December 2018 and January 2019, (iii) staff reduction costs related to our various restructuring activities, and (iv) lower noninterest income mainly due to a decrease in brokerage, advisory and fiduciary fees.

Net interest income improved from $106.6 million in the six months ended June 30, 2018, to $109.2 million in the six months ended June 30, 2019, an increase of $2.6 million, or 2.4%, mainly due to an increase in market rates during the period and remixing of the loan portfolio.

Noninterest income decreased $1.6 million in the six months ended June 30, 2019 compared to the same period one year ago, primarily due to lower income from brokerage, advisory and fiduciary activities, lower deposit and service fees, and lower fees from administrative and transition services to our Former Parent, all but one of which terminated by May 31, 2019. This was partially offset by a $1.0 million gain on the sale of municipal bonds in the second quarter of 2019.

Noninterest expenses decreased $3.4 million, or 3.2%, in the six months ended June 30, 2019 compared to the same period one year ago. This was mainly the result of lower professional and other services fees as well as lower salaries and employee benefits primarily due to no spin-off costs in the first half of 2019. These results were partially offset by: (i) higher other operating expenses mainly due to rebranding, (ii) an additional compensation expense of $3.0 million in connection with restricted stock awards granted in December 2018 and January 2019, and (iii) staff reduction costs related to our various restructuring activities. In the six months ended June 30, 2019 and 2018, noninterest expense included $3.7 million in restructuring costs, consisting primarily of rebranding and staff reduction costs, and $6.0 million in spin-off costs, respectively.

Net interest income

<u>Three Months Ended June 30, 2019 and 2018</u>

In the second quarter of 2019, we earned $53.8 million of net interest income, a decline of $0.2 million, or 0.4%, from $54.0 million of net interest income earned in the same period of 2018. The slight decrease in net interest income was driven by a 6.2% decrease in the average balance of interest-earning assets and an increase of 33 basis points in average rates paid on interest bearing liabilities mainly due to the higher cost of time deposits. This was partially offset by a 38 basis points improvement in the average yield on interest-earning assets mainly due to a higher yielding loan mix and a 7.6% decrease in average interest-bearing liabilities. Net interest margin improved 15 basis points from 2.77% in the second quarter of 2018 to 2.92% in the same period of 2019. The increase in the net interest margin was mainly driven by the Company's continued focus on higher-yielding domestic relationship loans.

Our net interest income and NIM are expected to remain pressured as lower market interest rates are forecast for the rest of 2019. We expect that the costs of new deposits and income on loans may decrease with declining market interest rates. Changes in deposit rates may also lag the changes in interest rates on our loans and investments.

The Company continues taking steps to reduce NIM compression from declining market rates in the coming quarters by establishing floors on term sheets on new loan originations, decreasing rates on time deposits and increasingly relying on pricing intelligence, focusing on relationship accounts to stabilize cost of funds, rationalizing special rates paid to top customers, and shifting towards shorter-term professional funding. On July 10, 2019 the Company announced the redemption of all $15.0 million of its outstanding 10.60% trust preferred securities issued by its Commercebank Statutory Trust II ("Statutory Trust II"), and all $10.0 million of its outstanding 10.18% trust preferred securities issued by its Commercebank Capital Trust III ("Capital Trust III"). These redemptions are expected to reduce the Company's annual pretax interest expense by approximately $2.6 million. See "—Capital Resources and Liquidity Management" for detailed information. Additionally, on August 8, 2019 the Company entered into five interest rate swap contracts with notional amounts totaling $64.2 million, which were designed as cash flow hedges, designated to manage the exposure to changes in interest rates in cash flows associated with the Company's variable-rate junior subordinated debentures, and as a result, decrease its interest expense due to the currently inverted yield curve. The Company will continue to explore the use of hedging activities to manage its interest rate exposure.

Interest Income. Total interest income was $79.2 million in the second quarter of 2019 compared to $75.9 million for the same period of 2018. The $3.3 million, or 4.4%, increase in total interest income was primarily due to higher average yields earned on interest-earning assets due to higher yielding loan mix. These improvements were partially offset by a decrease in the average balance of loans, available for sale securities and interest earning deposits with other banks during the second quarter of 2019 with respect to the same period of 2018. See "—Average Balance Sheet, Interest and Yield/Rate Analysis" for detailed information.

Interest income on loans in the second quarter of 2019 was $66.8 million compared to $62.4 million for the comparable period of 2018. The $4.4 million, or 7.0%, increase was primarily due to a 44 basis point increase in average yields partially offset by a 4.2% decrease in the average balance of loans in the second quarter of 2019 over the same period in 2018. In the second quarter of 2019, the increase in average yields reflects the Company's continued focus on higher-yielding domestic loans. See "—Average Balance Sheet, Interest and Yield/Rate Analysis" for detailed information.

Interest income on the available for sale securities portfolio decreased $0.9 million, or 8.4%, to $10.3 million in the second quarter of 2019 compared to $11.3 million in the same period of 2018. This was due to a decline of 8.5% in the average volume of securities available for sale accompanied with a 2 basis points decrease in the average yields in the second quarter of 2019 with respect to the same quarter in 2018. During the second quarter of 2019, we completed the sale of approximately $91.2 million in municipal bonds.

Interest Expense. Interest expense on interest-bearing liabilities increased $3.5 million, or 16.0%, to $25.4 million in the second quarter of 2019 compared to $21.9 million in the same period of 2018, primarily due to higher rates paid on total deposits, mainly time deposits, partially offset by lower average balances of total deposits and advances from the FHLB.

Interest expense on deposits increased to $17.1 million in the second quarter of 2019 compared to $13.4 million for the same period of 2018. The $3.7 million, or 27.4%, increase was primarily due to a 37 basis points increase in the average rates paid on deposits, mainly due to higher cost of time deposits, partially offset by a lower average balance of total deposits, which decreased 7.5%. Average total time deposits decreased by $56.5 million, or 2.4%, mainly as a result our strategic decision to decrease the promotional interest rates we paid. We continue to focus our efforts to retain customers with higher probabilities of renewal at lower-than-market rates. Also, we have implemented a strategy for renewing customer's certificates of deposits ("CDs") with lower probability of renewals through our promotions. As a result, we were able to renew approximately $211.2 million in CDs in the first half of 2019 at rates that were lower than the highest rates paid in our marketsAverage total checking and savings account balances for the second quarter decreased year-on-year by $353.9 million, or 11.5%, primarily due to a decline of $448.8 million, or 17.1%, in the average balance of international accounts, partially offset by higher average domestic customer deposits. The decline in average international accounts includes $84.8 million, or 21.0%, in commercial accounts and $364.0 million, or 16.4%, in personal accounts. The overall decline in average commercial and personal accounts is primarily due to our Venezuelan resident customers spending their U.S. Dollar savings. As living conditions in Venezuela remain difficult, those customers continued to rely on their U.S. Dollar deposits to fund daily living expenses.

Interest expense on FHLB advances and other borrowings decreased by $0.2 million, or 3.4%, in the second quarter of 2019 with respect to the same period of 2018. This was the result of a 8.6% decline in the average balance outstanding, partially offset by an increase of 11 basis points in the average rate paid on of these borrowings.

<u>Six Months Ended June 30, 2019 and 2018</u>

In the six months ended June 30, 2019, we earned $109.2 million of net interest income, an increase of $2.6 million, or 2.4%, from $106.6 million of net interest income earned in the same period of 2018. The increase in net interest income was due primarily to a 51 basis points improvement in the average yield on interest-earning assets due to an increase in market rates since the comparable period in 2018 and the changing mix of the loan portfolio to include higher-rate domestic loans. Also, there was a 5.8% decrease in average interest-bearing liabilities. These results were partially offset by a 5.04% decrease in the average balance of interest-earning assets and an increase of 37 basis points in average rates paid. Net interest margin improved 22 basis points from 2.72% in the first half of 2018 to 2.94% in the same period of 2019.

Interest Income. Total interest income was $159.5 million in the first half of 2019 compared to $147.8 million for the same period of 2018. The $11.7 million, or 7.9%, increase in total interest income was primarily due to higher average yields earned on interest-earning assets due to an increase in market rates since the comparable period in 2018 and the changing mix of the loan portfolio to include higher-rate domestic loans. These improvements were partially offset by a decrease in the average balance of loans and available for sale securities during the first half of 2019 with respect to the same period of 2018. See "—Average Balance Sheet, Interest and Yield/Rate Analysis" for detailed information.

Interest income on loans in the six months ended June 30, 2019 was $133.5 million compared to $122.1 million for the comparable period of 2018. The $11.4 million, or 9.3%, increase was primarily due to a 56 basis point increase in average yields, due to the increase in market rates and the aforementioned change in the loan portfolio mix, partially offset by a 3.9% decrease in the average balance of loans in the first half of2019 over the same period in 2018. In the six months ended June 30, 2019, the increase in average yields reflects the Company's continued focus on higher-yielding domestic loans. See "—Average Balance Sheet, Interest and Yield/Rate Analysis" for detailed information.

Interest income on the available for sale securities portfolio decreased $0.3 million, or 1.6%, to $21.2 million in the six months ended June 30, 2019 compared to $21.5 million in the same period of 2018. This was due to a decline of 7.8% in the average volume of securities available for sale partially offset by an increase of 18 basis points in the average yields in the first half of 2019 with respect to the same period in 2018.

Interest Expense. Interest expense on interest-bearing liabilities increased $9.1 million, or 22.0%, to $50.3 million in the first half of 2019 compared to $41.2 million in the same period of 2018, primarily due to higher yields on total deposits and higher average balance of time deposits, partially offset by lower average balances of total checking and saving accounts and advances from the FHLB.

Interest expense on deposits increased to $33.6 million in the the six months ended June 30, 2019 compared to $24.8 million for the same period of 2018. The $8.9 million, or 35.8%, increase was primarily due to a 41 basis points increase in the average rates paid on deposits and a 1.9% increase in average time deposits, partially offset by lower average total checking and saving account balances, which decreased 11.0%. The increase of $44.4 million, or 1.9%, in average time deposits was mainly the result of our 2018 promotions, where we sought longer-duration deposits due to our expectations at that time for higher interest rates in the future and changing customer preferences as interest rates increased. This was partially offset by a decline in the rate of CD renewals in connection with the aforementioned strategic decrease in promotional interest rates. The decrease of $342.9 million, or 11.0%, in average total checking and saving account balances is primarily the result of a decline of $452.9 million, or 16.9%, in the average balance of international accounts, partially offset by higher average domestic customer deposits. The decline in average international accounts includes $85.2 million, or 20.4%, in commercial accounts and $367.7 million, or 16.2%, in personal accounts. The overall decline in average commercial and personal accounts is primarily due to our Venezuelan resident customers spending their U.S. Dollar savings. As living conditions in Venezuela remain difficult, those customers continued to rely on their U.S. Dollar deposits to fund daily living expenses.

Interest expense on FHLB advances and other borrowings was relatively unchanged in the six months ended June 30, 2019 with respect to the same period of 2018. This was the result of a 7.9% decline in the average balance outstanding, partially offset by an increase of 19 basis points in the average rate paid on these borrowings. Advances from the FHLB are used to actively manage the Company’s funding profile by match funding CRE loans. FHLB advances bear fixed interest rates from 1.50% to 3.86%, and variable interest rates based on 3-month LIBOR which increased to 2.32% at June 30, 2019 from 2.34% at June 30, 2018. At June 30, 2019, $845.0 million (75.1%) of FHLB advances were fixed rate and $280.0 million (24.9%) were variable rate.

Average Balance Sheet, Interest and Yield/Rate Analysis

The following tables present average balance sheet information, interest income, interest expense and the corresponding average yields earned and rates paid for thethree and six months ended June 30, 2019 and 2018. The average balances for loans include both performing and nonperforming balances. Interest income on loans includes the effects of discount accretion and the amortization of net deferred loan origination costs accounted for as yield adjustments. Average balances represent the daily average balances for the periods presented.

	Three Months Ended June 30,					
	2019			2018		
(in thousands, except percentages)	Average Balances	Income/ Expense	Yield/ Rates	Average Balances	Income/ Expense	Yield/ Rates
Interest-earning assets:						
Loan portfolio, net (1)	$ 5,641,686	$ 66,801	4.75%	$ 5,890,459	$ 62,448	4.31%
Securities available for sale (2)	1,522,280	10,314	2.72%	1,662,799	11,257	2.74%
Securities held to maturity (3)	82,728	506	2.45%	88,811	346	1.57%
Federal Reserve Bank and FHLB stock	65,861	1,066	6.49%	70,243	1,106	6.45%
Deposits with banks	88,247	539	2.45%	175,434	759	1.74%
Total interest-earning assets	7,400,802	79,226	4.29%	7,887,746	75,916	3.91%
Total non-interest-earning assets less allowance for loan losses	466,318			531,294		
Total assets	$ 7,867,120			$ 8,419,040		
Interest-bearing liabilities:						
Checking and saving accounts -						
Interest bearing DDA	$ 1,207,811	$ 301	0.10%	$ 1,417,230	$ 113	0.03%
Money market	1,143,072	3,997	1.40%	1,225,452	3,086	1.01%
Savings	369,538	17	0.02%	431,686	18	0.02%
Total checking and saving accounts	2,720,421	4,315	0.64%	3,074,368	3,217	0.42%
Time deposits	2,314,614	12,740	2.21%	2,371,147	10,172	1.73%
Total deposits	5,035,035	17,055	1.36%	5,445,515	13,389	0.99%
Securities sold under agreements to repurchase	—	—	—%	423	2	1.90%
Advances from the FHLB and other borrowings (4)	1,071,978	6,292	2.35%	1,173,000	6,511	2.24%
Junior subordinated debentures	118,110	2,090	7.10%	118,110	2,025	7.04%
Total interest-bearing liabilities	6,225,123	25,437	1.64%	6,737,048	21,927	1.31%
Total non-interest-bearing liabilities	855,874			933,968		
Total liabilities	7,080,997			7,671,016		
Stockholders’ equity	786,123			748,024		
Total liabilities and stockholders' equity	$ 7,867,120			$ 8,419,040		
Excess of average interest-earning assets over average interest-bearing liabilities	$ 1,175,679			$ 1,150,698		
Net interest income		$ 53,789			$ 53,989	
Net interest rate spread			2.65%			2.60%
Net interest margin (5)			2.92%			2.77%
Ratio of average interest-earning assets to average interest-bearing liabilities	118.89%			117.08%		

(in thousands, except percentages)	Six Months Ended June 30, 2019 Average Balances	2019 Income/ Expense	2019 Yield/ Rates	2018 Average Balances	2018 Income/ Expense	2018 Yield/ Rates
Interest-earning assets:						
Loan portfolio, net (1)	$ 5,674,606	$ 133,523	4.74%	$ 5,902,893	$ 122,118	4.18%
Securities available for sale (2)	1,538,961	21,204	2.78%	1,669,607	21,549	2.60%
Securities held to maturity (3)	83,665	1,092	2.63%	89,165	856	1.93%
Federal Reserve Bank and FHLB stock	66,657	2,171	6.57%	70,304	2,045	5.90%
Deposits with banks	127,551	1,543	2.44%	157,391	1,279	1.63%
Total interest-earning assets	7,491,440	159,533	4.29%	7,889,360	147,847	3.78%
Total non-interest-earning assets less allowance for loan losses	473,237			524,074		
Total assets	$ 7,964,677			$ 8,413,434		
Interest-bearing liabilities:						
Checking and saving accounts -						
Interest bearing DDA	$ 1,235,056	$ 575	0.09%	$ 1,446,823	$ 202	0.03%
Money market	1,150,805	7,714	1.35%	1,219,748	5,652	0.93%
Savings	376,443	33	0.02%	438,668	36	0.02%
Total checking and saving accounts	2,762,304	8,322	0.61%	3,105,239	5,890	0.38%
Time deposits	2,368,185	25,293	2.15%	2,323,746	18,872	1.63%
Total deposits	5,130,489	33,615	1.32%	5,428,985	24,762	0.91%
Securities sold under agreements to repurchase	—	—	—%	213	2	1.89%
Advances from the FHLB and other borrowings (4)	1,086,586	12,497	2.32%	1,179,934	12,501	2.13%
Junior subordinated debentures	118,110	4,195	7.16%	118,110	3,960	6.82%
Total interest-bearing liabilities	6,335,185	50,307	1.60%	6,727,242	41,225	1.23%
Total non-interest-bearing liabilities	856,041			938,287		
Total liabilities	7,191,226			7,665,529		
Stockholders' equity	773,451			747,905		
Total liabilities and stockholders' equity	$ 7,964,677			$ 8,413,434		
Excess of average interest-earning assets over average interest-bearing liabilities	$ 1,156,255			$ 1,162,118		
Net interest income		$ 109,226			$ 106,622	
Net interest rate spread			2.69%			2.55%
Net interest margin (5)			2.94%			2.72%
Ratio of average interest-earning assets to average interest-bearing liabilities	118.25%			117.27%		

(1) Average non-performing loans of $24.5 million and $34.0 million for the three months ended June 30, 2019 and 2018, respectively, and $22.1 million and $32.7 million for the six months ended June 30, 2019 and 2018, respectively, are included in the average loan portfolio net balance.

(2) Includes nontaxable securities with average balances of $122.9 million and $174.1 million for the three months ended June 30, 2019 and 2018, respectively, and $140.4 million and $175.4 million for the six months ended June 30, 2019 and 2018, respectively. The tax equivalent yield for these nontaxable securities for the three months ended June 30, 2019 and 2018 was 4.05% and 4.10%, respectively, and 4.03% and 3.83% for the six months ended June 30, 2019 and 2018, respectively. In the three and six month periods ended June 30, 2019 and 2018, the tax equivalent yields were calculated by assuming a 21% tax rate and dividing the actual yield by 0.79.

(3) Includes nontaxable securities with average balances of $82.7 million and $88.8 million for the three months ended June 30, 2019 and 2018, respectively, and $83.7 million and $88.9 million for the six months ended June 30, 2019 and 2018, respectively. The tax equivalent yield for these nontaxable securities for the three months ended June 30, 2019 and 2018 was 3.10% and 2.00%, respectively, and 3.33% and 2.45% for the six months ended June 30, 2019 and 2018, respectively. In the three and six month periods ended June 30, 2019 and 2018, the tax equivalent yields were calculated by assuming a 21% tax rate and dividing the actual yield by 0.79 (1 minus the tax rate of 0.21).

(4) The terms of the advance agreements require the Bank to maintain certain investment securities or loans as collateral for these advances.

(5) Net interest margin is defined as net interest income divided by average interest-earning assets, which are loans, securities available for sale and held to maturity, deposits with banks and other financial assets, which yield interest or similar income.

Analysis of the Allowance for Loan Losses

Set forth in the table below are the changes in the allowance for loan losses for each of the periods presented.

	Three Months Ended June 30,		Six Months Ended June 30,	
(in thousands)	2019	2018	2019	2018
Balance at the beginning of the period	$ 60,322	$ 72,118	$ 61,762	$ 72,000
Charge-offs				
Domestic Loans:				
Real Estate				
Single-family residential	—	(27)	(87)	(27)
Commercial	(874)	(2,355)	(1,866)	(2,737)
Consumer and others	(210)	(71)	(319)	(90)
	(1,084)	(2,453)	(2,272)	(2,854)
International Loans (1):				
Commercial	(43)	(52)	(61)	(52)
Consumer and others	(894)	(230)	(1,300)	(630)
	(937)	(282)	(1,361)	(682)
Total Charge-offs	$ (2,021)	$ (2,735)	$ (3,633)	$ (3,536)
Recoveries				
Domestic Loans:				
Real Estate Loans				
Commercial Real Estate (CRE)				
Non-Owner occupied	$ —	$ 4	$ —	$ 5
Land development and construction loans	—	—	—	33
	—	4	—	38
Single-family residential	104	60	143	64
Owner occupied	2	95	2	883
	106	159	145	985
Commercial	149	174	180	218
Consumer and others	6	26	7	32
	261	359	332	1,235
International Loans (1):				
Real Estate				
Single-family residential	$ —	$ —	$ —	$ —
Commercial	136	—	228	—
Consumer and others	56	39	65	82
	192	39	293	82
Total Recoveries	$ 453	$ 398	$ 625	$ 1,317
Net charge-offs	(1,568)	(2,337)	(3,008)	(2,219)
(Reversal of) provision for loan losses	(1,350)	150	(1,350)	150
Balance at the end of the period	$ 57,404	$ 69,931	$ 57,404	$ 69,931

(1) Includes transactions in which the debtor or the customer is domiciled outside the U.S., even when the collateral is located in the U.S.

Set forth in the table below is the composition of international consumer loans and overdraft charge-offs by country for each of the periods presented.

	Three Months Ended June 30,		Six Months Ended June 30,	
(in thousands)	2019	2018	2019	2018
Venezuela	$ 729	$ 230	1,041	630
Other countries	165	—	259	—
Total charge offs	**$ 894**	**$ 230**	**$ 1,300**	**$ 630**

Three Months Ended June 30, 2019 and 2018

During the three months ended June 30, 2019, charge-offs decreased to $2.0 million from $2.7 million during the same period of the prior year. This decrease was mainly due to higher charge-offs related to domestic commercial loans in the second quarter of 2018, partially offset by an aggregate of $1.0 million in charge-offs related to credit cards in the second quarter of 2019. Additionally, recoveries increased to $0.5 million in the three months ended June 30, 2019, compared to $0.4 million during the same period in 2018. The increase in recoveries was mainly driven by a $136 thousand recovery related to one international commercial loan in the second quarter of 2019. As a result, the ratio of net charge-offs over the average total loan portfolio during the three months ended June 30, 2019 decreased 5 basis points to 0.11% from a net charge-off ratio of 0.16% in the same quarter in 2018.

During the three months ended June 30, 2019 we released $1.4 million from the allowance for loan losses compared to a provision of $0.2 million during the same period last year. This was mainly driven by improved quantitative factors in CRE and domestic commercial loans. Improved quantitative factors were partially offset by additional reserve requirements for $11.6 million of loans to a South Florida customer that was placed in non-accrual in June 2019, the Company’s credit card portfolio, and for growth in domestic loans. See “*Loan Quality*” for details on this downgraded loan relationship. During the three months ended June 30, 2018, we had lower reserve requirements mainly due to improvements in quantitative factors and positive adjustments to qualitative factors applied to the CRE portfolio. These adjustments partially covered the reserve requirements for charge-offs, non-performing loans, portfolio growth and additional provision requirements associated with a qualitative assessment of the effect to our portfolio from the new tariffs on imports.

Six Months Ended June 30, 2019 and 2018

During the six months ended June 30, 2019, charge-offs increased to $3.6 million from $3.5 million during the same period one year ago. In the six months ended June 30, 2019, the increase in charge-offs was primarily due to an aggregate of $1.5 million in charge-offs related to credit cards, partially offset by lower charge-offs in commercial loans. Additionally, recoveries decreased to $0.6 million in the six months ended June 30, 2019, compared to $1.3 million during the same period in 2018. The decrease in recoveries was mainly driven by a $0.8 million recovery of an owner-occupied commercial real estate loan in the first quarter of 2018. As a result, the ratio of net charge-offs over the average total loan portfolio during the six months ended June 30, 2019 increased 4 basis points to 0.11% from 0.07% in the same period in 2018.

During the six months ended June 30, 2019 we reversed $1.4 million from the allowance for loan losses compared to a provision of$0.2 million during the same period last year. During the six months ended June 30, 2019, lower reserve requirements due to the improvement in quantitative factors in CRE and commercial loans were partially offset by the reserve requirements for charge-offs, non-performing loans, credit cards and portfolio composition changes. During the six months ended June 30, 2018, lower reserve requirements were mainly due to improvements in quantitative factors and positive adjustments to qualitative factors applied to the CRE portfolio partially covered the reserve requirements for charge-offs, non-performing loans, portfolio growth and additional provision requirements associated with a qualitative assessment of the effect to our portfolio from the new tariffs on imports.

Noninterest Income

The table below sets forth a comparison for each of the categories of noninterest income for the periods presented.

	Three Months Ended June 30,				Change	
	2019		2018		2019 over 2018	
(in thousands, except percentages)	Amount	%	Amount	%	Amount	%
Deposits and service fees	$ 4,341	30.7%	$ 4,471	29.8%	$ (130)	(2.9)%
Brokerage, advisory and fiduciary activities	3,736	26.4%	4,426	29.5%	(690)	(15.6)%
Change in cash surrender value of bank owned life insurance (“BOLI”) (1)	1,419	10.0%	1,474	9.8%	(55)	(3.7)%
Cards and trade finance servicing fees	1,419	10.0%	1,173	7.8%	246	21.0 %
Gain on early extinguishment of FHLB advances	—	—%	882	5.9%	(882)	N/M
Data processing and fees for other services	365	2.6%	$ 613	4.1%	(248)	(40.5)%
Securities gains, net	992	7.0%	16	0.1%	976	N/M
Other noninterest income (2)	1,875	13.3%	1,931	13.0%	(56)	(2.9)%
Total noninterest income	$ 14,147	100.0%	$ 14,986	100.0%	$ (839)	(5.6)%

	Six Months Ended June 30,				Change	
	2019		2018		2019 over 2018	
(in thousands, except percentages)	Amount	%	Amount	%	Amount	%
Deposits and service fees	$ 8,427	30.9%	$ 9,053	31.3%	$ (626)	(6.9)%
Brokerage, advisory and fiduciary activities	7,424	27.2%	8,841	30.6%	(1,417)	(16.0)%
Change in cash surrender value of bank owned life insurance (“BOLI”) (1)	2,823	10.3%	2,918	10.1%	(95)	(3.3)%
Cards and trade finance servicing fees	2,334	8.6%	2,235	7.7%	99	4.4 %
Gain on early extinguishment of FHLB advances	557	2.0%	882	3.1%	(325)	(36.9)%
Data processing and fees for other services	885	3.2%	$ 1,494	5.2%	(609)	(40.8)%
Securities gains, net	996	3.7%	16	0.1%	980	N/M
Other noninterest income (2)	3,857	14.1%	3,492	11.9%	365	10.5 %
Total noninterest income	$ 27,303	100.0%	$ 28,931	100.0%	$ (1,628)	(5.6)%

(1) Changes in cash surrender value are not taxable.
(2) Includes rental income, income from derivative and foreign currency exchange transactions with customers, and credits which mirror the valuation loss on the investment balances held in the non-qualified deferred compensation plan in order to adjust our liability to participants of the deferred compensation plan
N/M Not meaningful

Three Months Ended June 30, 2019 and 2018

Total noninterest income decreased $0.8 million, or 5.6%, in the quarter ended June 30, 2019 compared to the same period of 2018. The decline was driven by lower income from brokerage, advisory and fiduciary activities, lower fees from administrative and transition services provided to our Former Parent, and the $0.9 million one-time gain realized in the second quarter of 2018 as a result of the early termination of advances from the Federal Home Loan Bank. These decreases were partially offset by a $1.0 million gain on the sale of municipal bonds as the lower interest rate environment provided a strong market for floating-rate bonds and higher debit card interchange fees. The Durbin Amendment’s limit on interchange fees was eliminated at the end of 2018 when the Federal Reserve determined that we are no longer controlled by our Former Parent. We expect an annualized increase in debit card fees of approximately $0.9 million.

Brokerage, advisory and fiduciary activities decreased $0.7 million during the three months ended June 30, 2019 compared to the same period one year ago, mainly driven by lower volumes of customer trading in 2019. In February 2019, the United States placed new restrictions on the trading of Venezuelan securities not previously restricted. These restrictions have effectively eliminated our customers’ trading in those securities and has negatively affected our fee income. During 2018, the Company earned approximately $1.5 million from trading in these securities. We expect these trading restrictions to continue to limit our fixed income trading activity for the foreseeable future. The Company will continue to focus on leveraging our wealth management platform to grow this side of our domestic business.

Six Months Ended June 30, 2019 and 2018

Total noninterest income decreased by $1.6 million in the six months ended June 30, 2019. This was driven by lower income from brokerage, advisory and fiduciary activities, lower data processing and fees for other services to our Former Parent, lower gain on early extinguishment of FHLB advances and lower deposit and service fees. In addition, in the first half of 2019, we received $0.6 million in compensation as a result of the early termination of advances compared to $0.9 million during the same period one year ago. The decrease in noninterest income was partially offset by the aforementioned $1.0 million gain on sale of municipal bonds and higher income from cards and trade finance servicing fees.

Brokerage, advisory and fiduciary activities decreased $1.4 million during the first half of 2019 compared to the first half of 2018, mainly due to lower volumes of customer trading activities in connection with the trading limitations on Venezuelan securities.

Deposits and service fees declined by $0.6 million during the first half of 2019 compared to the first half of 2018, mainly as a result of lower wire transfer activity in 2019. Also, during the second quarter of 2019, certain card interchange fees that had been previously classified as deposit and service fees were reclassified to "Cards and trade finance servicing fees" to better reflect the nature and source of these fees.

Data processing and fees for other services declined by $0.6 million in the six months ended June 30, 2019 compared to the same period last year. This was mainly due to lower data processing fees in connection with the separation from our Former Parent, including the sale of our subsidiary G200 Leasing, LLC (“G200 Leasing”) to our Former Parent in the first quarter of 2018, and the resulting loss of aircraft rental income from our Former Parent.

Other noninterest income increased by $0.4 million in the first half of 2019 compared to the first half of 2018. This increase was mainly driven by higher income from derivative and foreign transactions with customers in connection with the execution of several interest rate swap contracts with large notional amounts.

Noninterest Expense

The table below presents a comparison for each of the categories of noninterest expense for the periods presented.

	Three Months Ended June 30,				Change	
	2019		2018		2019 vs 2018	
(in thousands, except percentages)	Amount	% of Total	Amount	% of Total	Amount	% of Total
Salaries and employee benefits	$ 34,057	64.4%	$ 34,932	66.4%	$ (875)	(2.5)%
Occupancy and equipment	4,232	8.0%	4,060	7.7%	172	4.2 %
Professional and other services fees	3,954	7.5%	5,387	10.2%	(1,433)	(26.6)%
Telecommunications and data processing	3,233	6.1%	3,011	5.7%	222	7.4 %
Depreciation and amortization	2,010	3.8%	1,945	3.7%	65	3.3 %
FDIC assessments and insurance	1,177	2.2%	1,468	2.8%	(291)	(19.8)%
Other operating expenses (1)	4,242	8.0%	1,835	3.5%	2,407	131.2 %
Total noninterest expenses	$ 52,905	100.0%	$ 52,638	100.0%	$ 267	0.5 %

	Six Months Ended June 30,				Change	
	2019		2018		2019 vs 2018	
(in thousands, except percentages)	Amount	%	Amount	%	Amount	%
Salaries and employee benefits	$ 67,494	64.4%	$ 68,973	63.7%	$ (1,479)	(2.1)%
Occupancy and equipment	8,274	7.9%	7,775	7.2%	499	6.4 %
Professional and other services fees	7,398	7.1%	11,831	10.9%	(4,433)	(37.5)%
Telecommunications and data processing	6,259	6.0%	6,095	5.6%	164	2.7 %
Depreciation and amortization	3,952	3.8%	4,086	3.8%	(134)	(3.3)%
FDIC assessments and insurance	2,570	2.5%	2,915	2.7%	(345)	(11.8)%
Other operating expenses (1)	8,903	8.3%	6,608	6.1%	2,295	34.7 %
Total noninterest expenses	$ 104,850	100.0%	$ 108,283	100.0%	$ (3,433)	(3.2)%

(1) Includes advertising, marketing, charitable contributions, community engagement, postage and courier expenses, provisions for possible losses on contingent loans, and debits which mirror the valuation income on the investment balances held in the non-qualified deferred compensation plan in order to adjust our liability to participants of the deferred compensation plan.

Three Months Ended June 30, 2019 and 2018

Noninterest expense increased by $0.3 million, or 0.5%, in the three months ended June 30, 2019 compared to the same period in 2018, primarily the result of higher other operating expenses. These results were partially offset by lower professional and other services fees as well as a decrease in the costs associated with salaries and employee benefits and lower FDIC insurance expenses.

Other operating expenses increased by $2.4 million in the three months ended June 30, 2019, mainly driven by $1.8 million of restructuring expenses related to rebranding incurred in the three months ended June 30, 2019. We launched “Amerant” as our new brand across all our markets in April 2019. The launch included rebranding of all digital platforms, new signs in most branches and buildings, and a broad campaign through digital and traditional media focused on brand awareness. We expect our rebranding rollout to be substantially completed during the fourth quarter of 2019, and we expect to spend approximately $1.8 million in additional rebranding expenses for the remainder of 2019. In addition, we expect to incur approximately $1.2 million in CAPEX, which will be amortized over the shorter of seven years (the estimated useful life of our signs), the remaining life of owned buildings or the remaining terms of leased facilities. Other operating expenses in the second quarter of 2019 also included a reversal of the provision for possible losses on the off-balance sheet credit exposure of $0.4 million compared to $1.0 million in the same quarter one year ago.

The decrease of $1.4 million, or 26.6%, in professional and other services fees during the quarter ended June 30, 2019 compared to the same period last year was mainly due to $2.0 million of fees incurred in connection with our spin-off from our Former Parent during the three months ended June 30, 2018.

Salaries and employee benefits decreased by $0.9 million in the three months ended June 30, 2019. This change was mainly driven by staff reductions in 2019 and 2018 and the $1.2 million paid to participants of the non-qualified deferred compensation plan to partially mitigate the effect of the unexpected early distribution for federal income tax purposes in the second quarter of 2018. These results were partially offset by $1.5 million in additional compensation costs related to the shares of restricted stock awarded in December 2018 and January 2019 and the $0.9 million in staff reduction costs related to our various restructuring activities in the second quarter of 2019. The total compensation cost related to these restricted shares is expected to be approximately $6.0 million, or $1.5 million per quarter, through 2019, declining to an estimated cost of $2.7 million in 2020 and $1.1 million in 2021.

FDIC assessments and insurance expense decreased by $0.3 million in the three months ended June 30, 2019. The decrease was primarily due to lower FDIC assessment rates, the discontinuation of The Financing Corporation (“FICO”) fees and lower average balances.

Six Months Ended June 30, 2019 and 2018

Noninterest expense decreased by $3.4 million or 3.2%, in the six months ended June 30, 2019, compared to the same period one year ago. This was mainly driven by lower professional and other services fees as well as a decrease in the costs associated with salaries and employee benefits and lower FDIC assessments and insurance expense, partially offset by higher other operating expenses and higher occupancy and equipment costs.

The decrease of $4.4 million, or 37.5%, in professional and other services fees during the six months ended June 30, 2019 compared to the same period last year stems from $4.3 million incurred in legal, accounting and consulting fees in connection with our spin-off from our Former Parent during the six months ended June 30, 2018.

Other operating expenses increased by $2.3 million in the six months ended June 30, 2019, mainly driven by $2.8 million of restructuring expenses related to rebranding incurred in the six months ended June 30, 2019, partially offset by lower postage and courier expenses in the first half of 2019.

Salaries and employee benefits decreased by $1.5 million in the six months ended June 30, 2019, mainly driven by staff reductions in 2019 and 2018 and the aforementioned $1.2 million paid to participants of the non-qualified deferred compensation plan. This decrease was partially offset by $3.0 million in additional compensation costs related to the shares of restricted stock awarded in December 2018 and January 2019 and the $0.9 million in staff reduction costs related to our various restructuring activities in the second quarter of 2019.

Occupancy and equipment expenses increased by $0.5 million in the six months ended June 30, 2019, this was mainly due to higher telecommunication maintenance costs primarily related to a one-time project to improve the telecommunications network system of the bank. Also, there was an increase in premise maintenance and repair costs mainly driven by our rebranding activities in the first half of 2019.

FDIC assessments and insurance expense decreased by $0.3 million in the six months ended June 30, 2019. The decrease was primarily due to lower FDIC assessment rates, the discontinuation of The Financing Corporation fees and lower average balances. As a small institution (under $10 billion) in assets, we received a credit due to the FDIC's Deposit Insurance Fund attaining a 1.38% reserve ratio.

Income Taxes

The table below sets forth information related to our income taxes for the periods presented.

(in thousands, except effective tax rates and percentages)	Three Months Ended June 30,		Change		Six Months Ended June 30,		Change	
	2019	2018	2019 vs 2018		2019	2018	2019 vs 2018	
Income tax expense	$ 3,524	$ 5,764	($2,240)	(38.9)%	$ 7,101	$ 7,268	($167)	(2.3)%
Effective income tax rate	21.51%	35.61%	(14.1)%	(39.6)%	21.50%	26.80%	(5.3)%	(19.8)%

The income tax expense for the three and six months ended June 30, 2019 reflects the corporate federal income tax rate under the 2017 Tax Act (the "2017 Tax Act") which, beginning January 1, 2018, decreased the corporate federal income tax rate from 35% to 21%. During the three and six months ended June 30, 2018, the Company had a higher tax expense mainly as a result of tax adjustments associated with spin-off costs which were not tax deductible.

As of June 30, 2019, the Company's net deferred tax asset was $7.0 million, a decline of $9.3 million compared to $16.3 million as of December 31, 2018. This decrease was mainly driven by an increase of $40.5 million in gross unrealized gains on the available for sale securities during the first half of 2019.

Financial Condition - Comparison of Financial Condition as of June 30, 2019 and December 31, 2018

Assets. Total assets were $7.9 billion as of June 30, 2019, a decline of $197.5 million, or 2.4%, compared to $8.1 billion as of December 31, 2018. The decrease was mainly driven by a decrease of $103.1 million in loans held for investment net of allowance for loan losses as foreign loans continued their planned decline, and $90.8 million lower total securities. See "—Average Balance Sheet, Interest and Yield/Rate Analysis" for detailed information, including changes in the composition of our interest-earning assets.

Cash and Cash Equivalents. Cash and cash equivalents increased to $90.3 million at June 30, 2019 from $85.7 million at December 31, 2018.

Cash flows provided by operating activities were $33.5 million in the six months ended June 30, 2019. This was primarily attributed to net income earned and the termination of interest rate swaps designated as cash flow hedges, which resulted in $8.9 million of proceeds. Net cash provided by investing activities was $224.1 million during the six months ended June 30, 2019, mainly driven by maturities, sales and calls of securities available for sale and FHLB stock totaling $313.8 million and $15.0 million, respectively, and proceeds from loan sales totaling $214.4 million. These proceeds were partially offset by purchases of available for sale securities and FHLB stock totaling $195.4 million and $13.0 million, respectively.

In the six months ended June 30, 2019, net cash used in financing activities was $253.0 million. These activities included a $165.9 million net decrease in total demand, savings and money market deposit balances, $40.4 million net repayment of advances borrowed from the FLHB, the $28.5 million repurchase of Class B common stock completed in the first quarter of 2019, and a $47.4 million decrease in time deposits. These disbursements were partially offset by $29.2 million in net proceeds from the issuance of Class A common stock in the first quarter of 2019, which were used to purchase Class B common stock.

Loans

Loans are our largest component of interest-earning assets. The table below depicts the trend of loans as a percentage of total assets and the allowance for loan losses as a percentage of total loans for the periods presented.

(in thousands, except percentages)	June 30, 2019	December 31, 2018
Total loans, gross (1)	$ 5,812,755	$ 5,920,175
Total loans, gross / total assets	73.3 %	72.9 %
Allowance for loan losses	$ 57,404	$ 61,762
Allowance for loan losses / total loans, gross (1) (2)	0.99 %	1.04 %
Total loans, net (3)	$ 5,755,351	$ 5,858,413
Total loans, net / total assets	72.6 %	72.1 %

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(1) Outstanding loan principal balance net of deferred loan fees and costs, excluding loans held for sale and the allowance for loan losses.
(2) *See* Note 5 of our audited consolidated financial statements in the Form 10-K and Note 4 of these unaudited interim consolidated financial statements for more details on our impairment models.
(3) Outstanding loan principal balance net of deferred loan fees and costs, excluding loans held for sale and net of the allowance for loan losses.

The composition of our CRE loan portfolio by industry segment at June 30, 2019 and December 31, 2018 is depicted in the following table:

(in thousands)	June 30, 2019	December 31, 2018
Retail (1)	$ 1,128,385	$ 1,081,142
Multifamily	968,080	909,439
Office space	457,251	441,712
Land and construction	291,304	326,644
Hospitality	165,378	166,415
Industrial and warehouse	121,479	120,086
	$ 3,131,877	$ 3,045,438

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(1) Includes loans generally granted to finance the acquisition or operation of non-owner occupied properties such as retail shopping centers, free-standing single-tenant properties, and mixed-use properties with a primary retail component, where the primary source of repayment is derived from the rental income generated from the use of the property by its tenants.

The table below summarizes the composition of our loan portfolio by type of loan as of the end of each period presented. International loans include transactions in which the debtor or customer is domiciled outside the U.S., even when the collateral is U.S. property. All international loans are denominated and payable in U.S. Dollars.

(in thousands)	June 30, 2019	December 31, 2018
Domestic Loans:		
Real Estate Loans		
Commercial real estate (CRE)		
Nonowner occupied	$ 1,872,493	$ 1,809,356
Multi-family residential	968,080	909,439
Land development and construction loans	291,304	326,644
	3,131,877	3,045,439
Single-family residential	412,709	398,043
Owner occupied	836,334	777,022
	4,380,920	4,220,504
Commercial loans	1,123,362	1,306,792
Loans to depository institutions and acceptances (1)	20,006	19,965
Consumer loans and overdrafts (2)	73,674	73,155
Total Domestic Loans	5,597,962	5,620,416
International Loans:		
Real Estate Loans		
Single-family residential (3)	122,854	135,438
Commercial loans	57,374	73,636
Loans to depository institutions and acceptances	5,000	49,000
Consumer loans and overdrafts (4)	29,565	41,685
Total International Loans	214,793	299,759
Total Loan Portfolio	$ 5,812,755	$ 5,920,175

(1) Secured by cash or U.S. Government securities.
(2) Includes customers' overdraft balances totaling $0.8 million and $1.0 million as of June 30, 2019 and December 31, 2018, respectively.
(3) Secured by real estate properties located in the U.S.
(4) International customers' overdraft balances were de minimis at each of the dates presented.

Our strategy is to let foreign financial institution loans mature, and continue to divest Shared National Credits ("SNC") where the Company does not have a direct relationship with the borrower.

As of June 30, 2019, the loan portfolio decreased $107.4 million, or 1.8%, to $5.8 billion, as compared to $5.9 billion at December 31, 2018. As part of our business strategy, loans to international customers, primarily from Latin America, declined by $85.0 million, or 28.3%, as of June 30, 2019, compared to December 31, 2018. The domestic loan exposure decreased $22.5 million, or 0.4%, as of June 30, 2019, compared to December 31, 2018. The decline in total domestic loans includes net decreases of $183.4 million in Commercial loans, partially offset by net increases of $86.4 million, $59.3 million and $14.7 million in CRE loans, owner occupied loans and single-family residential loans, respectively. In the six months ended June 30, 2019, the decline in domestic loans was mainly driven by a $213.1 million reduction in connection with the sale of non-relationship SNCs.

As of June 30, 2019, syndicated loans that financed highly leveraged transactions were $36.9 million, or 0.6%, of total loans, compared to $207.7 million, or 3.5%, of total loans, as of December 31, 2018.

Foreign Outstanding

The table below summarizes the composition of our international loan portfolio by country of risk for the periods presented. All of our foreign loans are denominated in U.S. Dollars, and bear fixed or variable rates of interest based upon different market benchmarks plus a spread.

	June 30, 2019		December 31, 2018	
(in thousands, except percentages)	Net Exposure(1)	% Total Assets	Net Exposure(1)	% Total Assets
Venezuela (2)	$ 137,414	1.73%	$ 157,162	1.93%
Other (3)	77,379	0.98%	142,597	1.77%
Total	$ 214,793	2.71%	$ 299,759	3.70%

(1) Consists of outstanding principal amounts, net of collateral of cash, cash equivalents or other financial instruments totaling $20.6 million and $19.5 million as of June 30, 2019 and December 31, 2018, respectively.
(2) Includes mortgage loans for single-family residential properties located in the U.S. totaling $116.2 million and $129.0 million as of June 30, 2019 and December 31, 2018, respectively.
(3) Includes loans to borrowers in other countries which do not individually exceed one percent of total assets in any of the reported periods.

The maturities of our outstanding international loans were:

	June 30, 2019				December 31, 2018			
(in thousands)	Less than 1 year	1-3 Years	More than 3 years	Total	Less than 1 year	1-3 Years	More than 3 years	Total
Venezuela (1)	$ 20,770	$ 1,778	$ 114,866	$ 137,414	$ 27,415	$ 1,059	$ 128,688	$ 157,162
Other (2)	22,301	9,263	45,815	77,379	71,707	18,200	52,690	142,597
Total (3)	$ 43,071	$ 11,041	$ 160,681	$ 292,172	$ 99,122	$ 19,259	$ 181,378	$ 442,356

(1) Includes mortgage loans for single-family residential properties located in the U.S. totaling $116.2 million and $129.0 million as of June 30, 2019 and December 31, 2018, respectively. Based upon the diligence we customarily perform to "know our customers" for anti-money laundering, OFAC and sanctions purposes, and a preliminary review of the Executive Order issued by the President of the United States on August 5, 2019 and the related Treasury Department Guidance, we do not believe that the U.S. economic embargo on certain Venezuela persons will adversely affect our Venezuela customer relationships, generally.
(2) Includes loans to borrowers in other countries which do not individually exceed one percent of total assets in any of the reported periods.
(3) Consists of outstanding principal amounts, net of cash collateral, cash equivalents or other financial instruments totaling $20.6 million and $19.5 million as of June 30, 2019 and December 31, 2018, respectively.

During the six months ended June 30, 2019, we continued the strategy to reduce the international commercial loan exposure. As a result, loans to international customers, mainly companies and financial institutions in Brazil, Colombia and other countries decreased $85.0 million, or 28.3%, in 2019 compared to 2018, mostly as a result of decline in Venezuela, Brazil and Colombia loan exposures.

Loan Quality

Allocation of Allowance for Loan Losses

In the following table, we present the allocation of the allowance for loan losses by loan segment at the end of the periods presented. The amounts shown in this table should not be interpreted as an indication that charge-offs in future periods will occur in these amounts or percentages. These amounts represent our best estimates of losses incurred, but not yet identified, at the reported dates, derived from the most current information available to us at those dates and, therefore, do not include the impact of future events that may or may not confirm the accuracy of those estimates at the dates reported. Our allowance for loan losses is established using estimates and judgments, which consider the views of our regulators in their periodic examinations. We also show the percentage of each loan class, which includes loans in nonaccrual status.

(in thousands, except percentages)	June 30, 2019		December 31, 2018	
	Allowance	% of Loans in Each Category to Total Loans	Allowance	% of Loans in Each Category to Total Loans
Domestic Loans				
Real estate	$ 21,900	53.8%	$ 22,778	51.3%
Commercial	25,334	35.5%	29,278	37.0%
Financial institutions	42	0.3%	41	0.3%
Consumer and others (1)	2,006	6.7%	1,985	6.3%
	49,282	96.3%	54,082	94.9%
International Loans (2)				
Commercial	490	1.0%	740	1.2%
Financial institutions	18	0.1%	404	0.8%
Consumer and others (1)	7,614	2.6%	6,536	3.1%
	8,122	3.7%	7,680	5.1%
Total Allowance for Loan Losses	**$ 57,404**	**100.0%**	**$ 61,762**	**100.0%**
% of Total Loans	0.99%		1.04%	

(1) Includes: (i) credit card receivables to cardholders for whom charge privileges have been stopped as of June 30, 2019; and (ii) mortgage loans for and secured by single-family residential properties located in the U.S.

(2) Includes transactions in which the debtor or customer is domiciled outside the U.S. and all collateral is located in the U.S.

Non-Performing Assets

In the following table, we present a summary of our non-performing assets by loan class, whichincludes non-performing loans by portfolio segment, both domestic and international, and other real estate owned, or OREO, at the dates presented. Non-performing loans consist of (i) nonaccrual loans; (ii) accruing loans 90 days or more contractually past due as to interest or principal; and (iii) restructured loans that are considered "troubled debt restructurings" ("TDRs").

(in thousands)	June 30, 2019	December 31, 2018
Non-Accrual Loans (1)		
Domestic Loans:		
Real Estate Loans		
Commercial real estate (CRE)		
Nonowner occupied	$ 1,964	$ —
Multi-family residential	657	—
Single-family residential	8,111	5,198
Owner occupied	10,528	4,983
	21,260	10,181
Commercial loans	10,032	4,772
Consumer loans and overdrafts	82	11
Total Domestic	31,374	14,964
International Loans: (2)		
Real Estate Loans		
Single-family residential	1,321	1,491
Consumer loans and overdrafts	32	24
Total International	1,353	1,515
Total Non-Accrual Loans	$ 32,727	$ 16,479
Past Due Accruing Loans (3)		
Domestic Loans:		
Real Estate Loans		
Single-family residential	$ —	$ 54
Total Domestic	—	54
International Loans:		
Real Estate Loans		
Single-family residential	—	365
Consumer loans and overdrafts	23	884
Total International	23	1,249
Total Past Due Accruing Loans	$ 23	$ 1,303
Total Non-Performing Loans	$ 32,750	$ 17,782
Other Real Estate Owned	—	367
Total Non-Performing Assets	$ 32,750	$ 18,149

(1) Includes loan modifications that met the definition of TDRs that may be performing in accordance with their modified loan terms.
(2) Includes transactions in which the debtor or customer is domiciled outside the U.S., but where all collateral is located in the U.S.
(3) Loans past due 90 days or more but still accruing.

At June 30, 2019, non-performing assets increased $14.6 million, or 80.5%, compared to December 31, 2018. This increase was mainly attributed to the deterioration of a total of $11.6 million in a combination of CRE, owner occupied, commercial and residential loans to a South Florida customer in the food wholesale industry whose sales in Puerto Rico have not recovered from Hurricanes Irma and Maria in 2017. This relationship is comprised of four owner occupied loans totaling $4.7 million, one commercial loan totaling $2.7 million, and one CRE loan of $2.0 million, which had been classified special mention since June 2018. The loan relationship also includes four residential loans totaling $2.2 million. As of June 30, 2019, all the loans in the relationship were further downgraded to substandard and placed in non-accrual.

On July 30, 2019, the Company agreed to restructure certain CRE, owner occupied and commercial loans totaling $9.4 million in a multiple loan relationship with a South Florida customer. This TDR restructure consisted of extending repayment terms and adjusting future periodic payments, and the Company determined no additional impairment charges were necessary. Four residential loans, totaling $2.2 million, which are included in this loan relationship, were not modified. The Company believes the specific reserves associated with these CRE, owner occupied, commercial loans and residential loans, which total a $11.6 million impaired loan relationship as of June 30, 2019, are adequate to cover probable losses given current facts and circumstances. The Company will continue to closely monitor the performance of these loans under their modified terms.

Additionally, during the quarter ended June 30, 2019, non-performing loans also increased due to a $2.4 million commercial loan and a $0.7 million CRE loan placed in nonaccrual status.

We recognized no interest income on nonaccrual loans during the six months ended June 30, 2019 and 2018. Additional interest income that we would have recognized on these loans had they been current in accordance with their original terms in the six months ended June 30, 2019 and 2018 was $0.8 million and $0.7 million, respectively.

The Company's loans by credit quality indicators are summarized in the following table. We have no purchased credit-impaired loans.

	June 30, 2019				December 31, 2018			
(in thousands)	**Special Mention**	**Substandard**	**Doubtful**	**Total (1)**	**Special Mention**	**Substandard**	**Doubtful**	**Total (1)**
Real Estate Loans								
Commercial Real Estate (CRE)								
Nonowner occupied	$ 6,251	$ 1,964	$ —	$ 8,215	$ 6,561	$ 222	$ —	$ 6,783
Multi-family residential	—	657	—	657	—	—	—	—
	6,251	2,621	—	8,872	6,561	222	—	6,783
Single-family residential	—	9,432	—	9,432	—	7,108	—	7,108
Owner occupied	9,476	13,940	—	23,416	9,019	9,451	—	18,470
	15,727	25,993	—	41,720	15,580	16,781	—	32,361
Commercial loans	5,332	11,490	539	17,361	3,943	6,462	589	10,994
Consumer loans and overdrafts	—	4,421	—	4,421	—	6,062	—	6,062
	$ 21,059	**$ 41,904**	**$ 539**	**$ 63,502**	**$ 19,523**	**$ 29,305**	**$ 589**	**$ 49,417**

(1) There are no loans categorized as a "Loss" as of the dates presented.

At June 30, 2019, substandard loans increased $12.6 million, or 43.0%, compared to December 31, 2018. The increase was mainly attributed to the deterioration of the $11.6 million of loans to a South Florida borrower in the food wholesale industry whose sales in Puerto Rico continue to be adversely affected by two hurricanes in 2017. These loans were placed on non-accrual when these were classified as substandard. Subsequently on July 30, 2019, the Company agreed to restructure certain CRE, owner occupied and commercial loans within this relationship totaling $9.4 million. Additionally, the increase is attributed to a $2.4 million commercial loan and a $0.7 million CRE loan placed in non-accrual status, offset by a $0.8 million owner-occupied commercial real estate loan repayment within the period.

At June 30, 2019, special mention loans increased $1.5 million, or 7.9%, compared to December 31, 2018. The increase is attributed to four commercial loans totaling $3.9 million, three owner-occupied commercial real estate loans totaling $5.4 million, and one $1.8 million CRE loan downgraded to special mention during the period, offset by the classification as substandard of special mention loans in the $11.6 million of loans to a South Florida borrower previously discussed. These downgraded loans reflect individual loan performances which management believes do not reflect negative trends. Additionally, these downgraded loans are being monitored and did not generate any additional provisions in 2019.

Since late 2016, and consistent with industry practice, credit cards held by Venezuela residents with outstanding balances above the corresponding customer's average deposit balances with the Bank are classified substandard and charging privileges are suspended. At June 30, 2019 and December 31, 2018, this resulted in approximately $4.3 million and $6.0 million, respectively, in credit card receivables classified substandard. At June 30, 2019 and December 31, 2018, we had allowance for loan losses with respect to credit card balances of approximately $6.5 million and $5.4 million, respectively. At the beginning of 2018, the Company changed the monitoring of such credit cards and related deposit balances from quarterly to monthly. Deteriorating economic conditions in Venezuela could cause classified credit card balances, and charge offs to continue increasing.

Approximately 95% of our credit card holders are foreign, mostly Venezuelan, and the card receivables were reflecting the stresses in the Venezuela economy. In April 2019, the Company revised its credit card strategy to further reduce its credit exposure to international credit card customers and reduce its credit card losses. The Company stopped charge privileges to its smallest and riskiest cardholders and required repayment of their balances by November 2019. Other cardholders' charge privileges will end in October 2019 and they will be required to repay all balances by January 2020. The Company reduced its credit card receivables from $33.9 million at December 31, 2018 to $26.1 million at June 30, 2019 and increased during the second quarter of 2019 its allowance for loan losses on credit cards by $1.2 million to a total of $6.5 million. The Company entered into an arrangement with a major U.S.-based global card issuer and began referring its international customers to the U.S-based global card issuer in May. The Company expects to market this program to all its other foreign customers in Fall 2019. The Company is currently negotiating a similar referral program with another card issuer for its domestic customers. The Company believes these changes will continue to reduce and ultimately eliminate its credit exposure and losses on international cards. The discontinuance of credit cards and repayment terms on existing credit card balances, however, may result in higher initial credit loss rates on existing card balances, until these balances are paid or charged-off.

Potential problem loans, which are accruing loans classified as substandard and are less than 90 days past due, at June 30, 2019 and December 31, 2018 are as follows:

(in thousands)	June 30, 2019	December 31, 2018
Real estate loans		
Commercial real estate (CRE)		
Nonowner occupied	$ —	$ 222
Owner occupied	3,411	4,468
	3,411	4,690
Commercial loans	1,997	2,433
Consumer loans and overdrafts (1)	4,285	5,144
	$ 9,693	$ 12,267

(1) Includes international consumer loans of approximately $4.3 million and $5.1 million at each of the dates presented.

At June 30, 2019, total potential problem loans decreased $2.6 million, or 21.0%, compared to December 31, 2018. The decrease is mainly attributed to a $0.9 million decrease in credit cards past due and a $0.8 million owner-occupied commercial real estate loan repayment, as well as repayments of other smaller loans during the period.

Securities

The following table sets forth the book value and percentage of each category of securities at June 30, 2019 and December 31, 2018. The book value for securities classified as available for sale represents fair value and the book value for securities classified as held to maturity represents amortized cost.

	June 30, 2019		December 31, 2018	
	Amount	%	Amount	%
(in thousands, except percentages)				
Securities held to maturity				
U.S. Government sponsored enterprise debt	$ 78,448	4.8%	$ 82,326	4.7%
U.S. Government agency debt	2,792	0.1%	2,862	0.2%
	$ 81,240	4.9%	$ 85,188	4.9%
Securities available for sale:				
U.S. Government sponsored enterprise debt	$ 933,670	56.6%	$ 820,779	47.1%
Corporate debt (1)	271,706	16.5%	352,555	20.3%
U.S. Government agency debt	198,740	12.0%	216,985	12.5%
Municipal bonds	73,327	4.4%	160,212	9.2%
Mutual funds (2)	23,779	1.4%	23,110	1.3%
Commercial paper	—	—%	12,410	0.7%
	$ 1,501,222	90.9%	$ 1,586,051	91.1%
Other securities (3):				
FHLB stock	$ 55,115	3.4%	$ 57,179	3.3%
Federal Reserve Bank stock	13,055	0.8%	13,010	0.7%
	$ 68,170	4.2%	$ 70,189	4.0%
	$ 1,650,632	100.0%	$ 1,741,428	100.0%

(1) June 30, 2019 includes $12.1 million in "investment-grade" quality securities issued by corporate entities from Europe and Japan in the financial services sector. December 31, 2018 includes $36.2 million in obligations issued by corporate entities from Europe and Japan in three different sectors. The Company limits exposure to foreign investments based on cross border exposure by country, risk appetite and policy. All foreign investments are denominated in U.S. Dollars.

(2) Includes a publicly offered investment company which seeks current income and makes investments that qualify for Community Reinvestment Act ("CRA") purposes.

(3) Amounts correspond to original cost at the date presented. Original cost approximates fair value because of the nature of these investments.

The following tables set forth the book value, scheduled maturities and weighted average yields for our securities portfolio at June 30, 2019 and December 31, 2018. Similar to the table above, the book value for securities available for sale is equal to fair market value and the book value for securities held to maturity is equal to amortized cost.

June 30, 2019

(in thousands, except percentages)	Total		Less than a year		One to five years		Five to ten years		Over ten years		No maturity	
	Amount	Yield	Amount	Yield	Amount	Yield	Amount	Yield	Amount	Yield	Amount	Yield
Securities held to maturity												
U.S. Government sponsored enterprise debt	$ 78,448	2.72%	$ —	—%	$ —	—	$ —	—%	$ 78,448	2.72%	$ —	—%
U.S. Government agency debt	2,792	2.74	—	—	—	—	—	—	2,792	2.74	—	—
	$ 81,240	2.72	$ —	—	$ —	—	$ —	—	$ 81,240	2.72	$ —	—
Securities available for sale												
U.S. Government sponsored enterprise debt	$ 933,670	2.87%	$ 675	3.94%	$ 26,827	2.67%	$ 108,013	2.93%	$ 798,155	2.87%	$ —	—%
Corporate debt-domestic	259,612	3.11	43,078	2.63	170,345	3.07	46,189	3.72	—	—	—	—
U.S. Government agency debt	198,740	3.06	529	2.51	9,262	3.23	18,066	2.85	170,883	3.07	—	—
Municipal bonds	73,327	3.23	—	—	—	—	6,888	2.99	66,439	3.25	—	—
Corporate debt-foreign	12,094	3.48	—	—	12,094	3.48	—	—	—	—	—	—
Mutual funds	23,779	2.37	—	—	—	—	—	—	—	—	23,779	2.37
Commercial paper	—	—	—	—	—	—	—	—	—	—	—	—
	$ 1,501,222	2.95	$ 44,282	2.65	$ 218,528	3.05	$ 179,156	3.13	$ 1,035,477	2.93	$ 23,779	2.37
Other securities												
FHLB stock	$ 55,115	6.54%	$ —	—%	$ —	—%	$ —	—%	$ —	—%	$ 55,115	6.54%
Federal Reserve Bank stock	13,055	6.08	—	—	—	—	—	—	—	—	13,055	6.08
	$ 68,170	6.45	$ —	—	$ —	—	$ —	—	$ —	—	$ 68,170	6.45
	$ 1,650,632	3.08%	$ 44,282	2.65%	$ 218,528	3.05%	$ 179,156	3.13%	$ 1,116,717	2.91%	$ 91,949	5.40%

December 31, 2018

(in thousands, except percentages)	Total		Less than a year		One to five years		Five to ten years		Over ten years		No maturity	
	Amount	Yield	Amount	Yield	Amount	Yield	Amount	Yield	Amount	Yield	Amount	Yield
Securities held to maturity												
U.S. Government sponsored enterprise debt	$ 82,326	2.84%	$ —	—%	$ —	—	$ —	—%	$ 82,326	2.84%	$ —	—%
U.S. Government agency debt	2,862	2.73	—	—	—	—	—	—	2,862	2.73	—	—
	$ 85,188	2.84	$ —	—	$ —	—	$ —	—	$ 85,188	2.84	$ —	—
Securities available for sale												
U.S. Government sponsored enterprise debt	$ 820,779	2.70%	$ 11	5.16%	$ 29,807	2.70%	$ 86,654	2.78%	$ 704,307	2.69%	$ —	—%
Corporate debt-domestic	316,387	3.12	40,804	2.66	249,709	3.17	25,874	3.35	—	—	—	—
U.S. Government agency debt	216,985	2.83	1,081	2.70	10,068	2.61	21,113	2.71	184,723	2.86	—	—
Municipal bonds	160,212	3.11	—	—	—	—	29,397	3.02	130,815	3.13	—	—
Corporate debt-foreign	36,168	3.38	—	—	36,168	3.38	—	—	—	—	—	—
Mutual funds	23,110	2.32	—	—	—	—	—	—	—	—	23,110	2.32
Commercial paper	12,410	2.77	12,410	2.77	—	—	—	—	—	—	—	—
	$ 1,586,051	2.85	$ 54,306	2.69	$ 325,752	3.13	$ 163,038	2.90	$ 1,019,845	2.78	$ 23,110	2.32
Other securities												
FHLB stock	$ 57,139	6.19%	$ —	—%	$ —	—%	$ —	—%	$ —	—%	$ 57,139	6.19%
Federal Reserve Bank stock	13,050	5.69	—	—	—	—	—	—	—	—	13,050	5.69
	$ 70,189	6.10	$ —	—	$ —	—	$ —	—	$ —	—	$ 70,189	6.10
	$ 1,741,428	2.98%	$ 54,306	2.69%	$ 325,752	3.13%	$ 163,038	2.90%	$ 1,105,033	2.78%	$ 93,299	5.16%

The investment portfolio's average duration was 3.1 years atJune 30, 2019 and 3.4 years atDecember 31, 2018. These estimates are computed using multiple inputs that are subject, among other things, to changes in interest rates and other factors that may affect prepayment speeds. Contractual maturities of investment securities are adjusted for anticipated prepayments of amortizing U.S. Government sponsored agency debt and enterprise debt securities, which shorten the average lives of these investments.

Liabilities

Total liabilities decreased $256.5 million, or 3.5%, to $7.1 billion at June 30, 2019 compared to $7.4 billion at December 31, 2018. This decrease was primarily driven by lower total deposits and repayments on advances from the FHLB.

Deposits

Total deposits decreased $213.3 million, or 3.5%, to $5.8 billion at June 30, 2019 compared to $6.0 billion at December 31, 2018. In the six months ended June 30, 2019, decreases of $105.0 million in interest bearing deposits, $77.9 million in savings and money market deposit accounts and $47.4 million in time deposits were partially offset by a $16.9 million increase in noninterest bearing transaction accounts. These changes in deposits and the deposit mix were largely affected by declines in deposits from Venezuelan resident customers, as discussed below. The decrease of $47.4 million in time deposits includes a decline of $23.5 million in brokered time deposits and a decrease of $23.8 million in retail time deposits. The decrease in retail time deposits resulted from our strategic decision to decrease the promotional interest rates we paid. We continue to focus our efforts to retain customers with higher probabilities of renewal at lower-than-market rates. Also, we have implemented a strategy for renewing CDs with lower probability of renewals through our promotions. These efforts led to time deposit renewals of approximately $211.2 million in the first half of 2019 at rates that were lower than the highest rates paid in our markets.

Deposits by Country of Domicile

The following table shows deposits by country of domicile of the depositor as of the dates presented.

(in thousands)	June 30, 2019	December 31, 2018
Deposits		
Domestic	$ 3,014,269	$ 3,001,366
Foreign:		
Venezuela (1)	2,465,718	2,694,690
Others	339,394	336,630
Total foreign	2,805,112	3,031,320
Total deposits	$ 5,819,381	$ 6,032,686

(1) Based upon the diligence we customarily perform to "know our customers" for anti-money laundering, OFAC and sanctions purposes, and a preliminary review of the Executive Order issued by the President of the United States on August 5, 2019 and the related Treasury Department Guidance, we do not believe that the U.S. economic embargo on certain Venezuela persons will adversely affect our Venezuela customer relationships, generally.

Our domestic deposits have increased almost every year since 2014, while our total foreign deposits, especially deposits from Venezuelan residents, have declined during the same period. Most of the Venezuelan withdrawals from deposit accounts at the Bank are believed to be due to the effect of adverse economic conditions in Venezuela on our Venezuelan resident customers. Our other foreign deposits do not include deposits from Venezuelans.

The following table shows the amounts and percentage changes in our domestic and foreign deposits, including Venezuelan resident customer deposits, for the six months ended June 30, 2019 and the year ended December 31, 2018.

(in thousands, except percentages)	Six Months Ended June 30, 2019		Year Ended December 31, 2018	
	Amount	%	Amount	%
Deposits				
Domestic	$ 12,903	0.4 %	$ 178,567	6.3 %
Foreign:				
Venezuela	(228,972)	(8.5)%	(453,221)	(14.4)%
Others	2,764	0.8 %	(15,633)	(4.4)%
Total foreign	(226,208)	(7.5)%	(468,854)	(13.4)%
Total deposits	$ (213,305)	(3.5)%	$ (290,287)	(4.6)%

During the six months ended June 30, 2019, deposits from customers domiciled in Venezuela decreased by $229.0 million, or 8.5%, to $2.5 billion, compared to December 31, 2018. In the first half of 2019, as living conditions in Venezuela remain difficult, our Venezuelan resident customers continued to rely on their U.S. Dollar savings to fund daily living expenses. The annual rate of decline in our Venezuela deposits during the first six months of 2019 was higher compared to that realized during 2018. The annualized international deposit runoff rate was 14.4% in the second quarter of 2019. As we expect this runoff to continue into the next few quarters, we continue to proactively focus on growing our core domestic deposits, while seeking to reduce attrition in our valued Venezuelan customers' deposits, by emphasizing and rewarding strong multi-product relationships. We launched the "Amerant Relationship Rewards Program" in July 2019, which focuses on expanding client relationships through tiered reward cash incentives to qualifying customers, and we have realigned our incentive compensation to promote our relationship-driven model and increase core deposits from our commercial customer base. We are also actively working to increase our share of wallet of select high net worth international customers with whom we maintain strong long-term relationships.

The Bank uses the Federal Financial Institutions Examination Council's (the "FFIEC") Uniform Bank Performance Report (the "UBPR") definition of "core deposits", which exclude brokered time deposits and retail time deposits of $250,000 or more. Our core deposits were $4.5 billion and $4.7 billion as of June 30, 2019 and December 31, 2018, respectively. Core deposits represented 76.7% and 77.5% of our total deposits at those dates, respectively. The decline in core deposits since December 31, 2018 resulted primarily from Venezuelan resident customers drawing down their account balances as mentioned above, partially offset by increases in domestic deposits.

We utilize brokered deposits and, as of June 30, 2019, we had $618.6 million in brokered deposits, which represented 10.6% of our total deposits. Our June 30, 2019 brokered deposits were down $23.5 million, or 3.7%, compared to $642.1 million as of December 31, 2018. This decrease reflects the continuation of our planned decrease in brokered CDs deposits. The Company has not historically sold brokered CDs in denominations over $100,000.

Large Fund Providers

At June 30, 2019 and December 31, 2018, our large fund providers, defined as third-party customer relationships with balances of over $10 million, included nine and six deposit relationships, respectively, with total balances of $131.1 million and $74.4 million, respectively. Additionally, deposits from our Former Parent or its non-U.S. affiliates at June 30, 2019 and December 31, 2018 totaled $5.9 million and $9.6 million, respectively. These deposits of our Former Parent and its non-U.S. affiliates are expected to continue to decline further in 2019.

Large Time Deposits by Maturity

The following table sets forth the maturities of our time deposits with individual balances equal to or greater than $100,000 as of June 30, 2019:

(in thousands, except percentages)	June 30, 2019	
Less than 3 months	$ 281,653	20.3 %
3 to 6 months	203,195	14.6 %
6 to 12 months	485,987	35.0 %
1 to 3 years	202,649	14.6 %
Over 3 years	216,532	15.5 %
Total	$ 1,390,016	100.0 %

Short-Term Borrowings

In addition to deposits, we use short-term borrowings, such as FHLB advances and borrowings from other banks, as a source of funds to meet the daily liquidity needs of our customers and fund growth in earning assets. Short-term borrowings have maturities of 12 months or less as of the reported period-end. All of our outstanding short-term borrowings at June 30, 2019 and December 31, 2018 correspond to FHLB advances.

The following table sets forth information about the outstanding amounts of our short-term borrowings at the close of, and for the six months ended, June 30, 2019 and for the year ended December 31, 2018.

(in thousands, except percentages)	June 30, 2019	December 31, 2018
Outstanding at period-end	$ 600,000	$ 440,000
Average amount	503,333	505,417
Maximum amount outstanding at any month-end	600,000	632,000
Weighted average interest rate:		
During period	2.46 %	2.10 %
End of period	2.35 %	2.52 %

Return on Equity and Assets

The following table shows annualized return on average assets, return on average equity, and average equity to average assets ratio for the periods presented:

(in thousands, except percentages and per share data)	Three Months Ended June 30, 2019	Three Months Ended June 30, 2018	Six Months Ended June 30, 2019	Six Months Ended June 30, 2018
Net income	$ 12,857	$ 10,423	$ 25,928	$ 19,852
Basic earnings per common share	0.30	0.25	0.61	0.47
Diluted earnings per common share (1)	0.30	0.25	0.60	0.47
Average total assets	$ 7,867,120	$ 8,419,040	$ 7,964,677	$ 8,413,434
Average stockholders' equity	786,123	748,024	773,451	747,905
Net income / Average total assets (ROA)	0.66 %	0.50 %	0.66 %	0.47 %
Net income / Average stockholders' equity (ROE)	6.56 %	5.57 %	6.76 %	5.31 %
Average stockholders' equity / Average total assets ratio	9.99 %	8.88 %	9.71 %	8.89 %
Adjusted net income (2)	$ 15,005	$ 14,142	$ 28,808	$ 25,831
Adjusted earnings per common share (2)	0.35	0.33	0.68	0.61
Adjusted earnings per diluted common share (2)	0.35	0.33	0.67	0.61
Adjusted net income / Average total assets (Adjusted ROA) (2)	0.77 %	0.67 %	0.73 %	0.61 %
Adjusted net income / Average stockholders' equity (Adjusted ROE) (2)	7.66 %	7.56 %	7.51 %	6.91 %

(1) As of June 30, 2019, potential dilutive instruments included 738,138 unvested shares of restricted stock, including 736,839 shares of restricted stock issued in December 2018 in connection with the Company's IPO and 1,299 additional shares of restricted stock issued in January 2019. As of June 30, 2019, these 738,138 unvested shares of restricted stock were included in the diluted earnings per share computation because, when the unamortized deferred compensation cost related to these shares was divided by the average market price per share at that date, fewer shares would have been purchased than restricted shares assumed issued. Therefore, at that date, such awards resulted in higher diluted weighted average shares outstanding than basic weighted average shares outstanding in the three and six months ended June 30, 2019, and had a dilutive effect in per share earnings in the three (not shown due to rounding) and six months ended June 30, 2019. We had no outstanding dilutive instruments as of June 30, 2018.

(2) See "Selected Financial Information" for an explanation of certain non-GAAP financial measures and see "Non-GAAP Financial Measures Reconciliation" for a reconciliation of the non-GAAP financial measures to their GAAP counterparts.

During the three and six month periods ended June 30, 2019, basic and diluted earnings per share increased as a result of higher net income in thethree and six month periods ended June 30, 2019 compared to the same periods one year ago.

Capital Resources and Liquidity Management

Capital Resources.

Stockholders’ equity is influenced primarily by earnings, dividends, if any, and changes in accumulated other comprehensive income or loss (AOCI/AOCL) caused primarily by fluctuations in unrealized holding gains or losses, net of taxes, on available for sale securities. AOCI/AOCL is not included for purposes of determining our capital for bank regulatory purposes.

Stockholders’ equity increased $59.0 million, or 7.9%, to $806.4 million as of June 30, 2019 as compared to December 31, 2018, primarily due to $25.9 million of net income in the six months ended June 30, 2019, a $29.3 million increase in AOCI resulting primarily from a higher valuation of securities available for sale compared to December 31, 2018, and the Company’s amortization of stock-based compensation of its 2018 restricted stock award related to the IPO. The higher valuation of securities available for sale during 2019 caused the Company’s deferred tax assets to decline approximately $9.3 million, or 57.0%, to $7.0 million as of June 30, 2019, as the unrealized gains and losses included in AOCI are reported in stockholder’s equity on an after-tax basis.

Liquidity Management.

At June 30, 2019, the Company had $1.1 billion of outstanding advances from the FHLB and other borrowings, compared to $1.2 billion at December 31, 2018. At June 30, 2019 and December 31, 2018, we had an additional $1.2 billion available under FHLB facilities. During the six months ended June 30, 2019, the Company repaid $630 million of outstanding advances and other borrowings, and obtained new borrowing proceeds of $590 million from these sources. There were no other borrowings as of June 30, 2019.

The following table summarizes the composition of our FHLB advances by type of interest rate:

(in thousands)	June 30, 2019	December 31, 2018
Advances from the FHLB and other borrowings:		
Fixed rate ranging from 1.50% to 3.86%	$ 845,000	$ 886,000
Floating rate based on 3-month LIBOR ranging from 2.32% to 2.63% (December 31, 2018 - 2.40% to 2.82%) (1)	280,000	280,000
	$ 1,125,000	$ 1,166,000

(1) At December 31, 2018, we had designated certain interest rate swaps as cash flow hedges to manage this variable interest rate exposure. In March 2019, the Company terminated these interest rate swap contracts. As a result, the Company received cash equal to the contracts’ fair value at the date of termination of approximately $8.9 million which is recorded in AOCI. This amount will be amortized over the original remaining lives of the contracts as an offset to interest expense on the Company’s FHLB advances. The Company recorded a credit of approximately $0.5 million against interest expense on FHLB advances in the first half of 2019 and expects to record a credit of approximately $0.7 million in the rest of 2019.

At June 30, 2019, advances from the FHLB had maturities through 2023 with interest rates ranging from 1.50% to 3.86%.

We also maintain federal funds lines with several banks, and had $72.0 million and $35.5 million of availability under these lines at June 30, 2019 and December 31, 2018, respectively. We expect to continue taking FHLB funding as needed in short duration maturities.

We are a corporation separate and apart from the Bank and, therefore, must provide for our own liquidity. Our main source of funding is dividends declared and paid to us by the Bank. Additionally, our subsidiary Amerant Florida Bancorp Inc., formerly Mercantil Florida Bancorp Inc., or Amerant Florida, which is an intermediate bank holding company and the obligor on our junior subordinated debt, held cash and cash equivalents of $43.4 million as of June 30, 2019 and $32.9 million as of December 31, 2018 in funds available to service this junior subordinated debt. Of this cash, $25.5 million will be used to redeem the outstanding trust preferred securities issued by its Statutory Trust II and its Capital Trust III subsidiary, and the related junior subordinated debt issued by Amerant Florida.

On July 10, 2019 the Company announced the redemption of all $15.0 million of its outstanding 10.60% trust preferred securities issued by its Statutory Trust II subsidiary, and all $10.0 million of its outstanding 10.18% trust preferred securities issued by its Capital Trust III subsidiary. The Capital Trust III securities were redeemed on July 31, 2019 at the contractual call price of 101.018% and the Statutory Trust II securities will be redeemed on September 7, 2019, the earliest call date, at the contractual call price of 100.530%. The Company will simultaneously redeem all $15.5 million and $10.4 million junior subordinated debentures held by its Statutory Trust II and Capital Trust III, respectively, as part of these redemption transactions. These redemptions together will reduce total cash and cash equivalents by approximately $23.8 million, financial liabilities by approximately $25.9 million and other assets by approximately $2.4 million. In addition, third quarter 2019 results will include a total charge of $0.3 million for the premiums paid to security holders from these redemptions. The redemption of these legacy Tier 1 capital instruments will reduce the Company's Tier 1 equity capital by a total of $23.5 million.

There are statutory and regulatory limitations that affect the ability of the Bank to pay dividends to the Company. These limitations exclude the effects of AOCI/AOCL. Management believes that these limitations will not affect the Company's ability, and Amerant Florida's ability, to meet their short-term cash obligations. See "Supervision and Regulation" in the Form 10-K.

Regulatory Capital Requirements

Our Company's consolidated regulatory capital amounts and ratios are presented in the following table:

	Actual		Required for Capital Adequacy Purposes		Regulatory Minimums To be Well Capitalized	
(in thousands, except percentages)	Amount	Ratio	Amount	Ratio	Amount	Ratio
June 30, 2019						
Total capital ratio	$ 943,966	14.70%	$ 513,809	8.00%	$ 642,262	10.00%
Tier 1 capital ratio	889,376	13.85%	385,357	6.00%	513,809	8.00%
Tier 1 leverage ratio	889,376	11.32%	314,358	4.00%	392,947	5.00%
Common Equity Tier 1	779,958	12.14%	289,018	4.50%	417,470	6.50%
December 31, 2018						
Total capital ratio	$ 916,663	13.54%	$ 541,638	8.00%	$ 677,047	10.00%
Tier 1 capital ratio	859,031	12.69%	406,228	6.00%	541,638	8.00%
Tier 1 leverage ratio	859,031	10.34%	332,190	4.00%	415,238	5.00%
Common Equity Tier 1	749,465	11.07%	304,671	4.50%	440,080	6.50%

The Bank's consolidated regulatory capital amounts and ratios are presented in the following table:

	Actual		Required for Capital Adequacy Purposes		Regulatory Minimums to be Well Capitalized	
(in thousands, except percentages)	Amount	Ratio	Amount	Ratio	Amount	Ratio
June 30, 2019						
Total capital ratio	$ 891,632	13.89%	$ 513,710	8.00%	$ 642,138	10.00%
Tier 1 capital ratio	837,042	13.04%	385,283	6.00%	513,710	8.00%
Tier 1 leverage ratio	837,042	10.66%	314,024	4.00%	392,530	5.00%
Common Equity Tier 1	837,042	13.04%	288,962	4.50%	417,389	6.50%
December 31, 2018						
Total capital ratio	$ 883,746	13.05%	$ 541,564	8.00%	$ 676,955	10.00%
Tier 1 capital ratio	826,114	12.20%	406,173	6.00%	541,564	8.00%
Tier 1 leverage ratio	826,114	9.96%	331,829	4.00%	414,786	5.00%
Common Equity Tier 1	826,114	12.20%	304,630	4.50%	440,021	6.50%

The Basel III Capital Rules revised the definition of capital and describe the capital components and eligibility criteria for Common Equity Tier 1 capital, or "CET1", additional Tier 1 capital and Tier 2 capital. Although trust preferred securities issued after May 19, 2010 generally do not qualify as Tier 1 capital, all outstanding series of our trust preferred securities totaling $114.1 million at June 30, 2019, are grandfathered and continue to qualify as Tier 1 capital. On July 10, 2019 the Company announced the redemption of all $15.0 million of its outstanding 10.60% trust preferred securities issued by its Statutory Trust II, and all $10.0 million of its outstanding 10.18% trust preferred securities issued by its Capital Trust III. When these instruments are redeemed, the Company's regulatory capital ratios are expected to exceed regulatory minimums to be well-capitalized. See "Capital Resources and Liquidity Management" for more detail on the redemption of trust preferred securities and related junior subordinated debt.

The Board of Governors of the Federal Reserve System (the "Federal Reserve"), the Office of the Comptroller of the Currency ("OCC"), and the Federal Deposit Insurance Corporation (the "FDIC", and collectively with the Federal Reserve and the OCC, the "Federal Banking Agencies"), published a final rule on July 22, 2019 that simplifies existing regulatory capital rules for non-advanced approaches institutions, such as the Company. Specifically, effective April 1, 2020, the required deductions from regulatory capital CET1 elements for mortgage servicing assets ("MSAs") and temporary difference deferred tax assets ("DTAs") are only required to the extent these assets exceed 25% of CET1 capital elements, less any adjustments and deductions (the "CET1 Deduction Threshold"). MSAs and temporary difference DTAs that are not deducted from capital are assigned a 250% risk weight. Investments in the capital instruments of unconsolidated financial institutions are deducted from capital when these exceed the 25% CET1 Deduction Threshold. Minority interests in up to 10% of the parent banking organization's CET1, Tier capital and total capital, after deductions and adjustments are permitted to be included in capital effective October 1, 2019. Also effective October 1, 2019, the final rule makes various technical amendments, including reconciling a difference in the capital rules and the bank holding company rules that permits the redemption of bank holding company common stock without prior Federal Reserve approval under the capital rules. Such redemptions remain subject to other requirements, including the Bank Holding Company Act and Federal Reserve Regulation Y. The Company currently estimates these simplified capital rules should have no material effect on the Company's regulatory capital and ratios when effective.

The Federal Banking Agencies issued in February 2019 a notice of proposed rulemaking that would provide a simplified measure of capital adequacy for qualifying community banking organizations consistent with section 201 of the Economic Growth, Regulatory Relief, and Consumer Protection Act (the "Growth Act"). Qualifying community banking organizations that comply with and elect to use the community bank leverage ratio ("CBLR") framework and that maintain a CBLR greater than 9% would be considered to be "well-capitalized" and would no longer be subject to the other generally applicable capital rules. The CBLR would be used and applied for purposes of compliance with the Federal Banking Agencies' prompt corrective action rules, and Federal Reserve Regulation O and W compliance, as well as in calculating FDIC deposit insurance assessments. These new rules, and the proposed CBLR, among other proposals, reflect the Federal Banking Agencies' focus on appropriately tailoring capital requirements to an institution's size, complexity and risk profile.

Off-Balance Sheet Arrangements

The following table shows the outstanding balance of our off-balance sheet arrangements as of the end of the periods presented. Except as disclosed below, we are not involved in any other off-balance sheet contractual relationships that are reasonably likely to have a current or future material effect on our financial condition, a change in our financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources. For more details on the Company's off-balance sheet arrangements, see Note 16 to our audited consolidated financial statements included in the Form 10-K.

(in thousands)	June 30, 2019	December 31, 2018
Commitments to extend credit	$ 844,170	$ 923,424
Credit card facilities (1)	143,666	198,500
Letters of credit	30,564	27,232
	$ 1,018,400	$ 1,149,156

(1) In April 2019, we revised our credit card program to further strengthen credit quality. The Company stopped the charging privileges to our smallest and riskiest cardholders and required repayment of their balances by November 2019. Other cardholders' charging privileges will end in October 2019 and they will be required to repay all balances by January 2020.

Critical Accounting Policies and Estimates

For our critical accounting policies and estimates disclosure, see the Form 10-K where such matters are disclosed for the Company's latest fiscal year ended December 31, 2018.

Recently Issued Accounting Pronouncements. There are no recently issued accounting pronouncements that have recently been adopted by us.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We believe interest rate and price risks are the most significant market risks impacting us. We monitor and evaluate these risks using sensitivity analyses to measure the effects of changes in market interest rates on earnings, equity and the available for sale portfolio mark-to-market exposure. Exposures are managed to a set of limits previously approved by our board of directors and monitored by management.

Our market risk is monitored by the Market Risk Management unit which reports to our Chief Risk Officer. The unit's primary responsibilities are identifying, measuring, monitoring and controlling interest rate and liquidity risks and balance sheet asset/liability management ("ALM"). It also assesses and monitors the price risk of the Bank's investment activities, which represents the risk to earnings and capital arising from changes in the fair market value of our investment portfolio.

Among its duties, the Market Risk Management unit performs the following functions:

- maintains a comprehensive market risk and ALM framework;

- measures and monitors market risk and ALM across the organization to ensure that they are within approved risk limits and reports to the Bank's asset-liability committee ("ALCO") and to the board of directors; and

- recommends changes to risk limits to the board of directors.

We manage and implement our ALM strategies through monthly ALCO meetings. The Chief Business Officer participates in the ALCO meetings. In the ALCO, the Bank discusses, analyzes and decides on the best course of action to implement strategies designed as part of the ALM process.

Market risks taken by the Bank are managed by using the appropriate mix of marketable securities, wholesale funding and derivatives contracts.

Market Risk Measurement

ALM

We use sensitivity analyses as the primary tool to monitor and evaluate market risk, which is comprised of interest rate risk and price risk. Exposures are managed to a set of limits previously approved by our board of directors and monitored by ALCO.

Sensitivity analyses are based on changes in interest rates (both parallel yield curve changes as well as non-parallel), are performed for several different metrics, and include three types of analyses consistent with industry practices:

- earnings sensitivity;

- economic value of equity, or EVE; and

- investment portfolio mark-to-market exposure (both available for sale and held to maturity).

The Company continues to be asset sensitive, therefore income is expected to increase when interest rates move higher, and to decrease when interest rates decline.

The high duration of our balance sheet has led to more sensitivity in the market values of financial instruments (assets and liabilities, including off balance sheet exposures). This sensitivity is captured in the EVE and investment portfolio mark-to-market exposure analyses. In the earnings sensitivity analysis, the opposite occurs. The higher duration will produce higher income today and less income variability during the next 12 months.

We monitor these exposures, and contrast them against limits established by our board of directors. Those limits correspond to the capital levels and the capital leverage ratio that we would report taking into consideration the interest rate increase scenarios modeled. Although we model the market price risk of the available for sale securities portfolio, and its projected effects on AOCI or AOCL (a component of stockholders' equity), the Bank and the Company made an irrevocable election in 2015 to exclude the effects of AOCI or AOCL in the calculation of their regulatory capital ratios, in connection with the Federal Banking Agencies adoption of Basel III Capital Rules in the U.S.

Earnings Sensitivity

In this method, the financial instruments (assets, liabilities, on and off-balance sheet positions) generate interest rate risk exposure from mismatches in maturity and/or repricing given financial instruments' characteristics or cash flow behaviors such as pre-payment speed. This method measures the potential change in our net interest income over the next 12 months, which illustrates our short term interest rate risk. This analysis subjects a static balance sheet to instantaneous and parallel interest rate shocks to the yield curves for the various interests and indices that affect our net interest income. We compare on a monthly basis the effect of the analysis on our net interest income over a one-year period against limits established by our board of directors.

The following table shows the sensitivity of our net interest income as a function of modeled interest rate changes:

	Change in earnings (1)			
(in thousands, except percentages)	June 30, 2019		December 31, 2018	
Change in Interest Rates (Basis points)				
Increase of 200	$ 24,021	10.9 %	$ 30,993	12.8 %
Increase of 100	14,991	6.8 %	18,702	7.7 %
Decrease of 25	(4,271)	(1.9)%	(5,554)	(2.3)%
Decrease of 100	(18,016)	(8.2)%	(22,789)	(9.4)%

(1) Represents the change in net interest income, and the percentage that change represents of the base scenario net interest income. The base scenario assumes (i) flat interest rates over the next 12 months, (ii) that total financial instrument balances are kept constant over time and (iii) that interest rate shocks are instant and parallel to the yield curve, for the various interest rates and indices that affect our net interest income.

Net interest income in the base scenario, decreased to approximately $220.0 million in June 30, 2019 compared to $242.0 million in December 31, 2018, mainly due to lower market interest rate environment, and secondarily to a smaller balance sheet. The Bank continues to be asset sensitive, however given market interest rate expectations, management has been taking steps to reduce interest rate sensitivity.

The Company periodically reviews the scenarios used for earnings sensitivity to reflect market conditions.

Economic Value of Equity Analysis

We use EVE to measure the potential change in the fair value of the Company’s asset and liability positions, and the subsequent potential effects on our economic capital. In the EVE analysis, we calculate the fair value of all assets and liabilities, including off-balance sheet instruments, based on different rate environments (i.e. fair value at current rates against the fair value based on parallel shifts of the yield curves for the various interest rates and indices that affect our net interest income). This analysis measures the long term interest rate risk of the balance sheet.

The following table shows the sensitivity of our EVE as a function of interest rate changes as of the periods presented:

	Change in equity (1)	
	June 30, 2019	**December 31, 2018**
Change in Interest Rates (Basis points)		
Increase of 200	(6.58)%	(4.94)%
Increase of 100	(1.59)%	(1.21)%
Decrease of 25	(0.19)%	(0.28)%
Decrease of 100	(1.87)%	(1.86)%

(1) Represents the percentage of equity change in a static balance sheet analysis assuming interest rate shocks are instant and parallel to the yield curves for the various interest rates and indices that affect our net interest income.

The larger negative effects to EVE as of June 30, 2019, when compared to December 31, 2018, for the 200 and 100 basis point increase scenarios, are principally attributed to our higher duration and our termination of the interest rate swaps during the first quarter. During the periods reported, the modeled effects on the EVE remained within established Company risk limits.

Available for Sale Securities Portfolio mark-to-market exposure

The Bank measures the potential change in the market price of its investment portfolio, and the resulting potential change on our equity for different interest rate scenarios. This table shows the result of this test as of June 30, 2019 and December 31, 2018:

	Change in market value(1)	
(in thousands)	**June 30, 2019**	**December 31, 2018**
Change in Interest Rates		
(Basis points)		
Increase of 200	$ (117,852)	$ (92,213)
Increase of 100	(54,847)	(44,780)
Decrease of 25	10,994	9,831
Decrease of 100	41,142	35,916

(1) Represents the amounts by which the investment portfolio mark-to-market would change assuming rate shocks that are instant and parallel to the yield curves for the various interest rates and indices that affect our net interest income.

The average duration of our investment portfolio decreased to 3.1 years at June 30, 2019 compared to 3.4 years at December 31, 2018. The lower duration was primarily the result of the sale of $91.2 million of municipal bonds and increased projected prepayment speeds in the mortgage backed securities portfolio due to lower rates. Even though the investment duration is lower at June 30, 2019, there is a higher exposure to interest rate changes when compared to December 31, 2018, as a result of our termination of interest rate swaps during first quarter of 2019.

We monitor our interest rate exposures monthly through the ALCO, and seek to manage these mark-to-market exposures within limits established by our board of directors. Those limits correspond to the capital ratios that we would report taking into consideration the interest increase scenarios modeled. Notwithstanding that our model includes the available for sale securities portfolio, and its projected effect on AOCI or AOCL (a component of shareholders' equity), we made an irrevocable election in 2015 to exclude the effects of AOCI or AOCL in the calculation of our regulatory capital ratios, in connection with the adoption of Basel III capital rules in the U.S.

Limits Approval Process

The ALCO is responsible for the management of market risk exposures and meets monthly. The ALCO monitors all the Bank's exposures, compares them against specific limits, and takes actions to modify any exposure that the ALCO considers inappropriate based on market expectations or new business strategies, among other factors. The ALCO reviews and recommends market risk limits to our board of directors. These limits are reviewed annually or as more frequently as believed appropriate, based on various factors, including capital levels and earnings. The Market Risk Management unit supports the ALCO in the monitoring of market risk exposures and balance sheet management.

The following table sets forth information regarding our interest rate sensitivity due to the maturities of our interest bearing assets and liabilities as of June 30, 2019 and December 31, 2018. This information may not be indicative of our interest rate sensitivity position at other points in time. In addition, ALM considers the distribution of amounts indicated in the table, including the maturity date of fixed-rate instruments, the repricing frequency of variable-rate financial assets and liabilities, and anticipated prepayments on amortizing financial instruments.

	June 30, 2019					
(in thousands except percentages)	**Total**	**Less than one year**	**One to three years**	**Four to Five Years**	**More than five years**	**Non-rate**
Earning Assets						
Cash and cash equivalents	$ 90,317	$ 64,504	$ —	$ —	$ —	$ 25,813
Securities:						
Available for sale	1,501,222	389,561	339,625	248,158	499,609	24,269
Held to maturity	81,240	—	—	—	81,240	—
Federal Reserve Bank and FHLB stock	68,170	55,115	—	—	—	13,055
Loans portfolio-performing (1)	5,780,005	3,802,118	1,041,217	612,415	324,255	—
Earning Assets	$ 7,520,954	$ 4,311,298	$ 1,380,842	$ 860,573	$ 905,104	$ 63,137
Liabilities						
Interest bearing demand deposits	$ 1,183,051	$ 1,183,051	$ —	$ —	$ —	$ —
Saving and money market	1,510,832	1,510,832	—	—	—	—
Time deposits	2,339,771	1,503,658	507,194	312,906	16,013	—
FHLB advances and other borrowings	1,125,000	600,000	385,000	140,000	—	—
Junior subordinated debentures	118,110	64,178	—	—	53,932	—
Interest bearing liabilities	$ 6,276,764	$ 4,861,719	$ 892,194	$ 452,906	$ 69,945	—
Interest rate sensitivity gap		(550,421)	488,648	407,667	835,159	63,137
Cumulative interest rate sensitivity gap		(550,421)	(61,773)	345,894	1,181,053	1,244,190
Earnings assets to interest bearing liabilities (%)		88.7%	154.8%	190.0%	1,294.0%	N/M

(1) "Loan portfolio-performing" excludes $32.8 million of non-performing loans.

N/M Not meaningful

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

The Company, with the participation of its management, including its Chief Executive Officer and Chief Financial Officer, carried out an evaluation of the effectiveness of the design and operation of its disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of the end of the period covered by this Form 10-Q. Based upon that evaluation and as of the end of the period covered by this Form 10-Q, the Company's Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures were effective to allow timely decisions regarding disclosure in its reports that the Company files or submits to the SEC under the Exchange Act.

Changes in Internal Control Over Financial Reporting

There have been no changes in the Company’s internal control over financial reporting that occurred during the period covered by this Form 10-Q that have materially affected, or are reasonably likely to materially affect, the Company’s internal control over financial reporting.

Any control system, no matter how well conceived and operated, can provide only reasonable assurance that its objectives are achieved. The design of a control system inherently has limitations, including the controls’ cost relative to their benefits. Additionally, controls can be circumvented. No cost-effective control system can provide absolute assurance that all control issues and instances of fraud, if any, will be detected.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

We are, from time to time, in the ordinary course, engaged in litigation, and we have a small number of unresolved claims pending, including the one described in more detail below. In addition, as part of the ordinary course of business, we are parties to litigation involving claims to the ownership of funds in particular accounts, the collection of delinquent accounts, credit relationships, challenges to security interests in collateral and foreclosure interests, that are incidental to our regular business activities. While the ultimate liability with respect to these other litigation matters and claims cannot be determined at this time, we believe that potential liabilities relating to pending matters are not likely to be material to our financial position, results of operations or cash flows. Where appropriate, reserves for these various matters of litigation are established, under FASB ASC Topic 450, Contingencies, based in part upon management's judgment and the advice of legal counsel.

A lawsuit was filed in September 2017 in Miami-Dade County Circuit Court, Florida and amended multiple times. The claims are against Amerant Trust and Kunde Management, LLC ("Kunde"). Kunde was established to manage trusts for the respective benefit of Gustavo Marturet Machado's wife and his siblings. Amerant Trust is the trustee of these trusts and is Kunde's manager. The plaintiff is a beneficiary of one trust established and is an aunt of Gustavo Antonio Marturet Sr., a Company director and a sister-in-law of Mr. Gustavo Antonio Marturet Sr.'s mother, a principal Company shareholder.

This action alleges breaches of contract, fiduciary duty, accounting and unjust enrichment, and mismanagement of Kunde and seeks damages in an unspecified amount. The Company denies the claims, and believes these are barred by the statute of limitations and is defending this lawsuit vigorously. The parties began mediation on January 22, 2019, pursuant to court order, and settlement discussions through the mediator are ongoing. The Company cannot reasonably estimate at this time the possible loss or range of losses, if any, that may arise from this unresolved lawsuit and the timing of any resolution of this action. The Company has incurred approximately $502,885 in legal fees through July 30, 2019 defending this case. The Company expects to be reimbursed these fees in accordance with the trust agreements and the Kunde organizational documents upon conclusion of this proceeding.

At least quarterly, we assess our liabilities and contingencies in connection with outstanding legal proceedings utilizing the latest information available. For those matters where it is probable that we will incur a loss and the amount of the loss can be reasonably estimated, we record a liability in our consolidated financial statements. These legal reserves may be increased or decreased to reflect any relevant developments based on our quarterly reviews. For other matters, where a loss is not probable or the amount of the loss is not estimable, we have not accrued legal reserves, consistent with applicable accounting guidance. Based on information currently available to us, advice of counsel, and available insurance coverage, we believe that our established reserves are adequate and the liabilities arising from the legal proceedings will not have a material adverse effect on our consolidated financial condition. We note, however, that in light of the inherent uncertainty in legal proceedings there can be no assurance that the ultimate resolution will not exceed established reserves. As a result, the outcome of a particular matter or a combination of matters, if unfavorable, may be material to our financial position, results of operations or cash flows for a particular period, depending upon the size of the loss or our income for that particular period.

ITEM 1A. RISK FACTORS

For detailed information about certain risk factors that could materially affect our business, financial condition or future results see “Risk Factors” in the Company’s Form 10-K. Other than below addition, there have been no material changes to the risk factors previously disclosed under Part I, Item 1A, “Risk Factors” of the Company’s Form 10-K.

An additional risk includes the following:

Recent changes to our existing credit card program may affect our credit card losses and adversely affect certain credit card relationships.

Approximately 95% of our credit card holders are foreign, mostly Venezuelan, and the card receivables were reflecting the stresses in the Venezuela economy. In April 2019, we revised our credit card program to further strengthen credit quality. We stopped charge privileges to our smallest and riskiest cardholders and required repayment of their balances by November 2019. Other cardholders’ charge privileges will end in October 2019 and they will be required to repay all balances by January 2020. We reduced our credit card receivables from $31.2 million at March 31, 2019 to $26.1 million at June 30, 2019 and increased our allowance for loan losses on credit cards by $1.2 million to a total of $6.5 million.

We are making these changes to reduce and ultimately eliminate our credit exposure and losses on international cards. The discontinuance of credit cards and the repayment terms on outstanding balances may result in higher credit loss rates on existing card balances. Additionally, the implementation of new processes involves operational risks, and the change in our credit card strategy may disrupt, and have unintended adverse effects on, our deposit, loan and wealth management relationships with our existing credit card holders.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

Not applicable.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

Not applicable.

ITEM 6. EXHIBITS

Exhibit Number	Description
3.1.1	Amended and Restated Articles of Incorporation of the Company (incorporated herein by reference to Exhibit 3.1 to the Company's Registration Statement on Forms S-1/A, filed on November 16, 2018).
3.1.2	Articles of Amendment to the Amended and Restated Articles of Incorporation of the Company (incorporated herein by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K, filed on June 7, 2019).
3.2	Amended and Restated Bylaws of the Company, effective as of June 5, 2019 (incorporated by reference to Exhibit 3.2 to the Current Report on Form 8-K filed on June 7, 2019)
10.1	2018 Equity and Incentive Compensation Plan, as amended
31.1	Certification Pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934, As Adopted Pursuant To Section 302 of the Sarbanes-Oxley Act of 2002, by Millar Wilson, Vice-Chairman and Chief Executive Officer.
31.2	Certification Pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934, As Adopted Pursuant To Section 302 of the Sarbanes-Oxley Act of 2002, by Alberto Peraza, Co-President and Chief Financial Officer.
32.1	Certification Pursuant to 18 U.S.C. Section 1350, As Adopted Pursuant To Section 906 of the Sarbanes-Oxley Act of 2002, by Millar Wilson, Vice-Chairman and Chief Executive Officer.
32.2	Certification Pursuant to 18 U.S.C. Section 1350, As Adopted Pursuant To Section 906 of the Sarbanes-Oxley Act of 2002, by Alberto Peraza, Co-President and Chief Financial Officer.
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

AMERANT BANCORP INC.
(Registrant)

Date:	August 12, 2019	By:	/s/ Millar Wilson
			Millar Wilson
			Vice-Chairman and Chief Executive Officer
Date:	August 12, 2019	By:	/s/ Alberto Peraza
			Alberto Peraza
			Co-President and Chief Financial Officer

AMERANT BANCORP INC.

2018 EQUITY and INCENTIVE Compensation PLAN

AS Amended as of August 8, 2019

1. **Purpose.** The purpose of the Amerant Bancorp Inc. 2018 Equity and Incentive Compensation Plan (as amended or amended and restated from time to time, the "Plan") is to attract and retain non-employee Directors, officers and other employees of the Company and its Subsidiaries, and certain consultants to the Company and its Subsidiaries, and to provide to such persons incentives and rewards for service and/or performance.

2. **Definitions.** As used in this Plan:

(a) "Appreciation Right" means a right granted pursuant to **Section 5** of this Plan.

(b) "Base Price" means the price to be used as the basis for determining the Spread upon the exercise of an Appreciation Right.

(c) "Board" means the Board of Directors of the Company.

(d) "Cash Incentive Award" means a cash award granted pursuant to **Section 8** of this Plan.

(e) "Cause" shall have the meaning as set forth in the applicable Evidence of Award.

(f) "Change in Control" has the meaning set forth in **Section 12** of this Plan.

(g) "Code" means the Internal Revenue Code of 1986, as amended from time to time.

(h) "Committee" means the Compensation Committee of the Board (or its successor(s)), or any other committee of the Board designated by the Board to administer this Plan pursuant to **Section 10** of this Plan, and to the extent of any delegation by the Committee to a subcommittee pursuant to **Section 10** of this Plan, such subcommittee.

(i) "Common Stock" means the Class A common stock, par value $0.10 per share, of the Company or any security into which such common stock may be changed by reason of any transaction or event of the type referred to in **Section 11** of this Plan.

(j) "Company" means Amerant Bancorp Inc., a Florida corporation, and its successors.

(k) "Date of Grant" means the date provided for by the Committee on which a grant of Option Rights, Appreciation Rights, Performance Shares, Performance Units, Cash Incentive Awards, or other awards contemplated by **Section 9** of this Plan, or a grant or sale of Restricted Stock, Restricted Stock

Units, or other awards contemplated by **Section 9** of this Plan, will become effective (which date will not be earlier than the date on which the Committee takes action with respect thereto).

(l) “Director” means a member of the Board.

(m) “Disability” shall have the meaning as set forth in the applicable Evidence of Award.

(n) “Effective Date” means the date this Plan is approved by the Stockholders.

(o) “Evidence of Award” means an agreement, certificate, resolution or other type or form of writing or other evidence approved by the Committee that sets forth the terms and conditions of the awards granted under this Plan. An Evidence of Award may be in an electronic medium, may be limited to notation on the books and records of the Company and, unless otherwise determined by the Committee, need not be signed by a representative of the Company or a Participant.

(p) “Exchange Act” means the Securities Exchange Act of 1934, as amended, and the rules and regulations thereunder, as such law, rules and regulations may be amended from time to time.

(q) “Incentive Stock Option” means an Option Right that is intended to qualify as an “incentive stock option” under Section 422 of the Code or any successor provision.

(r) “Management Objectives” means the measurable performance objective or objectives established pursuant to this Plan for Participants who have received grants of Performance Shares, Performance Units or Cash Incentive Awards or, when so determined by the Committee, Option Rights, Appreciation Rights, Restricted Stock, Restricted Stock Units, dividend equivalents or other awards pursuant to this Plan. If the Committee determines that a change in the business, operations, corporate structure or capital structure of the Company, or the manner in which it conducts its business, or other events or circumstances render the Management Objectives unsuitable, the Committee may in its discretion modify such Management Objectives or the acceptable levels of achievement, in whole or in part, as the Committee deems appropriate and equitable.

(s) “Market Value per Share” means, as of any particular date, the closing price of a share of Common Stock as reported for that date on the NASDAQ Stock Market or, if the shares of Common Stock are not then listed on the NASDAQ Stock Market, on any other national securities exchange on which the shares of Common Stock are listed, or if there are no sales on such date, on the next preceding trading day during which a sale occurred; provided, however, as to any award with a Date of Grant of the Pricing Date, “Market Value per Share” will be equal to the per share price at which the shares of Common Stock are initially offered to the public in connection with the initial public offering of the Company registered on Form S-1 (or any successor form under the Securities Act of 1933, as amended). If there is no regular public trading market for the shares of Common Stock, then the Market Value per Share shall be the fair market value as determined in good faith by the Committee. The Committee is authorized to adopt another fair market value pricing method provided such method is stated in the applicable Evidence of Award and is in compliance with the fair market value pricing rules set forth in Section 409A of the Code.

(t) “Optionee” means the optionee named in an Evidence of Award evidencing an outstanding Option Right.

(u) "Option Price" means the purchase price payable on exercise of an Option Right.

(v) "Option Right" means the right to purchase shares of Common Stock upon exercise of an award granted pursuant to **Section 4** of this Plan.

(w) "Participant" means a person who is selected by the Committee to receive benefits under this Plan and who is at the time (i) a non-employee Director, (ii) an officer or other employee of the Company or any Subsidiary, including a person who has agreed to commence serving in such capacity within 90 days of the Date of Grant, or (iii) a person, including a consultant, who provides services to the Company or any Subsidiary that are equivalent to those typically provided by an employee (provided that such person satisfies the Form S-8 definition of an "employee").

(x) "Performance Period" means, in respect of a Cash Incentive Award, Performance Share or Performance Unit, a period of time established pursuant to **Section 8** of this Plan within which the Management Objectives relating to such Cash Incentive Award, Performance Share or Performance Unit are to be achieved.

(y) "Performance Share" means a bookkeeping entry that records the equivalent of one share of Common Stock awarded pursuant to **Section 8** of this Plan.

(z) "Performance Unit" means a bookkeeping entry awarded pursuant to **Section 8** of this Plan that records a unit equivalent to $1.00 or such other value as is determined by the Committee.

(aa) "Pricing Date" means the date of the underwriting agreement between the Company and the underwriters managing the initial public offering of the shares of Common Stock pursuant to which the shares of Common Stock are priced for the initial public offering.

(ab) "Restricted Stock" means shares of Common Stock granted or sold pursuant to **Section 6** of this Plan as to which neither the substantial risk of forfeiture nor the prohibition on transfers has expired.

(ac) "Restricted Stock Units" means an award made pursuant to **Section 7** of this Plan of the right to receive shares of Common Stock, cash or a combination thereof at the end of the applicable Restriction Period.

(ad) "Restriction Period" means the period of time during which Restricted Stock Units are subject to restrictions, as provided in **Section 7** of this Plan.

(ae) "Spread" means the excess of the Market Value per Share on the date when an Appreciation Right is exercised over the Base Price provided for with respect to the Appreciation Right.

(af) "Stockholder" means an individual or entity that owns one or more shares of Common Stock.

(ag) "Subsidiary" means a corporation, company or other entity (i) more than 50% of whose outstanding shares or securities (representing the right to vote for the election of directors or other managing authority) are, or (ii) which does not have outstanding shares or securities (as may be the case in a partnership, joint venture, limited liability company, unincorporated association or other similar entity), but more than 50% of whose ownership interest representing the right generally to make decisions for such other entity is, now or hereafter, owned or controlled, directly or indirectly, by the Company; provided, however, that for purposes of determining whether any person may be a Participant for purposes of any grant of Incentive Stock Options, "Subsidiary" means any corporation in which the Company at the time owns or controls, directly or indirectly, more than 50% of the total combined Voting Power represented by all classes of stock issued by such corporation.

(ah) "Voting Power" means, at any time, the combined voting power of the then-outstanding securities entitled to vote generally in the election of Directors in the case of the Company or members of the board of directors or similar body in the case of another entity.

3. **Shares Available Under this Plan.**

(a) Maximum Shares Available Under this Plan.

(i) Subject to adjustment as provided in **Section 11** of this Plan and the share counting rules set forth in **Section 3(b)** of this Plan, the number of shares of Common Stock available under this Plan for awards of (A) Option Rights or Appreciation Rights, (B) Restricted Stock, (C) Restricted Stock Units, (D) Performance Shares or Performance Units, (E) awards contemplated by **Section 9** of this Plan, or (F) dividend equivalents paid with respect to awards made under this Plan will not exceed in the aggregate 3,333,333 shares of Common Stock. Such shares may be shares of original issuance or treasury shares or a combination of the foregoing.

(ii) The aggregate number of shares of Common Stock available under **Section 3(a)(i)** of this Plan will be reduced by one share of Common Stock for every one share of Common Stock subject to an award granted under this Plan.

(b) Share Counting Rules.

(i) Except as provided in **Section 22** of this Plan, if any award granted under this Plan is cancelled or forfeited, expires, is settled for cash (in whole or in part), or is unearned (in whole or in part), the shares of Common Stock subject to such award will, to the extent of such cancellation, forfeiture, expiration, cash settlement, or unearned amount, again be available under **Section 3(a)(i)** above.

(ii) If, after the Effective Date, any shares of Common Stock subject to an award granted under the Predecessor Plans are forfeited, or an award granted under the Predecessor Plans is cancelled or forfeited, expires, is settled for cash (in whole or in part), or is unearned (in whole or in part), the shares of Common Stock subject to such award will, to the extent of such cancellation, forfeiture, expiration, cash settlement, or unearned amount, be available for awards under this Plan.

1 Note: This number reflects the 1-for-3 reverse stock split of the Company's issued and outstanding shares of its Class A common stock, which took place on October 23, 2018.

(iii) Notwithstanding anything to the contrary contained in this Plan: (A) shares of Common Stock withheld by the Company, tendered or otherwise used in payment of the Option Price of an Option Right will not be added (or added back, as applicable) to the aggregate number of shares of Common Stock available under **Section 3(a)(i)** of this Plan; (B) shares of Common Stock subject to an Appreciation Right that are not actually issued in connection with the settlement of such Appreciation Right on the exercise thereof will not be added back to the aggregate number of shares of Common Stock available under **Section 3(a)(i)** of this Plan; (C) shares of Common Stock reacquired by the Company on the open market or otherwise using cash proceeds from the exercise of Option Rights will not be added (or added back, as applicable) to the aggregate number of shares of Common Stock available under **Section 3(a)(i)** of this Plan; and (D) shares of Common Stock withheld by the Company, tendered or otherwise used to satisfy tax withholding will be added (or added back, as applicable) to the aggregate number of shares of Common Stock available under **Section 3(a)(i)** of this Plan.

(iv) If, under this Plan, a Participant has elected to give up the right to receive compensation in exchange for shares of Common Stock based on fair market value, such shares of Common Stock will not count against the aggregate limit under **Section 3(a)(i)** of this Plan.

(c) Limit on Incentive Stock Options. Notwithstanding anything to the contrary contained in this **Section 3** or elsewhere in this Plan, and subject to adjustment as provided in **Section 11** of this Plan, the aggregate number of shares of Common Stock actually issued or transferred by the Company upon the exercise of Incentive Stock Options will not exceed 3,333,333 shares of Common Stock.

(d) Non-Employee Director Compensation Limit. Notwithstanding anything to the contrary contained in this **Section 3** or elsewhere in this Plan, and subject to adjustment as provided in **Section 11** of this Plan, in no event will any non-employee Director in any calendar year be granted compensation (including meeting and retainer fees and equity grants) for such service having an aggregate maximum value (measured at the Date of Grant as applicable, and calculating the value of any awards based on the grant date fair value for financial reporting purposes) in excess of $600,000.

4. **Option Rights.** The Committee may, from time to time and upon such terms and conditions as it may determine, authorize the granting to Participants of Option Rights. Each such grant may utilize any or all of the authorizations, and will be subject to all of the requirements, contained in the following provisions:

(a) Each grant will specify the number of shares of Common Stock to which it pertains subject to the limitations set forth in **Section 3** of this Plan.

2 Note: This number reflects the 1-for-3 reverse stock split of the Company's issued and outstanding shares of its Class A common stock, which took place on October 23, 2018.

(b) Each grant will specify an Option Price per share of Common Stock, which Option Price (except with respect to awards under **Section 22** of this Plan) may not be less than the Market Value per Share on the Date of Grant.

(c) Each grant will specify whether the Option Price will be payable (i) in cash, by check acceptable to the Company or by wire transfer of immediately available funds, (ii) by the actual or constructive transfer to the Company of shares of Common Stock owned by the Optionee having a value at the time of exercise equal to the total Option Price, (iii) subject to any conditions or limitations established by the Committee, by the withholding of shares of Common Stock otherwise issuable upon exercise of an Option Right pursuant to a "net exercise" arrangement (it being understood that, solely for purposes of determining the number of treasury shares held by the Company, the shares of Common Stock so withheld will not be treated as issued and acquired by the Company upon such exercise), (iv) by a combination of such methods of payment, or (v) by such other methods as may be approved by the Committee.

(d) To the extent permitted by law, any grant may provide for deferred payment of the Option Price from the proceeds of sale through a bank or broker on a date satisfactory to the Company of some or all of the shares of Common Stock to which such exercise relates.

(e) Successive grants may be made to the same Participant whether or not any Option Rights previously granted to such Participant remain unexercised.

(f) Each grant will specify the period or periods of continuous service by the Optionee with the Company or any Subsidiary, if any, that is necessary before any Option Rights or installments thereof will become exercisable. Option Rights may provide for continued vesting or the earlier exercise of such Option Rights, including in the event of the retirement, death or disability of a Participant or in the event of a Change in Control.

(g) Any grant of Option Rights may specify Management Objectives that must be achieved as a condition to the exercise of such rights.

(h) Option Rights granted under this Plan may be (i) options, including Incentive Stock Options, that are intended to qualify under particular provisions of the Code, (ii) options that are not intended to so qualify, or (iii) combinations of the foregoing. Incentive Stock Options may only be granted to Participants who meet the definition of "employees" under Section 3401(c) of the Code.

(i) No Option Right will be exercisable more than 10 years from the Date of Grant. The Committee may provide in any Evidence of Award for the automatic exercise of an Option Right upon such terms and conditions as established by the Committee.

(j) Option Rights granted under this Plan may not provide for any dividends or dividend equivalents thereon.

(k) Each grant of Option Rights will be evidenced by an Evidence of Award. Each Evidence of Award will be subject to this Plan and will contain such terms and provisions, consistent with this Plan, as the Committee may approve.

5. **Appreciation Rights.**

(a) The Committee may, from time to time and upon such terms and conditions as it may determine, authorize the granting to any Participant of Appreciation Rights. An Appreciation Right will be the right of the Participant to receive from the Company an amount determined by the Committee, which will be expressed as a percentage of the Spread (not exceeding 100%) at the time of exercise.

(b) Each grant of Appreciation Rights may utilize any or all of the authorizations, and will be subject to all of the requirements, contained in the following provisions:

(i) Each grant may specify that the amount payable on exercise of an Appreciation Right will be paid by the Company in cash, shares of Common Stock or any combination thereof.

(ii) Any grant may specify that the amount payable on exercise of an Appreciation Right may not exceed a maximum specified by the Committee on the Date of Grant.

(iii) Any grant may specify waiting periods before exercise and permissible exercise dates or periods.

(iv) Each grant will specify the period or periods of continuous service by the Participant with the Company or any Subsidiary, if any, that is necessary before the Appreciation Rights or installments thereof will become exercisable. Appreciation Rights may provide for continued vesting or the earlier exercise of such Appreciation Rights, including in the event of the retirement, death or disability of a Participant or in the event of a Change in Control.

(v) Any grant of Appreciation Rights may specify Management Objectives that must be achieved as a condition of the exercise of such Appreciation Rights.

(vi) Appreciation Rights granted under this Plan may not provide for any dividends or dividend equivalents thereon.

(vii) Successive grants of Appreciation Rights may be made to the same Participant regardless of whether any Appreciation Rights previously granted to the Participant remain unexercised.

(viii) Each grant of Appreciation Rights will be evidenced by an Evidence of Award. Each Evidence of Award will be subject to this Plan and will contain such terms and provisions, consistent with this Plan, as the Committee may approve.

(c) Also, regarding Appreciation Rights:

(i) Each grant will specify in respect of each Appreciation Right a Base Price, which (except with respect to awards under **Section 22** of this Plan) may not be less than the Market Value per Share on the Date of Grant; and

(ii) No Appreciation Right granted under this Plan may be exercised more than 10 years from the Date of Grant. The Committee may provide in any Evidence of Award for the automatic exercise of an Appreciation Right upon such terms and conditions as established by the Committee.

6. **Restricted Stock.** The Committee may, from time to time and upon such terms and conditions as it may determine, authorize the grant or sale of Restricted Stock to Participants. Each such grant or sale may utilize any or all of the authorizations, and will be subject to all of the requirements, contained in the following provisions:

(a) Each such grant or sale will constitute an immediate transfer of the ownership of shares of Common Stock to the Participant in consideration of the performance of services, entitling such Participant to voting, dividend and other ownership rights, but subject to the substantial risk of forfeiture and restrictions on transfer hereinafter described.

(b) Each such grant or sale may be made without additional consideration or in consideration of a payment by such Participant that is less than the Market Value per Share on the Date of Grant.

(c) Each such grant or sale will provide that the Restricted Stock covered by such grant or sale will be subject to a "substantial risk of forfeiture" within the meaning of Section 83 of the Code for a period to be determined by the Committee on the Date of Grant or until achievement of Management Objectives referred to in **Section 6(e)** of this Plan**.**

(d) Each such grant or sale will provide that during or after the period for which such substantial risk of forfeiture is to continue, the transferability of the Restricted Stock will be prohibited or restricted in the manner and to the extent prescribed by the Committee on the Date of Grant (which restrictions may include rights of repurchase or first refusal of the Company or provisions subjecting the Restricted Stock to a continuing substantial risk of forfeiture while held by any transferee).

(e) Any grant of Restricted Stock may specify Management Objectives that, if achieved, will result in termination or early termination of the restrictions applicable to such Restricted Stock.

(f) Notwithstanding anything to the contrary contained in this Plan, Restricted Stock may provide for continued vesting or the earlier termination of restrictions on such Restricted Stock, including in the event of the retirement, death or disability of a Participant or in the event of a Change in Control.

(g) Any such grant or sale of Restricted Stock will require that any and all dividends or other distributions paid thereon during the period of such restrictions be automatically deferred and/or reinvested in additional Restricted Stock, which will be subject to the same restrictions as the underlying award. For the avoidance of doubt, any such dividends or other distributions on Restricted Stock will be deferred until, and paid contingent upon, the vesting of such Restricted Stock.

(h) Each grant or sale of Restricted Stock will be evidenced by an Evidence of Award. Each Evidence of Award will be subject to this Plan and will contain such terms and provisions, consistent with this Plan, as the Committee may approve. Unless otherwise directed by the Committee, (i) all certificates representing Restricted Stock will be held in custody by the Company until all restrictions thereon will have lapsed, together with a stock power or powers executed by the Participant in whose name such certificates are registered, endorsed in blank and covering such shares or (ii) all Restricted Stock will be held at the Company's transfer agent in book entry form with appropriate restrictions relating to the transfer of such Restricted Stock.

7. **Restricted Stock Units.** The Committee may, from time to time and upon such terms and conditions as it may determine, authorize the granting or sale of Restricted Stock Units to Participants. Each such grant or sale may utilize any or all of the authorizations, and will be subject to all of the requirements, contained in the following provisions:

(a) Each such grant or sale will constitute the agreement by the Company to deliver shares of Common Stock or cash, or a combination thereof, to the Participant in the future in consideration of the performance of services, but subject to the fulfillment of such conditions (which may include the achievement of Management Objectives) during the Restriction Period as the Committee may specify.

(b) Each such grant or sale may be made without additional consideration or in consideration of a payment by such Participant that is less than the Market Value per Share on the Date of Grant.

(c) Notwithstanding anything to the contrary contained in this Plan, Restricted Stock Units may provide for continued vesting or the earlier lapse or other modification of the Restriction Period, including in the event of the retirement, death or disability of a Participant or in the event of a Change in Control.

(d) During the Restriction Period, the Participant will have no right to transfer any rights under his or her award and will have no rights of ownership in the shares of Common Stock deliverable upon payment of the Restricted Stock Units and will have no right to vote them, but the Committee may, at or after the Date of Grant, authorize the payment of dividend equivalents on such Restricted Stock Units on a deferred and contingent basis, either in cash or in additional shares of Common Stock; provided, however, that dividend equivalents or other distributions on shares of Common Stock underlying Restricted Stock Units will be deferred until and paid contingent upon the vesting of such Restricted Stock Units.

(e) Each grant or sale of Restricted Stock Units will specify the time and manner of payment of the Restricted Stock Units that have been earned. Each grant or sale will specify that the amount payable with respect thereto will be paid by the Company in shares of Common Stock or cash, or a combination thereof.

(f) Each grant or sale of Restricted Stock Units will be evidenced by an Evidence of Award. Each Evidence of Award will be subject to this Plan and will contain such terms and provisions, consistent with this Plan, as the Committee may approve.

8. **Cash Incentive Awards, Performance Shares and Performance Units.** The Committee may, from time to time and upon such terms and conditions as it may determine, authorize the granting of Cash Incentive Awards, Performance Shares and Performance Units. Each such grant may utilize any or all of the authorizations, and will be subject to all of the requirements, contained in the following provisions:

(a) Each grant will specify the number or amount of Performance Shares or Performance Units, or amount payable with respect to a Cash Incentive Award, to which it pertains, which number or amount may be subject to adjustment to reflect changes in compensation or other factors.

(b) The Performance Period with respect to each Cash Incentive Award or grant of Performance Shares or Performance Units will be such period of time as will be determined by the Committee. Cash Incentive Awards, Performance Shares and Performance Units may be subject to continued vesting or the earlier lapse or other modification of the applicable performance period, including in the event of the retirement, death or disability of a Participant or in the event of a Change in Control.

(c) Each grant of a Cash Incentive Award, Performance Shares or Performance Units will specify Management Objectives which, if achieved, will result in payment or early payment of the award, and each grant may specify in respect of such specified Management Objectives a minimum acceptable level or levels of achievement and may set forth a formula for determining the number of Performance Shares or Performance Units, or amount payable with respect to a Cash Incentive Award, that will be earned if performance is at or above the minimum or threshold level or levels, or is at or above the target level or levels, but falls short of maximum achievement of the specified Management Objectives.

(d) Each grant will specify the time and manner of payment of a Cash Incentive Award, Performance Shares or Performance Units that have been earned. Any grant may specify that the amount payable with respect thereto may be paid by the Company in cash, in shares of Common Stock, in Restricted Stock or Restricted Stock Units or in any combination thereof.

(e) Any grant of a Cash Incentive Award, Performance Shares or Performance Units may specify that the amount payable or the number of shares of Common Stock, Restricted Stock or Restricted Stock Units payable with respect thereto may not exceed a maximum specified by the Committee on the Date of Grant.

(f) The Committee may, on the Date of Grant of Performance Shares or Performance Units, provide for the payment of dividend equivalents to the holder thereof either in cash or in additional shares of Common Stock, subject in all cases to deferral and payment on a contingent basis based on the Participant's earning of the Performance Shares or Performance Units, as applicable, with respect to which such dividend equivalents are paid.

(g) Each grant of a Cash Incentive Award, Performance Shares or Performance Units will be evidenced by an Evidence of Award. Each Evidence of Award will be subject to this Plan and will contain such terms and provisions, consistent with this Plan, as the Committee may approve.

9. **Other Awards.**

(a) Subject to applicable law and the applicable limits set forth in **Section 3** of this Plan, the Committee may authorize the grant to any Participant of shares of Common Stock or such other awards that may be denominated or payable in, valued in whole or in part by reference to, or otherwise based on, or related to, shares of Common Stock or factors that may influence the value of such shares, including, without limitation, convertible or exchangeable debt securities, other rights convertible or exchangeable into shares of Common Stock, purchase rights for shares of Common Stock, awards with value and payment contingent upon performance of the Company or specified Subsidiaries, affiliates or other business units thereof or any other factors designated by the Committee, and awards valued by reference to the book value of the shares of Common Stock or the value of securities of, or the performance of specified Subsidiaries or affiliates or other business units of the Company. The Committee will determine the terms and conditions of such awards. Shares of Common Stock delivered pursuant to an award in the nature of a purchase right granted under this **Section 9** will be purchased for such consideration, paid for at such time, by such methods, and in such forms, including, without limitation, shares of Common Stock, other awards, notes or other property, as the Committee determines.

(b) Cash awards, as an element of or supplement to any other award granted under this Plan, may also be granted pursuant to this **Section 9**.

(c) The Committee may authorize the grant of shares of Common Stock as a bonus, or may authorize the grant of other awards in lieu of obligations of the Company or a Subsidiary to pay cash or deliver other property under this Plan or under other plans or compensatory arrangements, subject to such terms as will be determined by the Committee in a manner that complies with Section 409A of the Code.

(d) The Committee may, at or after the Date of Grant, authorize the payment of dividends or dividend equivalents on awards granted under this **Section 9** on a deferred and contingent basis, either in cash or in additional shares of Common Stock; provided, however, that dividend equivalents or other distributions on shares of Common Stock underlying awards granted under this **Section 9** will be deferred until and paid contingent upon the earning of such awards.

(e) Notwithstanding anything to the contrary contained in this Plan, awards under this **Section 9** may provide for the earning or vesting of, or earlier elimination of restrictions applicable to, such award, including in the event of the retirement, death or disability of a Participant or in the event of a Change in Control.

10. **Administration of this Plan.**

(a) This Plan will be administered by the Committee. The Committee may from time to time delegate all or any part of its authority under this Plan to a subcommittee thereof. To the extent of any such delegation, references in this Plan to the Committee will be deemed to be references to such subcommittee.

(b) The interpretation and construction by the Committee of any provision of this Plan or of any Evidence of Award (or related documents) and any determination by the Committee pursuant to any provision of this Plan or of any such agreement, notification or document will be final and conclusive. No member of the Committee shall be liable for any such action or determination made in good faith. In addition, the Committee is authorized to take any action it determines in its sole discretion to be appropriate subject only to the express limitations contained in this Plan, and no authorization in any Plan section or other provision of this Plan is intended or may be deemed to constitute a limitation on the authority of the Committee.

(c) To the extent permitted by law, the Committee may delegate to one or more of its members, to one or more officers of the Company, or to one or more agents or advisors, such administrative duties or powers as it may deem advisable, and the Committee, the subcommittee, or any person to whom duties or powers have been delegated as aforesaid, may employ one or more persons to render advice with respect to any responsibility the Committee, the subcommittee or such person may have under this Plan. The Committee may, by resolution, authorize one or more officers of the Company to do one or both of the following on the same basis as the Committee: (i) designate employees to be recipients of awards under this Plan; and (ii) determine the size of any such awards; provided, however, that (A) the Committee will not delegate such responsibilities to any such officer for awards granted to an employee who is an officer, Director, or more than 10% "beneficial owner" (as such term is defined in Rule 13d-3 promulgated under the Exchange Act) of any class of the Company's equity securities that is registered pursuant to Section 12 of the Exchange Act, as determined by the Committee in accordance with Section 16 of the Exchange Act; (B) the resolution providing for such authorization shall set forth the total number of shares of Common Stock such officer(s) may grant; and (C) the officer(s) will report periodically to the Committee regarding the nature and scope of the awards granted pursuant to the authority delegated.

11. **Adjustments.** The Committee shall make or provide for such adjustments in the number of and kind of shares of Common Stock covered by outstanding Option Rights, Appreciation Rights, Restricted Stock, Restricted Stock Units, Performance Shares and Performance Units granted hereunder and, if applicable, in the number of and kind of shares of Common Stock covered by other awards granted pursuant to **Section 9** of this Plan, in the Option Price and Base Price provided in outstanding Option Rights and Appreciation Rights, respectively, in Cash Incentive Awards, and in other award terms, as the Committee, in its sole discretion, exercised in good faith, determines is equitably required to prevent dilution or enlargement of the rights of Participants that otherwise would result from (a) any stock dividend, extraordinary cash dividend, stock split, combination of shares, recapitalization or other change in the capital structure of the Company, (b) any merger, consolidation, spin-off, split-off, spin-out, split-up, reorganization, partial or complete liquidation or other distribution of assets, issuance of rights or warrants to purchase securities, or (c) any other corporate transaction or event having an effect similar to any of the foregoing. Moreover, in the event of any such transaction or event or in the event of a Change in Control, the Committee may (i) accelerate the vesting for any outstanding award under this Plan in a manner that complies with Section 409A of the Code or (ii) provide in substitution for any or all outstanding awards under this Plan such alternative consideration (including cash), if any, as it, in good faith, may determine to be equitable in the circumstances and shall require in connection therewith the surrender of all awards so replaced in a manner that complies with Section 409A of the Code. In addition, for each Option Right or Appreciation Right with an Option Price or Base Price, respectively, greater than the consideration offered in connection with any such transaction or event or Change in Control, the Committee may in its discretion elect to cancel such Option Right or Appreciation Right without any payment to the person holding such Option Right or Appreciation Right. The Committee shall also make or provide for such adjustments in the number of shares of Common Stock specified in **Section 3** of this Plan as the Committee in its sole discretion, exercised in good faith, determines is appropriate to reflect any transaction or event described in this **Section 11**; provided, however, that (A) any such adjustment to the number specified in **Section 3(c)** of this Plan will be made only if and to the extent that such adjustment would not cause any Option Right intended to qualify as an Incentive Stock Option to fail to so qualify and (B) in making such adjustments, the Committee shall take into account following such transaction or event, that the number of shares of Common Stock specified in **Section 3** of this Plan, as adjusted, as a percentage of then outstanding shares of Company voting common stock, shall bear a reasonable relationship to the number

of shares of Common Stock specified in **Section 3** of this Plan as a percentage of the outstanding shares of Company voting common stock outstanding on the Effective Date.

12. **Change in Control**. For purposes of this Plan, a "Change in Control" shall be defined in the applicable Evidence of Award.

13. **Detrimental Activity and Recapture Provisions**. Any Evidence of Award may reference a clawback policy of the Company or provide for the cancellation or forfeiture of an award or the forfeiture and repayment to the Company of any gain related to an award, or other provisions intended to have a similar effect, upon such terms and conditions as may be determined by the Committee from time to time, if a Participant, either (a) during employment or other service with the Company or a Subsidiary, or (b) within a specified period after termination of such employment or service, engages in any detrimental activity, as described in the applicable Evidence of Award or such clawback policy. In addition, notwithstanding anything in this Plan to the contrary, any Evidence of Award or such clawback policy may also provide for the cancellation or forfeiture of an award or the forfeiture and repayment to the Company of any shares of Common Stock issued under and/or any other benefit related to an award, or other provisions intended to have a similar effect, upon such terms and conditions as may be required by the Committee or under Section 10D of the Exchange Act and any applicable rules or regulations promulgated by the Securities and Exchange Commission or any national securities exchange or national securities association on which the shares of Common Stock may be traded.

14. **Non-U.S. Participants.** In order to facilitate the making of any grant or combination of grants under this Plan, the Committee may provide for such special terms for awards to Participants who are foreign nationals or who are employed by the Company or any Subsidiary outside of the United States of America or who provide services to the Company or any Subsidiary under an agreement with a foreign nation or agency, as the Committee may consider necessary or appropriate to accommodate differences in local law, tax policy or custom. Moreover, the Committee may approve such supplements to or amendments, restatements or alternative versions of this Plan (including sub-plans) as it may consider necessary or appropriate for such purposes, without thereby affecting the terms of this Plan as in effect for any other purpose, and the secretary or other appropriate officer of the Company may certify any such document as having been approved and adopted in the same manner as this Plan. No such special terms, supplements, amendments or restatements, however, will include any provisions that are inconsistent with the terms of this Plan as then in effect unless this Plan could have been amended to eliminate such inconsistency without further approval by the Stockholders.

15. **Transferability.**

(a) Except as otherwise determined by the Committee, no Option Right, Appreciation Right, Restricted Stock, Restricted Stock Unit, Performance Share, Performance Unit, Cash Incentive Award, award contemplated by **Section 9** of this Plan or dividend equivalents paid with respect to awards made under this Plan will be transferable by the Participant except by will or the laws of descent and distribution. In no event will any such award granted under this Plan be transferred for value. Except as otherwise determined by the Committee, Option Rights and Appreciation Rights will be exercisable during the Participant's lifetime only by him or her or, in the event of the Participant's legal incapacity to do so, by his or her guardian or legal representative acting on behalf of the Participant in a fiduciary capacity under state law or court supervision.

(b) The Committee may specify on the Date of Grant that part or all of the shares of Common Stock that are (i) to be issued or transferred by the Company upon the exercise of Option Rights or Appreciation Rights, upon the termination of the Restriction Period applicable to Restricted Stock Units or upon payment under any grant of Performance Shares or Performance Units or (ii) no longer subject to the substantial risk of forfeiture and restrictions on transfer referred to in **Section 6** of this Plan, will be subject to further restrictions on transfer.

16. **Withholding Taxes.** To the extent that the Company is required to withhold federal, state, local or foreign taxes or other amounts in connection with any payment made or benefit realized by a Participant or other person under this Plan, it will be a condition to the receipt of such payment or the realization of such benefit that such taxes or other amounts be withheld from such payment or benefit or paid by such Participant or other person, as determined or provided for by the Committee. With respect to such benefits that are to be received in the form of shares of Common Stock, the Committee will cause the applicable Evidence of Award to specify the manner or manners in which the withholding or payment of such taxes or other amounts will be effected by or on behalf of such Participant or other person, which manner or manners may include, as provided for by the Committee, withholding from the shares of Common Stock required to be delivered to the Participant a number of shares of Common Stock having a value equal to the amount required to be withheld. Any shares of Common Stock used for purposes of such withholding or payment will be valued based on the fair market value of such shares on the date on which the benefit or payment is to be included in the Participant's income. In no event will the fair market value of any shares of Common Stock withheld or otherwise used pursuant to this **Section 16** exceed the minimum amount required to be withheld, unless (i) an additional amount can be withheld and not result in adverse accounting consequences, (ii) such additional withholding amount is authorized by the Committee, and (iii) the total amount withheld does not exceed the Participant's estimated tax obligations attributable to the applicable transaction. Participants will also make such arrangements as the Company may require for the payment of any withholding tax or other obligation that may arise in connection with the disposition of shares of Common Stock acquired upon the exercise of Option Rights.

17. **Compliance with Section 409A of the Code.**

(a) To the extent applicable, it is intended that this Plan and any grants made hereunder comply with the provisions of Section 409A of the Code, so that the income inclusion provisions of Section 409A(a)(1) of the Code do not apply to the Participants. This Plan and any grants made hereunder will be administered in a manner consistent with this intent. Any reference in this Plan to Section 409A of the Code will also include any regulations or any other formal guidance promulgated with respect to such section by the U.S. Department of the Treasury or the Internal Revenue Service.

(b) Neither a Participant nor any of a Participant's creditors or beneficiaries will have the right to subject any deferred compensation (within the meaning of Section 409A of the Code) payable under this Plan and grants hereunder to any anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, attachment or garnishment. Except as permitted under Section 409A of the Code, any deferred compensation (within the meaning of Section 409A of the Code) payable to a Participant or for a Participant's benefit under this Plan and grants hereunder may not be reduced by, or offset against, any amount owed by a Participant to the Company or any of its Subsidiaries.

(c) If, at the time of a Participant's separation from service (within the meaning of Section 409A of the Code), (i) the Participant will be a specified employee (within the meaning of

Section 409A of the Code and using the identification methodology selected by the Company from time to time) and (ii) the Company makes a good faith determination that an amount payable hereunder constitutes deferred compensation (within the meaning of Section 409A of the Code) the payment of which is required to be delayed pursuant to the six-month delay rule set forth in Section 409A of the Code in order to avoid taxes or penalties under Section 409A of the Code, then the Company will not pay such amount on the otherwise scheduled payment date but will instead pay it, without interest, on the fifth business day of the seventh month after such separation from service.

(d) Solely with respect to any award that constitutes nonqualified deferred compensation subject to Section 409A of the Code and that is payable on account of a Change in Control (including any installments or stream of payments that are accelerated on account of a Change in Control), a Change in Control shall occur only if such event also constitutes a "change in the ownership," "change in effective control," and/or a "change in the ownership of a substantial portion of assets" of the Company as those terms are defined under Treasury Regulation §1.409A-3(i)(5), but only to the extent necessary to establish a time and form of payment that complies with Section 409A of the Code, without altering the definition of Change in Control for any purpose in respect of such award.

(e) Notwithstanding any provision of this Plan and grants hereunder to the contrary, in light of the uncertainty with respect to the proper application of Section 409A of the Code, the Company reserves the right to make amendments to this Plan and grants hereunder as the Company deems necessary or desirable to avoid the imposition of taxes or penalties under Section 409A of the Code. In any case, a Participant will be solely responsible and liable for the satisfaction of all taxes and penalties that may be imposed on a Participant or for a Participant's account in connection with this Plan and grants hereunder (including any taxes and penalties under Section 409A of the Code), and neither the Company nor any of its affiliates will have any obligation to indemnify or otherwise hold a Participant harmless from any or all of such taxes or penalties.

18. **Amendments.**

(a) The Board may at any time and from time to time amend this Plan in whole or in part; provided, however, that if an amendment to this Plan, for purposes of applicable stock exchange rules and except as permitted under **Section 11** of this Plan, (i) would materially increase the benefits accruing to Participants under this Plan, (ii) would materially increase the number of securities which may be issued under this Plan, (iii) would materially modify the requirements for participation in this Plan, or (iv) must otherwise be approved by the Stockholders in order to comply with applicable law or the rules of the NASDAQ Stock Market, or, if the shares of Common Stock are not traded on the NASDAQ Stock Market, the principal national securities exchange upon which the shares of Common Stock are traded or quoted, all as determined by the Board, then, such amendment will be subject to Stockholder approval and will not be effective unless and until such approval has been obtained.

(b) Except in connection with a corporate transaction or event described in **Section 11** of this Plan or in connection with a Change in Control, the terms of outstanding awards may not be amended to reduce the Option Price of outstanding Option Rights or the Base Price of outstanding Appreciation Rights, or cancel outstanding "underwater" Option Rights or Appreciation Rights in exchange for cash, other awards or Option Rights or Appreciation Rights with an Option Price or Base Price, as applicable, that is less than the Option Price of the original Option Rights or Base Price of the original Appreciation Rights, as applicable, without Stockholder approval. This **Section 18(b)** is intended to prohibit the repricing of "underwater" Option Rights and Appreciation Rights and will not be construed to prohibit the adjustments provided for in **Section 11** of this Plan. Notwithstanding any provision of this Plan to the contrary, this **Section 18(b)** may not be amended without approval by the Stockholders.

(c) If permitted by Section 409A of the Code, but subject to the paragraph that follows, including in the case of termination of employment or service, or in the case of unforeseeable emergency or other circumstances or in the event of a Change in Control, to the extent a Participant holds an Option Right or Appreciation Right not immediately exercisable in full, or any Restricted Stock as to which the substantial risk of forfeiture or the prohibition or restriction on transfer has not lapsed, or any Restricted Stock Units as to which the Restriction Period has not been completed, or any Cash Incentive Awards, Performance Shares or Performance Units which have not been fully earned, or any dividend equivalents or other awards made pursuant to **Section 9** of this Plan subject to any vesting schedule or transfer restriction, or who holds shares of Common Stock subject to any transfer restriction imposed pursuant to **Section 15(b)** of this Plan, the Committee may, in its sole discretion, provide for continued vesting or accelerate the time at which such Option Right, Appreciation Right or other award may be exercised or the time at which such substantial risk of forfeiture or prohibition or restriction on transfer will lapse or the time when such Restriction Period will end or the time at which such Cash Incentive Awards, Performance Shares or Performance Units will be deemed to have been fully earned or the time when such transfer restriction will terminate or may waive any other limitation or requirement under any such award.

(d) Subject to **Section 18(b)** of this Plan, the Committee may amend the terms of any award theretofore granted under this Plan prospectively or retroactively. Except for adjustments made pursuant to **Section 11** of this Plan, no such amendment will impair the rights of any Participant without his or her consent. The Board may, in its discretion, terminate this Plan at any time. Termination of this Plan will not affect the rights of Participants or their successors under any awards outstanding hereunder and not exercised in full on the date of termination.

19. **Governing Law.** This Plan and all grants and awards and actions taken hereunder will be governed by and construed in accordance with the internal substantive laws of the State of Florida.

20. **Effective Date/Termination.** This Plan will be effective as of the Effective Date. No grants will be made on or after the Effective Date under the Predecessor Plans, provided that outstanding awards granted under the Predecessor Plans will continue unaffected following the Effective Date. No grant will be made under this Plan on or after the tenth anniversary of the Effective Date, but all grants made prior to such date will continue in effect thereafter subject to the terms thereof and of this Plan. For clarification purposes, the terms and conditions of this Plan shall not apply to or otherwise impact previously granted and outstanding awards under the Predecessor Plans, as applicable.

21. **Miscellaneous Provisions.**

(a) The Company will not be required to issue any fractional shares of Common Stock pursuant to this Plan. The Committee may provide for the elimination of fractions or for the settlement of fractions in cash.

(b) This Plan will not confer upon any Participant any right with respect to continuance of employment or other service with the Company or any Subsidiary, nor will it interfere in any way with any right the Company or any Subsidiary would otherwise have to terminate such Participant's employment or other service at any time.

(c) Except with respect to **Section 21(e)** of this Plan, to the extent that any provision of this Plan would prevent any Option Right that was intended to qualify as an Incentive Stock Option from qualifying as such, that provision will be null and void with respect to such Option Right. Such provision, however, will remain in effect for other Option Rights and there will be no further effect on any provision of this Plan.

(d) No award under this Plan may be exercised by the holder thereof if such exercise, and the receipt of cash or stock thereunder, would be, in the opinion of counsel selected by the Company, contrary to law or the regulations of any duly constituted authority having jurisdiction over this Plan.

(e) Absence on leave approved by a duly constituted officer of the Company or any of its Subsidiaries will not be considered interruption or termination of service of any employee for any purposes of this Plan or awards granted hereunder.

(f) No Participant will have any rights as a Stockholder with respect to any shares of Common Stock subject to awards granted to him or her under this Plan prior to the date as of which he or she is actually recorded as the holder of such shares of Common Stock upon the stock records of the Company.

(g) The Committee may condition the grant of any award or combination of awards authorized under this Plan on the surrender or deferral by the Participant of his or her right to receive a cash bonus or other compensation otherwise payable by the Company or a Subsidiary to the Participant.

(h) Except with respect to Option Rights and Appreciation Rights, the Committee may permit Participants to elect to defer the issuance of shares of Common Stock under this Plan pursuant to such rules, procedures or programs as it may establish for purposes of this Plan and which are intended to comply with the requirements of Section 409A of the Code. The Committee also may provide that deferred issuances and settlements include the crediting of dividend equivalents or interest on the deferral amounts.

(i) If any provision of this Plan is or becomes invalid or unenforceable in any jurisdiction, or would disqualify this Plan or any award under any law deemed applicable by the Committee, such provision will be construed or deemed amended or limited in scope to conform to applicable laws or, in the discretion of the Committee, it will be stricken and the remainder of this Plan will remain in full force and effect. Notwithstanding anything in this Plan or an Evidence of Award to the contrary, nothing in this Plan or in an Evidence of Award prevents a Participant from providing, without prior notice to the Company, information to governmental authorities regarding possible legal violations or otherwise testifying or participating in any investigation or proceeding by any governmental authorities regarding possible legal violations, and for purpose of clarity a Participant is not prohibited from providing information voluntarily to the Securities and Exchange Commission pursuant to Section 21F of the Exchange Act.

(j) An award granted under this Plan may include a provision whereby the Company may elect to repurchase all or any part of the shares of Common Stock acquired by a Participant. The terms of any repurchase option shall be specified in the Evidence of Award.

(k) An award granted under this Plan may also include a provision whereby the Company may elect to exercise a right of first refusal following receipt of notice from a Participant of the intent to transfer all or any part of the shares of Common Stock received under an award. Except as expressly provided in this paragraph or in the Evidence of Award, such right of first refusal shall otherwise comply with any applicable provisions of the bylaws of the Company. The Board reserves the right to assign the Company's right of first refusal.

(l) Unless otherwise determined by the Board, during any period in which the Company does not have a class of its securities registered under Section 12 of the Exchange Act and is not required to file reports under Section 15(d) of the Exchange Act, this Plan is intended to be a written compensatory benefit plan within the meaning of Rule 701 promulgated under the Securities Act of 1933, as amended, although grants may be made pursuant to this Plan that do not qualify for exemption under Rule 701. An award will not be effective unless such award is in compliance with all applicable federal and state securities laws, rules and regulations of any governmental body, and the requirements of any stock exchange or automated quotation system upon which the shares of Common Stock may then be listed or quoted, as they are in effect on the date of grant of the award and also on the date of exercise or other issuance. Notwithstanding any other provision in this Plan, the Company will have no obligation to issue or deliver certificates for shares of Common Stock under this Plan prior to (i) obtaining any approvals from governmental agencies that the Company determines are necessary or advisable, and/or (ii) compliance with any exemption, completion of any registration or other qualification of such shares of Common Stock under any foreign, state or federal law or ruling of any governmental body that the Company determines to be necessary or advisable. The inability of the Company to obtain from any regulatory body having jurisdiction the authority, if any, deemed by the Company's legal counsel to be necessary to the lawful issuance and sale of any shares hereunder shall relieve the Company of any liability in respect of the failure to issue or sell such shares as to which such requisite authority shall not have been obtained. The Company will be under no obligation to register the shares of Common Stock with the Securities and Exchange Commission or to effect compliance with the exemption, registration, qualification or listing requirements of any state securities laws, stock exchange or automated quotation system, and the Company will have no liability for any inability or failure to do so.

22. **Stock-Based Awards in Substitution for Awards Granted by Another Company.** Notwithstanding anything in this Plan to the contrary:

(a) Awards may be granted under this Plan in substitution for or in conversion of, or in connection with an assumption of, stock options, stock appreciation rights, restricted stock, restricted stock units or other stock or stock-based awards held by awardees of an entity engaging in a corporate acquisition or merger transaction with the Company or any Subsidiary. Any conversion, substitution or assumption will be effective as of the close of the merger or acquisition, and, to the extent applicable, will be conducted in a manner that complies with Section 409A of the Code. The awards so granted may reflect the original terms of the awards being assumed or substituted or converted for and need not comply with other specific terms of this Plan, and may account for shares of Common Stock substituted for the securities covered by the original awards and the number of shares subject to the original awards, as well as any exercise or purchase prices applicable to the original awards, adjusted to account for differences in stock prices in connection with the transaction.

(b) In the event that a company acquired by the Company or any Subsidiary or with which the Company or any Subsidiary merges has shares available under a pre-existing plan previously approved by stockholders and not adopted in contemplation of such acquisition or merger, the shares available for grant pursuant to the terms of such plan (as adjusted, to the extent appropriate, to reflect such acquisition or merger) may be used for awards made after such acquisition or merger under this Plan; provided, however, that awards using such available shares may not be made after the date awards or grants could have been made under the terms of the pre-existing plan absent the acquisition or merger, and may only be made to individuals who were not employees or directors of the Company or any Subsidiary prior to such acquisition or merger.

(c) Any shares of Common Stock that are issued or transferred by, or that are subject to any awards that are granted by, or become obligations of, the Company under **Sections 22(a)** or **22(b)** of this Plan will not reduce the shares of Common Stock available for issuance or transfer under this Plan or otherwise count against the limits contained in **Section 3** of this Plan. In addition, no shares of Common Stock subject to an award that is granted by, or becomes an obligation of, the Company under **Sections 22(a)** or **22(b)** of this Plan will be added to the aggregate limit contained in **Section 3(a)(i)** of this Plan.

23. **Lock-Up Agreement**. It shall be a condition to a Participant's receipt of any award under this Plan that: (a) the Participant agree (and the Participant will be deemed by his or her acceptance of such award to have agreed) that, in the event of the Company's initial public offering of shares of Common Stock or any subsequent offering of securities of the Company (an "Offering"), if requested by the Company, the Board and/or any underwriters managing the Offering, the Participant will not, and the Participant will enter into a lock-up agreement in the form prepared by the Company and/or the underwriters pursuant to which the Participant will not, (i) lend, offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of, directly or indirectly, any shares of Common Stock or any securities of the Company convertible into or exercisable or exchangeable for shares of Common Stock (and excluding any shares of Common Stock subsequently purchased by the Participant on the open market or in such offering), or (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of such shares of Common Stock, whether any such transaction described in clause (i) or (ii) above is to be settled by delivery of shares of Common Stock or other securities, in cash or otherwise, without the prior consent of the Company or the underwriter, provided that such lock-up time period will not exceed 180 days from the effective date of such initial public offering, or, in the case of subsequent offerings of securities, 90 days from the effective date of such subsequent offering and any extension required by rules and regulations applicable to the underwriters; and (b) the Participant will agree (and the Participant will be deemed by his or her acceptance of such award to have agreed), in the event of an Offering, to waive any registration rights he or she may have with respect to any Offering of shares of Common Stock, whether pursuant to any stockholders agreement of the Company or otherwise.

AMERANT BANCORP INC.
EXHIBIT 31.1

CERTIFICATION PURSUANT TO
RULE 13a-14 OF THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

CERTIFICATION

I, Millar Wilson, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Amerant Bancorp Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 12, 2019

/s/ Millar Wilson
Millar Wilson
Vice-Chairman and
Chief Executive Officer

AMERANT BANCORP INC.
EXHIBIT 31.2

CERTIFICATION PURSUANT TO
RULE 13a-14 OF THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

CERTIFICATION

I, Alberto Peraza, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Amerant Bancorp Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 12, 2019

/s/ Alberto Peraza
Alberto Peraza
Co-President and Chief Financial Officer

AMERANT BANCORP INC.
EXHIBIT 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Amerant Bancorp Inc. (the "Company") on Form 10-Q for the period ending June 30, 2019, as filed with the Securities and Exchange Commission as of the date hereof (the "Report"), I, Millar Wilson, Chief Executive Officer and Vice-Chairman of the Board of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 12, 2019

/s/ Millar Wilson
Millar Wilson
Vice-Chairman and
Chief Executive Officer

AMERANT BANCORP INC.
EXHIBIT 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Amerant Bancorp Inc. (the "Company") on Form 10-Q for the period ending June 30, 2019, as filed with the Securities and Exchange Commission as of the date hereof (the "Report"), I, Alberto Peraza, Co-President and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 12, 2019

/s/ Alberto Peraza
Alberto Peraza
Co-President and Chief Financial Officer