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

FORM 8-K

CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported): October 29, 2019

Amerant Bancorp Inc.

(Exact name of registrant as specified in its charter)

Florida	**001-38534**	**65-0032379**
(State or other jurisdiction of incorporation	**(Commission file number)**	**(IRS Employer Identification Number)**

220 Alhambra Circle
Coral Gables, Florida 33134
(Address of principal executive offices)

(305) 460-8728
(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- o Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- o Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- o Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- o Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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 is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR§230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR §240.12b-2).

Emerging growth company ý

If an emerging growth company, indicate by check mark if the registrant 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. o

Item 2.02 Results of Operations and Financial Condition

On October 29, 2019, Amerant Bancorp Inc. (the "Company") issued a press release to report the Company's financial results for the fiscal quarter ended September 30, 2019. The release is attached as Exhibit 99.1 to this Current Report on Form 8-K and incorporated by reference to this Item 2.02.

In accordance with General Instructions B.2. of Form 8-K, the information in this Item 2.02 of this Current Report on Form 8-K, including Exhibit 99.1 attached hereto, is being "furnished" and shall not be deemed "filed" for the purposes of Section 18 of the Securities and Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, except as shall be expressly set forth by specific reference in such filing.

Item 7.01 Regulation FD Disclosure

On October 29, 2019, the Company will hold a live audio webcast to discuss its financial results for the fiscal quarter ended September 30, 2019. In connection with the webcast, the Company is furnishing to the U.S. Securities and Exchange Commission the following documents attached as exhibits to this Current Report on Form 8-K and incorporated by reference to this Item 7.01: the earnings slide presentation attached as Exhibit 99.2 hereto and the conference call script attached as Exhibit 99.3 hereto.

In accordance with General Instruction B.2 of Form 8-K, the information in this Item 7.01 of this Current Report on Form 8-K, including Exhibits 99.2 and 99.3 attached hereto, shall not be deemed "filed" for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, except as shall be expressly set forth by specific reference in such a filing.

Item 9.01 Financial Statements and Exhibits

Number	Exhibit
99.1	Press Release of Amerant Bancorp Inc. issued October 29, 2019
99.2	Earnings slide presentation of Amerant Bancorp Inc. dated October 29, 2019
99.3	Conference call scrip of Amerant Bancorp Inc dated October 29, 2019

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 hereunto duly authorized.

Date: October 29, 2019

Amerant Bancorp Inc.

By: /s/ Ivan Trujillo

Name: Ivan Trujillo

Title: Senior Vice President and Corporate Secretary

AMERANT

+

CONTACTS:

Investors

InvestorRelations@amerantbank.com

(305) 460-8728

Media

media@amerantbank.com
(305) 441-8414

AMERANT BANCORP INC. REPORTS THIRD QUARTER RESULTS AND CONTINUED PROGRESS IN EXECUTING STRATEGY SHIFT ONE YEAR AFTER BECOMING AN INDEPENDENT, PUBLICLY-TRADED COMPANY

Third Quarter and Year-to-Date 2019 Net Income Up 3.3% and 20.6%, respectively, Compared to Last Year

CORAL GABLES, FLORIDA, October 29, 2019. Amerant Bancorp Inc. (NASDAQ: AMTB and AMTBB) (the "Company") today reported continuing improved results for the third quarter of 2019, approximately one year after finishing its first quarter as an independent, publicly-traded company.

Third quarter 2019 net income of $11.9 million and net income of $37.9 million for the nine months ended September 30, 2019 were 3.3% higher than the $11.6 million reported in the third quarter of 2018 and 20.6% higher than the $31.4 million reported in the nine months ended September 30, 2018. Net income per diluted share was $0.28 in the third quarter of 2019, up 3.7% compared to $0.27 per diluted share in the third quarter of 2018. Net income per diluted share for the nine months ended September 30, 2019 was $0.88, up 18.9% compared to $0.74 per diluted share for the nine months ended September 30, 2018.

Annualized return on assets ("ROA") and return on equity ("ROE") were 0.60% and 5.81%, respectively, in the third quarter of 2019, compared to 0.55% and 6.13%, respectively, in the third quarter of 2018. ROA and ROE for the nine months ended September 30, 2019 were 0.64% and 6.43%, respectively, up from 0.50% and 5.63%, respectively, for the nine months ended September 30, 2018.

Millar Wilson, Vice Chairman and Chief Executive Officer, reflected, "In the third quarter, Amerant achieved two important milestones; it celebrated 40 years as a proud and active member of the thriving South Florida community, and its first anniversary as an independent publicly-traded Company. The third quarter of 2019 was very busy at Amerant, as we continued to push forward on our new strategy, making significant progress against our previously stated objectives despite significant headwinds from market interest rates and strong competition. Most notably, the Company completed its planned foreign financial institution and non-relationship Shared National Credit loan run-off, as well as the previously-announced early redemption of the Company's two most expensive trust preferred securities. Additionally, we continued our efforts to grow our presence in core South Florida markets, expanding our Broward County footprint with the opening of our Davie location in late September as well as adding a new Miami-Dade branch in Miami Lakes in early October."

AMERANT

Mr. Wilson added, "We built upon the momentum of the first six months with third quarter net income up year over year, driven by continued strong credit quality and improved noninterest income during the third quarter of 2019. We remain focused on completing our transformation efforts, which include our rebranding and optimization of our workforce."

Summary Results

The summary results of the third quarter and nine months ended September 30, 2019 include:

- Pretax income of $15.2 million, up 1.7% from $14.9 million in the third quarter of 2018. Pretax income for the nine months ended September 30, 2019 was $48.2 million, up 14.7% compared to $42.1 million in the same period of 2018.
- Net interest income was $52.6 million, down 5.5% compared to $55.6 million in the third quarter of 2018 mainly due to lower average interest-earning assets, the replacement of lower costs international deposits with higher cost domestic deposits, and higher time deposit costs, partially offset by improved loan yields. Net interest income for the nine months ended September 30, 2019 was $161.8 million, down 0.3% compared to $162.3 million in the same period of 2018.
- Credit quality remained strong. The Company released $1.5 million from the allowance for loan losses, compared to a $1.6 million provision in the third quarter of 2018. The ratio of allowance for loan losses ("ALL") to total loans was 0.93% as of September 30, 2019, down from 1.13% in the same period last year. The ratio of loan charge-offs to average total loans in the third quarter 2019 was 0.16%, in line with the low level of the same period last year.
- Noninterest income was $13.8 million, up 6.8% compared to $13.0 million in the same quarter of 2018, notwithstanding lower fee income from our Venezuelan customers' trading activities being curtailed earlier this year as a result of U.S. sanctions on Venezuelan government securities. Noninterest income was $41.1 million in the nine months ended September 30, 2019, down 1.8% from $41.9 in the same period of 2018.
- Noninterest expense was $52.7 million, up 1.3% compared to $52.0 million in the same quarter of 2018. Noninterest expense was $157.6 million in the nine months ended September 30, 2019, down 1.7% from $160.3 million in the same period of 2018. Third quarter 2019 noninterest expense includes an additional compensation expense of $1.5 million ($4.4 million year-to-date) in connection with the amortization of restricted stock awards granted in December 2018 and January 2019 in connection with the Company's IPO. Adjusted noninterest expense was $51.5 million in the third quarter of 2019, down 0.6% from $51.8 million in the same quarter of 2018. Adjusted noninterest expense primarily excludes expenses associated with restructuring activities, including $1.3 million of rebranding and staff reduction expenses in the third quarter of 2019 and $0.3 million of spin-off costs in the third quarter of 2018. Adjusted noninterest expense for the first nine months of 2019 was $152.7 million, down 0.9% compared to $154.0 million in the same period of 2018.

- The efficiency ratio was 77.6% (75.2% adjusted for rebranding and staff reduction costs) for the nine months ended September 30, 2019, compared to 78.5% (75.5% adjusted for spin-off costs) for the corresponding period of 2018.

- Stockholders' equity per common share increased to $19.11, a 11.6% improvement compared to $17.13 a year ago. Tangible book value per common share rose to $18.63, a 12.0% improvement compared to $16.63 a year ago.

Loans and Deposits

In the third quarter of 2019, we continued the Company's focus on building strong customer relationships across the communities we serve, improving the profitability of our loan portfolio and enhancing our customer service.

Total loans at September 30, 2019 were $5.8 billion, down 6.6% compared to a year-earlier. Similar to previous quarters, this quarter's net decline in loan balance was driven by the completion of the strategic run-off of foreign financial institution ("FI") loans and the sales of non-relationship syndicated Shared National Credits ("SNCs"), which are loans where the Company does not have a direct relationship with the borrower. This was partially offset by an increase of $102.9 million and $115.5 million in Commercial Real Estate ("CRE") and owner-occupied loans, respectively. Excluding the run-off of foreign FI and non-relationship SNC loans, domestic relationship loans increased by 6.5% year over year in the third quarter. We continue training our sales teams building stronger customer relationships in order to capture increased revenue through a larger share of customers' deposits, credit business and wealth management business.

Total deposits at September 30, 2019 were $5.7 billion, down 8.0% compared to September 30, 2018. Foreign deposits declined 14.6% year over year, and 4.0% quarter on quarter, in the most recent quarter. This decrease was driven primarily from the continued outflow of funds of our Venezuelan customers as living conditions in their country remained challenging, and the Venezuelan economy is further dollarized. To offset this run-off, we remain dedicated to enhancing our core deposit products and delivery channels. For example, we launched a new online account opening platform for personal domestic customers, which enables customers to efficiently access our deposit products online. We have seen our online CDs more than double in the third quarter of 2019, compared to the third quarter of 2018. We also launched a program which rewards all Amerant employees for referring friends and family to our loan and deposit products, as well as the Amerant Relationship Rewards Program, which focuses on providing our existing customers with incremental cash rewards as they expand their relationships with us.

During the third quarter of 2019 we opened a new banking center in the South Florida community of Davie in Broward County and more recently, in the first week of October, we opened a banking center in Miami Lakes in Miami-Dade County. Both are state-of-the-art banking centers of the future, featuring a smaller footprint and enhanced technology. Our valued clients will now have access to our convenient services and products in these new locations.

AMERANT

Net Interest Income and Net Interest Margin

Third quarter 2019 net interest income was $52.6 million, down 5.5% compared to $55.6 million in the third quarter of 2018. The decrease from the third quarter of 2018 was primarily due to (i) the reduction in the loan portfolio from the strategic run-off of foreign FI loans and non-relationship SNCs, which have not yet been fully replaced with domestic relationship Commercial and Industrial ("C&I") and CRE loans, and (ii) the decline in the average balance of investment securities from prepayments and sales, which helped fund the international deposit run-off. Additionally, the cost of deposits was higher this quarter driven by replacing some of the run-off in international deposits, which are less expensive, with domestic deposits, coupled with the higher cost of time deposits which, up to this quarter, were repricing at higher levels than previously carried. These factors were partially offset by better yields on the loan portfolio, and a lower balance of average interest-bearing liabilities. The net interest margin for the third quarter of 2019 was 2.80%, a decrease of 3 basis points compared to the third quarter of 2018, driven primarily by the higher time deposit costs and the replacement of the international deposits with higher cost domestic deposits.

Net interest income for the nine months ended September 30, 2019 was $161.8 million, down 0.3% compared to $162.3 million in the comparable period of 2018. The slight decline from the first nine months of 2018 was mainly due to higher deposit costs, mostly related to time deposits, and the shift of deposits from international to domestic. The net interest margin for the first nine months of 2019 was 2.89%, an increase of 15 basis points from the same period last year, driven by higher average rates on assets and the strategic shift in loan mix towards higher-yielding domestic relationship-based loans.

Our net interest income and net interest margin ("NIM") are expected to remain pressured due to the continued run-off of our low cost international deposits and further declines in interest rates which may drive an increase in loan prepayments and the prepayment speeds of investment securities. Against this backdrop, in the third quarter of 2019, the Company took advantage of the yield curve inversion to accelerate the rate decrease on its variable-rate junior subordinated debentures through interest rate swaps, and by taking fixed-rate longer-term advances with callable features. Additionally, during this quarter, we reached the inflexion point for CD costs as maturing CDs are generally repricing at lower rates than those previously carried. The costs of new deposits and loan income are likely to trend with market rates in the coming months.

Noninterest income

In the third quarter of 2019, noninterest income was $13.8 million, up 6.8% compared to $13.0 million in the third quarter of 2018. This improvement was driven by an increase of $1.1 million from derivative contracts sold to loan customers and fees from Treasury Management services. In addition, we saw a $0.9 million net gain on the sale of approximately $23.8 million of municipal bonds and $11.8 million of floating-rate corporate securities. These improvements in the third quarter of 2019 were partially offset by a 12.1% year over year decline in brokerage fees as a result of lower trading volume by our customers, primarily resulting from the U.S. Government's sanctions against trading on Venezuelan government securities. Other offsetting amounts included $0.5 million less in fees as a result of the phase out of transition services to the Company's former parent and its affiliates, as well as lower wire transfer activity and card fees.

The decrease in noninterest income of $0.7 million, or 1.8%, in the first nine months of 2019 compared to the same period of 2018, is mainly due to $1.1 million less in fees from services provided to the Company's former parent and its affiliates, and also a lower gain on early termination of advances from the Federal Home Loan Bank. These declines were partially offset by a $1.7 million increase in income from derivative contracts sold to commercial loan customers, in line with our strategic goals.

The Company's assets under management and custody, or AUMs, increased $26.3 million, or 1.6%, to $1.71 billion at September 30, 2019 compared to $1.69 billion at September 30, 2018. These changes mainly reflect an increase in net new assets, when compared to the same period of 2018.

Noninterest expense

Third quarter 2019 noninterest expense was $52.7 million, up 1.3% compared to $52.0 million in the third quarter of 2018, mostly due to $0.8 million in rebranding expenses, $0.5 million in staff reduction costs, and $0.3 million in expenses related to the early redemption of trust preferred securities. Partially offsetting this increase was an FDIC assessment credit, and lower salaries and employee benefits despite the $0.5 million in staff reduction costs included in the third quarter of 2019. Salaries expense in the third quarter of 2019 is affected by the average annual cost of living adjustment of 1.8% implemented in July 2019, signaling a marked shift from the average adjustment of 3.2% granted in July 2018. This reduction is in line with the Company's strategy to contain growth in personnel expenses, while striving to motivate and fairly compensate our workforce. In addition, total compensation expense in the third quarter of 2019 includes $1.5 million in connection with the amortization of restricted stock awards granted in December 2018 and January 2019 in connection with the Company's IPO.

Noninterest expense for the nine months ended September 30, 2019 decreased 1.7%, or $2.7 million, compared to the same period in 2018, as the Company continued to streamline its operations and normalize its expenses as an independent company. This was mainly driven by lower professional and other service fees related to the spin-off in 2018, lower personnel costs stemming from staff reductions, and lower FDIC assessment costs due to credits received. Offsets to these declines include $4.9 million of restructuring expenses, including rebranding and staff reduction expenses, as discussed below, in connection with our transformation efforts and $4.4 million in connection with the amortization of restricted stock awards granted in December 2018 and January 2019 in connection with the Company's IPO.

Restructuring expenses in the nine months ended September 30, 2019, consisted of $3.6 million associated with the continuation of our Amerant rebranding process announced earlier this year and $1.4 million of staff realignment expenses. We expect our rebranding to be substantially completed by the end of 2019 and expect to incur approximately $0.9 million in additional expenses by year-end.

Credit Quality

The ratio of non-performing assets to total assets increased to 0.42% at the end of the third quarter of 2019, compared to 0.35% at the end of the third quarter of 2018. This increase is mostly due to the loan relationship placed in non-accrual status in June 2019 with a balance of $11.7 million at September 30, 2019, and lower total assets at September 30, 2019. Additionally, special mention loans, increased by $13.0 million during the quarter. The increase was primarily due to a $10.2 million condo construction relationship SNC loan in New York City. We are closely monitoring the performance of this loan. All special mention loans remain current.

The Company released $1.5 million from the ALL during the third quarter of 2019, compared to a $1.6 million provision during the third quarter of 2018. The release was primarily driven by lower loan balances at the end of this quarter, improved quantitative factors, primarily in CRE and domestic commercial loans and lower reserve requirements on credit cards due to better than anticipated repayments as we sunset this product.

In April 2019, we revised our credit card program to further strengthen the Company's credit quality. We stopped charge privileges to our riskiest cardholders and are requiring repayment of their balances by November 2019. All amounts deemed uncollectible were charged off during the quarter. Charge-offs this quarter were $1.7 million, and $3.1 million in the nine months ended September 30, 2019. The ALL, after the charge-offs, for this product stands at$3.6 million at September 30, 2019. We are closely monitoring the performance of the outstanding balance of $20.8 million as of September 30th, until it is completely repaid.

At the end of October we will curtail charge privileges to the remaining cardholders and require repayment of their balances by January 2020. Concurrently, we entered into referral arrangements with recognized U.S.-based card issuers that will permit us to serve our international and domestic customers and we will earn referral fees and share interchange revenue without exposure to credit risk.

Capital

Stockholders' equity was $825.8 million at September 30, 2019, up 13.5% compared to $727.7 million at September 30, 2018, mainly driven by net income and other comprehensive income stemming from higher market valuations in the Company's available for sale investment portfolio. Book value per common share was $19.11 on September 30, 2019 compared to $17.13 a year ago. Tangible book value per common share was $18.63 on September 30, 2019 compared to $16.63 a year ago.

The Company's capital continues to be strong and well in excess of the minimum regulatory requirements to be considered "well-capitalized."

AMERANT

Third Quarter 2019 Earnings Conference Call

As previously announced, the Company will hold an earnings conference call on Tuesday, October 29th, 2019 at 9:30 a.m. (Eastern Time) to discuss its third quarter 2019 results. The conference call and presentation materials can be accessed via webcast by logging on from the Investor Relations section of the company's website at https://investor.amerantbank.com. The online replay will remain available for a limited time following the call through the above link.

About Amerant Bancorp Inc.

The Company is a bank holding company headquartered in Coral Gables, Florida. The Company operates through its subsidiaries, Amerant Bank, N.A. (the "Bank"), Amerant Investments, Inc. and Amerant Trust, N.A. The Company provides individuals and businesses in the U.S., as well as select international clients, with deposit, credit and wealth management services. The Bank, which has operated for over 40 years, is the largest community bank headquartered in Florida. The Bank operates 25 banking centers—17 in South Florida and 8 in the Houston, Texas area—and loan production offices in Dallas, Texas and New York, New York.

Visit our investor relations page at https://investor.amerantbank.com for additional information.

Cautionary Notice Regarding Forward-Looking Statements

This press release contains "forward-looking statements" within the meaning of the Securities Act of 1933 and the Securities Exchange Act of 1934, including, without limitation, future financial and operating results; costs and revenues; economic conditions generally and in our markets and among our customer base; loan demand; mortgage lending activity; changes in the mix of our earning assets and our deposit and wholesale liabilities; net interest margin; yields on earning assets; interest rates and yield curves (generally and those applicable to our assets and liabilities); credit quality, including loan performance, non-performing assets, provisions for loan losses, charge-offs, other-than-temporary impairments and collateral values; market trends; rebranding and staff realignment costs and expected savings; 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.

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. 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 annual report on Form 10-K for the fiscal year ended December 31, 2018 and in our other filings with the U.S. Securities and Exchange Commission (the "SEC"), which are available at the SEC's website www.sec.gov.

Interim Financial Information

Unaudited financial information as of and for interim periods, including as of and for the three and nine month periods ended September 30, 2019 and 2018, may not reflect our results of operations for our fiscal year ended, or financial condition as of December 31, 2019, or any other period of time or date.

Explanation of Certain Non-GAAP Financial Measures

Certain financial measures and ratios contained in this press release including "adjusted noninterest expense," "adjusted net income," "adjusted basic and diluted earnings per common share (basic and diluted)," "adjusted ROA," "adjusted ROE," "adjusted efficiency ratio," and other ratios appearing in Exhibits 1 and 2 are supplemental measures that are not required by, or are not presented in accordance with, U.S. generally accepted accounting principles ("GAAP"). The Company refers to these financial measures and ratios as "non-GAAP financial measures."

We use certain non-GAAP financial measures, including those mentioned above, both to explain our results to shareholders and the investment community and in the internal evaluation and management of our businesses. Our management believes that these non-GAAP financial measures and the information they provide are useful to investors since these measures permit investors to view our performance using the same tools that our management uses to evaluate our past performance and prospects for future performance, especially in light of the additional costs we have incurred in 2018 in connection with the Spin-off and related transactions, and the rebranding and restructuring expenses which began in 2018 and continue in 2019. While we believe that these non-GAAP financial measures are useful in evaluating our performance, this information should be considered as supplemental and not as a substitute for or superior to the related financial information prepared in accordance with GAAP. Additionally, these non-GAAP financial measures may differ from similar measures presented by other companies.

Exhibit 2 reconciles these non-GAAP financial measures to reported results.

AMERANT

Exhibit 1- Selected Financial Information

The following table sets forth selected financial information derived from our unaudited and audited consolidated financial statements.

(in thousands)	September 30, 2019	June 30, 2019	March 31, 2019	December 31, 2018	September 30, 2018
Consolidated Balance Sheets					
Total assets	$ 7,864,260	$ 7,926,826	$ 7,902,355	$ 8,124,347	$ 8,435,802
Total investments	1,632,985	1,650,632	1,701,328	1,741,428	1,791,859
Total gross loans (1)	5,753,709	5,812,755	5,744,406	5,920,175	6,159,279
Allowance for loan losses	53,640	57,404	60,322	61,762	69,471
Total deposits	5,692,848	5,819,381	5,888,188	6,032,686	6,189,503
Junior subordinated debentures (2)	92,246	118,110	118,110	118,110	118,110
Advances from the FHLB and other borrowings	1,170,000	1,125,000	1,070,000	1,166,000	1,338,000
Stockholders' equity	825,751	806,368	778,749	747,418	727,675

(in thousands, except per share amounts)	Three Months Ended					Nine Months Ended September 30,	
	September 30, 2019	June 30, 2019	March 31, 2019	December 31, 2018	September 30, 2018	2019	2018
Consolidated Results of Operations							
Net interest income	$ 52,600	$ 53,789	$ 55,437	$ 56,784	$ 55,633	$ 161,826	$ 162,255
(Reversal of) provision for loan losses	(1,500)	(1,350)	—	(1,375)	1,600	(2,850)	1,750
Noninterest income	13,836	14,147	13,156	11,994	12,950	41,139	41,881
Noninterest expense	52,737	52,905	51,945	54,648	52,042	157,587	160,325
Net income	11,931	12,857	13,071	14,430	11,551	37,859	31,403
Effective income tax rate	21.50%	21.51%	21.49%	6.93%	22.69%	21.50%	25.34%
Common Share Data (3)							
Stockholders' book value per common share	$ 19.11	$ 18.66	$ 18.02	$ 17.31	$ 17.13	$ 19.11	$ 17.13
Tangible stockholders' equity (book value) per common share (4)	$ 18.63	$ 18.18	$ 17.54	$ 16.82	$ 16.63	$ 18.63	$ 16.63
Basic earnings per common share	$ 0.28	$ 0.30	$ 0.31	$ 0.34	$ 0.27	$ 0.89	$ 0.74
Diluted earnings per common share	$ 0.28	$ 0.30	$ 0.30	$ 0.34	$ 0.27	$ 0.88	$ 0.74
Basic weighted average shares outstanding	42,466	42,466	42,755	42,483	42,489	42,562	42,489
Diluted weighted average shares outstanding (5)	42,915	42,819	42,914	42,483	42,489	42,881	42,489
Cash dividend declared per common share (6)	—	—	—	—	—	—	$ 0.94

AMERANT

(in thousands, except per share amounts and percentages)	Three Months Ended					Nine Months Ended September 30,	
	September 30, 2019	June 30, 2019	March 31, 2019	December 31, 2018	September 30, 2018	2019	2018
Other Financial and Operating Data (7)							
Profitability Indicators (%)							
Net interest income / Average total interest earning assets (NIM) (8)	2.80%	2.92%	2.96%	2.95%	2.83%	2.89%	2.74%
Net income / Average total assets (ROA) (9)	0.60%	0.66%	0.65%	0.70%	0.55%	0.64%	0.50%
Net income / Average stockholders' equity (ROE) (10)	5.81%	6.56%	6.87%	7.88%	6.13%	6.43%	5.63%
Capital Indicators							
Total capital ratio (11)	14.77%	14.70%	14.35%	13.54%	12.81%	14.77%	12.81%
Tier 1 capital ratio (12)	13.93%	13.85%	13.48%	12.69%	11.88%	13.93%	11.88%
Tier 1 leverage ratio (13)	11.15%	11.32%	10.83%	10.34%	9.95%	11.15%	9.95%
Common equity tier 1 capital ratio (CET1) (14)	12.57%	12.14%	11.79%	11.07%	10.34%	12.57%	10.34%
Tangible common equity ratio (15)	10.26%	9.93%	9.61%	8.96%	8.40%	10.26%	8.40%
Asset Quality Indicators (%)							
Non-performing assets / Total assets (16)	0.42%	0.41%	0.26%	0.22%	0.35%	0.42%	0.35%
Non-performing loans / Total loans (1) (17)	0.57%	0.56%	0.36%	0.30%	0.48%	0.57%	0.48%
Allowance for loan losses / Total non-performing loans (18)	163.42%	175.28%	294.01%	347.33%	233.89%	163.42%	233.89%
Allowance for loan losses / Total loans (1) (18)	0.93%	0.99%	1.05%	1.04%	1.13%	0.93%	1.13%
Net charge-offs / Average total loans (19)	0.16%	0.11%	0.10%	0.43%	0.14%	0.12%	0.10%
Efficiency Indicators							
Efficiency ratio (20)	79.38%	77.87%	75.73%	79.46%	75.88%	77.64%	78.54%
Full-Time-Equivalent Employees (FTEs)	838	839	889	911	948	838	948
Adjusted Selected Consolidated Results of Operations and Other Data (21)							
Adjusted noninterest expense	$ 51,474	$ 50,169	$ 51,012	$ 47,900	$ 51,766	$ 152,655	$ 154,011
Adjusted net income	12,923	15,005	13,803	19,935	11,970	41,731	37,801
Adjusted earnings per common share (5)	0.30	0.35	0.33	0.47	0.28	0.98	0.89

(in thousands, except per share amounts and percentages)	Three Months Ended					Nine Months Ended September 30,	
	September 30, 2019	June 30, 2019	March 31, 2019	December 31, 2018	September 30, 2018	2019	2018
Adjusted earnings per diluted common share (5)	0.30	0.35	0.32	0.47	0.28	0.97	0.89
Adjusted net income / Average total assets (Adjusted ROA) (9)	0.65%	0.77%	0.69%	0.97%	0.57%	0.70%	0.60%
Adjusted net income / Average stockholders' equity (Adjusted ROE) (10)	6.30%	7.66%	7.25%	10.89%	6.35%	7.09%	6.78%
Adjusted efficiency ratio (22)	77.48%	73.84%	74.37%	69.64%	75.48%	75.21%	75.45%

(1) Total gross loans are net of deferred loan fees and costs. At September 30, 2019 and March 31, 2019, total loans include $1.9 million and $10.0 million in loans held for sale, respectively. There were no loans held for sale at any of the other dates presented.
(2) During the three months ended September 30, 2019, the Company redeemed $25.0 million of its 10.60% and 10.18% trust preferred securities and related junior subordinated debentures.
(3) The earnings per common share reflect the October 2018 reverse stock split which reduced the number of outstanding shares on a 1-for-3 basis.
(4) This Non-GAAP financial information is reconciled to GAAP in Exhibit 2 - Non-GAAP Financial Measures Reconciliation.
(5) As of September 30, 2019, June 30, 2019 and March 31, 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 September 30, 2019, June 30, 2019 and March 31, 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 those dates, fewer shares would have been purchased than restricted shares assumed issued. Therefore, at those dates, such awards resulted in higher diluted weighted average shares outstanding than basic weighted average shares outstanding, and had a dilutive effect in per share earnings for the nine months ended September 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 the Company's former parent in connection with the spin-off.
(7) Operating data for the three and the nine month periods presented have been annualized.
(8) 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.
(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 $89.1 million as of September 30, 2019 and $114.1 million at each of the other dates shown. In the three months ended September 30, 2019, $25.0 million in trust preferred securities were redeemed. 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 by 90 days or more, all nonaccrual loans, restructured loans that are considered "troubled debt restructurings" or ("TDRs"), and OREO properties acquired through or in lieu of foreclosure. Non-performing assets were $32.8 million, $32.8 million, $20.5 million, $18.1 million and $29.7 million as of September 30, 2019, June 30, 2019, March 31, 2019, December 31, 2018 and September 30, 2018, respectively.
(17) Non-performing loans include all accruing loans past due by 90 days or more, all nonaccrual loans and restructured loans that are considered TDRs. Non-performing loans were $32.8 million, $32.8 million, $20.5 million, $17.8 million and $29.7 million as of September 30, 2019, June 30, 2019, March 31, 2019, December 31, 2018 and September 30, 2018, respectively.
(18) Allowance for loan losses was $53.6 million, $57.4 million, $60.3 million, $61.8 million and $69.5 million as of September 30, 2019, June 30, 2019, March 31, 2019, December 31, 2018 and September 30, 2018, respectively.
(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 determined by methods other than GAAP. This adjusted financial information is reconciled to GAAP in Exhibit 2 - Non-GAAP Financial Measures Reconciliation.

(22)Adjusted efficiency ratio is the efficiency ratio less the effect of restructuring and spin-off costs, described in Exhibit 2 - Non-GAAP Financial Measures Reconciliation.

AMERANT

Exhibit 2- Non-GAAP Financial Measures Reconciliation

The following table sets forth selected financial information derived from the Company's interim unaudited and annual audited 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,					Nine Months Ended September 30,	
	September 30, 2019	**June 30, 2019**	**March 31, 2019**	**December 31, 2018**	**September 30, 2018**	**2019**	**2018**
Total noninterest expenses	$ 52,737	$ 52,905	$ 51,945	$ 54,648	$ 52,042	$ 157,587	$ 160,325
Less: restructuring costs (1):							
Staff reduction costs	450	907	—	4,709	—	1,357	—
Legal and strategy advisory costs	—	—	—	1,176	—	—	—
Rebranding costs	813	1,829	933	400	—	3,575	—
Other costs	—	—	—	110	—	—	—
Total restructuring costs	$ 1,263	$ 2,736	$ 933	$ 6,395	$ —	$ 4,932	$ —
Less spin-off costs:							
Legal fees	—	—	—	353	186	—	3,186
Additional contribution to non-qualified deferred compensation plan on behalf of participants to partially mitigate tax effects of unexpected early distribution due to spin-off (2)	—	—	—	—	—	—	1,200
Accounting and consulting fees	—	—	—	—	90	—	1,384
Other expenses	—	—	—	—	—	—	544
Total spin-off costs	$ —	$ —	$ —	$ 353	$ 276	$ —	$ 6,314
Adjusted noninterest expenses	$ 51,474	$ 50,169	$ 51,012	$ 47,900	$ 51,766	$ 152,655	$ 154,011
Net income	$ 11,931	$ 12,857	$ 13,071	$ 14,430	$ 11,551	$ 37,859	$ 31,403
Plus after-tax restructuring costs:							
Restructuring costs before income tax effect	1,263	2,736	933	6,395	—	4,932	—
Income tax effect	(271)	(588)	(201)	(1,303)	—	(1,060)	—
Total after-tax restructuring costs	992	2,148	732	5,092	—	3,872	—
Plus after-tax total spin-off costs:							
Total spin-off costs before income tax effect	—	—	—	353	276	—	6,314
Income tax effect (3)	—	—	—	60	143	—	84
Total after-tax spin-off costs	—	—	—	413	419	—	6,398
Adjusted net income	$ 12,923	$ 15,005	$ 13,803	$ 19,935	$ 11,970	$ 41,731	$ 37,801

AMERANT

(in thousands, except per share amounts and percentages)	Three Months Ended,					Nine Months Ended September 30,	
	September 30, 2019	**June 30, 2019**	**March 31, 2019**	**December 31, 2018**	**September 30, 2018**	**2019**	**2018**
Basic earnings per share	$ 0.28	$ 0.30	$ 0.31	$ 0.34	$ 0.27	$ 0.89	$ 0.74
Plus: after tax impact of restructuring costs	0.02	0.05	0.02	0.12	—	0.09	—
Plus: after tax impact of total spin-off costs	—	—	—	0.01	0.01	—	0.15
Total adjusted basic earnings per common share	$ 0.30	$ 0.35	$ 0.33	$ 0.47	$ 0.28	$ 0.98	$ 0.89
Diluted earnings per share (4)	$ 0.28	$ 0.30	$ 0.30	$ 0.34	$ 0.27	$ 0.88	$ 0.74
Plus: after tax impact of restructuring costs	0.02	0.05	0.02	0.12	—	0.09	—
Plus: after tax impact of total spin-off costs	—	—	—	0.01	0.01	—	0.15
Total adjusted diluted earnings per common share	$ 0.30	$ 0.35	$ 0.32	$ 0.47	$ 0.28	$ 0.97	$ 0.89
Net income / Average total assets (ROA)	0.60 %	0.66 %	0.65 %	0.70 %	0.55 %	0.64 %	0.50 %
Plus: after tax impact of restructuring costs	0.05 %	0.11 %	0.04 %	0.25 %	— %	0.06 %	— %
Plus: after tax impact of total spin-off costs	— %	— %	— %	0.02 %	0.02 %	— %	0.10 %
Adjusted net income / Average total assets (Adjusted ROA)	0.65 %	0.77 %	0.69 %	0.97 %	0.57 %	0.70 %	0.60 %
Net income / Average stockholders' equity (ROE)	5.81 %	6.56 %	6.87 %	7.88 %	6.13 %	6.43 %	5.63 %
Plus: after tax impact of restructuring costs	0.49 %	1.10 %	0.38 %	2.78 %	—%	0.66 %	— %
Plus: after tax impact of total spin-off costs	— %	— %	— %	0.23 %	0.22 %	— %	1.15 %
Adjusted net income / Stockholders' equity (Adjusted ROE)	6.30 %	7.66 %	7.25 %	10.89 %	6.35 %	7.09 %	6.78 %
Efficiency ratio	79.38 %	77.87 %	75.73 %	79.46 %	75.88 %	77.64 %	78.54 %
Less: impact of restructuring costs	(1.90)%	(4.03)%	(1.36)%	(9.30)%	—%	(2.43)%	— %
Less: impact of total spin-off costs	— %	— %	— %	(0.52)%	(0.40)%	— %	(3.09)%
Adjusted efficiency ratio	77.48 %	73.84 %	74.37 %	69.64 %	75.48 %	75.21 %	75.45 %
Stockholders' equity	$ 825,751	$ 806,368	$ 778,749	$ 747,418	$ 727,675	$ 825,751	$ 727,675
Less: goodwill and other intangibles	(20,933)	(20,969)	(21,005)	(21,042)	(21,078)	(20,933)	(21,078)
Tangible common stockholders' equity	$ 804,818	$ 785,399	$ 757,744	$ 726,376	$ 706,597	$ 804,818	$ 706,597
Total assets	7,864,260	7,926,826	7,902,355	8,124,347	8,435,802	7,864,260	$ 8,435,802
Less: goodwill and other intangibles	(20,933)	(20,969)	(21,005)	(21,042)	(21,078)	(20,933)	(21,078)
Tangible assets	$ 7,843,327	$ 7,905,857	$ 7,881,350	$ 8,103,305	$ 8,414,724	$ 7,843,327	$ 8,414,724
Common shares outstanding	43,205	43,205	43,205	43,183	42,489	43,205	42,489
Tangible common equity ratio	10.26 %	9.93 %	9.61 %	8.96 %	8.40 %	10.26 %	8.40 %
Stockholders' book value per common share	$ 19.11	$ 18.66	$ 18.02	$ 17.31	$ 17.13	$ 19.11	$ 17.13
Tangible stockholders' book value per common share	$ 18.63	$ 18.18	$ 17.54	$ 16.82	$ 16.63	$ 18.63	$ 16.63

(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 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 September 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 September 30, 2019, June 30, 2019 and March 31, 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 September 30, 2019, June 30, 2019 and March 31, 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 those dates, fewer shares would have been purchased than restricted shares assumed issued. Therefore, at those dates, such awards resulted in higher diluted weighted average shares outstanding than basic weighted average shares outstanding, and had a dilutive effect in per share earnings for the nine months ended September 30, 2019. We had no outstanding dilutive instruments as of any period prior to December 31, 2018.

AMERANT

Exhibit 3 - 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 the periods presented. 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								
	September 30, 2019			June 30, 2019			September 30, 2018		
(in thousands, except percentages)	Average Balances	Income/ Expense	Yield/ Rates	Average Balances	Income/ Expense	Yield/ Rates	Average Balances	Income/ Expense	Yield/ Rates
Interest-earning assets:									
Loan portfolio, net (1)	$ 5,656,469	$ 66,118	4.64%	$ 5,641,686	$ 66,801	4.75%	$ 6,018,655	$ 66,776	4.51%
Securities available for sale (2)	1,496,740	9,818	2.60%	1,522,280	10,314	2.72%	1,631,215	10,668	2.64%
Securities held to maturity (3)	79,820	436	2.17%	82,728	506	2.45%	87,535	347	1.60%
Federal Reserve Bank and FHLB stock	68,825	1,071	6.17%	65,861	1,066	6.49%	71,983	1,168	6.65%
Deposits with banks	142,583	761	2.12%	88,247	539	2.45%	137,034	666	1.96%
Total interest-earning assets	7,444,437	78,204	4.17%	7,400,802	79,226	4.29%	7,946,422	79,625	4.07%
Total non-interest-earning assets less allowance for loan losses	472,967			466,318			515,712		
Total assets	$ 7,917,404			$ 7,867,120			$ 8,462,134		
Interest-bearing liabilities:									
Checking and saving accounts -									
Interest bearing DDA	$ 1,141,788	$ 191	0.07%	$ 1,207,811	$ 301	0.10%	$ 1,376,015	$ 211	0.06%
Money market	1,152,700	4,109	1.41%	1,143,072	3,997	1.40%	1,225,380	3,460	1.13%
Savings	354,554	16	0.02%	369,538	17	0.02%	414,533	17	0.02%
Total checking and saving accounts	2,649,042	4,316	0.65%	2,720,421	4,315	0.64%	3,015,928	3,688	0.49%
Time deposits	2,325,695	13,284	2.27%	2,314,614	12,740	2.21%	2,440,678	11,531	1.90%
Total deposits	4,974,737	17,600	1.40%	5,035,035	17,055	1.36%	5,456,606	15,219	1.12%
Securities sold under agreements to repurchase	378	3	3.15%	—	—	—%	—	—	—%
Advances from the FHLB and other borrowings (4)	1,148,739	6,253	2.16%	1,071,978	6,292	2.35%	1,200,739	6,716	2.26%
Junior subordinated debentures	106,899	1,748	6.49%	118,110	2,090	7.10%	118,110	2,057	7.15%
Total interest-bearing liabilities	6,230,753	25,604	1.63%	6,225,123	25,437	1.64%	6,775,455	23,992	1.42%
Total non-interest-bearing liabilities	872,488			855,874			933,045		
Total liabilities	7,103,241			7,080,997			7,708,500		
Stockholders' equity	814,163			786,123			753,634		
Total liabilities and stockholders' equity	$ 7,917,404			$ 7,867,120			$ 8,462,134		
Excess of average interest-earning assets over average interest-bearing liabilities	$ 1,213,684			$ 1,175,679			$ 1,170,967		
Net interest income		$ 52,600			$ 53,789			$ 55,633	
Net interest rate spread			2.54%			2.65%			2.65%
Net interest margin (5)			2.80%			2.92%			2.83%
Ratio of average interest-earning assets to average interest-bearing liabilities	119.48%			118.89%			117.28%		

AMERANT

(in thousands, except percentages)	Nine Months Ended September 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)	$ 5,668,493	$ 199,641	4.71%	$ 5,941,904	$ 188,894	4.26%
Securities available for sale (2)	1,524,733	31,023	2.72%	1,656,669	32,216	2.60%
Securities held to maturity (3)	82,370	1,527	2.48%	88,615	1,204	1.82%
Federal Reserve Bank and FHLB stock	67,387	3,242	6.43%	70,870	3,213	6.09%
Deposits with banks	132,617	2,304	2.32%	150,531	1,945	1.73%
Total interest-earning assets	7,475,600	237,737	4.25%	7,908,589	227,472	3.85%
Total non-interest-earning assets less allowance for loan losses	473,146			515,022		
Total assets	$ 7,948,746			$ 8,423,611		
Interest-bearing liabilities:						
Checking and saving accounts -						
Interest bearing DDA	$ 1,203,449	$ 766	0.09%	$ 1,423,390	$ 413	0.04%
Money market	1,151,444	11,823	1.37%	1,221,646	9,111	1.00%
Savings	369,067	49	0.02%	430,535	54	0.02%
Total checking and saving accounts	2,723,960	12,638	0.62%	3,075,571	9,578	0.42%
Time deposits	2,353,866	38,577	2.19%	2,363,152	30,403	1.72%
Total deposits	5,077,826	51,215	1.35%	5,438,723	39,981	0.98%
Securities sold under agreements to repurchase	127	3	3.16%	141	2	1.90%
Advances from the FHLB and other borrowings (4)	1,107,531	18,750	2.26%	1,186,945	19,217	2.16%
Junior subordinated debentures	114,332	5,943	6.95%	118,110	6,017	6.85%
Total interest-bearing liabilities	6,299,816	75,911	1.61%	6,743,919	65,217	1.29%
Total non-interest-bearing liabilities	861,759			936,520		
Total liabilities	7,161,575			7,680,439		
Stockholders' equity	787,171			743,172		
Total liabilities and stockholders' equity	$ 7,948,746			$ 8,423,611		
Excess of average interest-earning assets over average interest-bearing liabilities	$ 1,175,784			$ 1,164,670		
Net interest income		$ 161,826			$ 162,255	
Net interest rate spread			2.64%			2.56%
Net interest margin (5)			2.89%			2.74%
Ratio of average interest-earning assets to average interest-bearing liabilities	118.66%			117.27%		

(1) Average non-performing loans of $32.5 million, $24.5 million and $32.7 million for the three months ended September 30, 2019, June 30, 2019 and September 30, 2018, respectively, and $25.6 million and $32.7 million for the nine months ended September 30, 2019 and 2018, respectively, are included in the average loan portfolio, net.

(2) Includes nontaxable securities with average balances of $66.5 million, $122.9 million and $173.2 million for the three months ended September 30, 2019, June 30, 2019 and September 30, 2018, respectively, and $115.5 million and $174.7 million for the nine months ended September 30, 2019 and 2018, respectively. The tax equivalent yield for these nontaxable securities was 3.92%, 4.05% and 4.47% for the three months ended September 30, 2019, June 30, 2019 and September 30, 2018, respectively, and 4.01% and 4.01% for the nine months ended September 30, 2019 and 2018, respectively. In 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 $79.8 million, $82.7 million and $87.5 million for the three months ended September 30, 2019, June 30, 2019 and September 30, 2018, respectively, and $82.4 million and $88.5 million for the nine months ended September 30, 2019 and 2018, respectively. The tax equivalent yield for these nontaxable securities was 2.74%, 3.10% and 2.02% for the three months ended September 30, 2019, June 30, 2019 and September 30, 2018, respectively, and 3.14% and 2.30% for the nine months ended September 30, 2019 and 2018, respectively. In 2019 and 2018, the tax equivalent yields were calculated assuming a 21% tax rate and dividing the actual yield by 0.79.
(4) The terms of the FHLB 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.

Exhibit 4 - Noninterest Income

This table shows the amounts of each of the categories of noninterest income for the periods presented.

	Three Months Ended						Nine Months Ended September 30,			
	September 30, 2019		June 30, 2019		September 30, 2018		2019		2018	
(in thousands, except percentages)	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Deposits and service fees	$ 4,366	31.56%	$ 4,341	30.68%	$ 4,269	32.97 %	$ 12,793	31.10%	$ 13,322	31.81%
Brokerage, advisory and fiduciary activities	3,647	26.36%	3,736	26.41%	4,148	32.03 %	11,071	26.91%	12,989	31.01%
Change in cash surrender value of bank owned life insurance ("BOLI")(1)	1,449	10.47%	1,419	10.03%	1,454	11.23 %	4,272	10.38%	4,372	10.44%
Cards and trade finance servicing fees	1,034	7.47%	1,419	10.03%	1,145	8.84 %	3,368	8.19%	3,380	8.07%
Gain on early extinguishment of FHLB advances	—	—%	—	—%	—	— %	557	1.35%	882	2.11%
Data processing and fees for other services	70	0.51%	365	2.58%	523	4.04 %	955	2.32%	2,017	4.82%
Securities gains, net	906	6.55%	992	7.01%	(15)	(0.12)%	1,902	4.62%	1	—%
Other noninterest income (2)	2,364	17.08%	1,875	13.26%	1,426	11.01 %	6,221	15.13%	4,918	11.74%
Total noninterest income	$ 13,836	100.00%	$ 14,147	100.00%	$ 12,950	100.00 %	$ 41,139	100.00%	$ 41,881	100.00%

(1) Changes in cash surrender value of BOLI are not taxable.
(2) Includes rental income, income from derivative and foreign currency exchange transactions with customers, and valuation income on the investment balances held in the non-qualified deferred compensation plan.

AMERANT

Exhibit 5 - Noninterest Expense

This table shows the amounts of each of the categories of noninterest expense for the periods presented.

	Three Months Ended						Nine Months Ended September 30,			
	September 30, 2019		June 30, 2019		September 30, 2018		2019		2018	
(in thousands, except percentages)	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Salaries and employee benefits	$ 33,862	64.21%	$ 34,057	64.37%	$ 33,967	65.27%	$ 101,356	64.32%	$ 102,940	64.21%
Occupancy and equipment	3,878	7.35%	4,232	8.00%	4,044	7.77%	12,152	7.71%	11,819	7.37%
Professional and other services fees	4,295	8.14%	3,954	7.47%	4,268	8.20%	11,693	7.42%	16,099	10.04%
Telecommunications and data processing	3,408	6.46%	3,233	6.11%	3,043	5.85%	9,667	6.13%	9,138	5.70%
Depreciation and amortization	1,928	3.66%	2,010	3.80%	1,997	3.84%	5,880	3.73%	6,083	3.79%
FDIC assessments and insurance	597	1.13%	1,177	2.22%	1,578	3.03%	3,167	2.01%	4,493	2.80%
Other operating expenses (1)	4,769	9.05%	4,242	8.03%	3,145	6.04%	13,672	8.68%	9,753	6.09%
Total noninterest expense	$ 52,737	100.00%	$ 52,905	100.00%	$ 52,042	100.00%	$ 157,587	100.00%	$ 160,325	100.00%

(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 the liability to participants of the deferred compensation plan.

Exhibit 6 - Loans

Loans by Type

The loan portfolio consists of the following loan classes:

(in thousands)	September 30, 2019	June 30, 2019	March 31, 2019	December 31, 2018	September 30, 2018
Real estate loans					
Commercial real estate					
Nonowner occupied	$ 1,933,662	$ 1,872,493	$ 1,852,903	$ 1,809,356	$ 1,792,708
Multi-family residential	942,851	968,080	878,239	909,439	847,873
Land development and construction loans	268,312	291,304	291,416	326,644	401,339
	3,144,825	3,131,877	3,022,558	3,045,439	3,041,920
Single-family residential	527,468	535,563	535,306	533,481	509,460
Owner occupied	825,601	836,334	801,856	777,022	710,125
	4,497,894	4,503,774	4,359,720	4,355,942	4,261,505
Commercial loans	1,127,484	1,180,736	1,239,525	1,380,428	1,470,222
Loans to financial institutions and acceptances	24,815	25,006	27,985	68,965	310,967
Consumer loans and overdrafts	101,598	103,239	107,208	114,840	116,585
Total loans	$ 5,751,791	$ 5,812,755	$ 5,734,438	$ 5,920,175	$ 6,159,279

AMERANT

Non-Performing Assets

This table shows a summary of our non-performing assets by loan class, which includes non-performing loans 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 TDRs.

(in thousands)	September 30, 2019	June 30, 2019	March 31, 2019	December 31, 2018	September 30, 2018
Non-Accrual Loans[1]					
Real Estate Loans					
Commercial real estate (CRE)					
Nonowner occupied	$ 1,936	$ 1,964	$ —	$ —	$ 10,244
Multi-family residential	—	657	665	—	—
	1,936	2,621	665	—	10,244
Single-family residential	9,033	9,432	6,514	6,689	7,047
Owner occupied	11,921	10,528	5,192	4,983	4,808
	22,890	22,581	12,371	11,672	22,099
Commercial loans	9,605	10,032	7,361	4,772	6,461
Consumer loans and overdrafts	116	114	37	35	57
Total Non-Accrual Loans	$ 32,611	$ 32,727	$ 19,769	$ 16,479	$ 28,617
Past Due Accruing Loans[2]					
Real Estate Loans					
Single-family residential	$ —	$ —	$ —	$ 419	$ 251
Commercial	—	—	—	—	—
Consumer loans and overdrafts	213	23	749	884	834
Total Past Due Accruing Loans	213	23	749	1,303	1,085
Total Non-Performing Loans	32,824	32,750	20,518	17,782	29,702
Other Real Estate Owned	—	—	—	367	—
Total Non-Performing Assets	$ 32,824	$ 32,750	$ 20,518	$ 18,149	$ 29,702

(1) Includes loan modifications that met the definition of TDRs which may be performing in accordance with their modified loan terms.
(2) Loans past due 90 days or more but still accruing.

AMERANT

Loans by Credit Quality Indicators

This tables shows the Company's loans by credit quality indicators. We have no purchased credit-impaired loans.

	September 30, 2019				June 30, 2019				September 30, 2018			
(in thousands)	Special Mention	Substandard	Doubtful	Total (1)	Special Mention	Substandard	Doubtful	Total (1)	Special Mention	Substandard	Doubtful	Total (1)
Real Estate Loans												
Commercial Real Estate (CRE)												
Nonowner occupied	$ 13,056	$ 1,936	$ —	$ 14,992	$ 6,251	$ 1,964	$ —	$ 8,215	$ 11,640	$ 10,520	$ —	$ 22,160
Multi-family residential	—	—	—	—	—	657	—	657	—	—	—	—
Land development and construction loans	10,184	—	—	10,184	—	—	—	—	—	—	—	—
	23,240	1,936	—	25,176	6,251	2,621	—	8,872	11,640	10,520	—	22,160
Single-family residential	—	9,033	—	9,033	—	9,432	—	9,432	35	7,364	—	7,399
Owner occupied	5,719	15,307	—	21,026	9,476	13,940	—	23,416	10,969	6,847	—	17,816
	28,959	26,276	—	55,235	15,727	25,993	—	41,720	22,644	24,731	—	47,375
Commercial loans	5,077	11,541	—	16,618	5,332	11,490	539	17,361	3,526	8,716	599	12,841
Consumer loans and overdrafts	—	2,400	—	2,400	—	4,421	—	4,421	—	5,937	—	5,937
	$ 34,036	**$ 40,217**	**$ —**	**$ 74,253**	**$ 21,059**	**$ 41,904**	**$ 539**	**$ 63,502**	**$ 26,170**	**$ 39,384**	**$ 599**	**$ 66,153**

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

Exhibit 7 - Deposits by Country of Domicile

This tables shows the Company's deposits by country of domicile of the depositor as of the dates presented.

(in thousands)	September 30, 2019	June 30, 2019	March 31, 2019	December 31, 2018	September 30, 2018
Domestic	$ 2,999,687	$ 3,014,269	$ 2,963,098	$ 3,001,366	$ 3,036,296
Foreign:					
Venezuela	2,345,938	2,465,718	2,587,879	2,694,690	2,797,680
Others	347,223	339,394	337,211	336,630	355,527
Total foreign	2,693,161	2,805,112	2,925,090	3,031,320	3,153,207
Total deposits	$ 5,692,848	$ 5,819,381	$ 5,888,188	$ 6,032,686	$ 6,189,503

AMERANT

Third Quarter 2019 Financial Review

Earnings Call

October 29, 2019

Important Notices and Disclaimers

Forward-Looking Statements

This presentation contains "forward-looking statements" within the meaning of the Securities Act of 1933 and the Securities Exchange Act of 1934, including, without limitation, future financial and operating results; costs and revenues; economic conditions generally and in our markets and among our customer base; loan demand; mortgage lending activity; changes in the mix of our earning assets and our deposit and wholesale liabilities; net interest 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, rebranding and staff realignment costs and expected savings, other-than-temporary impairments and collateral values; 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," "outlook", "modeled" and other similar words and expressions of the future.

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. 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 annual report on Form 10-K for the fiscal year ended December 31, 2018 and in our other filings with the U.S. Securities and Exchange Commission (the "SEC"), which are available at the SEC's website www.sec.gov.

Interim Financial Information

Unaudited financial information as of and for interim periods, including as of and for the three and nine month periods ended September 30, 2019 and 2018, may not reflect our results of operations for our fiscal year ended, or financial condition as of December 31, 2019, or any other period of time or date.

Non-GAAP Financial Measures

The Company supplements its financial results that are determined in accordance with accounting principles generally accepted in the United States of America ("GAAP") with non-GAAP financial measures, such as Adjusted Net Income per Share (Basic and Diluted), Adjusted Noninterest Expense, Adjusted Return on Equity (ROE), Adjusted Return on Assets (ROA), and other ratios. This supplemental information should not be considered in isolation or as a substitute for the GAAP measures presented herein.

We use certain non-GAAP financial measures, including these, both to explain our results to shareholders and the investment community and in the internal evaluation and management of our businesses. Our management believes that these non-GAAP financial measures and the information they provide are useful to investors since these measures permit investors to view our performance using the same tools that our management uses to evaluate our past performance and prospects for future performance, especially in light of the additional costs we have incurred in 2018 in connection with the Spin-off and related transactions, and the rebranding and restructuring expenses which began in 2018 and continue in 2019. While we believe that these non-GAAP financial measures are useful in evaluating our performance, this information should be considered as supplemental and not as a substitute for or superior to the related financial information prepared in accordance with GAAP. Additionally, these non-GAAP financial measures may differ from similar measures presented by other companies. See Appendix 1 "Non-GAAP Financial Measures Reconciliations" for a reconciliation of these non-GAAP financial measures to their GAAP counterparts.

Performance Highlights 3Q19

Strategy-Driven Achievements

Profitability

- Net Income increased 3.3% over 3Q18, or 8.0% as adjusted[(1)], YTD Net income increased 20.6% or 10.4% as adjusted[(1)] compared to same period last year
- Noninterest income increased 6.8% over 3Q18, driven mainly by increased fee income on derivative swaps sold to customers, Treasury Management services and gains on sales of securities
- Reduction of 110 FTEs from 3Q18, primarily non-business positions, in line with efficiency strategy
- Redemption of two most expensive TruPs

Balance Sheet Optimization

- Completed strategic exit from non-relationship Shared National Credit (SNCs) and foreign FI loans, which decreased $415.5 million and $289.6 million, respectively, since 3Q18
- Total Loans, excluding non-relationship SNCs and foreign financial institution (FI) loans, increased $299.5 million, or 5.5% year over year following our domestic relationship driven strategy
- Domestic commercial deposits growth of 21.3% YTD, primarily from borrowing customers, in line with strategic cross-selling goals

Credit Quality

- Credit quality remains strong; Allowance for Loan Losses (ALL) reversal of $1.5 million
- ALL coverage continues to be strong at 0.93% as of 3Q19

Domestic Expansion

- Opened two new branches in South Florida expanding our retail footprint and continuing our focus on domestic growth

(1) See Appendix 1 "Non-GAAP Financial Measures Reconciliations" for a reconciliation of these non-GAAP financial measures to their GAAP counterparts

Third Quarter 2019 Results

($ in millions, except per share items)	3Q18	2Q19	3Q19
Net Interest Income	$55.6	$53.8	$52.6
Net Interest Margin (NIM)	2.83%	2.92%	2.80%
(Reversal of) Provision for Loan Losses	1.6	(1.4)	(1.5)
Noninterest Income	13.0	14.1	13.8
Noninterest Expense	52.0	52.9	52.7
Adjusted Noninterest Expense[1]	51.8	50.2	51.5
Net Income	11.6	12.9	11.9
Adjusted Net Income[1]	12.0	15.0	12.9
Earnings per Share - Basic	$0.27	$0.30	$0.28
Adjusted Earnings per Share - Basic[1]	$0.28	$0.35	$0.30
Earnings per Share - Diluted[2]	$0.27	$0.30	$0.28
Adjusted Earnings per Share - Diluted[1]	$0.28	$0.35	$0.30
Credit Quality			
Non-performing Assets[3]/Total Assets	0.35%	0.41%	0.42%
Net Charge Offs/Average Total Loans[4]	0.14%	0.11%	0.16%

(1) See Appendix 1 "Non-GAAP Financial Measures Reconciliations" for a reconciliation of these non-GAAP financial measures to their GAAP counterparts

(2) As of September 30, 2019 and 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 September 30, 2019 and 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 those dates, fewer shares would have been purchased than restricted shares assumed issued. Therefore, at those dates, such awards resulted in higher diluted weighted average shares outstanding than basic weighted average shares outstanding in the three months ended September 30, 2019 and June 30, 2019. We had no outstanding dilutive instruments as of any period prior to December 2018

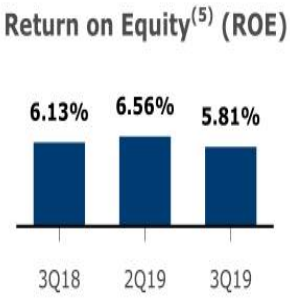
(3) Non-performing assets include all accruing loans past due by more than 90 days, and all nonaccrual loans, OREO properties acquired through or in lieu of foreclosure, and restructured loans that are considered "troubled debt restructurings" or "TDRs". Non-performing assets were $32.8 million, $32.8 million, and $29.7 million as of September 30, 2019, June 30, 2019, and September 30, 2018, respectively

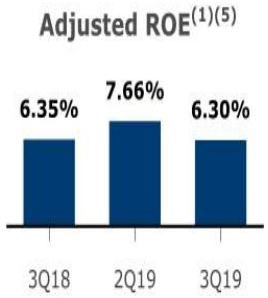
(4) Calculated based upon the average daily balance of outstanding loan principal balance net of deferred loan fees and costs, excluding the allowance for loan losses

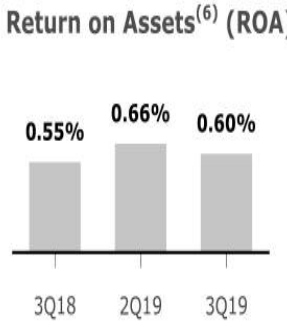
(5) Calculated based upon the average daily balance of stockholders' equity

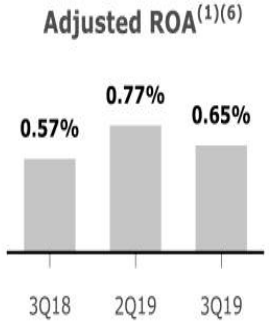
(6) Calculated based upon the average daily balance of total assets

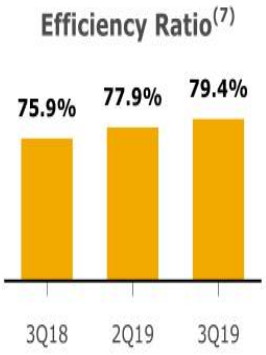
(7) Efficiency ratio and adjusted efficiency ratio are the result of noninterest expense and adjusted noninterest expense, respectively divided by the sum of noninterest income and net interest income

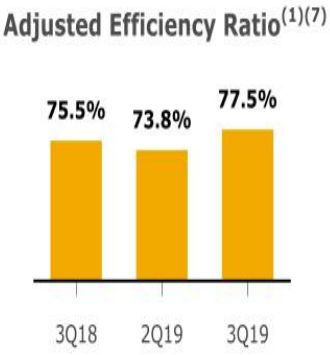








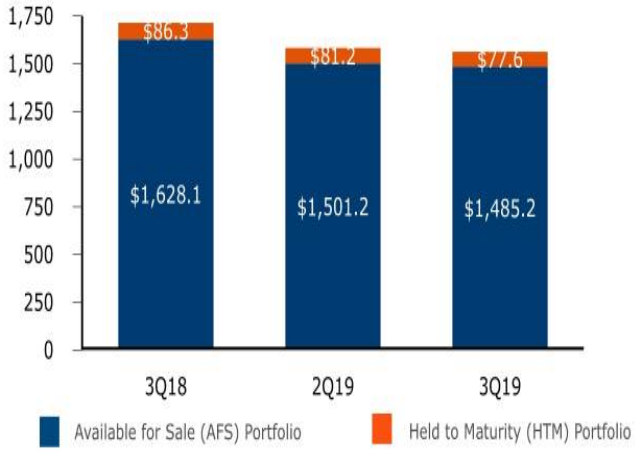




Investment Portfolio

Investment Securities Balances and Yields

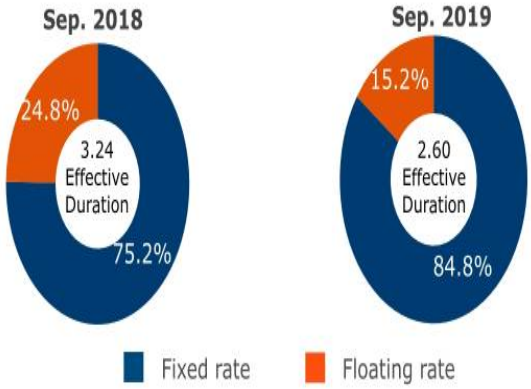
($ in millions)



Highlights

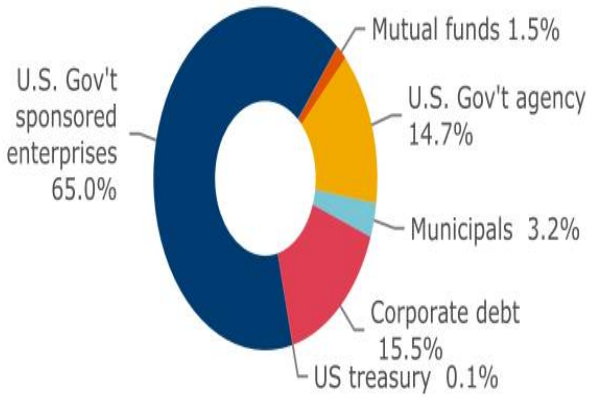
- Effective duration of 2.6 years as prepayment speeds accelerate in the mortgage securities portfolio (due to lower interest rates) and continued sale of municipal bonds due to lower tax benefits and attractive prices
- Floating portion of the portfolio continues to decrease, now at 15.2% of the total portfolio
- Purchases favor securities with prepayment protection

Investments Securities Fixed vs. Floating



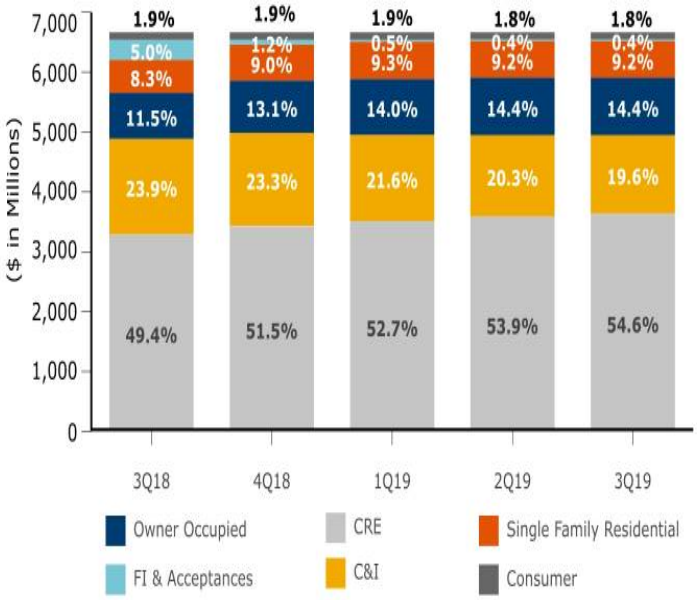
Investment Securities by Type

September 30, 2019



Loan Portfolio Highlights

Loan Composition



Geographic Mix (Domestic)[1]

- Continued focus on domestic lending activities, with net growth in the Texas markets
- Planned reduction of foreign FI and non-relationship SNC loans (C&I) completed
- Decline in Florida portfolio primarily due to prepayments received in CRE and C&I, which more than offset new production in this region

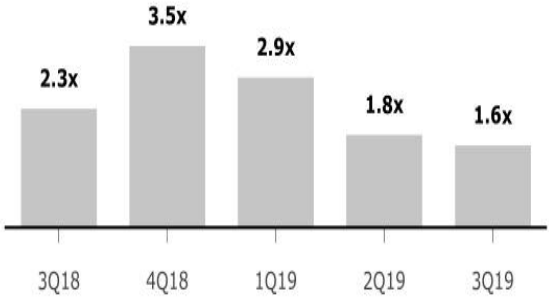
(1) Excludes loans held for sale and certain loans based on country of risk

Credit Quality

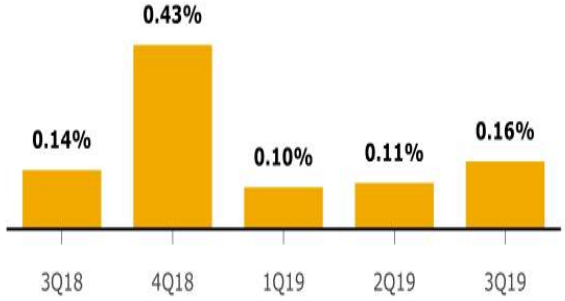
Non-Performing Assets [1] / Total Assets

Allowance for Loan Losses ($ in millions)

Allowance for Loan Losses / Total NPL [2]



Net Charge-Offs / Average Total Loans [3]

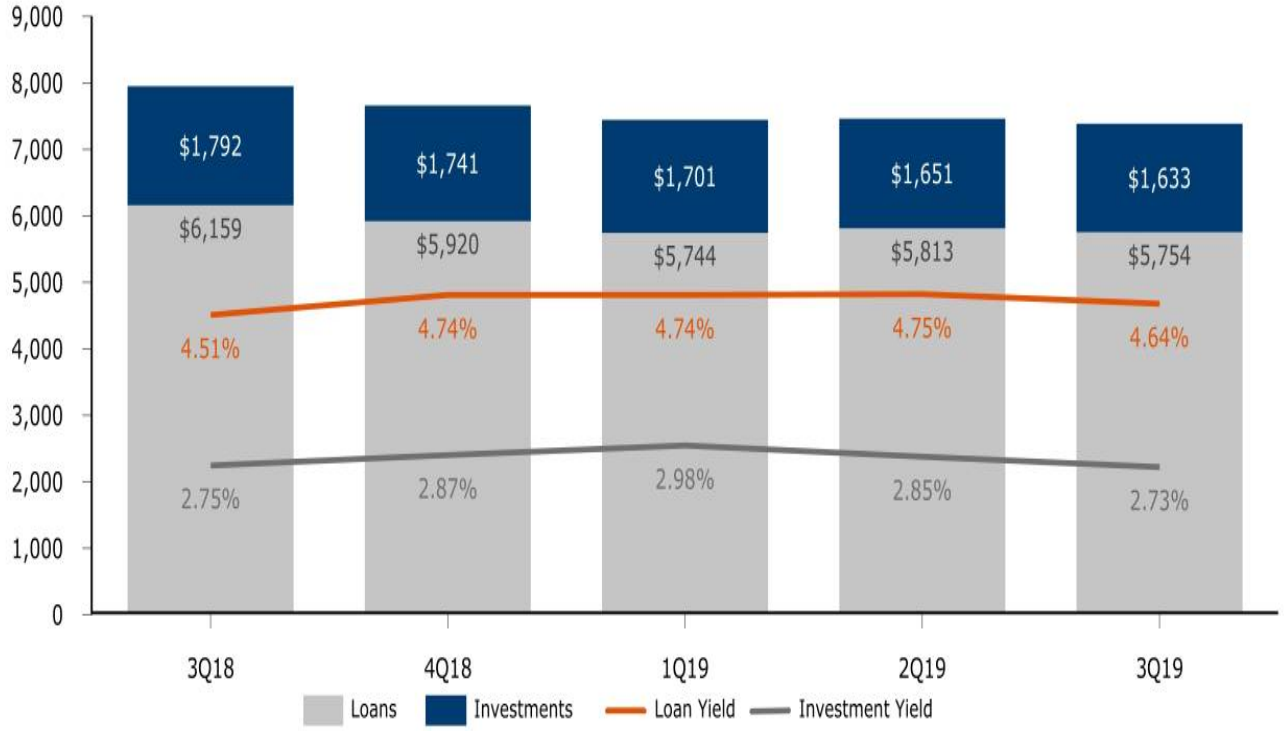


- Credit quality and reserve coverage remains strong
- ALL release of $1.5 million resulting from lower loan ending balance this quarter and improved quantitative factors in CRE and domestic commercial loans as well as lower reserve requirements on credit cards due to better than anticipated repayments

(1) Non-performing assets include all accruing loans past due 90 days or more, all nonaccrual loans, restructured loans that are considered "troubled debt restructurings" or "TDRs", and OREO properties acquired through or in lieu of foreclosure. Non-performing assets were $32.8 million and $29.7 million as of September 30, 2019 and 2018, respectively
(2) Non-performing loans include all accruing loans 90 days or more past due, all nonaccrual loans and restructured loans that are considered TDRs. Non-performing loans were $32.8 million, $32.8 million, and $29.7 million as of September 30, 2019, June 30, 2019, and September 30, 2018, respectively
(3) 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

Interest-Earning Assets

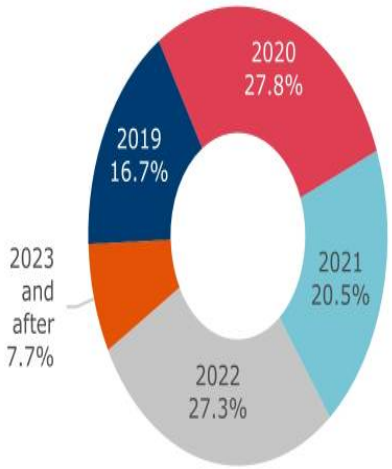
($ in millions, except for percentages)



- Loan yield decreased slightly versus previous quarter, primarily driven by declining interest rates, as prepayments of fixed-rate CRE loans accelerate and new loan production favors floating rate
- Loan yield increase over year ago quarter due to improved loan mix and higher market rates during the first half of 2019
- Investment yield decline primarily attributed to SBA prepayments and the repricing of investment securities as CPR's increase during 3Q19

Wholesale Funding

FHLB and Other Borrowings by Maturity
September 30, 2019



Advances from the Federal Home Loan Bank and Other Borrowings
($ in millions)

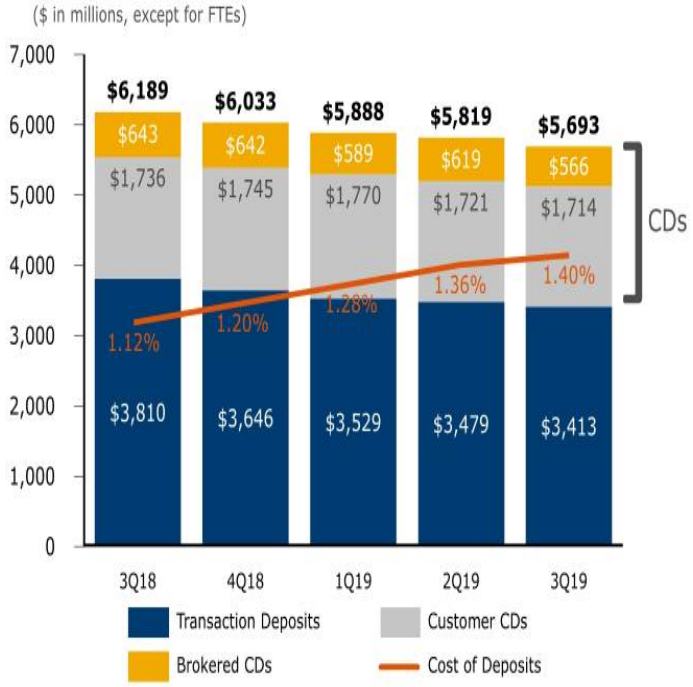
Year of Maturity	Interest Rate	3Q18	2Q19	3Q19
2018	1.25% to 2.38%	$ 437	$ –	$ –
2019	1.80% to 3.86%	225	350	195
2020	1.50% to 2.74%	306	325	325
2021	1.93% to 3.08%	210	240	240
2022	1.14% to 2.80%	120	120	320
2023 and after	2.95% to 3.23%	40	90	90
Total		**$ 1,338**	**$ 1,125**	**$ 1,170**

Highlights

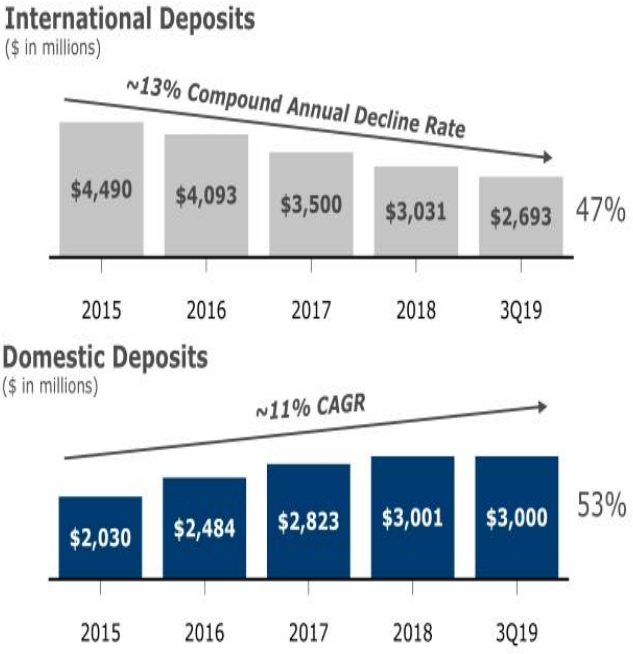
- Reduced cost of funds by taking fixed-rate FHLB advances with callable options
- We expect to continue taking FHLB funding as needed with short duration maturities or advance structures that allow us to lower current funding costs

Deposit Highlights

Deposit Composition



Mix by Country of Domicile



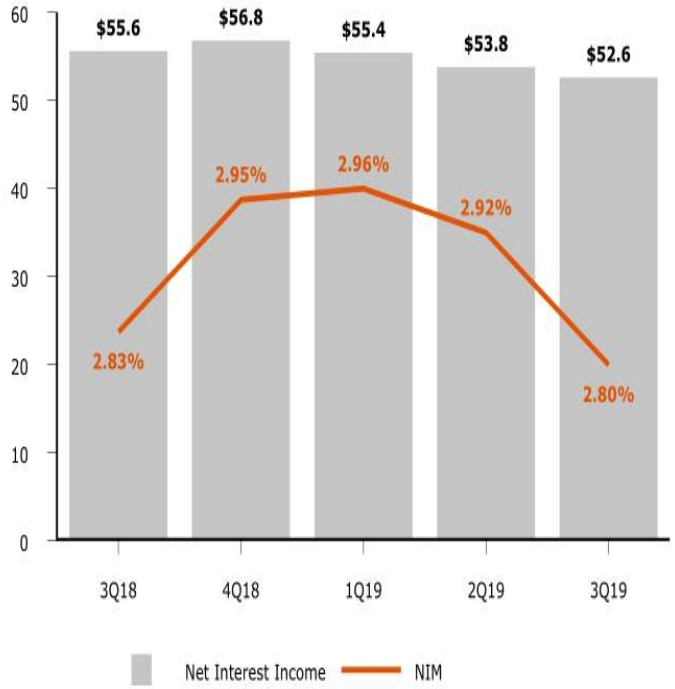
Highlights

- Total deposits down on lower core balances from international customers
- Annualized international deposit run-off rate in the mid teens
- Cost of interest bearing deposits up 4bps versus prior quarter due to the decline in low cost international deposits being replaced with higher cost domestic deposits
- Seeking to reduce international deposit decline, and continued focus on increasing share of wallet from both domestic and international customers, in each case through relationship driven products

Net Interest Income and NIM

Net Interest Income (NII) and NIM (%)

($ in millions, except for percentages)



Commentary

- NIM down primarily on:
  - Lower market rates affecting new loan production and floating interest earning assets
  - Lower investment balances as we actively managed the size of the portfolio as a liquidity source to fund the international deposit run-off, higher prepayments on SBA and CMBS securities, as well as municipal bonds sold
  - The international deposits decline is partially replaced with higher cost domestic deposits
- Proactive steps to preserve NIM:
  - Redemption of $25 million in TruPs reducing annual cost by $2.6 million
  - Executed interest rate swaps on remaining variable rate TruPs taking advantage of the yield curve inversion
  - Focusing on relationship accounts to enhance demand deposit account ("DDA") balances
  - Took $200 million FHLB callable advances reducing the cost of professional funding maturing in 2022

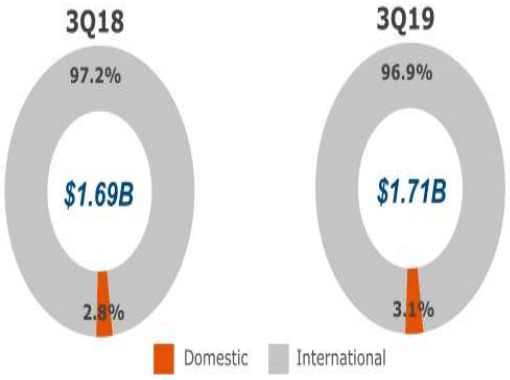
Noninterest Income Mix

Noninterest Income Mix

Commentary

- Other noninterest income in first nine months of 2019 includes:
  - $2.7 million from derivative transactions sold to customers, including $1.3 million recorded in 3Q19
  - $1.9 million gain on municipal securities and floating-rate corporate securities sold, including $0.9 million in 3Q19
  - $0.6 million gain on the early termination of FHLB advances in 1Q19
- Brokerage fees on customers' trading in Venezuelan government bonds is down from last year due to U.S. sanctions beginning February 2019

Assets Under Management/Custody



Noninterest Expense

Noninterest Expense Mix

($ in millions, except for FTEs)

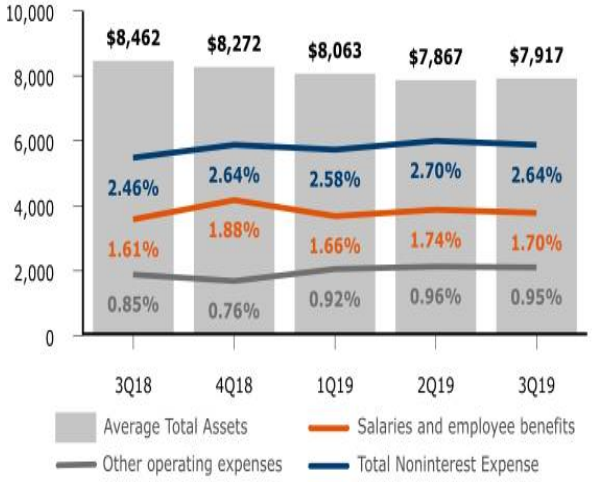
(1) Calculated based upon the average daily balance of total assets.

Commentary

- 3Q19 Other operating expenses includes $0.8 million of rebranding costs and a similar additional amount of rebranding expenses is expected to be incurred by year-end
- 3Q19 includes $0.5 million in staff reduction expenses. Since 3Q18, staffing has been reduced by 110 FTEs or 11.6%
- Modest decline in salaries and employee benefits expense despite cost of living adjustments of 1.8% effective July 1st (vs. 3.2% in 2018), offset by increases in short-term incentive compensation tied to current performance against strategic targets
- $1.5 million quarterly amortization of IPO restricted stock grant
- Other operating expenses includes trust preferred securities (TruPs) termination expense of $0.3 million during 3Q19

Noninterest Expenses / Average Total Assets(1)

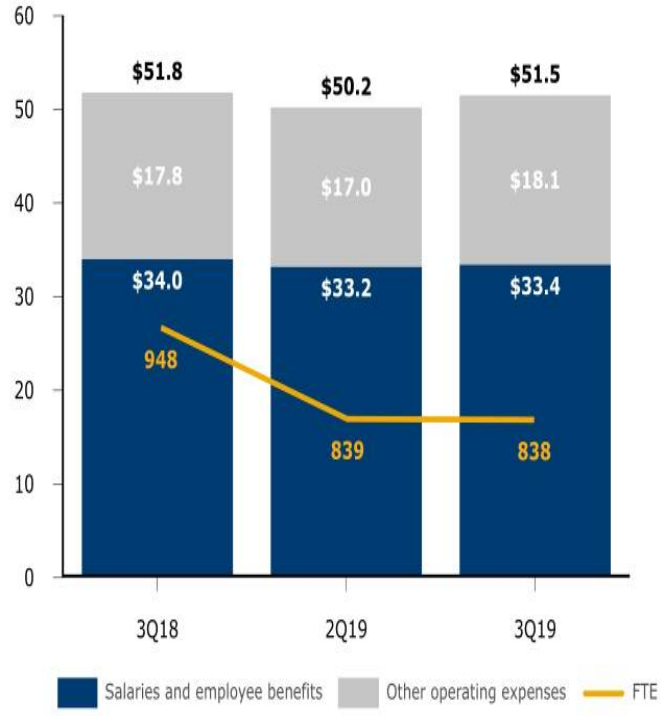
($ in millions, except for percentages of Average Total Assets)



Adjusted Noninterest Expense[1]

Adjusted Noninterest Expense Mix

($ in millions, except for FTEs)

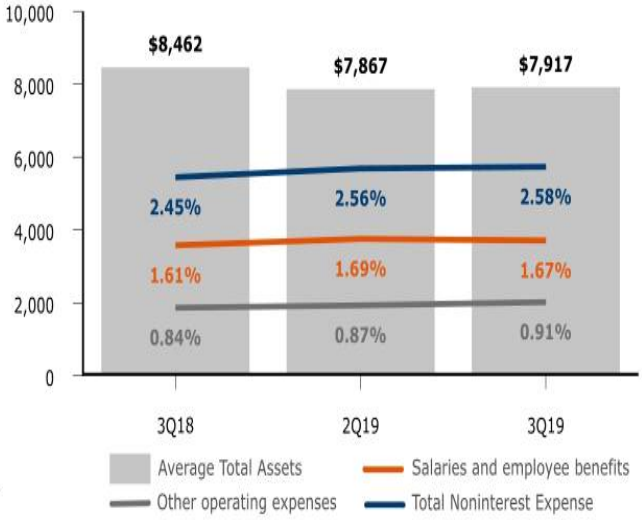


Commentary

- Since 3Q18, staffing has been reduced by 110 FTEs or 11.6%
- Modest decline in Salaries and employee benefits expense despite cost of living adjustments of 1.8% effective July 1st (vs. 3.2% in 2018), offset by increases in short-term incentive compensation tied to current performance against strategic targets
- $1.5 million quarterly amortization of IPO restricted stock grant
- Other operating expenses includes TruPs termination expense of $0.3 million during 3Q19

Adjusted Noninterest Expenses /Avg. Total Assets[2]

($ in millions, except for percentages of Average Total Assets)



(1) See Appendix 1 "Non-GAAP Financial Measures Reconciliations" for a reconciliation of these non-GAAP financial measures to their GAAP counterparts.

(2) Calculated based upon the average daily balance of total assets.

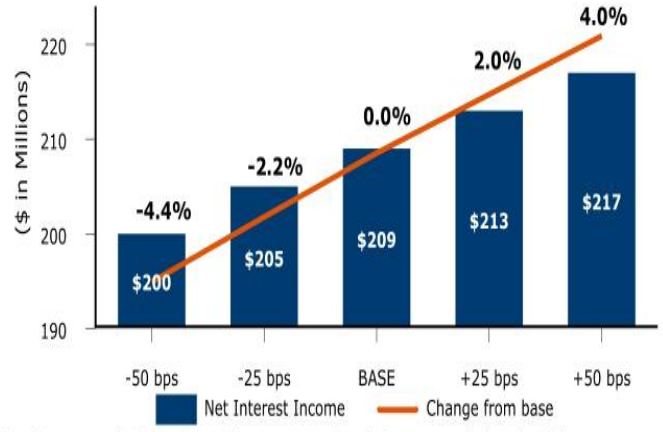
Interest Rate Sensitivity

Commentary

- The Company continues to be asset sensitive driven by floating rate loans and loans maturing in less than a year
- Given more recent market interest rate expectations, management has been taking steps to reduce asset sensitivity and preserve the NIM in a declining rate environment
- Countering these efforts, the duration of the investment portfolio decreased to 2.60 years in 3Q19 compared to 3.10 years in 2Q19 due to the increased projected prepayment speeds in the mortgage securities portfolio due to lower rates as well as sales of municipal securities

Impact on NII from Interest Rate Change

(As of September 30, 2019)

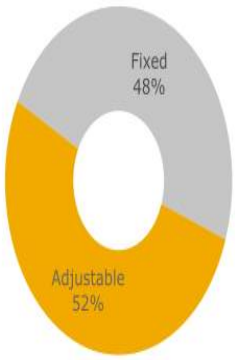


Note: Assumes a static balance sheet and instantaneous and parallel interest rate shocks to the yield curve

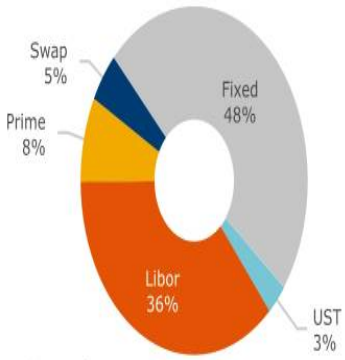
Loan Portfolio & Repricing Detail

(As of September 30, 2019)

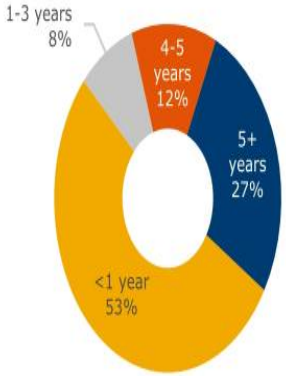
Loan Portfolio By Rate Type



Loan Portfolio By Interest Type



Repricing Gap Mix



FY19-20 Goals

Net Interest Income
- Improve loan portfolio yield while containing deposit costs to preserve NIM

Credit Quality
- Maintain strong asset quality

Noninterest Income
- Continue expansion of wealth management client acquisition and fee income initiatives, for both domestic and international customers

Noninterest Expenses
- Continue simplification of operations to drive expense reduction initiatives

Deposits
- Continue focus on domestic commercial deposit growth by targeting new verticals/niches for deposits
- Increase domestic deposits and share of wallet from higher net worth international customers

Loans
- Continue growth of domestic loans by targeting selected customers and verticals/niches for loans
- Continue diversification between C&I and CRE throughout our markets

Capital Management
- Continue earnings accretion to support future activities
- Evaluating redemption of remaining high cost, fixed rate TruP
- Evaluate other capital deployment opportunities including share repurchases, dividends or strategic business acquisitions

Committed to driving shareholder value

Appendices

Appendix 1
Non-GAAP Financial Measures Reconciliations

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 primarily to non-deductible spin-off and tax deductible restructuring costs. The Company believes these adjusted numbers are useful to understand the Company's performance absent these transactions and events.

	Three Months Ended,			Nine Months Ended September 30,	
($ in thousands, except per share amounts and percentages)	September 30, 2019	June 30, 2019	September 30, 2018	2019	2018
Total noninterest expenses	$ 52,737	$ 52,905	$ 52,042	$ 157,587	$ 160,325
Less: restructuring costs (1):					
Staff reduction costs	450	907	—	1,357	—
Rebranding costs	813	1,829	—	3,575	—
Total restructuring costs	$ 1,263	$ 2,736	$ —	$ 4,932	$ —
Less spin-off costs:					
Legal fees	—	—	186	—	3,186
Additional contribution to non-qualified deferred compensation plan on behalf of participants to partially mitigate tax effects of unexpected early distribution due to spin-off (2)	—	—	—	—	1,200
Accounting and consulting fees	—	—	90	—	1,384
Other expenses	—	—	—	—	544
Total spin-off costs	$ —	$ —	$ 276	$ —	$ 6,314
Adjusted noninterest expenses	$ 51,474	$ 50,169	$ 51,766	$ 152,655	$ 154,011

Appendix 1
Non-GAAP Financial Measures Reconciliations (cont'd)

($ in thousands, except per share amounts and percentages)	Three Months Ended, September 30, 2019	Three Months Ended, June 30, 2019	Three Months Ended, September 30, 2018	Nine Months Ended September 30, 2019	Nine Months Ended September 30, 2018
Net income	$ 11,931	$ 12,857	$ 11,551	$ 37,859	$ 31,403
Plus after-tax restructuring costs:					
Restructuring costs before income tax effect	1,263	2,736	—	4,932	—
Income tax effect	(271)	(588)	—	(1,060)	—
Total after-tax restructuring costs	992	2,148	—	3,872	—
Plus after-tax total spin-off costs:					
Total spin-off costs before income tax effect	—	—	276	—	6,314
Income tax effect (3)	—	—	143	—	84
Total after-tax spin-off costs	—	—	419	—	6,398
Adjusted net income	$ 12,923	$ 15,005	$ 11,970	$ 41,731	$ 37,801
Basic earnings per share	$ 0.28	$ 0.30	$ 0.27	$ 0.89	$ 0.74
Plus: after tax impact of restructuring costs	0.02	0.05	—	0.09	—
Plus: after tax impact of total spin-off costs	—	—	0.01	—	0.15
Total adjusted basic earnings per common share	$ 0.30	$ 0.35	$ 0.28	$ 0.98	$ 0.89

Appendix 1
Non-GAAP Financial Measures Reconciliations (cont'd)

($ in thousands, except per share amounts and percentages)	Three Months Ended, September 30, 2019	Three Months Ended, June 30, 2019	Three Months Ended, September 30, 2018	Nine Months Ended September 30, 2019	Nine Months Ended September 30, 2018
Diluted earnings per share (4)	$ 0.28	$ 0.30	$ 0.27	$ 0.88	$ 0.74
Plus: after tax impact of restructuring costs	0.02	0.05	—	0.09	—
Plus: after tax impact of total spin-off costs	—	—	0.01	—	0.15
Total adjusted diluted earnings per common share	$ 0.30	$ 0.35	$ 0.28	$ 0.97	$ 0.89
Net income / Average total assets (ROA)	0.60 %	0.66 %	0.55 %	0.64 %	0.50 %
Plus: after tax impact of restructuring costs	0.05 %	0.11 %	— %	0.06 %	— %
Plus: after tax impact of total spin-off costs	— %	— %	0.02 %	— %	0.10 %
Adjusted net income / Average total assets (Adjusted ROA)	0.65 %	0.77 %	0.57 %	0.70 %	0.60 %
Net income / Average stockholders' equity (ROE)	5.81 %	6.56 %	6.13 %	6.43 %	5.63 %
Plus: after tax impact of restructuring costs	0.49 %	1.10 %	—%	0.66 %	— %
Plus: after tax impact of total spin-off costs	— %	— %	0.22 %	— %	1.15 %
Adjusted net income / Stockholders' equity (Adjusted ROE)	6.30 %	7.66 %	6.35 %	7.09 %	6.78 %
Noninterest expense / Average total assets	2.64 %	2.70 %	2.46 %	2.65 %	2.54 %
Less: impact of restructuring costs	(0.06)%	(0.14)%	—%	(0.08)%	— %
Less: impact of total Spin-off costs	— %	— %	(0.01)%	— %	(0.10)%
Adjusted Noninterest expense / Average total assets	2.58 %	2.56 %	2.45 %	2.57 %	2.44 %

Appendix 1
Non-GAAP Financial Measures Reconciliations (cont'd)

($ in thousands, except per share amounts and percentages)	Three Months Ended, September 30, 2019	Three Months Ended, June 30, 2019	Three Months Ended, September 30, 2018	Nine Months Ended September 30, 2019	Nine Months Ended September 30, 2018
Salaries and employee benefits / Average total assets	1.70 %	1.74 %	1.61 %	1.70 %	1.63 %
Less: impact of restructuring costs	(0.03)%	(0.05)%	—%	(0.02)%	— %
Less: impact of total Spin-off costs	— %	— %	— %	— %	(0.02)%
Adjusted salaries and employee benefits / Average total assets	1.67 %	1.69 %	1.61 %	1.68 %	1.61 %
Other operating expenses / Average total assets	0.95 %	0.96 %	0.85 %	0.95 %	0.91 %
Less: impact of restructuring costs	(0.04)%	(0.09)%	—%	(0.06)%	—%
Less: impact of total Spin-off costs	— %	— %	(0.01)%	— %	(0.08)%
Adjusted other operating expenses / Average total assets	0.91 %	0.87 %	0.84 %	0.89 %	0.83 %
Efficiency ratio	79.38 %	77.87 %	75.88 %	77.64 %	78.54 %
Less: impact of restructuring costs	(1.90)%	(4.03)%	—%	(2.43)%	— %
Less: impact of total spin-off costs	— %	— %	(0.40)%	— %	(3.09)%
Adjusted efficiency ratio	77.48 %	73.84 %	75.48 %	75.21 %	75.45 %
Stockholders' equity	$ 825,751	$ 806,368	$ 727,675	$ 825,751	$ 727,675
Less: goodwill and other intangibles	(20,933)	(20,969)	(21,078)	(20,933)	(21,078)
Tangible common stockholders' equity	$ 804,818	$ 785,399	$ 706,597	$ 804,818	$ 706,597
Total assets	7,864,260	7,926,826	8,435,802	7,864,260	8,435,802
Less: goodwill and other intangibles	(20,933)	(20,969)	(21,078)	(20,933)	(21,078)
Tangible assets	$ 7,843,327	$ 7,905,857	$ 8,414,724	$ 7,843,327	$ 8,414,724
Common shares outstanding	43,205	43,205	42,489	43,205	42,489
Tangible common equity ratio	10.26 %	9.93 %	8.40 %	10.26 %	8.40 %
Stockholders' book value per common share	$ 19.11	$ 18.66	$ 17.13	$ 19.11	$ 17.13
Tangible stockholders' book value per common share	$ 18.63	$ 18.18	$ 16.63	$ 18.63	$ 16.63

Appendix 1
Non-GAAP Financial Measures Reconciliations (cont'd)

(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 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. The Company incurred $0.8 million and $1.8 million of rebranding expenses during the three months ended September 30, 2019 and June 30, 2019, respectively.

(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 September 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 creditof $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 September 30, 2019 and 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 September 30, 2019 and 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 those dates, fewer shares would have been purchased than restricted shares assumed issued. Therefore, at those dates, such awards resulted in higher diluted weighted average shares outstanding than basic weighted average shares outstanding, and had a dilutive effect in the nine months ended September 30, 2019. We had no outstanding dilutive instruments as of any period prior to December 2018.

AMERANT

Thank you

Investor Relations

InvestorRelations@amerantbank.com

AMERANT

Amerant Bancorp Inc.

Third Quarter 2019 Earnings Conference Call

October 29, 2019

Cautionary Notice Regarding Forward-Looking Statements

This Live Webcast contains "forward-looking statements" within the meaning of the Securities Act of 1933 and the Securities Exchange Act of 1934, including, without limitation, future financial and operating results; costs and revenues; economic conditions generally and in our markets and among our customer base; loan demand; mortgage lending activity; changes in the mix of our earning assets and our deposit and wholesale liabilities; net interest 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, rebranding and staff realignment costs and expected savings, other-than-temporary impairments and collateral values; 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," "outlook," "modeled," and other similar words and expressions of the future.

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. 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 annual report on Form 10-K for the fiscal year ended December 31, 2018 and in our other filings with the U.S. Securities and Exchange Commission (the "SEC"), which are available at the SEC's website www.sec.gov.

Interim Financial Information

Unaudited financial information as of and for interim periods, including as of and for the three and nine month periods ended September 30, 2019 and 2018, may not reflect our results of operations for our fiscal year ended, or financial condition as of December 31, 2019, or any other period of time or date.

Non-GAAP Financial Measures

The Company supplements its financial results that are determined in accordance with accounting principles generally accepted in the United States of America ("GAAP") with non-GAAP financial measures, such as Adjusted Net Income per Share (Basic and Diluted), Adjusted Noninterest Expense, Adjusted Return on Equity (ROE), Adjusted Return on Assets (ROA), and other ratios. This supplemental information should not be considered in isolation or as a substitute for the GAAP measures presented herein.

We use certain non-GAAP financial measures, including these, both to explain our results to shareholders and the investment community and in the internal evaluation and management of our businesses. Our management believes that these non-GAAP financial measures and the information they provide are useful to investors since these measures permit investors to view our performance using the same tools that our management uses to evaluate our past performance and prospects for future performance, especially in light of the additional costs we have incurred in 2018 in connection with the Spin-off and related transactions, and the rebranding and restructuring expenses which began in 2018 and continue in 2019. While we believe that these non-GAAP financial measures are useful in evaluating our performance, this information should be considered as supplemental and not as a substitute for or superior to the related financial information prepared in accordance with GAAP. Additionally, these non-GAAP financial measures may differ from similar measures presented by other companies. See Appendix 1 "Non-GAAP Financial Measures Reconciliations"of the earnings presentation for a reconciliation of these non-GAAP financial measures to their GAAP counterparts.

Operator

Ladies and gentlemen, welcome to the Amerant Bancorp Third Quarter Earnings Conference Call and Live Webcast. I am the West operator. This conference call is being recorded. At this time, it's my pleasure to hand over the call to Ms. Laura Rossi, Investors Relations Officer at Amerant. Please go ahead.

Investor Relations Officer (Slide 2) - Laura Rossi

Thank you, Operator.

Good morning to everyone on the call and thank you for joining us to review Amerant Bancorp's third quarter results. With me this morning are Millar Wilson, Vice Chairman and Chief Executive Officer; Al Peraza, Co-President and Chief Financial Officer; and Miguel Palacios, Executive Vice President and Chief Business Officer.

Before we begin, note that the Company's press release, comments made on today's call, and responses to your questions contain forward-looking statements. The Company's business and operations are subject to a variety of risks and uncertainties, many of which are beyond its control, and consequently, actual results may differ materially from those expressed or implied. Please refer to the Cautionary Notices Regarding Forward-Looking Statements in the Company's press release. For a more complete description of these and other possible risks, please refer to the Company's annual report on Form 10-K for the year ended December 31, 2018, as well as to subsequent filings with the SEC You can access these filings on the SEC's website.

Please note that Amerant has no obligation and makes no commitment to update or publicly release any revisions to forward-looking statements in order to reflect new information or subsequent events, circumstances or changes in expectations.

You should also note that the Company's press release, earnings presentation, and today's call include references to certain adjusted financial measures also known as "non-GAAP financial measures." Please refer to Appendix 1 of the Company's earnings presentation for a reconciliation of each non-GAAP financial measure to its most comparable GAAP financial measure.

I will now turn the call over to Mr. Wilson.

Introduction (Remain in Slide 2) – Millar Wilson

Good morning and thank you for joining Amerant's third quarter 2019
earnings call. Today, we'll discuss Amerant's results for the first nine months of the year and provide progress updates on some of the initiatives we've outlined previously. We will finish by giving some color on what we expect for the last quarter of 2019. I'll begin with our third quarter 2019 highlights and then Al will review our financial performance in greater detail. After our prepared remarks, Al, Miguel and I will address any questions.

Starting on slide 3 and slide 4 we have a summary of our performance for the quarter.

Performance Highlights (Slide 3) – Millar Wilson

In the first nine months of the year, Amerant continued to drive forward our relationship-focused strategy to create value for shareholders, with net income growth of 20.6% and return on assets and return on equity, both up in the first nine months of 2019 compared to the prior year.

As a reminder, our strategy centers on prioritizing relationship-driven and lower-risk domestic loans, while maintaining asset quality, and increasing our domestic funding from core deposits. Over the last few quarters, we have also rolled out our restructuring efforts, which included rebranding and seeking efficiencies that allow us to reduce the size of our workforce.

In the third quarter, we made solid progress on our strategy. Notably, our Texas and New York loans increased year over year and we completed our strategic run-off of foreign financial institution, or "FI" loans, and the exit from non-relationship Shared National Credits, or "SNC"s. Also, we executed our first commercial real estate (CRE) loan syndication as lead agent this quarter and are excited about the opportunity this creates to service larger clients.

Additionally, we recently opened two new banking centers in our core South Florida markets - one in Davie and the other in Miami Lakes. This strengthens our footprint in Broward County, which has always been a strategic goal of ours, and also complements our presence in Miami-Dade County. These new "branches of the future," as we call them, will enable Amerant to continue to provide its growing customers quality banking products and services that meet their needs.

Also of note, this quarter, Amerant celebrated its 40th anniversary. I couldn’t be prouder of the strong, independent community bank that our team has worked so hard to build.

Third Quarter 2019 Results (Slide 4) – Millar Wilson

Moving to slide 4, our net income for the quarter was up 3.3% over the same quarter last year. On an adjusted basis, excluding the restructuring and rebranding costs incurred in the most recent quarter, the improvement over the same quarter last year was 8.0%.

Our return on assets was 0.60% (or 0.65% on an as adjusted basis) and our earnings per share was $ 0.28 per share (or $0.30 on an as adjusted basis), in line with market expectations.

Al will explain the non-GAAP adjustments and provide more detail on the results shortly.

Our credit and asset quality remained strong this quarter, leading to a release from the allowance for loan losses of $1.5 million, primarily due to improving quantitative factors in our CRE and domestic commercial loan portfolios. Non-performing assets as a percentage of total assets increased by 7 basis points from the third quarter of 2018.

And now I will turn the call over to Al, who will go over the quarter in more detail.

Al Peraza (Remain in Slide 4)

Thank you, Millar. Good morning, everyone. Before we move on to slide 5, I would like to start by discussing the highlights in our balance sheet this quarter.

On the assets side, total loans this quarter decreased 6.6%, primarily driven by the completion of the strategic run-off of foreign FI and non-relationship SNC loans. This resulted in a total asset decline of 6.8%.

As far as our funding, our domestic customer deposits, that is, excluding brokered CDs, grew year over year primarily in commercial relationship accounts. However, total domestic deposits declined slightly due to the $76.7 million decrease in broker CDs. International deposits declined 14.6% year over year as living conditions in Venezuela continue to be challenging and, increasingly, goods and services are acquired with dollars.

Our stockholder's equity increased by $98.1 million, or 13.5%, compared to the third quarter of 2018. Net income contributed $52.3 million of this increase with the balance attributed to comprehensive income, primarily stemming from higher market valuations in our available for sale investment portfolio.

Investment Portfolio (Slide 5) - Al Peraza

Moving on to slide 5, I'd like to review our investment portfolio.

Our third quarter investment securities balance decreased slightly to $1.6 billion from $1.7 billion at the end of the second quarter and from $1.8 billion the same period last year, or 8.9%. While keeping a healthy liquidity position, we continue to actively manage our investment portfolio as a source of liquidity to support the international deposit run-off. An additional source of funding came from the run-off of non-relationship SNCs and foreign FI loans. The decrease in the investment portfolio was primarily accomplished by the sale of municipal and corporate securities as well as high levels of prepayments.

This quarter, we continued to decrease our floating rate investment securities as interest rates are expected to continue to decline. Floating rate investments comprised approximately 15.2% of our investment portfolio at the end of September 2019, down from 24.8% in the year ago quarter. Lower interest rates also led to higher prepayment speeds in the mortgage securities portfolio,

driving down the effective duration of the portfolio to 2.6 years from 3.2 years. We continued to sell municipal bonds due to the lower associated tax benefits and purchase securities with prepayment protection.

Loan Portfolio Highlights (Slide 6) – Al Peraza

Moving on to slide 6, we can see some of the movements and drivers of our loan portfolio previously mentioned.

In the third quarter, loans decreased $406 million, or 6.6% year over year, to close at almost $5.8 billion. We experienced year over year growth in the Texas and New York markets of $72 million and $46 million, respectively. The growth was mainly due to $103 million and $115 million increase in CRE and owner-occupied loans, respectively. This growth was offset by the continued strategic exit from non-relationship SNCs and foreign FI loans. Since September 30, 2018, we have reduced these loans by $415 million and $290 million, respectively.

To replace these foreign FI and non-relationship SNC loans, we continue to focus on growing our domestic relationship loans. Amerant's domestic loans, excluding foreign FI and non-relationship SNCs, grew 6.5% over the last twelve months. Specifically, Commercial Real Estate, Single-Family Residential and Owner-Occupied loans saw year-over-year growth of 3.4%, 11.2% and 16.3%, respectively.

Total loan production from core relationship businesses this quarter was approximately $240.0 million. During the first nine months of 2019 production reached approximately $943.0 million compared to approximately $764.0 million during the same period last year, evidencing our strategic transformation efforts into core relationships. Our CRE and C&I segments continue to dominate production across our markets and Florida continues to lead followed by Texas and New York.

Higher-yielding, lower-risk domestic loans now comprise 96% of Amerant's total loan portfolio, in-line with our broader strategy to prioritize profitability from our core relationships.

Credit Quality (Slide 7) – Al Peraza

Moving on to slide 7, we continue to experience strong credit quality, and the Company was able to release $1.5 million from its allowance for loan losses this quarter.

This release was largely driven by a lower ending loan balance this quarter as well as continued improvements in the quantitative factors of our

Commercial Real Estate and domestic Commercial Loan portfolios and lower reserve requirements on credit cards due to better than anticipated repayments as we phase out our previous products.

Non-performing assets increased $3.1 million year over year in the latest quarter and totaled $32.8 million at September 30, 2019. Non-performing assets to total assets were 42 basis points, up from 35 basis points at September 30 last year. This increase is mostly due to the $11.7 million loan relationship with a South Florida customer whose sales in Puerto Rico have not recovered from the impact of hurricanes and which were placed in non-accrual in the previous quarter. Additionally, special mention loans increased by $13.0 million during the quarter, primarily due to a $10.2 million condo construction loan in New York experiencing a longer projected sellout period. This project, which has been completed, has a very low loan to value and is a relationship SNC loan with a tier 1 sponsor.

Interest-Earning Assets (Slide 8) – Al Peraza

Turning to slide 8, you can see that our loan yield has decreased slightly this quarter compared to the second quarter, driven by lower average yields in the commercial loan portfolio. Loan yields were still up 13 basis points compared to third quarter 2018, primarily due to improved loan mix and generally higher market rates on production during the first half of 2019.

Our investment securities yield declined by 12 basis points from the previous quarter as a result of increased paydowns in the SBA portfolio and repricing of floating investment securities at lower rates. Year over year, the yield of the investment portfolio is almost flat.

Wholesale Funding (Slide 9) – Al Peraza

Looking at slide 9, I wanted to provide some color around Amerant's wholesale funding strategies, particularly in light of the current rates down environment.

Over the past few quarters, we have modified our wholesale funding in an effort to decrease our NIM sensitivity to declining interest rates. We replaced maturing advances with longer term fixed-rate advances with callable options from the Federal Home Loan Bank, taking advantage of the yield curve inversion. Additionally, to reduce our funding cost, we entered into interest rate swaps on our variable-rate junior subordinated debt, or TruPs. We will continue to utilize wholesale funding as needed with advantageous durations or using structures that bring down our funding cost.

Deposit Highlights (Slide 10) – Al Peraza

Moving on to slide 10, total deposits at the end of this quarter were $5.7 billion, down 8% compared to the end of the third quarter of 2018. This year-over-year decline was driven by international core deposits, which dropped 4.0% and 14.6%, respectively, compared to the prior quarter and one year ago. As political and economic conditions in Venezuela remain difficult, and the country's economy becomes increasingly dollarized, many of our Venezuelan resident customers must withdraw their U.S. dollar deposits to fund living expenses. Our annualized international deposit runoff rate was approximately 16% this quarter.

We expect this runoff to continue, and as we have commented previously, we are working hard to grow other low-cost funding opportunities through improved core domestic deposit products and better delivery channels. This quarter, to support these efforts, the Bank implemented rewards programs to drive core deposit growth. To improve our customers' experience, we also streamlined our online account opening process. Competitive online offerings are key to achieving our funding goals, evidenced by our online CD balances having more than doubled compared to the end of the third quarter of last year.

In August, the U.S. imposed additional sanctions on Venezuela, which prompted Amerant to block the accounts of persons who currently work, in any capacity, for the Venezuelan government or its political subdivisions or agencies. These sanctions affected a small number of customers.

We believe that one of the key elements to mitigating our international deposit decline is to grow Amerant's customers' share of wallet and the number of domestic relationship accounts. Domestic deposits have higher costs than international deposits, but they also have higher growth potential and present better cross-selling opportunities for Amerant’s other products and services. We are delivering on our strategic goal to cross-sell deposit products to our domestic commercial borrowers, resulting in a 21.3% growth in these deposits so far this year.

At the end of this quarter, 53% of our deposits are domestic, up from 49% a year ago and our cost of deposits, as expected, has increased 28 basis points year-over-year to 1.40% due to this shift. Compared to the second quarter of 2019, the cost of our domestic deposits began to decrease. However, the total cost of interest-bearing deposits increased 4 basis points, primarily due to the replacement of less expensive international deposits with domestic deposits.

Net Interest Income and NIM (Slide 11) – Al Peraza

Turning to our P&L items on slide 11, third quarter 2019 net interest income was $52.6 million, down 5.5% compared to the third quarter of 2018. This decrease was primarily due to the reduction in the loan portfolio from the strategic run-off of foreign FI and non-relationship SNCs and the decline in the average balance of investment securities, which helped partially fund the international deposit run-off. Additionally, both the higher cost of time deposits, which up to this quarter were repricing at higher levels than previously carried, and the replacement of less expensive international deposits with domestic deposits contributed to a higher cost of funds. These factors were partially offset by better yields on the loan portfolio, and a lower balance of average interest-bearing liabilities.

The net interest margin for the third quarter of 2019 was 2.80%, a decrease of 3 basis points compared to the third quarter of 2018, driven primarily by the higher time deposit costs and the replacement of the international deposits with higher cost domestic deposits.

Net interest income for the first nine months of 2019 was $161.8 million, down slightly compared to the year-ago period, mainly due to the aforementioned higher time deposit costs, and the shift in deposits from international to domestic. The net interest margin for the first nine months of 2019 was 2.89%, an increase of 15 basis points from the comparable period last year. This improvement was driven by higher average rates and a favorable shift in loan mix towards higher-yielding domestic, relationship-based loans as international loans were run-off.

We are working hard to protect our NIM in a falling interest-rate environment. This quarter, we:

- Redeemed $25 million of our two most expensive TruPs which will reduce annual interest expense by $2.6 million;
- Proactively decreased the cost of Amerant's variable-rate TruPs by executing interest rate swaps that took advantage of the yield curve inversion;
- Focused on relationship accounts to enhance demand deposit account balances; and
- Took $200 million of Federal Home Loan Bank callable fixed-rate advances that decrease our overall cost of wholesale funding.

Noninterest Income (Slide 12) – Al Peraza

Now turning to slide 12, noninterest income of $13.8 million was up nearly 6.8% from the prior year quarter. Noninterest income in the third quarter of

2019 included $1.3 million from derivative contracts sold to borrowing customers and a $0.9 million net gain on the sale of approximately $24 million of municipal bonds and $12 million of floating-rate corporate securities. These increases were partially offset by a 12.1% year over year decline in brokerage fees, driven by lower fees on foreign customers' trading of Venezuelan securities restricted by U.S. sanctions. Amerant also saw lower fee income this quarter due to the ongoing phase out of operational support services provided to our former parent, and its affiliates, as well as lower wire transfer activity and card fees.

For the first nine months of 2019, noninterest income decreased 1.8% to $41.1 million compared to the year-ago period, driven largely by the aforementioned factors. Noninterest income in this period included $2.7 million of fees from derivative transactions, a $1.9 million gain on the sale of municipal and floating-rate securities and a $0.6 million gain on the early termination of FHLB advances earlier this year.

Amerant's total assets under management and custody increased to $1.71 billion in the third quarter, up from $1.69 billion at the end of the year-ago quarter due primarily to net new assets.

Noninterest Expense (Slide 13) – Al Peraza

Moving on to slide 13, third quarter noninterest expense was $52.7 million, a 1.3% increase over the third quarter of 2018. Third quarter 2019 noninterest expense included $0.8 million of costs associated with the rebranding to "Amerant", $0.5 million of severance costs associated with workforce reductions and $0.3 million related to the early redemption of the two most expensive TruPs. Partially offsetting these increases this quarter was an FDIC assessment credit as well as lower salaries and employee benefits.

Noninterest expense for the nine months ended September 30, 2019 decreased 1.7%, to $157.6 million, compared to the same period in 2018. This decline was mainly driven by lower professional and other fees related to the spin-off in 2018, lower salaries and employee benefit costs due to staff reductions, lower compensation associated with long term cash incentive programs, and lower FDIC assessments. The nine months ended September 30, 2019, included $4.9 million of restructuring costs, including rebranding and staff reduction expenses in connection with our transformation efforts and $4.4 million of stock-based compensation expense.

All three quarters of 2019 included amortization costs of the restricted stock granted to select management and staff largely in 2018 in connection with our IPO. The total amortization for 2019 is approximately $6.0 million, or $1.5

million per quarter, declining to an estimated annual expense of $2.7 million in 2020 and $1.1 million in 2021.

We remain focused on completing our transformation efforts, which include our rebranding and optimizing our workforce. These restructuring expenses totaled $4.9 million in the first nine months of 2019 and we expect to incur additional related expenses in the last quarter of the year.

Adjusted Noninterest Expense (Slide 14) – Al Peraza

On slide 14, we see that third quarter noninterest expense, adjusted for the 2018 spin-off and 2019 transformation costs, was $51.5 million, slightly down compared to the third quarter of 2018. Adjusted noninterest expense was $152.7 million for the first nine months of 2019, down 0.9% compared to the year-ago period. Note again that the first three quarters of 2019 include the $1.5 million quarterly IPO grant amortization cost previously mentioned. We also incurred $0.3 million in TruPs termination expense this quarter.

Interest Rate Sensitivity (Slide 15) – Al Peraza

On slide 15, we see that our floating rate loans and loans maturing in less than one year continue to keep Amerant asset sensitive. We have been taking actions to reduce our sensitivity to interest rate declines, including our strategic exit from foreign FI and non-relationship SNC loans and a renewed focus on domestic commercial relationship deposits.

That said, this quarter, the duration of our investment portfolio decreased to 2.6 years, driven by projected faster prepayments in mortgage securities and the sales of munis.

Please note that our model results have not changed materially since last quarter, and we continue to believe that an instantaneous 25 basis-point decline in interest rates, on a static balance sheet, will reduce our net interest income by approximately $4 million or 2% over the following one-year period.

Now, I will hand it over back to Millar to conclude our prepared remarks.

FY19 Goals (Slide 16) – Millar Wilson

Thank you, Al.

Moving on to our last slide. Our goals remain largely unchanged, and we continue to focus on:

- Our relationship-focused strategy to increase core deposits;
- Higher-return, lower-risk domestic loans; and
- Increasing our operational efficiency and the quality of our customer service.

While this quarter was not without its challenges, I am proud of the progress we made on our strategy, including the opening of our two new banking centers in our core South Florida market. Our strategy is working and driving value generation for our shareholders every day.

With that, we will be happy to take any of your questions. Operator, please open the line for Q&A.

[Q&A]

Operator

At this time, there are no further questions. Mr. Wilson, you may proceed.

Closing Remarks – Millar Wilson

Thank you for joining our third quarter conference call. Amerant's last 40 years have been filled with numerous successes - but nothing excites me more than our potential in the coming years. Together with the rest of the management team I am confident in the strategy we have in place and look forward to continued progress in the fourth quarter and beyond.

Thank you very much.

Operator

This concludes today's conference call. Thank you for joining. Have a wonderful day. You may all disconnect.