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

# FORM 10-Q

**(Mark One)**

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

For the quarterly period ended March 31, 2021

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

For the transition period __________ to __________

Commission File Number: 001-38534

AMERANT

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

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

**(305) 460-4038**

(Registrant's telephone number, including area code)

(Former name, former address and former fiscal year, if changed since last report: N/A)

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

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

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

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ¨ No ý

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

| | | | |
|---|---|---|---|
| Large accelerated filer ¨ | | Accelerated filer | ☒ |
| Non-accelerated filer ¨ | | Smaller reporting company | ☐ |
| | | Emerging growth company | ☒ |

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. ☐

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

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

| Class | Outstanding as of May 6, 2021 |
|---|---|
| Class A Common Stock, $0.10 par value per share | 29,001,646 shares of Class A Common Stock |
| Class B Common Stock, $0.10 par value per share | 8,748,667 shares of Class B Common Stock |

**AMERANT BANCORP INC. AND SUBSIDIARIES**

**FORM 10-Q**

**March 31, 2021**

**INDEX**

Part 1. FINANCIAL INFORMATION

**ITEM 1. FINANCIAL STATEMENTS**

# Amerant Bancorp Inc. and Subsidiaries

## Consolidated Balance Sheets

| *(in thousands, except share data)* | (Unaudited) March 31, 2021 | December 31, 2020 |
|---|---|---|
| **Assets** | | |
| Cash and due from banks | $ 37,744 | $ 30,179 |
| Interest earning deposits with banks | 195,755 | 184,207 |
| Cash and cash equivalents | 233,499 | 214,386 |
| Securities | | |
| Debt securities available for sale | 1,190,201 | 1,225,083 |
| Debt securities held to maturity | 104,657 | 58,127 |
| Equity securities with readily determinable fair value not held for trading | 23,965 | 24,342 |
| Federal Reserve Bank and Federal Home Loan Bank stock | 56,469 | 65,015 |
| Securities | 1,375,292 | 1,372,567 |
| Loans held for sale | 1,044 | — |
| Loans held for investment, gross | 5,753,794 | 5,842,337 |
| Less: Allowance for loan losses | 110,940 | 110,902 |
| Loans held for investment, net | 5,642,854 | 5,731,435 |
| Bank owned life insurance | 218,903 | 217,547 |
| Premises and equipment, net | 109,071 | 109,990 |
| Deferred tax assets, net | 15,607 | 11,691 |
| Goodwill | 19,506 | 19,506 |
| Accrued interest receivable and other assets | 135,322 | 93,771 |
| Total assets | $ 7,751,098 | $ 7,770,893 |
| **Liabilities and Stockholders' Equity** | | |
| Deposits | | |
| Demand | | |
| Noninterest bearing | $ 977,595 | $ 872,151 |
| Interest bearing | 1,324,127 | 1,230,054 |
| Savings and money market | 1,494,227 | 1,587,876 |
| Time | 1,882,130 | 2,041,562 |
| Total deposits | 5,678,079 | 5,731,643 |
| Advances from the Federal Home Loan Bank | 1,050,000 | 1,050,000 |
| Senior notes | 58,656 | 58,577 |
| Junior subordinated debentures held by trust subsidiaries | 64,178 | 64,178 |
| Accounts payable, accrued liabilities and other liabilities | 115,171 | 83,074 |
| Total liabilities | 6,966,084 | 6,987,472 |
| Contigencies (Note 16) | | |
| | | |
| Stockholders' equity | | |
| Class A common stock, $0.10 par value, 400 million shares authorized; 29,001,646 shares issued and outstanding (2020 - 28,806,344 shares issued and outstanding) | 2,904 | 2,882 |
| Class B common stock, $0.10 par value, 100 million shares authorized; 8,920,315 shares issued and outstanding (2020: 9,036,352 shares issued and outstanding) | 892 | 904 |
| Additional paid in capital | 304,448 | 305,569 |
| Retained earnings | 456,861 | 442,402 |
| Accumulated other comprehensive income | 19,909 | 31,664 |
| Total stockholders' equity | 785,014 | 783,421 |
| Total liabilities and stockholders' equity | $ 7,751,098 | $ 7,770,893 |

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

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

| *(in thousands)* | Three Months Ended March 31, 2021 | 2020 |
|---|---|---|
| **Interest income** | | |
| Loans | $ 52,771 | $ 59,788 |
| Investment securities | 7,507 | 11,065 |
| Interest earning deposits with banks | 51 | 462 |
| Total interest income | 60,329 | 71,315 |
| **Interest expense** | | |
| Interest bearing demand deposits | 113 | 135 |
| Savings and money market deposits | 980 | 3,266 |
| Time deposits | 7,360 | 13,484 |
| Advances from the Federal Home Loan Bank | 2,758 | 4,412 |
| Senior notes | 942 | — |
| Junior subordinated debentures | 607 | 789 |
| Total interest expense | 12,760 | 22,086 |
| Net interest income | 47,569 | 49,229 |
| Provision for loan losses | — | 22,000 |
| Net interest income after provision for loan losses | 47,569 | 27,229 |
| **Noninterest income** | | |
| Deposits and service fees | 4,106 | 4,290 |
| Brokerage, advisory and fiduciary activities | 4,603 | 4,133 |
| Change in cash surrender value of bank owned life insurance | 1,356 | 1,414 |
| Securities gains, net | 2,582 | 9,620 |
| Cards and trade finance servicing fees | 339 | 395 |
| Loss on early extinguishment of advances from the Federal Home Loan Bank, net | — | (7) |
| Other noninterest income | 1,177 | 2,065 |
| Total noninterest income | 14,163 | 21,910 |
| **Noninterest expense** | | |
| Salaries and employee benefits | 26,427 | 29,326 |
| Occupancy and equipment | 4,488 | 3,803 |
| Telecommunication and data processing | 3,727 | 3,464 |
| Professional and other services fees | 3,784 | 2,954 |
| Depreciation and amortization | 1,786 | 1,959 |
| FDIC assessments and insurance | 1,755 | 1,118 |
| Other operating expenses | 1,658 | 2,243 |
| Total noninterest expenses | 43,625 | 44,867 |
| Income before income tax expense | 18,107 | 4,272 |
| Income tax expense | (3,648) | (890) |
| Net income | $ 14,459 | $ 3,382 |

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

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

| *(in thousands, except per share data)* | Three Months Ended March 31, 2021 | Three Months Ended March 31, 2020 |
|---|---|---|
| **Other comprehensive (loss) income, net of tax** | | |
| Net unrealized holding (losses) gains on debt securities available for sale arising during the period | $ (9,466) | $ 26,702 |
| Net unrealized holding gains (losses) on cash flow hedges arising during the period | 36 | (1,514) |
| Reclassification adjustment for items included in net income | (2,325) | (7,305) |
| Other comprehensive (loss) income | (11,755) | 17,883 |
| Comprehensive income | $ 2,704 | $ 21,265 |
| | | |
| Earnings Per Share (Note 18): | | |
| Basic earnings per common share | $ 0.38 | $ 0.08 |
| Diluted earnings per common share | $ 0.38 | $ 0.08 |

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

# Amerant Bancorp Inc. and Subsidiaries
## Consolidated Statements of Changes in Stockholders' Equity (Unaudited)
## Three Months Ended March 31, 2021 and 2020

| | Common Stock | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Shares Outstanding | | Issued Shares - Par Value | | | | | | | |
| *(in thousands, except share data)* | Class A | Class B | Class A | Class B | Additional Paid in Capital | Treasury Stock | Retained Earnings | Accumulated Other Comprehensive Income | Total Stockholders' Equity |
| **Balance at December 31, 2020** | 28,806,344 | 9,036,352 | $ 2,882 | $ 904 | $ 305,569 | $ — | $ 442,402 | $ 31,664 | $ 783,421 |
| Repurchase of Class B common stock | — | (116,037) | — | — | — | (1,855) | — | — | (1,855) |
| Treasury stock retired | — | — | — | (12) | (1,843) | 1,855 | — | — | — |
| Restricted stock issued | 196,015 | — | 22 | — | (22) | — | — | — | — |
| Restricted stock surrendered | (713) | — | — | — | (13) | — | — | — | (13) |
| Stock-based compensation expense | — | — | — | — | 757 | — | — | — | 757 |
| Net income | — | — | — | — | — | — | 14,459 | — | 14,459 |
| Other comprehensive loss | — | — | — | — | — | — | — | (11,755) | (11,755) |
| **Balance at March 31, 2021** | 29,001,646 | 8,920,315 | $ 2,904 | $ 892 | $ 304,448 | $ — | $ 456,861 | $ 19,909 | $ 785,014 |

| | Common Stock | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Shares Outstanding | | Issued Shares - Par Value | | | | | | | |
| *(in thousands, except share data)* | Class A | Class B | Class A | Class B | Additional Paid in Capital | Treasury Stock | Retained Earnings | Accumulated Other Comprehensive Income | Total Stockholders' Equity |
| **Balance at December 31, 2019** | 28,927,576 | 14,218,596 | $ 2,893 | $ 1,775 | $ 419,048 | $ (46,373) | $ 444,124 | $ 13,234 | $ 834,701 |
| Repurchase of Class B common stock | — | (932,459) | — | — | — | (15,239) | — | — | (15,239) |
| Treasury stock retired | — | — | — | (446) | (61,166) | 61,612 | — | — | — |
| Restricted stock issued | 6,591 | — | 1 | — | (1) | — | — | — | — |
| Restricted stock surrendered | (129) | — | — | — | (2) | — | — | — | (2) |
| Restricted stock forfeited | (54,462) | — | (6) | — | 6 | — | — | — | — |
| Stock-based compensation expense | — | — | — | — | 392 | — | — | — | 392 |
| Net income | — | — | — | — | — | — | 3,382 | — | 3,382 |
| Other comprehensive income | — | — | — | — | — | — | — | 17,883 | 17,883 |
| **Balance at March 31, 2020** | 28,879,576 | 13,286,137 | $ 2,888 | $ 1,329 | $ 358,277 | $ — | $ 447,506 | $ 31,117 | $ 841,117 |

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

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

| *(in thousands)* | Three Months Ended March 31, 2021 | 2020 |
|---|---|---|
| **Cash flows from operating activities** | | |
| Net income | $ 14,459 | $ 3,382 |
| Adjustments to reconcile net income to net cash provided by operating activities | | |
| Provision for loan losses | — | 22,000 |
| Net premium amortization on securities | 3,591 | 3,775 |
| Depreciation and amortization | 1,786 | 1,959 |
| Stock-based compensation expense | 757 | 392 |
| Change in cash surrender value of bank owned life insurance | (1,356) | (1,414) |
| Securities gains, net | (2,582) | (9,620) |
| Deferred taxes and others | (99) | (5,255) |
| Loss on early extinguishment of advances from the FHLB, net | — | 7 |
| Net changes in operating assets and liabilities: | | |
| Accrued interest receivable and other assets | (3,229) | (1,539) |
| Accounts payable, accrued liabilities and other liabilities | (6,305) | (10,509) |
| Net cash provided by operating activities | 7,022 | 3,178 |
| **Cash flows from investing activities** | | |
| Purchases of investment securities: | | |
| Available for sale | (96,197) | (197,522) |
| Held to maturity securities | (50,274) | — |
| Federal Home Loan Bank stock | — | (8,538) |
| | (146,471) | (206,060) |
| Maturities, sales, calls and paydowns of investment securities: | | |
| Available for sale | 115,125 | 196,698 |
| Held to maturity | 3,578 | 3,382 |
| Federal Home Loan Bank stock | 8,547 | 7,349 |
| | 127,250 | 207,429 |
| Net decrease in loans | 86,376 | 61,641 |
| Proceeds from loan sales | 1,173 | 13,109 |
| Net purchases of premises and equipment and others | (805) | (1,321) |
| Net cash provided by investing activities | 67,523 | 74,798 |
| **Cash flows from financing activities** | | |
| Net increase (decrease) in demand, savings and money market accounts | 105,868 | (36,038) |
| Net (decrease) increase in time deposits | (159,432) | 121,107 |
| Proceeds from Advances from the Federal Home Loan Bank | — | 280,000 |
| Repayments of Advances from the Federal Home Loan Bank | — | (250,007) |
| Redemption of junior subordinated debentures | — | (28,068) |
| Repurchase of common stock - Class B | (1,855) | (15,239) |
| Common stock retired to cover tax withholding | (13) | (2) |
| Net cash (used in) provided by financing activities | (55,432) | 71,753 |
| Net increase in cash and cash equivalents | 19,113 | 149,729 |
| **Cash and cash equivalents** | | |
| Beginning of period | 214,386 | 121,324 |
| End of period | $ 233,499 | $ 271,053 |

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

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

| | Three Months Ended March 31, | |
|---|---|---|
| *(in thousands)* | 2021 | 2020 |
| **Supplemental disclosures of cash flow information** | | |
| Cash paid: | | |
| Interest | $ 11,736 | $ 21,890 |
| Income taxes | 324 | 295 |
| Initial recognition of operating lease right-of-use assets | 55,670 | — |
| Initial recognition of operating lease liabilities | 56,024 | — |

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

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

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

**a) Business**

Amerant Bancorp Inc. (the "Company"), is a Florida corporation incorporated in 1985, which has operated since January 1987. The Company is a bank holding company registered under the Bank Holding Company Act of 1956, as a result of its 100% indirect ownership of Amerant Bank, N.A. (the "Bank"). The Company's principal office is in the City of Coral Gables, Florida. The Bank is a member of the Federal Reserve Bank of Atlanta ("Federal Reserve Bank") and the Federal Home Loan Bank of Atlanta ("FHLB"). The Bank has three principal subsidiaries, Amerant Investments, Inc., a securities broker-dealer ("Amerant Investments"), Amerant Trust, N.A, a non-depository trust company ("Amerant Trust"), and Elant Bank & Trust (the "Cayman Bank"), a bank and trust company domiciled in the Cayman Islands acquired in November 2019. In December 2020, the Bank joined a third party to form Amerant Mortgage, LLC. ("Amerant Mortgage"). In March 2021, the Bank and Amerant Trust received authorization to merge Amerant Trust with and into the Bank, with the Bank as sole survivor, effective on April 1, 2021.

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

Stock Repurchase Program

On March 10, 2021, the Company's Board of Directors approved a stock repurchase program which provides for the potential repurchase of up to $40 million of shares of the Company's Class B common stock (the "2021 Stock Repurchase Program"). For more information about the 2021 Stock Repurchase Program, *see* Note 15 to our unaudited interim financial statements in this Form 10-Q.

COVID-19 Pandemic

*CARES Act*

On March 11, 2020, the World Health Organization recognized an outbreak of a novel strain of the coronavirus, COVID-19, as a pandemic. The COVID-19 pandemic adversely affected the economy resulting in a 150-basis-point reduction in the federal funds rate, and the enactment of the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act"). The CARES Act provided emergency economic relief to individuals, small businesses, mid-size companies, large corporations, hospitals and other public health facilities, and state and local governments, and allocated the Small Business Administration, or SBA, $350.0 billion to provide loans of up to $10.0 million per small business as defined in the CARES Act.

On April 2, 2020, the Bank began participating in the SBA's Paycheck Protection Program, or "PPP", by providing loans to these businesses to cover payroll, rent, mortgage, healthcare, and utilities costs, among other essential expenses. In early January 2021, a third round of PPP loans provided additional stimulus relief to small businesses and individuals who are self-employed or independent contractors. As of March 30, 2021, total PPP loans were $164.8 million, or 2.9% of total loans, compared to $198.5 million, or 3.4% of total loans as of December 31, 2020. The Company estimates as of March 31, 2021, there were $173.2 million of deposits related to the PPP compared to $95.4 million as of December 31, 2020. On May 4, 2021, the Company entered into an agreement to sell to a third party, in cash, PPP loans with an outstanding balance of approximately $95.1 million, and expects to realize a pre-tax gain on sale of approximately $3.8 million. The Company retained no loan servicing rights.

*Loan Modification Programs*

On March 26, 2020, the Company began offering loan payment relief options to customers impacted by the COVID-19 pandemic, including interest-only and/or forbearance options. These programs continued in the second, third and fourth quarters of 2020, and first quarter of 2021. In the first quarter of 2021, the Company also began to selectively offer additional temporary loan modifications that allow it to extend the deferral and/or forbearance period beyond 180 days. Consistent with accounting and regulatory guidance, temporary modifications granted under these programs are not considered troubled debt restructurings, or TDRs. Loans which have been modified under these programs totaled $1.1 billion as of March 31, 2021. As of March 31, 2021, modified loans totaling $62.1 million, or 1.1% of total ($43.4 million, or 0.7%, at December 31, 2020), were still under the deferral and/or forbearance period.

**b) Basis of Presentation and Summary of Significant Accounting Policies**

The accompanying unaudited interim consolidated financial statements have been prepared in accordance with generally accepted accounting principles in the United States of America ("GAAP") for interim financial information and the instructions to Form 10-Q and Article 10 of SEC Regulation S-X. Accordingly, they do not include all of the information and footnotes required for a fair statement of financial position, results of operations and cash flows in conformity with GAAP. These unaudited interim consolidated financial statements reflect all adjustments that are, in the opinion of management, necessary for a fair statement of the results for the interim periods presented. These adjustments are of a normal, recurring nature. Interim period operating results may not be indicative of the operating results for a full year or any other period. These unaudited interim consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements as of December 31, 2020 and 2019 and for each of the three years in the period ended December 31, 2020 and the accompanying footnote disclosures for the Company, which are included in the Form 10-K.

For a complete summary of our significant accounting policies, please *see* Note 1 to the Company's audited consolidated financial statements in the Company's annual report on Form 10-K for the year ended December 31, 2020, filed with the Securities and Exchange Commission ("SEC"), on March 19, 2021 (the "Form 10-K") .

Estimates

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

The COVID-19 pandemic has severely restricted the level of economic activity in the U.S. and around the world since March 2020. Several states and cities across the U.S., including the States of Florida, New York and Texas and cities where we have banking centers, LPOs and where our principal place of business is located, have also implemented quarantines, restrictions on travel, "shelter at home" orders, and restrictions on types of business that may continue to operate or may be reinstated in the future. While some of these measures and restrictions have been lifted and most businesses have begun to reopen, the Company cannot predict when restrictions currently in place may be lifted, or whether restrictions that have been lifted will need to be imposed or tightened in the future if viewed as necessary due to public health concerns. Given the uncertainty regarding the spread and severity of the COVID-19 pandemic and its adverse effects on the U.S. and global economies, the impact to the Company's financial statements cannot be accurately predicted at this time.

**c) Recently Issued Accounting Pronouncements**

**Issued and Adopted**

*New Guidance on Leases*

In December 2018, the Financial Accounting Standards Board ("FASB") issued amendments to new guidance issued in February 2016 for the recognition and measurement of all leases . The amendments address certain lessor's issues associated with: (i) sales taxes and other similar taxes collected from lessees, (ii) certain lessor costs and (iii) recognition of variable payments for contracts with lease and nonlease components. The new guidance on leases issued in February 2016 requires lessees to recognize a right-of-use asset ("ROUA") and a lease liability for most leases within the scope of the guidance. The Company adopted this standard on January 1, 2021 using the modified retrospective transition approach. Adoption of this standard resulted in a ROUA and a lease liability of $54.5 million and $55.0 million, respectively, which are presented in other assets and other liabilities, respectively, in the Company's consolidated balance sheet at March 31, 2021.

The Company determines if an arrangement is or contains a lease at the inception of the contract. Operating lease ROUAs and liabilities are recognized at the inception date based on the present value of lease payments over the lease term. At lease inception, when the rate implicit in each lease is not readily available, the Company is required to apply an incremental borrowing rate to calculate the ROUA and lease liability. The incremental borrowing rate is based on factors including the lease term and various market rates. Additionally, the Company also considers lease renewal options reasonably certain of exercise for purposes of determining the lease term.

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

The new leasing standard provides several optional expedients in transition. The Company elected certain practical expedients, which allows the Company to not reassess prior conclusions on lease classification, embedded leases and initial indirect costs. The Company elected to exclude short-term leases up to 12 months from the recognition of right-of-use assets and lease liabilities. Additionally, the Company elected to separate lease and non-lease cost and account for them separately.

*Targeted Improvements to Accounting for Hedging Activities*

In August 2017, the FASB issued targeted amendments to the guidance for recognition, presentation and disclosure of hedging activities. These targeted amendments expand and refine hedge accounting for both nonfinancial and financial risk components and align the recognition and presentation of the effects of the hedging instrument and the hedged item in the financial statements. The amendments also simplify the application of hedge accounting guidance. In June 2020, the FASB amended the effective date of the new guidance on hedging. This guidance is effective for fiscal years beginning after December 15, 2018, and interim periods within those fiscal years for public business entities. For all other entities, the amendments are effective for fiscal years beginning after December 15, 2020, and interim periods within fiscal years beginning after December 15, 2021. The adoption of this guidance in the first quarter of 2021 did not have an effect on the Company’s consolidated financial statements.

**d) Subsequent Events**

The effects of significant subsequent events, if any, have been recognized or disclosed in these unaudited interim consolidated financial statements.

### 2. Interest Earning Deposits with Banks

At March 31, 2021 and December 31, 2020, interest earning deposits with banks are mainly comprised of deposits with the Federal Reserve of approximately $196 million and $184 million, respectively. At March 31, 2021 and December 31, 2020, the average interest rate on these deposits was approximately 0.10% and 0.31%, respectively. These deposits mature within one year.

### 3. Securities

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

| | March 31, 2021 | | | |
|---|---|---|---|---|
| | | Gross Unrealized | | |
| *(in thousands)* | Amortized Cost | Gains | Losses | Estimated Fair Value |
| U.S. government-sponsored enterprise debt securities | $ 598,250 | $ 15,090 | $ (2,637) | $ 610,703 |
| Corporate debt securities | 338,473 | 8,903 | (1,802) | 345,574 |
| U.S. government agency debt securities | 214,901 | 3,810 | (2,636) | 216,075 |
| U.S. treasury securities | 2,504 | 6 | — | 2,510 |
| Municipal bonds | 14,243 | 1,096 | — | 15,339 |
| Total debt securities available for sale (1) | $ 1,168,371 | $ 28,905 | $ (7,075) | $ 1,190,201 |

(1) As of March 31, 2021, includes residential and commercial mortgage-backed securities with amortized cost of $624.0 million and $134.5 million, respectively, and fair value of $ 637.5 million and $135.8 million, respectively.

| | December 31, 2020 | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | | | Gross Unrealized | | | | | |
| *(in thousands)* | Amortized Cost | | Gains | | Losses | | Estimated Fair Value | |
| U.S. government sponsored enterprise debt securities | $ | 640,796 | $ | 21,546 | $ | (1,007) | $ | 661,335 |
| Corporate debt securities | | 292,033 | | 10,787 | | (1,106) | | 301,714 |
| U.S. government agency debt securities | | 202,135 | | 4,458 | | (2,015) | | 204,578 |
| U.S. treasury securities | | 2,505 | | 7 | | — | | 2,512 |
| Municipal bonds | | 50,309 | | 4,635 | | — | | 54,944 |
| Total debt securities available for sale (1) | $ | 1,187,778 | $ | 41,433 | $ | (4,128) | $ | 1,225,083 |

(1) As of December 31, 2020, includes residential and commercial mortgage-backed securities with amortized cost of $647.0 million and $123.9 million, respectively, and fair value of $ 666.7 million and $128.4 million, respectively.

The Company had investments in foreign corporate debt securities available for sale of $16.4 million and $17.1 million at March 31, 2021 and December 31, 2020, respectively. At March 31, 2021 and December 31, 2020, the Company had no foreign sovereign or foreign government agency debt securities available for sale.

In the three months ended March 31, 2021 and 2020, proceeds from sales, redemptions and calls, gross realized gains, gross realized losses of debt securities available for sale were as follows:

| | Three Months Ended March 31, | | | |
|---|---|---|---|---|
| *(in thousands)* | 2021 | | 2020 | |
| Proceeds from sales, redemptions and calls of debt securities available for sale | $ | 43,854 | $ | 139,072 |
| Gross realized gains | $ | 2,947 | $ | 9,266 |
| Gross realized losses | | — | | (23) |
| Realized gains, net on sales of debt investment securities | $ | 2,947 | $ | 9,243 |

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

| | March 31, 2021 | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Less Than 12 Months | | | | 12 Months or More | | | | Total | | | |
| *(in thousands)* | Estimated Fair Value | | Unrealized Loss | | Estimated Fair Value | | Unrealized Loss | | Estimated Fair Value | | Unrealized Loss | |
| U.S. government-sponsored enterprise debt securities | $ | 86,734 | $ | (2,413) | $ | 8,364 | $ | (224) | $ | 95,098 | $ | (2,637) |
| Corporate debt securities | | 63,290 | | (1,049) | | 8,201 | | (753) | | 71,491 | | (1,802) |
| U.S. government agency debt securities | | 36,577 | | (792) | | 80,582 | | (1,844) | | 117,159 | | (2,636) |
| | $ | 186,601 | $ | (4,254) | $ | 97,147 | $ | (2,821) | $ | 283,748 | $ | (7,075) |

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

| | December 31, 2020 | | | | | |
|---|---|---|---|---|---|---|
| | Less Than 12 Months | | 12 Months or More | | Total | |
| (in thousands) | Estimated Fair Value | Unrealized Loss | Estimated Fair Value | Unrealized Loss | Estimated Fair Value | Unrealized Loss |
| U.S. government sponsored enterprise debt securities | $ 71,825 | $ (661) | $ 14,472 | $ (346) | $ 86,297 | $ (1,007) |
| Corporate debt securities | 31,777 | (1,106) | — | — | 31,777 | (1,106) |
| U.S. government agency debt securities | 9,254 | (62) | 80,964 | (1,953) | 90,218 | (2,015) |
| | $ 112,856 | $ (1,829) | $ 95,436 | $ (2,299) | $ 208,292 | $ (4,128) |

At March 31, 2021 and December 31, 2020, the Company held certain debt securities issued or guaranteed by the U.S. government and U.S. government-sponsored entities and agencies. The Company believes these issuers to present little credit risk. The Company considers these securities are not other-than-temporarily impaired because the decline in fair value is attributable to changes in interest rates and investment securities markets, generally, and not credit quality. The Company does not intend to sell these debt securities and it is more likely than not that it will not be required to sell the securities before their anticipated recovery.

Unrealized losses on corporate debt securities are attributable to changes in interest rates and investment securities markets, generally, and as a result, temporary in nature. The Company considers these securities are not other-than-temporarily impaired because the issuers of these debt securities are considered to be high quality, and generally present little credit risk. The Company does not intend to sell these investments and it is more likely than not that it will not be required to sell these investments before their anticipated recovery.

As of March 31, 2021, the fair value of debt securities held to maturity totaled $104.1 million ($104.7 million - amortized cost), including residential and commercial mortgage-backed securities totaling $73.6 million ($75.4 million - amortized cost) and $30.5 million ($29.3 million - amortized cost), respectively. At March 31, 2021, unrealized gains and losses related to these securities totaled $1.9 million and $2.5 million, respectively.

As of December 31, 2020, the fair value of debt securities held to maturity totaled $61.1 million ($58.1 million - amortized cost), including residential and commercial mortgage-backed securities totaling $29.5 million ($28.7 million - amortized cost) and $31.6 million ($29.5 million - amortized cost), respectively. At December 31, 2020, unrealized gains related to these securities totaled $3.0 million. There were no unrealized losses at December 31, 2020.

At March 31, 2021 and December 31, 2020, all debt securities held to maturity were issued or guaranteed by the U.S. government or U.S. government-sponsored entities and agencies.

Contractual maturities of debt securities at March 31, 2021 are as follows:

| | Available for Sale | | Held to Maturity | |
|---|---|---|---|---|
| (in thousands) | Amortized Cost | Estimated Fair Value | Amortized Cost | Estimated Fair Value |
| Within 1 year | $ 16,480 | $ 16,566 | $ — | $ — |
| After 1 year through 5 years | 154,293 | 158,338 | 14,916 | 14,773 |
| After 5 years through 10 years | 291,573 | 299,132 | 11,353 | 11,788 |
| After 10 years | 706,025 | 716,165 | 78,388 | 77,530 |
| | $ 1,168,371 | $ 1,190,201 | $ 104,657 | $ 104,091 |

# Amerant Bancorp Inc. and Subsidiaries
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Equity securities with readily available fair value not held for trading consist of mutual funds with an original cost of $24.0 million, and fair value of $24.0 million and $24.3 million as of March 31, 2021 and December 31, 2020, respectively. These equity securities have no stated maturities. The Company recognized unrealized losses of $0.4 million and unrealized gains of $0.4 million during the three months ended March 31, 2021 and 2020, respectively, related to the change in fair value of these mutual funds.

### 4. Loans

The loan portfolio consists of the following loan classes:

| *(in thousands)* | March 31, 2021 | December 31, 2020 |
|---|---|---|
| Real estate loans | | |
| Commercial real estate | | |
| Non-owner occupied | $ 1,713,967 | $ 1,749,839 |
| Multi-family residential | 722,783 | 737,696 |
| Land development and construction loans | 351,502 | 349,800 |
| | 2,788,252 | 2,837,335 |
| Single-family residential | 625,298 | 639,569 |
| Owner occupied | 940,126 | 947,127 |
| | 4,353,676 | 4,424,031 |
| Commercial loans | 1,104,594 | 1,154,550 |
| Loans to financial institutions and acceptances | 16,658 | 16,636 |
| Consumer loans and overdrafts | 278,866 | 247,120 |
| | $ 5,753,794 | $ 5,842,337 |

At March 31, 2021 and December 31, 2020, loans with an outstanding principal balance of $1.4 billion, were pledged as collateral to secure advances from the FHLB.

The amounts above include loans under syndication facilities of approximately $443 million and $455 million at March 31, 2021 and December 31, 2020, respectively, which include Shared National Credit facilities and agreements to enter into credit agreements with other lenders (club deals), and other agreements.

International loans included above were $133.1 million and $152.9 million at March 31, 2021 and December 31, 2020, respectively.

The age analysis of the loan portfolio by class, including nonaccrual loans, as of March 31, 2021 and December 31, 2020 are summarized in the following tables:

| | March 31, 2021 | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | | | Past Due | | | | | |
| *(in thousands)* | Total Loans, Net of Unearned Income | Current | 30-59 Days | 60-89 Days | Greater than 90 Days | Total Past Due | Total Loans in Nonaccrual Status | Total Loans 90 Days or More Past Due and Accruing |
| Real estate loans | | | | | | | | |
| Commercial real estate | | | | | | | | |
| Non-owner occupied | $ 1,713,967 | $ 1,706,681 | $ 5,570 | $ 973 | $ 743 | $ 7,286 | $ 8,515 | $ 743 |
| Multi-family residential | 722,783 | 713,361 | 9,422 | — | — | 9,422 | 11,369 | — |
| Land development and construction loans | 351,502 | 351,502 | — | — | — | — | — | — |
| | 2,788,252 | 2,771,544 | 14,992 | 973 | 743 | 16,708 | 19,884 | 743 |
| Single-family residential | 625,298 | 612,490 | 8,793 | 611 | 3,404 | 12,808 | 10,814 | — |
| Owner occupied | 940,126 | 930,918 | 435 | 5,068 | 3,705 | 9,208 | 12,527 | — |
| | 4,353,676 | 4,314,952 | 24,220 | 6,652 | 7,852 | 38,724 | 43,225 | 743 |
| Commercial loans | 1,104,594 | 1,062,400 | 512 | 2,896 | 38,786 | 42,194 | 45,282 | — |
| Loans to financial institutions and acceptances | 16,658 | 16,658 | — | — | — | — | — | — |
| Consumer loans and overdrafts | 278,866 | 278,603 | 216 | 20 | 27 | 263 | 270 | 3 |
| | $ 5,753,794 | $ 5,672,613 | $ 24,948 | $ 9,568 | $ 46,665 | $ 81,181 | $ 88,777 | $ 746 |

| | December 31, 2020 | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | | | Past Due | | | | | |
| *(in thousands)* | Total Loans, Net of Unearned Income | Current | 30-59 Days | 60-89 Days | Greater than 90 Days | Total Past Due | Total Loans in Nonaccrual Status | Total Loans 90 Days or More Past Due and Accruing |
| Real estate loans | | | | | | | | |
| Commercial real estate | | | | | | | | |
| Non-owner occupied | $ 1,749,839 | $ 1,741,862 | $ 1,487 | $ — | $ 6,490 | $ 7,977 | $ 8,219 | $ — |
| Multi-family residential | 737,696 | 737,696 | — | — | — | — | 11,340 | — |
| Land development and construction loans | 349,800 | 349,800 | — | — | — | — | — | — |
| | 2,837,335 | 2,829,358 | 1,487 | — | 6,490 | 7,977 | 19,559 | — |
| Single-family residential | 639,569 | 631,801 | 3,143 | 671 | 3,954 | 7,768 | 10,667 | — |
| Owner occupied | 947,127 | 941,566 | 439 | — | 5,122 | 5,561 | 12,815 | 220 |
| | 4,424,031 | 4,402,725 | 5,069 | 671 | 15,566 | 21,306 | 43,041 | 220 |
| Commercial loans | 1,154,550 | 1,113,469 | 3,675 | 1,715 | 35,691 | 41,081 | 44,205 | — |
| Loans to financial institutions and acceptances | 16,636 | 16,636 | — | — | — | — | — | — |
| Consumer loans and overdrafts | 247,120 | 246,997 | 85 | 6 | 32 | 123 | 233 | 1 |
| | $ 5,842,337 | $ 5,779,827 | $ 8,829 | $ 2,392 | $ 51,289 | $ 62,510 | $ 87,479 | $ 221 |

**5. Allowance for Loan Losses**

The analyses by loan segment of the changes in the allowance for loan losses for the three months ended March 31, 2021 and 2020, and its allocation by impairment methodology and the related investment in loans, net as of March 31, 2021 and 2020 are summarized in the following tables:

| | Three Months Ended March 31, 2021 | | | | |
|---|---|---|---|---|---|
| *(in thousands)* | Real Estate | Commercial | Financial Institutions | Consumer and Others | Total |
| **Balances at beginning of the period** | $ 50,227 | $ 48,130 | $ 1 | $ 12,544 | $ 110,902 |
| (Reversal of) provision for loan losses | (1,936) | 702 | — | 1,234 | — |
| Loans charged-off | | | | | |
| Domestic | — | (235) | — | (431) | (666) |
| International | — | — | — | — | — |
| Recoveries | — | 605 | — | 99 | 704 |
| **Balances at end of the period** | $ 48,291 | $ 49,202 | $ 1 | $ 13,446 | $ 110,940 |
| **Allowance for loan losses by impairment methodology:** | | | | | |
| Individually evaluated | $ 2,918 | $ 26,665 | $ — | $ 1,077 | $ 30,660 |
| Collectively evaluated | 45,373 | 22,537 | 1 | 12,369 | 80,280 |
| | $ 48,291 | $ 49,202 | $ 1 | $ 13,446 | $ 110,940 |
| **Investment in loans, net of unearned income:** | | | | | |
| Individually evaluated | $ 19,892 | $ 60,891 | $ — | $ 8,261 | $ 89,044 |
| Collectively evaluated | 2,742,923 | 2,154,463 | 18,073 | 749,291 | 5,664,750 |
| | $ 2,762,815 | $ 2,215,354 | $ 18,073 | $ 757,552 | $ 5,753,794 |

# Amerant Bancorp Inc. and Subsidiaries
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| | Three Months Ended March 31, 2020 | | | | |
|---|---|---|---|---|---|
| *(in thousands)* | **Real Estate** | **Commercial** | **Financial Institutions** | **Consumer and Others** | **Total** |
| **Balances at beginning of the period** | $ 25,040 | $ 22,482 | $ 42 | $ 4,659 | $ 52,223 |
| Provision for loan losses | 11,390 | 7,530 | — | 3,080 | 22,000 |
| Loans charged-off | | | | | |
| Domestic | — | (1,101) | — | (222) | (1,323) |
| International | — | (34) | — | (251) | (285) |
| Recoveries | — | 185 | — | 148 | 333 |
| **Balances at end of the period** | $ 36,430 | $ 29,062 | $ 42 | $ 7,414 | $ 72,948 |
| | | | | | |
| **Allowance for loan losses by impairment methodology:** | | | | | |
| Individually evaluated | $ 1,157 | $ 4,038 | $ — | $ 1,525 | $ 6,720 |
| Collectively evaluated | 35,273 | 25,024 | 42 | 5,889 | 66,228 |
| | $ 36,430 | $ 29,062 | $ 42 | $ 7,414 | $ 72,948 |
| **Investment in loans, net of unearned income:** | | | | | |
| Individually evaluated | $ 1,936 | $ 24,232 | $ — | $ 7,521 | $ 33,689 |
| Collectively evaluated | 2,931,900 | 2,104,220 | 16,576 | 581,942 | 5,634,638 |
| | $ 2,933,836 | $ 2,128,452 | $ 16,576 | $ 589,463 | $ 5,668,327 |

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

| *Three Months Ended March 31, (in thousands)* | **Real Estate** | **Commercial** | **Financial Institutions** | **Consumer and others** | **Total** |
|---|---|---|---|---|---|
| 2021 | $ — | $ — | $ — | $ 1,173 | $ 1,173 |
| 2020 | $ — | $ 11,901 | $ — | $ 1,208 | $ 13,109 |

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

The following is a summary of impaired loans as of March 31, 2021 and December 31, 2020:

| | March 31, 2021 | | | | | |
|---|---|---|---|---|---|---|
| | Recorded Investment | | | | | |
| (in thousands) | With a Valuation Allowance | Without a Valuation Allowance | Total | Year Average (1) | Total Unpaid Principal Balance | Valuation Allowance |
| Real estate loans | | | | | | |
| Commercial real estate | | | | | | |
| Non-owner occupied | $ 8,523 | $ — | $ 8,523 | $ 8,364 | $ 8,513 | $ 2,918 |
| Multi-family residential | — | 11,369 | 11,369 | 6,048 | 11,291 | — |
| Land development and construction loans | — | — | — | — | — | — |
| | 8,523 | 11,369 | 19,892 | 14,412 | 19,804 | 2,918 |
| Single-family residential | 5,421 | 5,648 | 11,069 | 10,392 | 11,132 | 907 |
| Owner occupied | 632 | 11,895 | 12,527 | 12,939 | 12,371 | 212 |
| | 14,576 | 28,912 | 43,488 | 37,743 | 43,307 | 4,037 |
| Commercial loans | 34,341 | 10,946 | 45,287 | 47,357 | 67,251 | 26,453 |
| Consumer loans and overdrafts | 269 | — | 269 | 169 | 267 | 170 |
| | $ 49,186 | $ 39,858 | $ 89,044 | $ 85,269 | $ 110,825 | $ 30,660 |

(1) Average using trailing four quarter balances.

| | December 31, 2020 | | | | | |
|---|---|---|---|---|---|---|
| | Recorded Investment | | | | | |
| *(in thousands)* | With a Valuation Allowance | Without a Valuation Allowance | Total | Year Average (1) | Total Unpaid Principal Balance | Valuation Allowance |
| Real estate loans | | | | | | |
| Commercial real estate | | | | | | |
| Non-owner occupied | $ 8,219 | $ — | $ 8,219 | $ 6,718 | $ 8,227 | $ 3,175 |
| Multi-family residential | — | 11,341 | 11,341 | 3,206 | 11,306 | — |
| Land development and construction loans | — | — | — | — | — | — |
| | 8,219 | 11,341 | 19,560 | 9,924 | 19,533 | 3,175 |
| Single-family residential | 5,675 | 5,250 | 10,925 | 9,457 | 10,990 | 1,232 |
| Owner occupied | 636 | 12,178 | 12,814 | 13,295 | 12,658 | 214 |
| | 14,530 | 28,769 | 43,299 | 32,676 | 43,181 | 4,621 |
| Commercial loans | 33,110 | 11,100 | 44,210 | 38,534 | 66,010 | 25,180 |
| Consumer loans and overdrafts | 232 | — | 232 | 221 | 229 | 147 |
| | $ 47,872 | $ 39,869 | $ 87,741 | $ 71,431 | $ 109,420 | $ 29,948 |

(1) Average using trailing four quarter balances.

***Troubled Debt Restructurings***

The following table shows information about loans modified in TDRs as of March 31, 2021 and December 31, 2020:

| | As of March 31, 2021 | | As of December 31, 2020 | |
|---|---|---|---|---|
| *(in thousands)* | **Number of Contracts** | **Recorded Investment** | **Number of Contracts** | **Recorded Investment** |
| Real estate loans | | | | |
| Commercial real estate | | | | |
| Non-owner occupied | 1 | $ 1,660 | 1 | $ 1,729 |
| Single-family residential | 3 | 722 | 2 | 267 |
| Owner occupied | 4 | 6,641 | 4 | 6,784 |
| | 8 | 9,023 | 7 | 8,780 |
| Commercial loans | 10 | 3,419 | 11 | 3,851 |
| Total [(1)] | 18 | $ 12,442 | 18 | $ 12,631 |

(1) Balances as of March 31, 2021 and December 31, 2020 include a multiple loan relationship with a South Florida customer consisting of CRE, owner occupied and commercial loans totaling $ 9.8 million and $8.4 million, respectively. This TDR consisted of extending repayment terms and adjusting future periodic payments which resulted in no additional reserves. As of March 31, 2021 and December 31, 2020, this relationship included two and four residential loans totaling $1.5 million, which were not modified. During the second quarter of 2020, the company charged off $ 1.9 million against the ALL associated with this commercial loan relationship. The Company believes the specific reserves associated with these loans, which total $0.8 million at March 31, 2021 ($ 1.0 million at December 31, 2020) are adequate to cover probable losses given current facts and circumstances.

During the three months ended March 31, 2021, new TDRs consisted ofone single-family residential loan with a recorded investment of $0.5 million as of March 31, 2021. There were no new TDRs during the three months ended March 31, 2020. During the three months ended March 31, 2021, TDR loans that subsequently defaulted within the 12 months of restructuring totaled $2.7 million, including four commercial loans totaling $1.9 million and one owner occupied loan of $0.8 million. During the three months ended March 31, 2021 and 2020, the Company had no charge-offs against the allowance for loan losses as a result of TDR loans.

**Loans by Credit Quality Indicators**

Loans by credit quality indicators as of March 31, 2021 and December 31, 2020 are summarized in the following tables:

| | March 31, 2021 | | | | | |
|---|---|---|---|---|---|---|
| | Credit Risk Rating | | | | | |
| | Nonclassified | | Classified | | | |
| *(in thousands)* | Pass | Special Mention | Substandard | Doubtful | Loss | Total |
| Real estate loans | | | | | | |
| Commercial real estate | | | | | | |
| Non-owner occupied | $ 1,659,501 | $ 45,206 | $ 5,684 | $ 3,576 | $ — | $ 1,713,967 |
| Multi-family residential | 711,414 | — | 11,369 | — | — | 722,783 |
| Land development and construction loans | 351,502 | — | — | — | — | 351,502 |
| | 2,722,417 | 45,206 | 17,053 | 3,576 | — | 2,788,252 |
| Single-family residential | 614,484 | — | 10,814 | — | — | 625,298 |
| Owner occupied | 906,454 | 21,045 | 12,627 | — | — | 940,126 |
| | 4,243,355 | 66,251 | 40,494 | 3,576 | — | 4,353,676 |
| Commercial loans | 1,014,319 | 43,313 | 21,045 | 25,917 | — | 1,104,594 |
| Loans to financial institutions and acceptances | 16,658 | — | — | — | — | 16,658 |
| Consumer loans and overdrafts | 278,568 | — | 298 | — | — | 278,866 |
| | $ 5,552,900 | $ 109,564 | $ 61,837 | $ 29,493 | $ — | $ 5,753,794 |

| | December 31, 2020 | | | | | |
|---|---|---|---|---|---|---|
| | Credit Risk Rating | | | | | |
| | Nonclassified | | Classified | | | |
| *(in thousands)* | Pass | Special Mention | Substandard | Doubtful | Loss | Total |
| Real estate loans | | | | | | |
| Commercial real estate | | | | | | |
| Non-owner occupied | $ 1,694,004 | $ 46,872 | $ 4,994 | $ 3,969 | $ — | $ 1,749,839 |
| Multi-family residential | 726,356 | — | 11,340 | — | — | 737,696 |
| Land development and construction loans | 342,636 | 7,164 | — | — | — | 349,800 |
| | 2,762,996 | 54,036 | 16,334 | 3,969 | — | 2,837,335 |
| Single-family residential | 628,902 | — | 10,667 | — | — | 639,569 |
| Owner occupied | 911,867 | 22,343 | 12,917 | — | — | 947,127 |
| | 4,303,765 | 76,379 | 39,918 | 3,969 | — | 4,424,031 |
| Commercial loans | 1,067,708 | 42,434 | 21,152 | 23,256 | — | 1,154,550 |
| Loans to financial institutions and acceptances | 16,636 | — | — | — | — | 16,636 |
| Consumer loans and overdrafts | 246,882 | — | 238 | — | — | 247,120 |
| | $ 5,634,991 | $ 118,813 | $ 61,308 | $ 27,225 | $ — | $ 5,842,337 |

## 6. Time Deposits

Time deposits in denominations of $100,000 or more amounted to approximately $1.1 billion and $1.3 billion at March 31, 2021 and December 31, 2020, respectively. Time deposits in denominations of more than $250,000 amounted to approximately $581 million and $661 million at March 31, 2021 and December 31, 2020, respectively. As of March 31, 2021 and December 31, 2020, brokered time deposits amounted to $494 million.

## 7. Advances from the Federal Home Loan Bank

At March 31, 2021 and December 31, 2020, the Company had outstanding advances from the FHLB as follows:

| Year of Maturity | Interest Rate | Interest Rate Type | Outstanding Balance At March 31, 2021 | Outstanding Balance At December 31, 2020 |
|---|---|---|---|---|
| | | | (in thousands) | |
| 2022 | 0.65% to 0.65% | Fixed | 50,000 | 50,000 |
| 2023 | 0.87% to 0.95% | Fixed | 70,000 | 70,000 |
| 2024 and after (1) | 0.62% to 2.42% | Fixed | 930,000 | 930,000 |
| | | | $ 1,050,000 | $ 1,050,000 |

(1) As of March 31, 2021 and December 31, 2020, includes $ 530 million (fixed interest rates raging from 0.62% to 0.97%) in advances from the FHLB that are callable prior to maturity.

## 8. Senior Notes

On June 23, 2020, the Company completed a $60.0 million offering of senior notes with a coupon rate of5.75% and a maturity date of June 30, 2025 (the “Senior Notes”). The net proceeds, after direct issuance costs of $1.6 million, totaled $58.4 million. As of March 31, 2021, these Senior Notes amounted to $58.7 million, net of direct unamortized issuance costs of $1.3 million. The Senior Notes are presented net of direct issuance costs in the consolidated financial statements. These costs have been deferred and are being amortized over the term of the Senior Notes of 5 years as an adjustment to yield. These Senior Notes are unsecured and unsubordinated, rank equally with all of our existing and future unsecured and unsubordinated indebtedness, and are fully and unconditionally guaranteed by our wholly-owned intermediate holding company subsidiary Amerant Florida Bancorp (“Amerant Florida”).

## 9. Junior Subordinated Debentures Held by Trust Subsidiaries

The following table provides information on the outstanding Trust Preferred Securities issued by, and the junior subordinated debentures issued to, each of the statutory trust subsidiaries as of March 31, 2021 and December 31, 2020:

| | March 31, 2021 | | December 31, 2020 | | | | |
|---|---|---|---|---|---|---|---|
| *(in thousands)* | Amount of Trust Preferred Securities Issued by Trust | Principal Amount of Debenture Issued to Trust | Amount of Trust Preferred Securities Issued by Trust | Principal Amount of Debenture Issued to Trust | Year of Issuance | Annual Rate of Trust Preferred Securities and Debentures | Year of Maturity |
| Commercebank Capital Trust VI | 9,250 | 9,537 | 9,250 | 9,537 | 2002 | 3-M LIBOR + 3.35% | 2033 |
| Commercebank Capital Trust VII | 8,000 | 8,248 | 8,000 | 8,248 | 2003 | 3-M LIBOR + 3.25% | 2033 |
| Commercebank Capital Trust VIII | 5,000 | 5,155 | 5,000 | 5,155 | 2004 | 3-M LIBOR + 2.85% | 2034 |
| Commercebank Capital Trust IX | 25,000 | 25,774 | 25,000 | 25,774 | 2006 | 3-M LIBOR + 1.75% | 2038 |
| Commercebank Capital Trust X | 15,000 | 15,464 | 15,000 | 15,464 | 2006 | 3-M LIBOR + 1.78% | 2036 |
| | $ 62,250 | $ 64,178 | $ 62,250 | $ 64,178 | | | |

**10. Derivative Instruments**

At March 31, 2021 and December 31, 2020, the fair values of the Company’s derivative instruments were as follows:

| | March 31, 2021 | | December 31, 2020 | |
|---|---|---|---|---|
| *(in thousands)* | Other Assets | Other Liabilities | Other Assets | Other Liabilities |
| Interest rate swaps designated as cash flow hedges | $ — | $ 1,404 | $ — | $ 1,658 |
| Interest rate swaps not designated as hedging instruments: | | | | |
| Customers | 21,297 | 2,292 | 39,715 | — |
| Third party broker | 2,292 | 21,297 | — | 39,715 |
| | 23,589 | 23,589 | 39,715 | 39,715 |
| Interest rate caps not designated as hedging instruments: | | | | |
| Customers | — | 125 | — | 58 |
| Third party broker | 7 | — | 6 | — |
| | 7 | 125 | 6 | 58 |
| | $ 23,596 | $ 25,118 | $ 39,721 | $ 41,431 |

Derivatives Designated as Hedging Instruments

The Company enters into interest rate swap contracts which the Company designates and qualify as cash flow hedges. These interest rate swaps are designed as cash flow hedges to manage the exposure that arises from differences in the amount of the Company’s known or expected cash receipts and the known or expected cash payments on designated debt instruments. These interest rate swap contracts involve the Company’s payment of fixed-rate amounts in exchange for the Company receiving variable-rate payments over the life of the contracts without exchange of the underlying notional amount.

At March 31, 2021 and December 31, 2020, the Company had five interest rate swap contracts with notional amounts totaling $64.2 million that were designated as cash flow hedges to manage the exposure of variable rate interest payments on all of the Company’s outstanding variable-rate junior subordinated debentures with principal amounts at March 31, 2021 and December 31, 2020 totaling $64.2 million. The Company expects these interest rate swaps to be highly effective in offsetting the effects of changes in interest rates on cash flows associated with the Company’s variable-rate junior subordinated debentures. In the first quarter of 2021, we recognized unrealized losses of $0.2 million in connection with these interest rate swap contracts (unrealized gains of $0.1 million in the first quarter of 2020), which were included as part of interest expense on junior subordinated debentures in the Company’s consolidated statement of operations and comprehensive income. As of March 31, 2021, the estimated net unrealized losses in accumulated other comprehensive income expected to be reclassified into expense in the next twelve months amounted to $0.6 million.

In 2019, the Company terminated 16 interest rate swaps that had been designated as cash flow hedges of variable rate interest payments on the outstanding and expected rollover of variable-rate advances from the FHLB. The Company is recognizing the contracts’ cumulative net unrealized gains of $8.9 million in earnings over the remaining original life of the terminated interest rate swaps ranging between one month and seven years. The Company recognized approximately $0.3 million and $0.4 million as a reduction of interest expense on FHLB advances in the first quarters of 2021 and 2020, respectively, as a result of this amortization.

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

Derivatives Not Designated as Hedging Instruments

*Interest Rate Swaps*

At March 31, 2021 and December 31, 2020, the Company had 79 and 76 interest rate swap contracts with customers, respectively, with a total notional amount of $480.6 million and $475.6 million, respectively. These instruments involve the payment of variable-rate amounts in exchange for the Company receiving fixed-rate amounts over the life of the contract. In addition, at March 31, 2021 and December 31, 2020, the Company had 79 and 76 interest rate swap mirror contracts, respectively, with third party brokers with similar terms.

In 2019, the Company entered into swap participation agreements with other financial institutions to manage the credit risk exposure on certain interest rate swaps with customers. Under these agreements, the Company, as the beneficiary or guarantor, will receive or make payments from/to the counterparty if the borrower defaults on the related interest rate swap contract. As of March 31, 2021 and December 31, 2020, the Company had two swap participation agreements with total notional amounts of approximately $32.0 million. The notional amount of these agreements is based on the Company's pro-rata share of the related interest rate swap contracts. As of March 31, 2021 and December 31, 2020, the fair value of swap participation agreements was not significant.

*Interest Rate Caps*

At March 31, 2021 and December 31, 2020, the Company had 22 and 23 interest rate cap contracts with customers with a total notional amount of $452.4 million and $486.5 million, respectively. These instruments involve the Company making payments if an interest rate exceeds the agreed strike price. In addition, at March 31, 2021 and December 31, 2020, the Company had 7 and 8 interest rate cap mirror contracts, respectively, with various third party brokers with total notional amounts of $118.1 million and $152.2 million, respectively.

*Credit Risk-Related Contingent Features*

Some agreements may require the posting of pledged securities when the valuation of the interest rate swap falls below a certain amount.

At March 31, 2021 and December 31, 2020, the derivative contracts subject to credit-risk related contingent features was as follows:

| *(in thousands)* | March 31, 2021 | December 31, 2020 |
|---|---|---|
| Fair value of derivative contracts | $ 24,993 | $ 41,373 |
| Securities Pledged | 31,586 | 52,857 |
| Liquidity exposure | $ (6,593) | $ (11,484) |

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

### 11. Leases

The Company leases certain premises and equipment under operating leases. The leases have remaining lease terms ranging from less than one year to 45 years, some of which have renewal options reasonably certain to be exercised and, therefore, have been reflected in the total lease term and used for the calculation of minimum payments required. The Company had $0.3 million in variable lease payments during the three months ended March 31, 2021, which include mostly common area maintenance and taxes, included in Occupancy and Equipment on the Consolidated Statements of Income. Lease costs for the three months ended March 31, 2021 were as follows:

| *(in thousands)* | | March 31, 2021 |
|---|---|---|
| Lease cost | | |
| Operating lease cost | $ | 1,909 |
| Short-term lease cost | | 155 |
| Variable lease cost | | 333 |
| Sublease income | | (108) |
| Total lease cost | $ | 2,289 |

As of March 31, 2021, a right-of-use asset of $54.5 million and an operating lease liability of $55.0 million were included in "Other assets" and "Other liabilities", respectively, on the unaudited consolidated balance sheets. The table provides supplemental information related to leases as of and for the three months ended March 31, 2021:

| *(in thousands, except weighted average data)* | |
|---|---|
| Cash paid for amounts included in the measurement of operating lease liabilities | 1,765 |
| Operating lease right-of-use asset obtained in exchange for operating lease liability | 1,044 |
| Weighted average remaining lease term for operating leases | 21.0 years |
| Weighted average discount rate for operating leases | 5.72 % |

The following table presents a maturity analysis and reconciliation of the undiscounted cash flows to the total operating lease liabilities as of March 31, 2021:

| *(in thousands)* | | |
|---|---|---|
| Twelve Months Ended March 31, | | |
| 2021 | $ | 7,113 |
| 2022 | | 6,335 |
| 2023 | | 4,504 |
| 2024 | | 4,483 |
| 2025 | | 4,145 |
| Thereafter | | 77,444 |
| Total minimum payments required | | 104,024 |
| Less: implied interest | | (49,020) |
| Total lease obligations | $ | 55,004 |

## 12. Stock-based Incentive Compensation Plan

The Company sponsors the 2018 Equity and Incentive Compensation Plan (the “2018 Equity Plan”). *See* Note 11 to the Company’s audited consolidated financial statements in the 2020 annual report on Form 10-K for more information on the 2018 Equity Plan and stock-based compensation awards for the year ended December 31, 2020, including restricted stocks and restricted stock units (“RSUs”).

On February 11, 2021, the Company adopted a new form of performance based restricted stock unit agreement (“PSU Agreement”), and a new form of restricted stock unit agreement (the “RSU Agreement”) that will be used in connection with a Long-Term Incentive Plan (the “LTI Plan”), a sub-plan under the 2018 Equity Plan. See detailed information below.

Restricted Stock Awards

The following table shows the activity of restricted stock awards during the three months ended March 31, 2021:

| | Number of restricted shares | Weighted-average grant date fair value |
|---|---|---|
| Non-vested shares, beginning of year | 210,423 | $ 13.55 |
| Granted | 196,015 | 16.65 |
| Vested | (2,630) | 14.91 |
| Forfeited | — | — |
| Non-vested shares at March 31, 2021 | 403,808 | $ 15.05 |

On February 16, 2021, the Company granted 194,492 shares of restricted Class A common stock to certain of its employees under the LTI Plan. These shares of restricted stock will vest in three approximately equal amounts on each of February 16 2022, 2023 and 2024. The fair value of the restricted stock granted was based on the market price of the shares of the Company’s Class A common stock at the grant date which was $16.65 per share.

On March 2, 2021, the Company granted 1,523 shares of restricted Class A common stock to a new employee.These shares of restricted stock will vest in three approximately equal amounts on each of March 2, 2022, 2023 and 2024. The fair value of the restricted stock granted was based on the market price of the shares of the Company’s Class A common stock at the grant date which was $16.41 per share.

The Company recorded compensation expense related to the restricted stock awards of $0.5 million and $0.3 million during the three months ended March 31, 2021 and 2020, respectively. The total unamortized deferred compensation expense of $3.7 million for all unvested restricted stock outstanding at March 31, 2021 will be recognized over a weighted average period of 1.7 years.

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

Restricted Stock Units ("RSUs") and Performance Stock Units ("PSUs")

The following table shows the activity of RSUs and PSUs during the three months ended March 31, 2021:

| | Stock-settled RSUs | | Cash-settled RSUs | | Total RSUs | | Stock-settled PSUs | |
|---|---|---|---|---|---|---|---|---|
| | Number of RSUs | Weighted-average grant date fair value | Number of RSUs | Weighted-average grant date fair value | Number of RSUs | Weighted-average grant date fair value | Number of PSUs | Weighted-average grant date fair value |
| Nonvested, beginning of year | 38,327 | $ 13.45 | 20,766 | $ 13.45 | 59,093 | $ 13.72 | — | — |
| Granted | 120,513 | 16.65 | — | — | 120,513 | 16.65 | 120,513 | 13.82 |
| Vested | — | — | — | — | — | — | — | — |
| Forfeited | — | — | — | — | — | — | — | — |
| Non-vested, end of year | 158,840 | $ 15.88 | 20,766 | $ 13.45 | 179,606 | $ 15.69 | 120,513 | $ 13.82 |

On February 16, 2021, in connection with the LTI Plan, the Company entered into five separate PSU Agreements with five executives which granted awards consisting of the opportunity to earn, in the aggregate, a target of 58,136 performance based restricted stock units, or PSUs. These PSUs generally vest at the end of athree-year performance period, but only results in the issuance of shares if the Company achieves a performance target. The actual number of PSUs, if earned, could range from 50% to 150% of the target PSUs. The fair value of the PSUs granted was $16.67 per PSU based on the results of a Monte Carlo simulation to estimate the fair value of the PSUs as of the grant date.

On February 16, 2021, in connection with the LTI Plan, the Company entered into five separate RSU Agreements with five executive which granted, in the aggregate, 58,136 RSUs that will vest inthree equal installments on each of the first three anniversaries of the grant date. The fair value of the RSUs granted was based on the market price of the shares of the Company's Class A common stock at the grant date which was $16.65 per RSU.

On February 16, 2021, in connection with a sign-on grant, the Company entered into a PSU Agreement with one executive which granted an award consisting of the opportunity to earn a target of 62,377 performance based restricted stock units, or PSUs. These PSUs generally vest at the end of athree-year performance period, but only results in the insurance of shares if the Company achieves a performance target. The actual number of PSUs, if earned, could range from 50% to 100% of the target PSUs. The fair value of the PSUs granted was $11.15 per PSU based on the results of a Monte Carlo simulation to estimate the fair value of the PSUs as of the grant date.

On February 16, 2021, in connection with a sign-on grant, the Company entered into a RSU Agreement with one executive which granted62,377 RSUs that will vest in three equal installments on each of the first three anniversaries of the grant date. The fair value of the RSUs granted was based on the market price of the shares of the Company's Class A common stock at the grant date which was $16.65 per RSU.

The Company recorded compensation expense related to RSUs and PSUs of $0.4 million and $0.1 million during the three months ended March 31, 2021 and 2020, respectively. The total unamortized deferred compensation expense of $3.6 million for all unvested stock-settled RSUs and PSUs outstanding at March 31, 2021 will be recognized over a weighted average period of 2.3 years.

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

### 13. Income Taxes

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

The effective combined federal and state tax rates for the three months ended March 31, 2021 and 2020 were 20.15% and 20.83%, respectively. Effective tax rates differ from the statutory rates mainly due to the impact of forecasted permanent non-taxable interest and other income, and the effect of corporate state taxes.

### 14. Accumulated Other Comprehensive Income ("AOCI"):

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

| | March 31, 2021 | | | December 31, 2020 | | |
|---|---|---|---|---|---|---|
| *(in thousands)* | Before Tax Amount | Tax Effect | Net of Tax Amount | Before Tax Amount | Tax Effect | Net of Tax Amount |
| Net unrealized holding gains on debt securities available for sale | $ 21,830 | $ (5,337) | $ 16,493 | $ 37,305 | $ (9,120) | $ 28,185 |
| Net unrealized holding gains on interest rate swaps designated as cash flow hedges | 4,521 | (1,105) | 3,416 | 4,605 | (1,126) | $ 3,479 |
| Total AOCI | $ 26,351 | $ (6,442) | $ 19,909 | $ 41,910 | $ (10,246) | $ 31,664 |

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

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

| | Three Months Ended March 31, | | | | | |
|---|---|---|---|---|---|---|
| | 2021 | | | 2020 | | |
| *(in thousands)* | Before Tax Amount | Tax Effect | Net of Tax Amount | Before Tax Amount | Tax Effect | Net of Tax Amount |
| Net unrealized holding (losses) gains on debt securities available for sale: | | | | | | |
| Change in fair value arising during the period | $ (12,528) | $ 3,062 | $ (9,466) | $ 35,342 | $ (8,640) | $ 26,702 |
| Reclassification adjustment for net gains included in net income | (2,947) | 721 | (2,226) | (9,243) | 2,260 | (6,983) |
| | (15,475) | 3,783 | (11,692) | 26,099 | (6,380) | 19,719 |
| Net unrealized holding gains (losses) on interest rate swaps designated as cash flow hedges: | | | | | | |
| Change in fair value arising during the period | 47 | (11) | 36 | (2,004) | 490 | (1,514) |
| Reclassification adjustment for net interest income included in net income | (131) | 32 | (99) | (426) | 104 | (322) |
| | (84) | 21 | (63) | (2,430) | 594 | (1,836) |
| Total other comprehensive (loss) income | $ (15,559) | $ 3,804 | $ (11,755) | $ 23,669 | $ (5,786) | $ 17,883 |

**15. Stockholders' Equity**

**a) Class A Common Stock**

Shares of the Company's Class A common stock issued and outstanding as of March 31, 2021 and December 31, 2020 were 29,001,646 and 28,806,344, respectively.

**b) Class B Common Stock and Treasury Stock**

Shares of the Company's Class B common stock issued and outstanding as of March 31, 2021 and December 31, 2020 were 8,920,315 and 9,036,352, respectively. As of March 31, 2021 and December 31, 2020, the Company had no shares of Class B common stock held as treasury stock.

On March 10, 2021, the Company's Board of Directors approved a stock repurchase program which provides for the potential repurchase of up to $40 million of shares of the Company's Class B common stock (the "2021 Stock Repurchase Program"). Under the 2021 Stock Repurchase Program, the Company may repurchase shares of Class B common stock through open market purchases, by block purchase, in privately-negotiated transactions, or otherwise in compliance with Rule 10b-18 under the Exchange Act. The extent to which the Company repurchases its shares of Class B common stock and the timing of such purchases will depend upon market conditions, regulatory requirements, other corporate liquidity requirements and priorities and other factors as may be considered in the Company's sole discretion. Repurchases may also be made pursuant to a trading plan under Rule 10b5-1 under the Exchange Act, which would permit shares to be repurchased when the Company might otherwise be precluded from doing so because of self-imposed trading blackout periods or other regulatory restrictions. The 2021 Stock Repurchase Program does not obligate the Company to repurchase any particular amount of shares of Class B common stock, and may be suspended or discontinued at any time without notice.

During the three months ended March 31, 2021, the Company repurchased an aggregate of 116,037 shares of Class B common stock at a weighted average price per share of $15.98 under the 2021 Stock Repurchase Program. The aggregate purchase price for these transactions was approximately $1.9 million, including transaction costs. In the first quarter of 2021, the Company's Board of Directors authorized the cancellation of those 116,037 shares of Class B common stock.

**16. Contingencies**

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

Financial instruments whose contract amount represents off-balance sheet credit risk at March 31, 2021 are generally short-term and are as follows:

| *(in thousands)* | Approximate Contract Amount |
|---|---|
| Commitments to extend credit | $ 761,378 |
| Standby letters of credit | 9,644 |
| Commercial letters of credit | 701 |
| | $ 771,723 |

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

### 17. Fair Value Measurements

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

| | March 31, 2021 | | | |
|---|---|---|---|---|
| *(in thousands)* | Quoted Prices in Active Markets for Identical Assets (Level 1) | Third-Party Models with Observable Market Inputs (Level 2) | Internal Models with Unobservable Market Inputs (Level 3) | Total Carrying Value in the Consolidated Balance Sheet |
| **Assets** | | | | |
| Debt securities available for sale | | | | |
| U.S. government-sponsored enterprise debt securities | $ — | $ 610,703 | $ — | $ 610,703 |
| Corporate debt securities | — | 345,574 | — | 345,574 |
| U.S. government agency debt securities | — | 216,075 | — | 216,075 |
| Municipal bonds | — | 15,339 | — | 15,339 |
| U.S treasury securities | — | 2,510 | — | 2,510 |
| | — | 1,190,201 | — | 1,190,201 |
| Equity securities with readily determinable fair values not held for trading | — | 23,965 | — | 23,965 |
| Bank owned life insurance | — | 218,903 | — | 218,903 |
| Derivative instruments | — | 23,596 | — | 23,596 |
| | $ — | $ 1,456,665 | $ — | $ 1,456,665 |
| **Liabilities** | | | | |
| Derivative instruments | $ — | $ 25,118 | $ — | $ 25,118 |

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

| (in thousands) | December 31, 2020<br>Quoted Prices in Active Markets for Identical Assets (Level 1) | Third-Party Models with Observable Market Inputs (Level 2) | Internal Models with Unobservable Market Inputs (Level 3) | Total Carrying Value in the Consolidated Balance Sheet |
|---|---|---|---|---|
| **Assets** | | | | |
| Debt securities available for sale | | | | |
| U.S. government-sponsored enterprise debt securities | $ — | $ 661,335 | $ — | $ 661,335 |
| Corporate debt securities | — | 301,714 | — | 301,714 |
| U.S. government agency debt securities | — | 204,578 | — | 204,578 |
| U.S treasury securities | — | 2,512 | — | 2,512 |
| Municipal bonds | — | 54,944 | — | 54,944 |
| | — | 1,225,083 | — | 1,225,083 |
| Equity securities with readily determinable fair values not held for trading | — | 24,342 | — | 24,342 |
| Bank owned life insurance | — | 217,547 | — | 217,547 |
| Derivative instruments | — | 39,721 | — | 39,721 |
| | $ — | $ 1,506,693 | $ — | $ 1,506,693 |
| | | | | |
| **Liabilities** | | | | |
| Derivative instruments | $ — | $ 41,431 | $ — | $ 41,431 |

Assets and Liabilities Measured at Fair Value on a Nonrecurring Basis

The following tables present the major categories of assets measured at fair value on a non-recurring basis at March 31, 2021 and December 31, 2020:

| | March 31, 2021 | | | | |
|---|---|---|---|---|---|
| *(in thousands)* | **Carrying Amount** | **Quoted Prices in Active Markets for Identical Assets (Level 1)** | **Significant Other Observable Inputs (Level 2)** | **Significant Unobservable Inputs (Level 3)** | **Total Impairments** |
| **Description** | | | | | |
| Loans held for investment measured for impairments using the fair value of the collateral | $ 45,956 | $ — | $ — | $ 45,956 | $ 19,838 |
| Loans held for sale | 1,044 | 1,044 | — | — | — |
| | 47,000 | 1,044 | — | 45,956 | 19,838 |

| | December 31, 2020 | | | | |
|---|---|---|---|---|---|
| *(in thousands)* | **Carrying Amount** | **Quoted Prices in Active Markets for Identical Assets (Level 1)** | **Significant Other Observable Inputs (Level 2)** | **Significant Unobservable Inputs (Level 3)** | **Total Impairments** |
| **Description** | | | | | |
| Loans held for investment measured for impairments using the fair value of the collateral | $ 50,199 | $ — | $ — | $ 50,199 | $ 19,843 |

**Loans held for sale**

Loans held for sale are carried at the lower of cost or estimated fair value. The fair values of loans held for sale are based on commitments on hand from investors within the secondary market for loans with similar characteristics. As such, the fair value adjustment for loans held for sale is classified as Level 1.

**Collateral Dependent Loans Measured For Impairment**

The Company measures the impairment of collateral dependent loans based on the fair value of the collateral in accordance with the provisions of ASC-310-35 “Impairment of Loans and Receivables”. The Company primarily uses third party appraisals to assist in measuring impairment on collateral dependent impaired loans. The Company also uses third party appraisal reviewers for loans with an outstanding balance of $1 million and above. These appraisals generally use the market or income approach valuation technique and use market observable data to formulate an opinion of the fair value of the loan’s collateral. However, the appraiser uses professional judgment in determining the fair value of the collateral or properties and may also adjust these values for changes in market conditions subsequent to the appraisal date. When current appraisals are not available for certain loans, the Company uses judgment on market conditions to adjust the most current appraisal. The sales prices may reflect prices of sales contracts not closed and the amount of time required to sell out the real estate project may be derived from current appraisals of similar projects. As a consequence, the fair value of the collateral is considered a Level 3 valuation.

There were no other significant assets or liabilities measured at fair value on a nonrecurring basis at March 31, 2021 and December 31, 2020.

**Fair Value of Financial Instruments**

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

| | March 31, 2021 | | December 31, 2020 | |
|---|---|---|---|---|
| *(in thousands)* | Carrying Value | Estimated Fair Value | Carrying Value | Estimated Fair Value |
| **Financial assets:** | | | | |
| Loans | $ 2,804,208 | $ 2,725,232 | $ 2,884,550 | $ 2,801,279 |
| **Financial liabilities:** | | | | |
| Time deposits | 1,387,791 | 1,405,972 | 1,547,396 | 1,569,897 |
| Advances from the FHLB | 1,050,000 | 1,068,572 | 1,050,000 | 1,078,786 |
| Senior notes | 58,656 | 61,606 | 58,577 | 61,528 |
| Junior subordinated debentures | 64,178 | 52,590 | 64,178 | 55,912 |

## 18. Earnings Per Share

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

| *(in thousands, except per share data)* | Three Months Ended March 31, 2021 | 2020 |
|---|---|---|
| Numerator: | | |
| Net income available to common stockholders | $ 14,459 | $ 3,382 |
| Denominator: | | |
| Basic weighted average shares outstanding | 37,618 | 42,185 |
| Dilutive effect of share-based compensation awards | 228 | 348 |
| Diluted weighted average shares outstanding | 37,846 | 42,533 |
| | | |
| Basic earnings per common share | $ 0.38 | $ 0.08 |
| Diluted earnings per common share | $ 0.38 | $ 0.08 |

As of March 31, 2021 and 2020, potential dilutive instruments consisted of unvested shares of restricted stock and restricted stock units totaling 562,648 and 482,316, respectively. In the three months ended March 31, 2021 and 2020, potential dilutive instruments 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 in those periods, fewer shares would have been purchased than restricted shares assumed issued. Therefore, in those periods, 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.

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

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

This discussion is intended to supplement and highlight information contained in the accompanying unaudited interim consolidated financial statements and related footnotes included in this Quarterly Report on Form 10-Q ("Form 10-Q"), as well as the information contained in the Company's annual report on Form 10-K filed with the U.S. Securities and Exchange Commission (the "SEC") on March 19, 2021 ("Form 10-K").

**Cautionary Note Regarding Forward-Looking Statements**

Various of the statements made in this Form 10-Q, including information incorporated herein by reference to other documents, are "forward-looking statements" within the meaning of, and subject to, the protections of Section 27A of the Securities Act of 1933, as amended (the "Securities Act") and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act").

Forward-looking statements include statements with respect to our beliefs, plans, objectives, goals, expectations, anticipations, assumptions, estimates, intentions and future performance and condition, and involve known and unknown risks, uncertainties and other factors, which may be beyond our control, and which may cause the actual results, performance, achievements, or financial condition of the Company to be materially different from future results, performance, achievements, or financial condition expressed or implied by such forward-looking statements. You should not expect us to update any forward-looking statements. These forward-looking statements should be read together with the "Risk Factors" included in our Form 10-K for the fiscal year ended December 31, 2020 and our other reports filed with the Securities and Exchange Commission (the "SEC").

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," "seek," "should," "indicate," "would," "believe," "contemplate," "consider", "expect," "estimate," "continue," "plan," "point to," "project," "could," "intend," "target" and other similar words and expressions of the future. These forward-looking statements may not be realized due to a variety of factors, including, without limitation:

- Our profitability is subject to interest rate risk;
- We may be adversely affected by the transition of LIBOR as a reference rate;
- Our concentration of CRE loans;
- Many of our loans are to commercial borrowers, which have unique risks compared to other types of loans.
- Our allowance for loan losses may prove inadequate;
- The collateral securing our loans may not be sufficient to protect us from a partial or complete loss;
- Liquidity risks could affect our operations and jeopardize our financial condition and certain funding sources could increase our interest rate expense;

- Our valuation of securities and investments and the determination of the impairment amounts taken on our investments are subjective and, if changed, could materially adversely affect our results of operations or financial condition;
- Our strategic plan and growth strategy may not be achieved as quickly or as fully as we seek;
- Nonperforming and similar assets take significant time to resolve;
- We may be contractually obligated to repurchase mortgage loans we sold to third parties on terms unfavorable to us;
- Mortgage Servicing Rights requirements may change and require us to incur additional costs and risks;
- Our success depends on our ability to compete effectively in highly competitive markets;
- Defaults by or deteriorating asset quality of other financial institutions could adversely affect us;
- We could be required to write down our goodwill and other intangible assets;
- Our historical consolidated financial data are not necessarily representative of the results we would have achieved as a separate company and may not be a reliable indicator of our future results;
- Our ability to raise additional capital in the future;
- Conditions in Venezuela could adversely affect our operations;
- The COVID-19 pandemic and actions taken by governmental authorities to mitigate its spread has significantly impacted economic conditions, and a future outbreak of COVID-19 or another highly contagious disease, could adversely affect our business activities, results of operations and financial condition;
- As a participating lender in the U.S. Small Business Administration Paycheck Protection Program, we are subject to additional risks of litigation from the Bank’s customers or other parties regarding the Bank’s processing of loans for the PPP and risks that the SBA may not fund some or all PPP loan guaranties;
- Potential gaps in our risk management policies and internal audit procedures may leave us exposed to unidentified or unanticipated risk;
- We may determine that our internal controls and disclosure controls could have deficiencies or weaknesses;
- Technological changes affect our business including potentially impacting the revenue stream of traditional products and services, and we may have fewer resources than many competitors to invest in technological improvements;
- Our information systems may experience interruptions and security breaches, and are exposed to cybersecurity threats;
- Any failure to protect the confidentiality of customer information could adversely affect our reputation and subject us to financial sanctions;
- Future acquisitions and expansion activities may disrupt our business, dilute shareholder value and adversely affect our operating results;
- We may not be able to generate sufficient cash to service all of our debt;

- We and Amerant Florida Bancorp Inc., the subsidiary guarantor, are each a holding company with limited operations and depend on our subsidiaries for the funds required to make payments of principal and interest on our debt;
- We may incur a substantial level of debt that could materially adversely affect our ability to generate sufficient cash to fulfill our obligations under the Senior Notes;
- Our business may be adversely affected by economic conditions in general and by conditions in the financial markets;
- We are subject to extensive regulation that could limit or restrict our activities and adversely affect our earnings;
- Litigation and regulatory investigations are increasingly common in our businesses and may result in significant financial losses and/or harm to our reputation;
- We are subject to capital adequacy and liquidity standards, and if we fail to meet these standards our financial condition and operations would be adversely affected;
- We will be subject to heightened regulatory requirements if our total assets grow in excess of $10 billion;
- The Federal Reserve may require us to commit capital resources to support the Bank;
- We may face higher risks of noncompliance with the Bank Secrecy Act and other anti-money laundering statutes and regulations than other financial institutions;
- Failures to comply with the fair lending laws, CFPB regulations or the Community Reinvestment Act, or CRA, could adversely affect us;
- A limited market exists for the Company's shares of Class B common stock;
- Holders of shares of Class B common stock have limited voting rights. As a result, holders of shares of Class B common stock will have limited ability to influence shareholder decisions;
- Certain of our existing shareholders could exert significant control over the Company;
- If securities or industry analysts do not publish research or publish inaccurate or unfavorable research about our business, the price of our common stock and trading volume could decline;
- The stock price of financial institutions, like Amerant, may fluctuate significantly;
- We have the ability to issue additional equity securities, which would lead to dilution of our issued and outstanding Company Shares;
- Our dual classes of Company Shares may limit investments by investors using index-based strategies;
- We do not currently intend to pay dividends on our common stock;
- Certain provisions of our amended and restated articles of incorporation and amended and restated bylaws, Florida law, and U.S. banking laws could have anti-takeover effects;
- We are an “emerging growth company,” and, as a result of the reduced disclosure and governance requirements applicable to emerging growth companies, our common stock may be less attractive to investors;

- We may be unable to attract and retain key people to support our business;

- Severe weather, natural disasters, global pandemics, acts of war or terrorism, theft, civil unrest, government expropriation or other external events could have significant effects on our business; and

- The other factors and information in our Form 10-K and other filings that we make with the SEC under the Exchange Act and Securities Act. See “Risk Factors” in our Form 10-K.

The foregoing factors should not be construed as exhaustive and should be read together with the other cautionary statements included in our Form 10-K. Because of these risks and other uncertainties, our actual future financial condition, results, performance or achievements, or industry results, may be materially different from the results indicated by the forward-looking statements in this Form 10-Q. In addition, our past results of operations are not necessarily indicative of our future results of operations. You should not rely on any forward-looking statements as predictions of future events.

Any forward-looking statement speaks only as of the date on which it is made, and we do not undertake any obligation to update, revise or correct any forward-looking statement, whether as a result of new information, future developments or otherwise, except as required by law. All written or oral forward-looking statements that are made by us or are attributable to us are expressly qualified in their entirety by this cautionary notice, together with those risks and uncertainties described in “Risk factors” in our Form 10-K, and in our other filings with the SEC, which are available at the SEC’s website www.sec.gov.

## OVERVIEW

### Our Company

We are a bank holding company headquartered in Coral Gables, Florida. We provide individuals and businesses a comprehensive array of deposit, credit, investment, wealth management, retail banking and fiduciary services. We serve customers in our United States markets and select international customers. These services are offered through the Bank, which is also headquartered in Coral Gables, Florida, and its subsidiaries. Fiduciary, investment and wealth management services are provided by the Bank's national trust, Amerant Trust, the Bank's securities broker-dealer, Amerant Investments, the Bank's Grand-Cayman based trust company subsidiary, the Cayman Bank, and the newly formed mortgage company, Amerant Mortgage. The Bank's three primary markets are South Florida, where we operate 18 banking centers in Miami-Dade, Broward and Palm Beach counties; the greater Houston, Texas area, where we have 7 banking centers that serve the nearby areas of Harris, Montgomery, Fort Bend and Waller counties and a LPO in Dallas, Texas, which we opened in early 2019; and the greater New York City area, where we also maintain a LPO. See "Recent Developments" below for an update on the New York City area LPO.

### Business Developments

Amerant Trust Merger

On December 30, 2020 we filed applications with the Office of the Comptroller of the Currency, or OCC, and the Federal Deposit Insurance Corporation, or FDIC, seeking approval to consolidate our existing trust and wealth management business, previously conducted by Amerant Trust, with the commercial banking business conducted by the Bank, by merging Amerant Trust with and into the Bank. See our Form 10-K for the year 2020 for more details.

We completed the merger of Amerant Trust with and into the Bank on April 1, 2021.

Recent Developments

*New Vice-Chairman and CEO*

On January 21, 2021, the Company reported Mr. Millar Wilson's retirement from his role as Vice-Chairman and Chief Executive Officer and the appointment of Gerald P. Plush, as the Company's Vice-Chairman and Chief Executive Officer effective the day following the filing of the Company's 2020 annual report on Form 10-K for the year ended December 31, 2020 (the "2020 Form 10-K"). Mr. Plush has served as a Company director since July 2019 and served as Executive Vice-Chairman from February 15, 2021 until March 20, 2021.

The Company filed its 2020 Form 10-K with the SEC on March 19, 2021 and, therefore, effective March 20, 2021, Gerald P. Plush, who had served as Executive Vice Chairman since February 15, 2021, became the Company's Vice-Chairman and Chief Executive Officer.

*Near and Long-Term Initiatives*

As discussed on the earnings call to review our results for the first quarter ended March 31, 2021; in the coming weeks and months we intend to implement and/or expand several near and long-term initiatives that we expect will further our long-term strategy to improve performance and drive growth. These include:

***Growing our core deposits.*** Seizing opportunities in the markets we serve to increase our share of consumer, small business, and commercial core deposits while reducing our reliance on brokered funds. We have identified a few ways to better target and attract these core deposits, including implementing/enhancing a completely digital onboarding platform, building out our treasury management sales force and adding additional treasury management capabilities, focusing our marketing to drive additional digital and in-branch traffic, and gathering other sources of deposits such as municipal accounts and wealth management.

***Accelerating our digital transformation***. Over the past several quarters we ramped up our digital efforts with the rollout of nCino and Salesforce and the introduction of Amerant Investments Mobile and are now focused on evaluating digital solutions in several key areas, including deposit account acquisition, small business lending and wealth management.

***Improving Amerant's brand awareness***. We will be ramping up our efforts to build brand awareness in the communities we serve, including improved signage and promotions as well as developing affinity relationships and increasing our community involvement.

***Rationalizing our lines of business and geographies***. We plan to expand our treasury management, wealth management, and develop specialty finance capabilities in order to grow the bank's revenue streams and fee opportunities. At the same time, we are curtailing future loan originations in the New York market. Our NYC location is a commercial real estate loan production office with minimal deposit relationships, and as we evaluate alternatives there, we will focus on growing in our core markets while also looking for opportunities to grow in contiguous markets.

***Evaluating new ways to achieve cost efficiencies across the business to improve our margin*** Among other, we will be looking at the pricing of our products and offerings, balance sheet composition, as well as the categories and amounts of our spending.

***Optimizing capital structure***. We successfully completed in June 2020 a $60.0 million offering of 5.75% senior notes due 2025 and in December 2020 a modified Dutch auction tender offer pursuant to which we purchased approximately $54 million of shares of Class B common stock. In March of 2021, we announced a repurchase program to purchase up to $40 million of shares of Class B common stock which is currently underway. We will continue to evaluate our capital structure and ways to optimize it in the future.

**COVID-19 Pandemic**

*CARES Act*

On March 11, 2020, the World Health Organization recognized an outbreak of a novel strain of the coronavirus, COVID-19, as a pandemic. For a more detailed discussion of the COVID-19 pandemic, see our Form 10-K for the year ended 2020.

On April 2, 2020, the Bank began participating in the SBA's Paycheck Protection Program, or "PPP", by providing loans to these businesses to cover payroll, rent, mortgage, healthcare, and utilities costs, among other essential expenses. In early January 2021, a third round of PPP loans provided additional stimulus relief to small businesses and individuals who are self-employed or independent contractors. Amerant continues to focus on providing funding to customers and communities by actively participating in the PPP and related government sponsored programs. As of March 30, 2021, total PPP loans were $164.8 million, or 2.9% of total loans, compared to $198.5 million, or 3.4% of total loans as of December 31, 2020. The Company estimates as of March 31, 2021, there were $173.2 million of deposits related to the PPP compared to $95.4 million as of December 31, 2020. On May 4, 2021, the Company entered into an agreement to sell to a third party, in cash, PPP loans with an outstanding balance of approximately $95.1 million, and expects to realize a pretax gain on sale of approximately $3.8 million. The Company retained no loan servicing rights.

*Loan Loss Reserve and Modification Programs*

On March 26, 2020, the Company began offering loan payment relief options to customers impacted by the COVID-19 pandemic, including deferral and/or forbearance options. These programs continued throughout 2020 and in the first quarter of 2021. Loans which have been modified under these programs totaled $1.1 billion as of March 31, 2021. As of March 31, 2021, $62.1 million, or 1.1% of total loans, were still under the deferral and/or forbearance period, an increase from $43.4 million, or 0.7% at December 31, 2020. This increase was primarily due to new modifications granted to two CRE retail loans in New York totaling $37.1 million and one multifamily loan in New York totaling $2.4 million, partially offset by $20.7 million in loans that resumed regular payments after deferral and/or forbearance periods ended. The Company began to selectively offer additional temporary loan modifications under programs that allow it to extend the deferral and/or forbearance period beyond 180 days. The aforementioned $62.1 million includes $19.8 million of loans that mature in the second quarter of 2021, $5.2 million that mature in the third quarter of 2021, and $37.1 million that mature in first quarter of 2022. Additionally, 99.5% of the loans under deferral and/or forbearance are secured by real estate collateral with average Loan to Value ("LTV") of 68.2%. All loans that have moved out of forbearance status have resumed regular payments. In accordance with accounting and regulatory guidance, loans to borrowers benefiting from these measures are not considered TDRs. The Company continues to closely monitor the performance of the remaining loans in deferral and/or forbearance periods under the terms of the temporary relief granted.

*Risks and Uncertainties*

The COVID-19 pandemic has severely restricted the level of economic activity in the U.S. and around the world since March 2020. Several states and cities across the U.S., including the States of Florida, New York and Texas and cities where we have banking centers, LPOs and where our principal place of business is located, have also implemented quarantines, restrictions on travel, “shelter at home” orders, and restrictions on types of business that may continue to operate or may be reinstated in the future. While some of these measures and restrictions have been lifted and most businesses have begun to reopen, the Company cannot predict when restrictions currently in place may be lifted, or whether restrictions that have been lifted will need to be imposed or tightened in the future if viewed as necessary due to public health concerns. Given the uncertainty regarding the spread and severity of the COVID-19 pandemic and its adverse effects on the U.S. and global economies, the impact to the Company’s financial statements cannot be accurately predicted at this time.

**Primary Factors Used to Evaluate Our Business**

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

***Net Interest Income.*** Net interest income represents interest income less interest expense. We generate interest income from interest, dividends and fees received on interest-earning assets, including loans and investment securities we own. We incur interest expense from interest paid on interest-bearing liabilities, including interest-bearing deposits, and borrowings such as advances from the Federal Home Loan Bank ("FHLB") and other borrowings such as repurchase agreements, senior notes and junior subordinated debentures. Net interest income typically is the most significant contributor to our revenues and net income. To evaluate net interest income, we measure and monitor: (i) yields on our loans and other interest-earning assets; (ii) the costs of our deposits and other funding sources; (iii) our net interest spread; (iv) our net interest margin, or NIM; and (v) our provisions for loan losses. Net interest spread is the difference between rates earned on interest-earning assets and rates paid on interest-bearing liabilities. NIM is calculated by dividing net interest income for the period by average interest-earning assets during that same period. Because noninterest-bearing sources of funds, such as noninterest-bearing deposits and stockholders' equity, also fund interest-earning assets, NIM includes the benefit of these noninterest-bearing sources of funds. Non-refundable loan origination fees, net of direct costs of originating loans, are deferred and recognized over the life of the related loan as an adjustment to interest income in accordance with generally accepted accounting principles in the United States of America ("GAAP")

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

***Noninterest Income.*** Noninterest income consists of, among other revenue streams: (i) service fees on deposit accounts; (ii) income from brokerage, advisory and fiduciary activities; (iii) benefits from and changes in cash surrender value of bank-owned life insurance, or BOLI, policies; (iv) card and trade finance servicing fees; (v) securities gains or losses; (vi) net gains and losses on early extinguishment of FHLB advances; and (vii) other noninterest income.

Our income from service fees on deposit accounts is affected primarily by the volume, growth and mix of deposits we hold and volume of transactions initiated by customers (i.e. wire transfers). These are affected by prevailing market pricing of deposit services, interest rates, our marketing efforts and other factors.

Our income from brokerage, advisory and fiduciary activities consists of brokerage commissions related to our customers' trading volume, fiduciary and investment advisory fees generally based on a percentage of the average value of assets under management and custody ("AUM"), and account administrative services and ancillary fees during the contractual period.

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

Credit card issuance fees are generally recognized over the period in which the cardholders are entitled to use the cards. Interchange fees, other fees and revenue sharing are recognized when earned. Trade finance servicing fees, which primarily include commissions on letters of credit, are generally recognized over the service period on a straight line basis. Card servicing fees have included credit card issuance and credit and debit card interchange and other fees. We revised our card program to continue to serve our card customers, reduce risks and increase the efficiency of a relatively small program. We entered into referral arrangements with recognized U.S.-based card issuers, which permit us to serve our international and domestic customers and earn referral fees and share interchange revenue without exposure to credit risk. We ceased to be a direct card issuer early in 2020.

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

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

Our fee income generated on customer interest rate swaps are reported in other noninterest income.

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

Salaries and employee benefits include compensation (including severance expenses), employee benefits and employer tax expenses for our personnel.

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

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

FDIC deposit and business insurance assessments and premiums include deposit insurance, net of any credits applied against these premiums, corporate liability and other business insurance premiums.

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

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

Other operating expenses include advertising, marketing, community engagement and other operational expenses. Other operating expenses are partially offset by other operating expenses directly related to the origination of loans, which are deferred and amortized over the life of the related loans as adjustments to interest income in accordance with GAAP.

Noninterest expenses generally increase as our business grows and whenever necessary to implement or enhance policies and procedures for regulatory compliance. During the three months ended March 31, 2021 and 2020, we incurred in restructuring expenses of approximately $0.2 million and $0.4 million, respectively, mainly related to digital transformation expenses. Restructuring expenses consist of those 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.

**Primary Factors Used to Evaluate Our Financial Condition**

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

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

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

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

***Liquidity.*** Our deposit base consists primarily of personal and commercial accounts maintained by individuals and businesses in our primary markets and select international core depositors. In recent years, we have increased our fully-insured brokered time deposits under $250,000. In addition, in 2020, the Company began offering interest-bearing deposit products to broker-dealer firms through a third party deposit broker network, including brokered money market and brokered interest bearing demand deposit accounts. However, we remain focused on relationship-driven core deposits. In the first quarter of 2021, we changed our definition of core deposits to better align its presentation with the Company’s internal monitoring and overall liquidity strategy. Under this new definition, core deposits consist of total deposits excluding all time deposits. In prior periods, the Company used the Federal Financial Institutions Examination Council’s (the “FFIEC”) Uniform Bank Performance Report (the “UBPR”) definition of “core deposits”, which exclude brokered time deposits and retail time deposits of more than $250,000. See “Core Deposits” discussion for more details.

We manage liquidity based upon factors that include the amount of core deposit relationships as a percentage of total deposits, the level of diversification of our funding sources, the allocation and amount of our deposits among deposit types, the short-term funding sources used to fund assets, the amount of non-deposit funding used to fund assets, the availability of unused funding sources, off-balance sheet obligations, the amount of cash and liquid securities we hold, the availability of assets readily convertible into cash without undue loss, the characteristics and maturities of our assets when compared to the characteristics of our liabilities and other factors.

**Summary Results**

The summary results for the quarter ended March 31, 2021 include the following (*See* “Selected Financial Information” for an explanation of Non-GAAP Financial Measures):

- Net income of $14.5 million in the first quarter of 2021, up 327.5% from $3.4 million in the first quarter of 2020. Diluted earnings per share was $0.38 in the first quarter of 2021, compared to $0.08 in the first quarter of 2020.

- Net interest income was $47.6 million down 3.4% from $49.2 million in the first quarter of 2020. NIM was 2.66% in the first quarter of 2021, up 1 basis point from 2.65% in the first quarter of 2020.

- There was no provision for loan losses recorded during the first quarter of 2021, compared to a $22.0 million provision recorded in the first quarter of 2020. The ratio of the ALL to total loans was 1.93% as of March 31, 2021, up from 1.29% as of March 31, 2020. The Company had no net charge offs in the first quarter of 2021. The ratio of net charge-offs to average total loans in the first quarter of 2020 was 0.09%.

- Noninterest income was $14.2 million in the first quarter of 2021, down 35.4% from $21.9 million in the first quarter of 2020.

- Noninterest expense was $43.6 million down 2.8% from $44.9 million in the first quarter of 2020. Adjusted noninterest expense (non-GAAP) was $43.4 million in the first quarter of 2021, down 2.5% from $44.5 million in the first quarter of 2020.

- The efficiency ratio was 70.7% in the first quarter of 2021, compared to 63.1% for the first quarter of 2020.

- Total loans were $5.8 billion at March 31, 2021, down $87.5 million, or 1.5%, compared to December 31, 2020. Total deposits were $5.7 billion at March 31, 2021, down $53.6 million, or 0.9%, compared to December 31, 2020.

- Stockholders’ book value per common share remained at $20.70 at March 31, 2021, compared to December 31, 2020. Tangible book value per common share remained flat at $20.13 as of March 31, 2021, compared to December 31, 2020.

**Selected Consolidated Financial Information**

The following table sets forth selected financial information derived from our unaudited interim consolidated financial statements for the three months ended March 31, 2021 and 2020 and as of March 31, 2021 and our audited consolidated financial statements as of December 31, 2020. These unaudited interim consolidated financial statements are not necessarily indicative of our results of operations for the year ending December 31, 2021 or any interim or future period or our financial position at any future date. The selected financial information should be read in conjunction with this Management's Discussion and Analysis of Financial Condition and Results of Operations and our unaudited interim consolidated financial statements and the corresponding notes included in this Form 10-Q.

| *(in thousands)* | March 31, 2021 | December 31, 2020 |
|---|---|---|
| **Consolidated Balance Sheets** | | |
| Total assets | $ 7,751,098 | $ 7,770,893 |
| Total investments | 1,375,292 | 1,372,567 |
| Total gross loans (1) | 5,754,838 | 5,842,337 |
| Allowance for loan losses | 110,940 | 110,902 |
| Total deposits | 5,678,079 | 5,731,643 |
| Advances from the FHLB and other borrowings | 1,050,000 | 1,050,000 |
| Senior notes (2) | 58,656 | 58,577 |
| Junior subordinated debentures | 64,178 | 64,178 |
| Stockholders' equity (3) | 785,014 | 783,421 |
| Assets under management and custody (4) | 2,018,870 | 1,972,321 |

| | Three Months Ended March 31, | |
|---|---|---|
| *(in thousands, except percentages and per share amounts)* | 2021 | 2020 |
| **Consolidated Results of Operations** | | |
| Net interest income | $ 47,569 | $ 49,229 |
| Provision for loan losses | — | 22,000 |
| Noninterest income | 14,163 | 21,910 |
| Noninterest expense | 43,625 | 44,867 |
| Net income | 14,459 | 3,382 |
| Effective income tax rate | 20.15 % | 20.83 % |
| **Common Share Data** | | |
| Stockholders' book value per common share | $ 20.70 | $ 19.95 |
| Tangible stockholders' equity (book value) per common share (Non-GAAP) (5) | $ 20.13 | $ 19.43 |
| Basic earnings per common share | $ 0.38 | $ 0.08 |
| Diluted earnings per common share (6) | $ 0.38 | $ 0.08 |
| Basic weighted average shares outstanding | 37,618 | 42,185 |
| Diluted weighted average shares outstanding (6) | 37,846 | 42,533 |

| (in thousands, except per share amounts and percentages) | Three Months Ended March 31, 2021 | 2020 |
|---|---|---|
| **Other Financial and Operating Data** (7) | | |
| **Profitability Indicators (%)** | | |
| Net interest income / Average total interest earning assets (NIM) (8) | 2.66 % | 2.65 % |
| Net income / Average total assets (ROA) (9) | 0.76 % | 0.17 % |
| Net income / Average stockholders' equity (ROE) (10) | 7.47 % | 1.61 % |
| Noninterest income / Total revenue (11) | 22.94 % | 30.80 % |
| **Capital Indicators (%)** | | |
| Total capital ratio (12) | 14.12 % | 14.54 % |
| Tier 1 capital ratio (13) | 12.87 % | 13.38 % |
| Tier 1 leverage ratio (14) | 10.54 % | 10.82 % |
| Common equity tier 1 capital ratio (CET1) (15) | 11.90 % | 12.42 % |
| Tangible common equity ratio (16) | 9.88 % | 10.14 % |
| **Asset Quality Indicators (%)** | | |
| Non-performing assets / Total assets (17) | 1.16 % | 0.41 % |
| Non-performing loans / Total loans (1) (18) | 1.56 % | 0.59 % |
| Allowance for loan losses / Total non-performing loans | 123.92 % | 218.49 % |
| Allowance for loan losses / Total loans (1) | 1.93 % | 1.29 % |
| Net charge-offs / Average total loans (19) | — % | 0.09 % |
| **Efficiency Indicators (% except FTE)** | | |
| Noninterest expense / Average total assets | 2.28 % | 2.27 % |
| Salaries and employee benefits / Average total assets | 1.38 % | 1.48 % |
| Other operating expenses/ Average total assets (20) | 0.90 % | 0.79 % |
| Efficiency ratio (21) | 70.67 % | 63.07 % |
| Full-Time-Equivalent Employees (FTEs) | 731 | 825 |
| **Adjusted Selected Consolidated Results of Operations and Other Data (Non-GAAP) (5)** | | |
| Pre-provision net revenue | $ 18,107 | $ 26,272 |
| Adjusted noninterest expense | 43,385 | 44,513 |
| Adjusted net income | 14,651 | 3,662 |
| Adjusted basic earnings per common share | 0.39 | 0.09 |
| Adjusted earnings per diluted common share (6) | 0.39 | 0.09 |
| Adjusted net income / Average total assets (Adjusted ROA) (9) | 0.77 % | 0.19 % |
| Adjusted net income / Average stockholders' equity (Adjusted ROE) (10) | 7.57 % | 1.74 % |

(1) Total gross loans are net of unamortized deferred loan origination fees and costs. At March 31, 2021, total loans include $1.0 million in loans held for sale. There were no loans held for sale at December 31, 2020.
(2) During the second quarter of 2020, the Company completed a $60 million offering of senior notes (the“Senior Notes”) with a coupon rate of 5.75%. Senior Notes are presented net of direct issuance cost which is deferred and amortized over 5 years.
(3) On March 10, 2021, the Company's Board of Directors approved a stock repurchase program which provides for the potential repurchase of up to $40 million of shares of the Company's Class B common stock (the "2021 Stock Repurchase Program"). In the first quarter of 2021, the Company repurchased an aggregate of 116,037 shares of Class B common stock at a weighted average price per share of $15.98 under the 2021 Stock Repurchase Program.
(4) Assets held for clients in an agency or fiduciary capacity which are not assets of the Company and therefore are not included in the consolidated financial statements.
(5) This presentation contains adjusted financial information determined by methods other than GAAP. This adjusted financial information is reconciled to GAAP in "Non-GAAP Financial Measures Reconciliation" herein.
(6 ) Potential dilutive instruments consisted of unvested shares of restricted stock and restricted stock units. During the three months ended March 31, 2021 and 2020, potential dilutive instruments 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 in those periods, fewer shares would have been purchased than restricted shares assumed issued. Therefore, in those periods, 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.
(7) Operating data for the periods presented have been annualized.
(8) NIM is defined as net interest income divided by average interest-earning assets, which are loans, securities, deposits with banks and other financial assets which yield interest or similar income.
(9) Calculated based upon the average daily balance of total assets.
(10) Calculated based upon the average daily balance of stockholders' equity.
(11) Total revenue is the result of net interest income before provision for loan losses plus noninterest income.
(12) Total stockholders' equity divided by total risk-weighted assets, calculated according to the standardized regulatory capital ratio calculations.
(13) Tier 1 capital divided by total risk-weighted assets.Tier 1 capital is composed of Common Equity Tier 1 (CET1) capital plus outstanding qualifying trust preferred securities of $62.3 million as of March 31, 2021 and 2020.
(14) Tier 1 capital divided by quarter to date average assets.
(15) CET1 capital divided by total risk-weighted assets.
(16) 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.
(17) 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.
(18) Non-performing loans include all accruing loans 90 days or more past due, all nonaccrual loans and restructured loans that are considered TDRs.
(19) Calculated based upon the average daily balance of outstanding loan principal balance net of unamortized deferred loan origination fees and costs, excluding the allowance for loan losses. During the first quarter of 2021, there were no net charge offs.
(20) Other operating expenses is the result of total noninterest expense less salary and employee benefits.
(21) Efficiency ratio is the result of noninterest expense divided by the sum of noninterest income and net interest income.

**Non-GAAP Financial Measures Reconciliation**

Certain financial measures and ratios contained in this Form 10-Q, including “pre-provision net revenue (PPNR) ”, “adjusted noninterest expense”, “adjusted net income”, “adjusted earnings per share (basic and diluted)”, “adjusted return on assets (ROA)”, “adjusted return on equity (ROE)”, and other ratios appearing in the tables below are supplemental measures that are not required by, or are not presented in accordance with GAAP. The Company refers to these financial measures and ratios as “Non-GAAP financial measures.” The Company’s non-GAAP financial measures are derived from the Company’s interim unaudited consolidated financial statements, adjusted for certain costs incurred by the Company in the periods presented related to tax deductible restructuring costs.

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 connection with the Company’s restructuring activities that began in 2018 and continued into 2021. 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.

The following table sets forth the Company’s Non-GAAP financial measures.

| | Three Months Ended March 31, | |
|---|---|---|
| *(in thousands)* | **2021** | **2020** |
| Total noninterest expenses | $ 43,625 | $ 44,867 |
| Less: restructuring costs (1): | | |
| Staff reduction costs | 6 | 54 |
| Digital transformation expenses | 234 | 300 |
| Total restructuring costs | 240 | 354 |
| **Adjusted noninterest expenses** | $ 43,385 | $ 44,513 |
| Net income | $ 14,459 | $ 3,382 |
| Plus after-tax restructuring costs: | | |
| Restructuring costs before income tax effect | 240 | 354 |
| Income tax effect | (48) | (74) |
| Total after-tax restructuring costs | 192 | 280 |
| **Adjusted net income** | $ 14,651 | $ 3,662 |
| | | |
| Net income | $ 14,459 | $ 3,382 |
| Plus: provision for loan losses | — | 22,000 |
| Plus: income tax expense | 3,648 | 890 |
| **Pre-provision net revenue** | $ 18,107 | $ 26,272 |

| (in thousands, except per share amounts and percentages) | Three Months Ended March 31, 2021 | 2020 |
|---|---|---|
| Basic earnings per share | $ 0.38 | $ 0.08 |
| Plus: after tax impact of restructuring costs | 0.01 | 0.01 |
| **Total adjusted basic earnings per common share** | $ 0.39 | $ 0.09 |
| | | |
| Diluted earnings per share (2) | $ 0.38 | $ 0.08 |
| Plus: after tax impact of restructuring costs | 0.01 | 0.01 |
| **Total adjusted diluted earnings per common share** | $ 0.39 | $ 0.09 |
| | | |
| Net income / Average total assets (ROA) | 0.76 % | 0.17 % |
| Plus: after tax impact of restructuring costs | 0.01 % | 0.02 % |
| **Adjusted net income / Average total assets (Adjusted ROA)** | 0.77 % | 0.19 % |
| | | |
| Net income / Average stockholders' equity (ROE) | 7.47 % | 1.61 % |
| Plus: after tax impact of restructuring costs | 0.10 % | 0.13 % |
| **Adjusted net income / Average stockholders' equity (Adjusted ROE)** | 7.57 % | 1.74 % |
| | | |
| Stockholders' equity | $ 785,014 | $ 841,117 |
| Less: goodwill and other intangibles | (21,515) | (21,698) |
| Tangible common stockholders' equity | $ 763,499 | $ 819,419 |
| Total assets | $ 7,751,098 | $ 8,098,810 |
| Less: goodwill and other intangibles | (21,515) | (21,698) |
| Tangible assets | $ 7,729,583 | $ 8,077,112 |
| Common shares outstanding | 37,922 | 42,166 |
| **Tangible common equity ratio** | 9.88 % | 10.14 % |
| **Stockholders' book value per common share** | $ 20.70 | $ 19.95 |
| **Tangible stockholders' book value per common share** | $ 20.13 | $ 19.43 |

(1) Expenses incurred for actions designed to implement the Company's strategy as a new independent company. These actions include, but are not limited to 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) Potential dilutive instruments consisted of unvested shares of restricted stock and restricted stock units. During the three months ended March 31, 2021 and 2020, potential dilutive instruments 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 in those periods, fewer shares would have been purchased than restricted shares assumed issued. Therefore, in those periods, 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.

**Results of Operations - Comparison of Results of Operations for the Three Months Ended March 31, 2021 and 2020**

***Net income***

The table below sets forth certain results of operations data for the three month periods ended March 31, 2021 and 2020:

| *(in thousands, except per share amounts and percentages)* | Three Months Ended March 31, 2021 | Three Months Ended March 31, 2020 | Change 2021 vs 2020 | |
|---|---|---|---|---|
| Net interest income | $ 47,569 | $ 49,229 | $ (1,660) | (3.4)% |
| Provision for loan losses | — | 22,000 | (22,000) | N/M |
| Net interest income after provision for loan losses | 47,569 | 27,229 | 20,340 | 74.7 % |
| Noninterest income | 14,163 | 21,910 | (7,747) | (35.4)% |
| Noninterest expense | 43,625 | 44,867 | (1,242) | (2.8)% |
| Income before income tax expense | 18,107 | 4,272 | 13,835 | 323.9 % |
| Income tax expense | (3,648) | (890) | (2,758) | 309.9 % |
| Net income | $ 14,459 | $ 3,382 | $ 11,077 | 327.5 % |
| Basic earnings per common share | $ 0.38 | $ 0.08 | $ 0.30 | 375.0 % |
| Diluted earnings per common share (1) | $ 0.38 | $ 0.08 | $ 0.30 | 375.0 % |

_______________
(1) Potential dilutive instruments consisted of unvested shares of restricted stock and restricted stock units. *See* Note 18 to our unaudited interim financial statements in this Form 10-Q for details on the dilutive effects of the issuance of restricted stock and restricted stock units on earnings per share for the three and three month periods ended March 31, 2021 and 2020.
N/M Means not meaningful

Three Months Ended March 31, 2021 and 2020

In the first quarter of 2021, we reported net income of $14.5 million, or $0.38 earnings per diluted share, compared to net income of $3.4 million, or $0.08 earnings per diluted share, in the same quarter of 2020. The increase of $11.1 million, or 327.5%, in net income was mainly the result of: (i) the absence of the $22.0 million provision for loan losses recorded in the first quarter of 2020, and (ii) lower noninterest expenses. This was partially offset by lower net interest income and lower noninterest income.

Net interest income was $47.6 million in the three months ended March 31, 2021, a decrease of $1.7 million, or 3.4%, from $49.2 million in the three months ended March 31, 2020. This was mainly due to lower average yields on interest-earning assets and the interest expense associated with Senior Notes issued in the second quarter of 2020. These results were partially offset by lower average rates paid on total interest bearing liabilities, mainly driven by: (i) lower costs of deposits and FHLB advances in the first quarter of 2021 compared to the same quarter of 2020, and (ii) the redemption of trust preferred securities in the first quarter of 2020.

Noninterest income was $14.2 million in the three months ended March 31, 2021, a decrease of $7.7 million, or 35.4%, compared to $21.9 million in the three months ended March 31, 2020. This was mainly due to a $7.0 million decrease in net gains on securities, lower other noninterest income and lower deposit and service fees. The decrease in noninterest income was partially offset by higher brokerage, advisory and fiduciary fees in the first quarter of 2021 compared to the same quarter in 2020.

Noninterest expense was $43.6 million in the three months ended March 31, 2021, a decrease of $1.2 million, or 2.8%, from $44.9 million in the three months ended March 31, 2020. This decrease was primarily driven by lower salaries and employee benefits and lower other operating expenses. These decreases were partially offset by higher professional and other services fees, occupancy and equipment costs and FDIC assessments and insurance expenses in the first quarter of 2021 compared to the same period last year.

In the three months ended March 31, 2021 and 2020, noninterest expense included $0.2 million and $0.4 million, respectively, in restructuring costs, consisting primarily of digital transformation expenses and staff reduction costs. The Company did not implement any staffing changes in the three months ended March 31, 2021 related to the COVID-19 pandemic.

Adjusted net income for the three months ended March 31, 2021 was $14.7 million compared to an adjusted net income of $3.7 million in the three months ended March 31, 2020. Adjusted net income excludes restructuring costs of $0.2 million and $0.4 million in the three months ended March 31, 2021 and 2020 respectively. Pre-provision net revenue (“PPNR”) was $18.1 million in the three months ended March 31, 2021 compared to$26.3 million in the three months ended March 31, 2020. See “Non-GAAP Financial Measures Reconciliation” for a reconciliation of these non-GAAP financial measures to their U.S. GAAP counterparts.

***Net interest income***

<u>Three Months Ended March 31, 2021 and 2020</u>

In the three months ended March 31, 2021, we earned $47.6 million of net interest income, a decline of $1.7 million, or 3.4%, from $49.2 million in the same period of 2020. The decrease in net interest income was primarily driven by: (i) a 46 basis point decline in the average yield on total interest-earning assets, and (ii) the addition of interest expense in the first quarter of 2021 associated with Senior Notes issued in the second quarter of 2020. These results were partially offset by a decrease of 55 basis points in average rates paid on total interest bearing liabilities, mainly driven by: (i) lower costs of deposits; (ii) FHLB advances, and (iii) the redemption of trust preferred securities in the first quarter of 2020. In addition, there was a decline in the average balance of total interest bearing liabilities. Net interest margin was 2.66% in the three months ended March 31, 2021, an increase of 1 basis point from 2.65% in the three months ended March 31, 2020. See discussions further below for more information on the issuance of Senior Notes in the second quarter of 2020 and the redemption of trust preferred securities in the first quarter of 2020.

During the first quarter of 2021, the Company continued to focus on offsetting ongoing NIM pressure by (i) strategically repricing customer time and relationship money market deposits at lower rates; (ii) implementing floor rates in the loan portfolio; and (iii) evaluating additional interest-earning opportunities in higher-yielding lending programs.

*Interest Income.* Total interest income was $60.3 million in the three months ended March 31, 2021, compared to $71.3 million for the same period of 2020. The $11.0 million, or 15.4%, decline in total interest income was primarily due to a decline in yields of total interest-earning assets. In addition, there was a 2.9% decline in the average of total interest earning assets, mainly debt securities available for sale. This decline in the average balance of total interest earning assets was partially offset by an increase of $104.9 million, or 1.9%, in the average balance of loans. *See* "—Average Balance Sheet, Interest and Yield/Rate Analysis" for detailed information.

Interest income on loans in the three months ended March 31, 2021 was $52.8 million, a decrease $7.0 million, or 11.7%, compared to $59.8 million for the comparable period of 2020. This decrease was primarily due to a 54 basis point decline in average yields. This was partially offset by an increase of $104.9 million, 1.9%, in the average balance of loans in the first quarter of 2021 over the same period in 2020, mainly attributable to: (i) the PPP loans primarily originated in the second quarter of 2020 and first quarter of 2021 and (ii) higher-yielding consumer loans purchased throughout 2020 and in the first quarter of 2021. *See* "—Average Balance Sheet, Interest and Yield/Rate Analysis" for detailed information.

Interest income on the debt securities available for sale was $6.5 million in the first quarter of 2021, a decrease of $3.0 million, or 31.6%, compared to $9.5 million in the same period of 2020. This was mainly due to a decrease of $341.7 million, or 22.1%, in the average balance and a 29 basis point decline in average yields. As of March 31, 2021, corporate debt securities comprised 29.0% of the available-for-sale portfolio, up from 20.6% at March 31, 2020. We continue with our strategy to insulate the investment portfolio from prepayment risk. As of March 31, 2021, floating rate investments represent only 13.9% of our investment portfolio and recomposition towards high duration, and natural extension of the mortgage portfolio, has increased the overall duration to 3.4 years at March 31, 2021 from 3.0 years at March 31, 2020.

*Interest Expense.* Interest expense on total interest-bearing liabilities was $12.8 million in the three months ended March 31, 2021, a decrease of $9.3 million, or 42.2%, compared to $22.1 million in the same period of 2020. This was primarily due to: (i) lower cost of deposits; (ii) lower cost of FHLB advances, and (iii) lower interest expense due to the redemption of trust preferred securities in the first quarter of 2020. In addition, there was a decrease of 5.1% in the average balance of total interest bearing liabilities, mainly time deposits. These results were partially offset by the interest expense associated with Senior Notes issued in the second quarter of 2020.

Interest expense on deposits was $8.5 million in the three months ended March 31, 2021, a decrease of $8.4 million, or 49.9%, compared to $16.9 million for the same period of 2020. This was primarily due to a 64 basis point decline in the average rates paid on deposits. In addition, there was a decline of 4.4% in the average balance of total interest bearing deposits, mainly lower average balance of time deposits partially offset by higher average balance of total interest bearing checking and savings accounts. Average total time deposits decreased by $504.5 million, or 20.5%, including declines of $366.3 million and $139.2 million, in customer certificate of deposits ("CDs") and brokered deposits, respectively. The decline in customer CDs reflects the Company's continued efforts to aggressively lower CD rates and focus on increasing core deposits and emphasizing multiproduct relationships versus single product higher-cost CDs. As of March 31, 2021, the Company had $460.2 million of time deposits maturing in the second quarter of 2021. This is expected to decrease the average cost of CDs by approximately 40bps and the overall cost of deposits by 10bps. Average total interest bearing checking and savings account balances increased by $282.4 million, or 11.2%, in the first quarter of 2021 compared to the same period in 2020, mainly driven by: (i) an increase of $105.8 million in third-party interest-bearing domestic brokered deposits; (ii) higher average domestic personal accounts, and (iii) an increase of $59.7 million, or 3.0%, in the average balance of international accounts, including an increase of $60.4 million, or 3.7%, in personal accounts partially offset by a decrease of $0.7 million, or 0.2%, in commercial accounts.

Interest expense on FHLB advances decreased by $1.7 million, or 37.5%, in the three months ended March 31, 2021 compared to the same period of 2020, mainly as a result of a decrease of 41 basis points in the average rate paid on these borrowings. This reduction in rates, includes the effect of the $420 million in FHLB advances restructuring completed in April 2020. In addition, there was a decline of $145.7 million, or 12.2%, in the average balance outstanding of FHLB advances in the three months ended March 31, 2021 compared to the same period in 2020.

Interest expense on junior subordinated debentures decreased $0.2 million, or 23.1%, in the three months ended March 31, 2021 compared to the same period last year, mainly driven by a decline of $8.9 million, or 12.2%, in the average balance outstanding. This decline in the average balance resulted from the redemption of $26.8 million of trust preferred securities (fixed interest rate - 8.90%) issued by the Commercebank Capital Trust I ("Capital Trust I") and related subordinated debt.

During the second quarter of 2020, we completed a $60.0 million offering of Senior Notes with a fixed-rate coupon of 5.75%. In the first quarter of 2021, interest expense on these Senior notes totaled $0.9 million. We had no interest expense on Senior Notes during the first quarter of 2020. *See* "—Capital Resources and Liquidity Management" for detailed information.

**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 three months ended March 31, 2021 and 2020. The average balances for loans include both performing and non-performing balances. Interest income on loans includes the effects of discount accretion and the amortization of non-refundable loan origination fees, net of direct loan origination costs, accounted for as yield adjustments. Average balances represent the daily average balances for the periods presented.

| | Three Months Ended March 31, | | | | | |
|---|---|---|---|---|---|---|
| | 2021 | | | 2020 | | |
| *(in thousands, except percentages)* | Average Balances | Income/ Expense | Yield/ Rates | Average Balances | Income/ Expense | Yield/ Rates |
| **Interest-earning assets:** | | | | | | |
| Loan portfolio, net (1) | $ 5,678,547 | $ 52,771 | 3.77 % | $ 5,573,627 | $ 59,788 | 4.31 % |
| Debt securities available for sale (2) | 1,207,764 | 6,495 | 2.18 % | 1,549,502 | 9,497 | 2.47 % |
| Debt securities held to maturity (3) | 67,729 | 302 | 1.81 % | 72,472 | 400 | 2.22 % |
| Debt securities held for trading | 104 | 1 | 3.90 % | — | — | — % |
| Equity securities with readily determinable fair value not held for trading | 24,225 | 84 | 1.41 % | 24,052 | 131 | 2.19 % |
| Federal Reserve Bank and FHLB stock | 63,781 | 625 | 3.97 % | 71,192 | 1,037 | 5.86 % |
| Deposits with banks | 205,355 | 51 | 0.10 % | 171,848 | 462 | 1.08 % |
| **Total interest-earning assets** | 7,247,505 | 60,329 | 3.38 % | 7,462,693 | 71,315 | 3.84 % |
| **Total non-interest-earning assets less allowance for loan losses** | 498,754 | | | 488,651 | | |
| Total assets | $ 7,746,259 | | | $ 7,951,344 | | |

| | Three Months Ended March 31, | | | | | |
|---|---|---|---|---|---|---|
| | 2021 | | | 2020 | | |
| *(in thousands, except percentages)* | **Average Balances** | **Income/ Expense** | **Yield/ Rates** | **Average Balances** | **Income/ Expense** | **Yield/ Rates** |
| **Interest-bearing liabilities:** | | | | | | |
| Checking and saving accounts - | | | | | | |
| Interest bearing DDA | $ 1,258,301 | $ 113 | 0.04 % | $ 1,071,558 | $ 135 | 0.05 % |
| Money market | 1,236,026 | 966 | 0.32 % | 1,136,501 | 3,249 | 1.15 % |
| Savings | 318,800 | 14 | 0.02 % | 322,682 | 17 | 0.02 % |
| Total checking and saving accounts | 2,813,127 | 1,093 | 0.16 % | 2,530,741 | 3,401 | 0.54 % |
| Time deposits | 1,956,559 | 7,360 | 1.53 % | 2,461,073 | 13,484 | 2.20 % |
| Total deposits | 4,769,686 | 8,453 | 0.72 % | 4,991,814 | 16,885 | 1.36 % |
| Advances from the FHLB and other borrowings (4) | 1,050,000 | 2,758 | 1.07 % | 1,195,714 | 4,412 | 1.48 % |
| Senior notes | 58,618 | 942 | 6.52 % | — | — | — % |
| Junior subordinated debentures | 64,178 | 607 | 3.84 % | 73,123 | 789 | 4.34 % |
| **Total interest-bearing liabilities** | 5,942,482 | 12,760 | 0.87 % | 6,260,651 | 22,086 | 1.42 % |
| Non-interest-bearing liabilities: | | | | | | |
| Non-interest bearing demand deposits | 925,266 | | | 757,599 | | |
| Accounts payable, accrued liabilities and other liabilities | 93,450 | | | 88,894 | | |
| Total non-interest-bearing liabilities | 1,018,716 | | | 846,493 | | |
| Total liabilities | 6,961,198 | | | 7,107,144 | | |
| Stockholders' equity | 785,061 | | | 844,200 | | |
| Total liabilities and stockholders' equity | $ 7,746,259 | | | $ 7,951,344 | | |
| Excess of average interest-earning assets over average interest-bearing liabilities | $ 1,305,023 | | | $ 1,202,042 | | |
| **Net interest income** | | $ 47,569 | | | $ 49,229 | |
| Net interest rate spread | | | 2.51 % | | | 2.42 % |
| Net interest margin (5) | | | 2.66 % | | | 2.65 % |
| Cost of total deposits (6) | | | 0.60 % | | | 1.18 % |
| Ratio of average interest-earning assets to average interest-bearing liabilities | 121.96 % | | | 119.20 % | | |
| Average non-performing loans/ Average total loans | 1.54 % | | | 0.58 % | | |

(1) Average non-performing loans of $89.2 million and $32.8 million for the three months ended March 31, 2021 and 2020, respectively, are included in the average loan portfolio, net. Interest income that would have been recognized on these non-performing loans totaled $0.8 million and $0.4 million in the three months ended March 31, 2021 and 2020, respectively.

(2) Includes nontaxable securities with average balances of $54.7 million and $49.4 million for the three months ended March 31, 2021 and 2020, respectively. The tax equivalent yield for these nontaxable securities for the three months ended March 31, 2021 and 2020 was 3.80% and 3.88%, respectively. In 2021 and 2020, 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 $56.6 million and $72.5 million for the three months ended March 31, 2021 and 2020, respectively. The tax equivalent yield for these nontaxable securities for the three months ended March 31, 2021 and 2020 was 2.40% and 2.81%, respectively. In 2021 and 2020, the tax equivalent yields were calculated by 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, deposits with banks and other financial assets which yield interest or similar income.

(6) Calculated based upon the average balance of total noninterest bearing and interest bearing deposits.

***Analysis of the Allowance for Loan Losses***

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

| | Three Months Ended March 31, | | | |
|---|---|---|---|---|
| | 2021 | | 2020 | |
| *(in thousands)* | | | | |
| Balance at the beginning of the period | $ | 110,902 | $ | 52,223 |
| **Charge-offs** | | | | |
| **Domestic Loans:** | | | | |
| Real estate loans | | | | |
| Owner occupied | | — | | (27) |
| Commercial | | (235) | | (1,074) |
| Consumer and others | | (431) | | (222) |
| | | (666) | | (1,323) |
| **International Loans (1):** | | | | |
| Commercial | | — | | (34) |
| Consumer and others | | — | | (251) |
| | | — | | (285) |
| **Total Charge-offs** | $ | (666) | $ | (1,608) |
| **Recoveries** | | | | |
| **Domestic Loans:** | | | | |
| Real estate loans | | | | |
| Single-family residential | | 26 | | 30 |
| Commercial | | 447 | | 61 |
| Consumer and others | | 44 | | 17 |
| | | 517 | | 108 |
| **International Loans (1):** | | | | |
| Commercial | | 158 | | 124 |
| Consumer and others | | 29 | | 101 |
| | | 187 | | 225 |
| **Total Recoveries** | $ | 704 | $ | 333 |
| Net recoveries (charge-offs) | | 38 | | (1,275) |
| Provision for loan losses | | — | | 22,000 |
| **Balance at the end of the period** | $ | 110,940 | $ | 72,948 |

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

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

| | Three Months Ended March 31, | |
|---|---|---|
| | 2021 | 2020 |
| *(in thousands)* | | |
| Venezuela | $ — | $ 231 |
| Other countries | — | 20 |
| **Total charge offs** | **$ —** | **$ 251** |

Three Months Ended March 31, 2021 and 2020

During the three months ended March 31, 2021, charge-offs decreased $0.9 million, or 58.6%, compared to the same period of the prior year. During the first quarter of 2021, the Company had no net charge-offs, compared to an aggregate of $1.1 million in charge-offs related to 4 commercial loans in the first quarter of 2020. The ratio of net charge-offs over the average total loan portfolio was 0.09% in the first quarter in 2020.

The Company recorded no provision for loan losses during the first quarter of 2021, compared to a provision of loan losses of $22.0 million recorded in the first quarter of 2020. This was primarily due to the decrease in reserves associated with the COVID-19 pandemic, as a result of improving economic conditions, and lower loan portfolio volumes, offset by downgrades primarily in certain commercial, owner-occupied and residential loans during the period. The ALL associated with the COVID-19 pandemic decreased to $10.5 million as of March 31, 2021 from $19.8 million in the first quarter of 2020 at the onset of the COVID-19 pandemic.

As of March 31, 2021, the loan relationship with a Miami-based U.S. coffee trader ("Coffee Trader") had an outstanding balance of approximately $19.6 million, net of a $19.3 million charge off recorded in the third quarter of 2020, unchanged from December 31, 2020. As of March 31, 2021 the Company had a specific loan loss reserve of $12.3 million ($12.2 million as of December 31, 2020) on this relationship. We continue to closely monitor the liquidation process and, as more information becomes available, management may decide to adjust the loan loss reserve for this indebtedness. See "Item 7. Management's Discussion and Analysis Of Financial Condition And Results Of Operations" included in the 2020 Form 10-K for more details on the loan relationship with the Coffee Trader.

While it is difficult to estimate the extent of the impact of the COVID-19 pandemic on the Company's credit quality, we continue to proactively and carefully monitor the Company's credit quality practices, including examining and responding to patterns or trends that may arise across certain industries or regions. Importantly, while the Company continues to offer customized temporary loan payment relief options, including interest-only payments and forbearance options, which are not considered TDRs, it will continue to assess its willingness to offer such programs over time.

***Noninterest Income***

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

| | Three Months Ended March 31, | | | | Change | |
|---|---|---|---|---|---|---|
| | 2021 | | 2020 | | 2021 vs 2020 | |
| *(in thousands, except percentages)* | Amount | % | Amount | % | Amount | % |
| Deposits and service fees | $ 4,106 | 29.0 % | $ 4,290 | 19.6 % | $ (184) | (4.3)% |
| Brokerage, advisory and fiduciary activities | 4,603 | 32.5 % | 4,133 | 18.9 % | 470 | 11.4 % |
| Change in cash surrender value of bank owned life insurance ("BOLI")(1) | 1,356 | 9.6 % | 1,414 | 6.5 % | (58) | (4.1)% |
| Securities gains, net (2) | 2,582 | 18.2 % | 9,620 | 43.9 % | (7,038) | (73.2)% |
| Cards and trade finance servicing fees | 339 | 2.4 % | 395 | 1.8 % | (56) | (14.2)% |
| Loss on early extinguishment of FHLB advances, net | — | — % | (7) | — % | 7 | N/M |
| Other noninterest income (3) | 1,177 | 8.3 % | 2,065 | 9.3 % | (888) | (43.0)% |
| **Total noninterest income** | $ 14,163 | 100.0 % | $ 21,910 | 100.0 % | $ (7,747) | (35.4)% |

(1) Changes in cash surrender value of BOLI are not taxable.
(2) Includes net gain on sale of debt securities of $2.9 million and $9.2 million during the three months ended March 31, 2021 and 2020, respectively, and unrealized losses of $0.4 million and unrealized gain of $0.4 million during the three months ended March 31, 2021 and 2020, respectively, related to the change in market value of mutual funds.
(3) Includes income from derivative transactions with customers totaling $0.2 million and $0.9 million in the three months ended March 31, 2021 and 2020, respectively. Other sources of income in the periods shown consist of rental income, income from foreign currency exchange transactions with customers and valuation income on the investment balances held in the non-qualified deferred compensation plan.
N/M Means not meaningful

Three Months Ended March 31, 2021 and 2020

Total noninterest income decreased $7.7 million, or 35.4%, in the first quarter of 2021 compared to the same quarter last year, mainly due to a $7.0 million decrease in net gains on securities and lower other noninterest income The decrease in noninterest income was partially offset by higher brokerage, advisory and fiduciary fees in the first quarter of 2021 compared to the same quarter in 2020.

Other noninterest income decreased $0.9 million, or 43.0%, in the first quarter of 2021 compared to the same period last year, mainly due to a decrease of $0.7 million, or 75.0%, in income from derivative transactions with customers.

Brokerage, advisory and fiduciary activities increased $0.5 million or 11.4%, in the three months ended March 31, 2021 compared to the same period last year. This was primarily due to higher volume of customer trading activity following increased market volatility and advisory services executed during the first quarter of 2021.

Our AUMs totaled $2.02 billion at March 31, 2021, an increase of $46.5 million, or 2.4%, from $1.97 billion at December 31, 2020, primarily driven by increased market value. Net new assets in the first quarter of 2021 represent $4.1 million, or 0.2%, compared to December 31, 2020, driven by continued execution of the Company's client-focused and relationship-centric strategy. Amerant remains focused on growing AUMs, both domestically and internationally, in efforts to further build up the franchise and strengthen the Company's fee-driven business.

***Noninterest Expense***

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

| | Three Months Ended March 31, | | | | Change | |
|---|---|---|---|---|---|---|
| | 2021 | | 2020 | | 2021 vs 2020 | |
| | Amount | % | Amount | % | Amount | % |
| *(in thousands, except percentages)* | | | | | | |
| Salaries and employee benefits (1) | $ 26,427 | 60.6 % | $ 29,326 | 65.4 % | $ (2,899) | (9.9)% |
| Occupancy and equipment | 4,488 | 10.3 % | 3,803 | 8.5 % | 685 | 18.0 % |
| Professional and other services fees (2) | 3,784 | 8.7 % | 2,954 | 6.6 % | 830 | 28.1 % |
| Telecommunications and data processing | 3,727 | 8.5 % | 3,464 | 7.7 % | 263 | 7.6 % |
| Depreciation and amortization | 1,786 | 4.1 % | 1,959 | 4.4 % | (173) | (8.8)% |
| FDIC assessments and insurance | 1,755 | 4.0 % | 1,118 | 2.5 % | 637 | 57.0 % |
| Other operating expenses (3) | 1,658 | 3.8 % | 2,243 | 4.9 % | (585) | (26.1)% |
| **Total noninterest expenses** | $ 43,625 | 100.0 % | $ 44,867 | 100.0 % | $ (1,242) | (2.8)% |

(1) Includes $0.5 million in connection with a Long Term Incentive Compensation Program adopted in the first quarter of 2021.
(2) Other service fees include expense on derivative contracts.
(3) Includes advertising, marketing, charitable contributions, community engagement, postage and courier expenses, provisions for possible losses on contingent loans, and debits which mirror the valuation income on the investment balances held in the non-qualified deferred compensation plan in order to adjust our liability to participants of the deferred compensation plan.

Three Months Ended March 31, 2021 and 2020

Noninterest expense decreased $1.2 million, or 2.8%, in the three months ended March 31, 2021 compared to the same period in 2020, primarily driven by lower salaries and employee benefits and lower other operating expenses. These decreases were partially offset by higher professional and other services fees, occupancy and equipment costs and FDIC assessments and insurance expenses in the first quarter of 2021, compared to the same period last year.

Salaries and employee benefits decreased $2.9 million, or 9.9%, in the first quarter of 2021 compared to the same period one year ago, mainly as a result of the company's ongoing transformation and efficiency improvement efforts. The decrease in salaries and employee benefits was partially offset by an increase of $0.8 million in bonus compensation in the first quarter of 2021 compared to the same period in 2020 resulting from: (i) adjustments to the Company's variable compensation programs, at expected performance levels, after having curtailed them during 2020 in response to the COVID-19 pandemic, and (ii) the adoption of a new long-term equity incentive compensation program in the first quarter of 2021.

Other operating expenses decreased $0.6 million, or 26.1%, in the three months ended March 31, 2021 compared to the same period last year, mainly due to lower marketing expenses and other expenses.

Professional and other services fees increased $0.8 million, or 28.1%, in the first quarter of 2021 compared to the same period one year ago. This increase was mainly driven by: (i) higher consulting fees, primarily in connection with the design of the Company's new compensation programs, and fees in connection with renegotiation of certain contracts with vendors, and (ii) higher other professional fees.

Occupancy and equipment costs increased $0.7 million, or 18.0%, in the three months ended March 31, 2021 compared to the same period last year, mainly driven by the additional rent expense associated with the Beacon Operations Center. The Company sold its Beacon Operations Center in the fourth quarter of 2020. Following the sale of the Beacon Operations Center, the Company leased-back the property for a two-year term. In the first quarter of 2021, the rent expense linked to the Beacon Operations Center was partially offset by the absence of $0.2 million of depreciation expense recorded in the same period last year, when we still owned the property. This depreciation expense of $0.2 million is included as part of "Depreciation and amortization" in the table above.

FDIC assessments and insurance expenses increased $0.6 million, or 57.0%, in the first quarter of 2021 compared to the same period last year, mainly due to the absence of credits received in the first quarter of 2020.

Adjusted noninterest expense totaled $43.4 million in the first quarter of 2021, a decrease of $1.1 million, or 2.5%, from $44.5 million in the first quarter of 2020. Restructuring expenses totaled $0.2 million in the first quarter of 2021, a decrease of $0.1 million, or 32.2%, compared to $0.4 million in the first quarter of 2020, due to lower severance and digital transformation expenses.

We remain dedicated to finding new ways to increase efficiencies across the Company while simultaneously providing an enhanced banking experience for customers. As part of these continued efforts, the Company completed the full rollout of nCino for commercial use in the first quarter of 2021, a significant milestone in the Company's digital transformation. The Company expects to complete the rollout of nCino for Retail use in the second half of 2021. *See "*Item 7. Management's Discussion and Analysis Of Financial Condition And Results Of Operations" included in the 2020 Form 10-K for more details.

***Income Taxes***

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

| | Three Months Ended March 31, | | Change | |
|---|---|---|---|---|
| | **2021** | **2020** | **2021 vs 2020** | |
| *(in thousands, except effective tax rates and percentages)* | | | | |
| Income tax expense | $ 3,648 | $ 890 | $2,758 | 309.89 % |
| Effective income tax rate | 20.15 % | 20.83 % | (0.68)% | (3.26)% |

In the first quarter of 2021, income tax expense increased to $3.6 million from $0.9 million compared to the first quarter of 2020, mainly driven by higher income before income taxes in the first quarter of 2021. As of March 31, 2021, the Company's net deferred tax assets were $15.6 million, an increase of $3.9 million, or 33.5%, compared to $11.7 million as of December 31, 2020. This increase was mainly driven by a decrease of $15.5 million in net unrealized holding gains on available for sale securities during the first quarter of 2021.

**Financial Condition - Comparison of Financial Condition as of March 31, 2021 and December 31, 2020**

***Assets.*** Total assets were flat at $7.8 billion as of March 31, 2021 compared to December 31, 2020. In the first quarter of 2021, cash and cash equivalents and other assets increased $19.1 million, or 8.9%, and $41.6 million, or 44.3%, respectively. The $41.6 million, or 44.3%, increase in other assets was mainly driven by the adoption of the new accounting guidance on leases.This increase was partially offset by a decrease of $88.6 million, or 1.5% in total loans held for investment net of the allowance for loan losses. *See* "—Average Balance Sheet, Interest and Yield/Rate Analysis" for detailed information, including changes in the composition of our interest-earning assets, and Note 1 to our unaudited interim financial statements in this Form 10-Q for more details on the new guidance on leases.

***Cash and Cash Equivalents.*** Cash and cash equivalents increased to $233.5 million at March 31, 2021 from $214.4 million at December 31, 2020. The increase of $19.1 million or 8.9%, was mainly attributable to higher balances at the Federal Reserve.

Cash flows provided by operating activities was $7.0 million in the three months ended March 31, 2021, mainly driven by the net income of $14.5 million recorded during the period.

Net cash provided by investing activities was $67.5 million during the three months ended March 31, 2021, mainly driven by: (i) maturities, sales, calls and paydowns of securities available for sale and FHLB stock totaling $115.1 million and $8.5 million, respectively, and (ii) a net decrease in loans of $86.4 million. These proceeds were partially offset by purchases of available for sale and held to maturity securities totaling $96.2 million and $50.3 million, respectively.

In the three months ended March 31, 2021, net cash used in financing activities was $55.4 million. These activities included: (i) a $159.4 million decrease in time deposits and (ii) the $1.9 million repurchase of shares of Class B common stock in the first quarter of 2021, under the 2021 Stock Repurchase Program. These disbursements were partially offset by a $105.9 million net increase in total demand, savings and money market deposit balances. *See* "—Capital Resources and Liquidity Management" for more information on the Senior Notes.

**Loans**

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

| *(in thousands, except percentages)* | | March 31, 2021 | | December 31, 2020 |
|---|---|---|---|---|
| Total loans, gross (1) | $ | 5,753,794 | $ | 5,842,337 |
| Total loans, gross / total assets | | 74.2 % | | 75.2 % |
| Allowance for loan losses | $ | 110,940 | $ | 110,902 |
| Allowance for loan losses / total loans, gross (1) (2) | | 1.93 % | | 1.9 % |
| Total loans, net (3) | $ | 5,642,854 | $ | 5,731,435 |
| Total loans, net / total assets | | 72.8 % | | 73.8 % |

———————

(1) Total loans, gross are outstanding loan principal balance net of unamortized deferred nonrefundable loan origination fees and loan origination costs, excluding the allowance for loan losses. At March 31, 2021, the Company had $1.0 million in loans held for sale. There were no loans held for sale at December 31, 2020.

(2) *See* Note 5 of our audited consolidated financial statements in the Form 10-K for the year ended December 31, 2020 and Note 5 of these unaudited interim consolidated financial statements for more details on our impairment models.

(3) Total loans, net are outstanding loan principal balance net of unamortized deferred nonrefundable loan origination fees and loan origination costs, net of the allowance for loan losses.

The composition of our CRE loan portfolio by industry segment at March 31, 2021 and December 31, 2020 is depicted in the following table:

| *(in thousands)* | **March 31, 2021** | **December 31, 2020** |
|---|---|---|
| Retail (1) | $ 1,064,988 | $ 1,097,329 |
| Multifamily | 722,783 | 737,696 |
| Office space | 368,014 | 390,295 |
| Land and construction | 351,502 | 349,800 |
| Hospitality | 191,197 | 191,750 |
| Industrial and warehouse | 89,768 | 70,465 |
| | $ 2,788,252 | $ 2,837,335 |

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

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

| *(in thousands)* | March 31, 2021 | December 31, 2020 |
|---|---|---|
| **Domestic Loans:** | | |
| Real Estate Loans | | |
| Commercial real estate (CRE) | | |
| Non-owner occupied | $ 1,713,967 | $ 1,749,839 |
| Multi-family residential | 722,783 | 737,696 |
| Land development and construction loans | 351,502 | 349,800 |
| | 2,788,252 | 2,837,335 |
| Single-family residential | 536,965 | 543,076 |
| Owner occupied | 940,126 | 947,127 |
| | 4,265,343 | 4,327,538 |
| Commercial loans | 1,065,160 | 1,103,501 |
| Loans to depository institutions and acceptances (1) | 16,648 | 16,629 |
| Consumer loans and overdrafts (2) | 273,584 | 241,771 |
| **Total Domestic Loans** | 5,620,735 | 5,689,439 |
| | | |
| **International Loans:** | | |
| Real Estate Loans | | |
| Single-family residential (3) | 88,333 | 96,493 |
| Commercial loans | 39,434 | 51,049 |
| Loans to depository institutions and acceptances | 10 | 7 |
| Consumer loans and overdrafts (4) | 5,282 | 5,349 |
| **Total International Loans** | 133,059 | 152,898 |
| **Total Loan Portfolio** | $ 5,753,794 | $ 5,842,337 |

(1) Mostly comprised of loans secured by cash or U.S. Government securities.
(2) Includes customers' overdraft balances totaling \$0.4 million and \$0.7 million as of March 31, 2021 and December 31, 2020, respectively.
(3) Secured by real estate properties located in the U.S.
(4) International customers' overdraft balances were de minimis at each of the dates presented.

As of March 31, 2021, the loan portfolio was $5.8 billion, down $87.5 million, or 1.5%, compared to December 31, 2020. Domestic loans decreased $67.7 million, or 1.2%, as of March 31, 2021, compared to December 31, 2020. The decrease in total domestic loans includes net decreases of $49.1 million, $38.3 million, $7.0 million and $5.1 million in domestic CRE loans, commercial loans, owner occupied loans and single-family residential loans, respectively. The decrease in the loan portfolio in the first quarter of 2021 is primarily attributable to loan prepayments, and lower loan production which continued to be challenged as a result of the COVID-19 pandemic despite early signs of recovery in economic activity. These decreases were partially offset by an increase of $31.8 million in domestic consumer loans. The decrease in commercial loans during the first quarter of 2021 includes PPP loan prepayments of around $111.3 million partially offset by new PPP loan originations of $81.5 million in the first quarter of 2021. The increase in consumer loans includes $61.7 million in high-yield indirect consumer loans purchased during the first quarter of 2021.

The Company originated $81.5 million in new PPP loans during the first quarter of 2021, and received $111.3 million of prepayments in connection with PPP loan forgiveness applications, in line with program guidelines. PPP loan forgiveness is provided for under the CARES Act and consists of full payment by the Small Business Administration of the unpaid principal balance and accrued interest after loan forgiveness to eligible borrowers has been approved. As of March 31, 2021, total PPP loans outstanding were $164.8 million, or 2.9% of total loans, compared to $198.5 million, or 3.4% of total loans as of December 31, 2020.

As of March 31, 2021, loans under syndication facilities were $442.9 million, a decline of $5.2 million, or 1.2%, compared to $448.1 million at December 31, 2020. As of March 31, 2021, syndicated loans that financed highly leveraged transactions were $22.1 million, or 0.1%, of total loans, compared to $19.2 million, or 0.3%, of total loans as of December 31, 2020.

Loans to international customers, primarily from Latin America, declined $19.8 million, or 13.0%, during the first quarter of 2021 compared to December 31, 2020.

**Foreign Outstanding**

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

| | March 31, 2021 | | December 31, 2020 | |
|---|---|---|---|---|
| *(in thousands, except percentages)* | **Net Exposure (1)** | **% Total Assets** | **Net Exposure (1)** | **% Total Assets** |
| Venezuela (2) | $ 77,600 | 1.0 % | $ 86,930 | 1.1 % |
| Other (3) | 55,459 | 0.7 % | 65,968 | 0.9 % |
| Total | $ 133,059 | 1.7 % | $ 152,898 | 2.0 % |

(1) Consists of outstanding principal amounts, net of collateral of cash, cash equivalents or other financial instruments totaling $13.1 million and $13.3 million as of March 31, 2021 and December 31, 2020, respectively.
(2) Includes mortgage loans for single-family residential properties located in the U.S. totaling $77.5 million and $86.7 million as of March 31, 2021 and December 31, 2020, respectively.
(3) Includes loans to borrowers in other countries which do not individually exceed one percent of total assets in any of the reported periods.

The maturities of our outstanding international loans were:

| | March 31, 2021 | | | | December 31, 2020 | | | |
|---|---|---|---|---|---|---|---|---|
| *(in thousands)* | Less than 1 year | 1-3 Years | More than 3 years | Total | Less than 1 year | 1-3 Years | More than 3 years | Total |
| Venezuela (1) | $ 417 | $ 6,799 | $ 70,384 | $ 77,600 | $ 420 | $ 7,199 | $ 79,311 | $ 86,930 |
| Other (2) | 5,974 | 15,200 | 34,285 | 55,459 | 16,098 | 15,226 | 34,644 | 65,968 |
| Total (3) | $ 6,391 | $ 21,999 | $ 104,669 | $ 133,059 | $ 16,518 | $ 22,425 | $ 113,955 | $ 152,898 |

(1) Includes mortgage loans for single-family residential properties located in the U.S. totaling $77.5 million and $86.7 million as of March 31, 2021 and December 31, 2020, respectively.
(2) Includes loans to borrowers in other countries which do not individually exceed one percent of total assets in any of the reported periods.
(3) Consists of outstanding principal amounts, net of cash collateral, cash equivalents or other financial instruments totaling $13.1 million and $13.3 million as of March 31, 2021 and December 31, 2020, respectively.

### Loan Quality

#### Allocation of Allowance for Loan Losses

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

| | March 31, 2021 | | December 31, 2020 | |
|---|---|---|---|---|
| *(in thousands, except percentages)* | Allowance | % of Loans in Each Category to Total Loans | Allowance | % of Loans in Each Category to Total Loans |
| **Domestic Loans** | | | | |
| Real estate | $ 48,291 | 48.0 % | $ 50,227 | 48.2 % |
| Commercial | 49,084 | 37.8 % | 48,035 | 38.0 % |
| Financial institutions | — | 0.3 % | — | 0.3 % |
| Consumer and others (1) | 11,812 | 11.6 % | 10,729 | 6.9 % |
| | 109,187 | 97.7 % | 108,991 | 97.4 % |
| **International Loans (2)** | | | | |
| Commercial | 118 | 0.7 % | 95 | 0.9 % |
| Financial institutions | 1 | — % | 1 | — % |
| Consumer and others (1) | 1,634 | 1.6 % | 1,815 | 1.7 % |
| | 1,753 | 2.3 % | 1,911 | 2.6 % |
| **Total Allowance for Loan Losses** | **$ 110,940** | **100.0 %** | **$ 110,902** | **100.0 %** |
| **% of Total Loans** | 1.93 % | | 1.90 % | |

(1) Includes mortgage loans for and secured by single-family residential properties located in the U.S.
(2) Includes transactions in which the debtor or customer is domiciled outside the U.S. and all collateral is located in the U.S.

In the first quarter of 2021, the changes in the allocation of the ALL were driven by loan composition changes, primarily as a result of: (i) the increase in domestic consumer loans in the first quarter of 2021, and (ii) the reduction of the CRE portfolio in the first quarter of 2021. In addition, the change in allocation of the ALL in the first quarter of 2021, includes changes in the allocation of the loan loss provisions due to the estimated impact of the COVID-19 pandemic among the respective impacted portfolios, mainly domestic real estate, commercial and consumer. The ALL associated with the COVID-19 pandemic was $10.5 million as of March 31, 2021, a decrease from $14.8 million as of December 31, 2020.

**Non-Performing Assets**

In the following table, we present a summary of our non-performing assets by loan class, which includes non-performing loans by portfolio segment, both domestic and international, and other real estate owned, or OREO, at the dates presented. Non-performing loans consist of (i) nonaccrual loans where the accrual of interest has been discontinued; (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) | March 31, 2021 | December 31, 2020 |
|---|---|---|
| **Non-Accrual Loans (1)** | | |
| **Domestic Loans:** | | |
| Real Estate Loans | | |
| Commercial real estate (CRE) | | |
| Non-owner occupied | $ 8,515 | $ 8,219 |
| Multi-family residential | 11,369 | 11,340 |
| | 19,884 | 19,559 |
| Single-family residential | 8,622 | 8,778 |
| Owner occupied | 12,527 | 12,815 |
| | 41,033 | 41,152 |
| Commercial loans (2) | 45,282 | 44,205 |
| Consumer loans and overdrafts | 256 | 219 |
| **Total Domestic** | 86,571 | 85,576 |
| **International Loans: (3)** | | |
| Real Estate Loans | | |
| Single-family residential | 2,192 | 1,889 |
| Consumer loans and overdrafts | 14 | 14 |
| **Total International** | 2,206 | 1,903 |
| **Total Non-Accrual Loans** | $ 88,777 | $ 87,479 |
| | | |
| **Past Due Accruing Loans (4)** | | |
| **Domestic Loans:** | | |
| Real Estate Loans | | |
| Commercial real estate (CRE) | | |
| Non-owner occupied | $ 743 | $ — |
| Owner occupied | — | 220 |
| Consumer loans and overdrafts | 3 | 1 |
| **Total Domestic** | 746 | 221 |
| **International Loans:** | | |
| Real Estate Loans | | |
| Single-family residential | — | — |
| Consumer loans and overdrafts | — | — |
| **Total International** | — | — |
| **Total Past Due Accruing Loans** | $ 746 | $ 221 |
| | | |
| **Total Non-Performing Loans** | $ 89,523 | $ 87,700 |
| **Other Real Estate Owned** | 400 | 427 |
| **Total Non-Performing Assets** | $ 89,923 | $ 88,127 |

(1) Includes loan modifications that met the definition of TDRs that may be performing in accordance with their modified loan terms. As of March 31, 2021 and December 31, 2020, non-performing TDRs include $9.8 million and $8.4 million, respectively, in a multiple loan relationship to a South Florida borrower.
(2) As of March 31, 2021 and December 31, 2020, includes a $19.6 million commercial relationship placed in nonaccrual status during the second quarter of 2020. During the third quarter of 2020, the Company charged off $19.3 million against the allowance for loan losses as a result of the deterioration of this commercial relationship.
(3) Includes transactions in which the debtor or customer is domiciled outside the U.S., but where all collateral is located in the U.S.
(4) Loans past due 90 days or more but still accruing.

At March 31, 2021, non-performing assets increased $1.8 million, or 2.0%, compared to December 31, 2020.This was primarily driven by the placement in nonaccrual status of: (i) three commercial loans totaling $1.7 million; (ii) two single-family loans totaling $1.2 million, and (iii) two owner occupied loan loans totaling $1.4 million. These increases were partially offset by loan paydowns and payoffs during the first quarter of 2021.

We recognized no interest income on nonaccrual loans during the three months ended March 31, 2021 and 2020. Additional interest income that we would have recognized on these loans had they been performing in accordance with their original terms in the three months ended March 31, 2021 and 2020 was $0.8 million and $0.4 million, respectively.

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

| | March 31, 2021 | | | | December 31, 2020 | | | |
|---|---|---|---|---|---|---|---|---|
| *(in thousands)* | **Special Mention** | **Substandard** | **Doubtful** | **Total (1)** | **Special Mention** | **Substandard** | **Doubtful** | **Total (1)** |
| Real Estate Loans | | | | | | | | |
| Commercial Real Estate (CRE) | | | | | | | | |
| Non-owner occupied | $ 45,206 | $ 5,684 | $ 3,576 | $ 54,466 | $ 46,872 | $ 4,994 | $ 3,969 | $ 55,835 |
| Multi-family residential | — | 11,369 | — | 11,369 | — | 11,340 | — | 11,340 |
| Land development and construction loans | — | — | — | — | 7,164 | — | — | 7,164 |
| | 45,206 | 17,053 | 3,576 | 65,835 | 54,036 | 16,334 | 3,969 | 74,339 |
| Single-family residential | — | 10,814 | — | 10,814 | — | 10,667 | — | 10,667 |
| Owner occupied | 21,045 | 12,627 | — | 33,672 | 22,343 | 12,917 | — | 35,260 |
| | 66,251 | 40,494 | 3,576 | 110,321 | 76,379 | 39,918 | 3,969 | 120,266 |
| Commercial loans (2) | 43,313 | 21,045 | 25,917 | 90,275 | 42,434 | 21,152 | 23,256 | 86,842 |
| Consumer loans and overdrafts | — | 298 | — | 298 | — | 238 | — | 238 |
| | **$ 109,564** | **$ 61,837** | **$ 29,493** | **$ 200,894** | **$ 118,813** | **$ 61,308** | **$ 27,225** | **$ 207,346** |

(1) There are no loans categorized as a "Loss" as of the dates presented.
(2) As of March 31, 2021 and December 31, 2020, includes $19.6 million in a commercial relationship placed in nonaccrual status and downgraded during the second quarter of 2020. As of March 31, 2021 and December 31, 2020, Substandard loans include $7.3 million, and doubtful loans include $12.3 million, related to this commercial relationship. During the third quarter of 2020, the Company charged off $19.3 million against the allowance for loan losses as a result of the deterioration of this commercial relationship.

Classified loans, which includes substandard and doubtful loans, totaled $91.3 million at March 31, 2021, compared to $88.5 million and $36.4 million at December 31, 2020. This increase of $2.8 million, or 3.2%, compared to December 31, 2020 was primarily driven by the downgrade of four commercial loans totaling $3.2 million, two single-family loans totaling $1.2 million, and one CRE loan of $0.7 million. These increases were partially offset by loan paydowns and payoffs during the first quarter of 2021.

Special mention loans as of March 31, 2021 totaled $109.6 million, a decrease of $9.2 million, or 7.8%, from $118.8 million as of December 31, 2020. This decrease was primarily due to paydowns and payoffs of approximately $10.2 million and the downgrade of one commercial loan totaling $1.6 million to substandard, partially offset by the downgrade of one $2.8 million commercial loan relationship to special mention. All special mention loan remained current at March 31, 2021.

On March 26, 2020, the Company began offering loan payment relief options to customers impacted by the COVID-19 pandemic, including deferral and/or forbearance options. These programs continued throughout 2020 and in the first quarter of 2021. Loans which have been modified under these programs totaled $1.1 billion as of March 31, 2021. As of March 31, 2021, $62.1 million, or 1.1% of total loans, were still under the deferral and/or forbearance period, an increase from $43.4 million, or 0.7% at December 31, 2020. This increase was primarily due to new modifications granted to two CRE retail loans in New York totaling $37.1 million and one multifamily loan in New York totaling $2.4 million, partially offset by $20.7 million in loans that resumed regular payments after deferral and/or forbearance periods ended. The Company began to selectively offer additional temporary loan modifications under programs that allow it to extend the deferral and/or forbearance period beyond 180 days. The aforementioned $62.1 million includes $19.8 million of loans that mature in the second quarter of 2021, $5.2 million that mature in the third quarter of 2021, and $37.1 million that mature in first quarter of 2022. Additionally, 99.5% of the loans under deferral and/or forbearance are secured by real estate collateral with average Loan to Value (“LTV”) of 68.2%. All loans that have moved out of forbearance status have resumed regular payments. In accordance with accounting and regulatory guidance, loans to borrowers benefiting from these measures are not considered TDRs. The Company continues to closely monitor the performance of the remaining loans in deferral and/or forbearance periods under the terms of the temporary relief granted.

While it is difficult to estimate the extent of the impact of the COVID-19 pandemic on the Company’s credit quality, we continue to proactively and carefully monitor the Company’s credit quality practices, including examining and responding to patterns or trends that may arise across certain industries or regions. Importantly, while the Company continues to offer customized temporary loan payment relief options, including interest-only payments and forbearance options, which are not considered TDRs, it will continue to assess its willingness to offer such programs over time.

Potential problem loans, which are accruing loans classified as substandard and are less than 90 days past due, at March 31, 2021 and December 31, 2020, are as follows:

| (in thousands) | March 31, 2021 | December 31, 2020 |
|---|---|---|
| Real estate loans | | |
| Commercial real estate (CRE) | | |
| Non-owner occupied | $ — | $ 744 |
| Owner occupied | 100 | 102 |
| | 100 | 846 |
| Commercial loans | 1,676 | 198 |
| Consumer loans and overdrafts (1) | 29 | — |
| | $ 1,805 | $ 1,044 |

(1) Corresponds to international consumer loans.

At March 31, 2021, total potential problem loans increased $0.8 million, or 72.9%, compared to December 31, 2020. The increase was mainly due to one commercial loan of $1.5 million downgraded to the substandard classification in the first quarter of 2021. This commercial loan remained current and in accrual status at March 31, 2021. The increase in potential problem loans was partially offset by one owner-occupied loan of $0.7 million that became non-performing in the first quarter of 2021.

***Securities***

The following table sets forth the book value and percentage of each category of securities at March 31, 2021 and December 31, 2020. The book value for debt securities classified as available for sale and equity securities represents fair value and the book value for debt securities classified as held to maturity represents amortized cost.

| | March 31, 2021 | | December 31, 2020 | |
|---|---|---|---|---|
| *(in thousands, except percentages)* | Amount | % | Amount | % |
| **Debt securities available for sale:** | | | | |
| U.S. government agency debt | $ 216,075 | 15.7 % | $ 204,578 | 14.9 % |
| U.S. government-sponsored enterprise debt | 610,703 | 44.5 % | 661,335 | 48.1 % |
| Corporate debt (1) (2) | 345,574 | 25.1 % | 301,714 | 22.0 % |
| U.S. Treasury debt | 2,510 | 0.2 % | 2,512 | 0.2 % |
| Municipal bonds | 15,339 | 1.1 % | 54,944 | 4.0 % |
| | $ 1,190,201 | 86.6 % | $ 1,225,083 | 89.2 % |
| **Debt securities held to maturity (3)** | $ 104,657 | 7.6 % | $ 58,127 | 4.2 % |
| **Equity securities with readily determinable fair value not held for trading (4)** | 23,965 | 1.7 % | 24,342 | 1.8 % |
| **Other securities (5):** | $ 56,469 | 4.1 % | $ 65,015 | 4.8 % |
| | $ 1,375,292 | 100.0 % | $ 1,372,567 | 100.0 % |

(1) March 31, 2021 and December 31, 2020 include $16.4 million and $17.1 million, respectively, in "investment-grade" quality debt securities issued by foreign corporate entities. The securities' issuers were from Canada and Japan in three different sectors at March 31, 2021 and December 31, 2020.The Company limits exposure to foreign investments based on cross border exposure by country, risk appetite and policy. All foreign investments are denominated in U.S. Dollars.

(2) As of March 31, 2021 and December 31, 2020, debt securities in the financial services sector issued by domestic corporate entities represent 2.9% and 2.7% of our total assets, respectively.

(3) Includes securities issued by U.S. government and U.S. government sponsored agencies.

(4) Includes an open-end fund incorporated in the U.S. The Fund's objective is to provide a high level of current income consistent with the preservation of capital and investments deemed to be qualified under the Community Reinvestment Act of 1977.

(5) Includes investments in FHLB and Federal Reserve Bank stock. Amounts correspond to original cost at the date presented. Original cost approximates fair value because of the nature of these investments.

As of March 31, 2021, total securities decreased by $2.7 million, or 0.2%, to $1.4 billion compared to December 31, 2020. This decrease in the first quarter of 2021, was mainly driven by maturities, sales and calls totaling $127.3 million, mainly debt securities available for sale. These results were partially offset by purchases of $146.5 million, including the purchase of $96.2 million in debt securities available for sale and the purchase of $50.3 million in debt securities held to maturity.

The following tables set forth the book value, scheduled maturities and weighted average yields for our securities portfolio at March 31, 2021 and December 31, 2020. Similar to the table above, the book value for securities available for sale and equity securities is equal to fair market value and the book value for debt securities held to maturity is equal to amortized cost.

| | March 31, 2021 | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| *(in thousands, except percentages)* | Total | | Less than a year | | One to five years | | Five to ten years | | Over ten years | | No maturity | |
| | Amount | Yield | Amount | Yield | Amount | Yield | Amount | Yield | Amount | Yield | Amount | Yield |
| **Debt securities available for sale** | | | | | | | | | | | | |
| U.S. Government sponsored enterprise debt | $ 610,703 | 2.39 % | $ 2,484 | 2.21 % | $ 42,804 | 2.35 % | $ 62,511 | 2.92 % | $ 502,904 | 2.33 % | $ — | — % |
| Corporate debt-domestic | 329,207 | 3.45 % | 9,577 | 1.60 % | 102,320 | 2.40 % | 196,518 | 4.02 % | 20,792 | 4.14 % | — | — % |
| U.S. Government agency debt | 216,075 | 2.06 % | 77 | 3.12 % | 10,155 | 1.95 % | 16,461 | 1.68 % | 189,382 | 2.10 % | — | — % |
| Municipal bonds | 15,339 | 2.83 % | — | — % | — | — % | 12,252 | 2.84 % | 3,087 | 2.79 % | — | — % |
| Corporate debt-foreign | 16,367 | 2.88 % | 3,418 | 1.21 % | 1,559 | 0.95 % | 11,390 | 3.64 % | — | — % | — | — % |
| U.S. treasury securities | 2,510 | 0.34 % | 1,010 | 0.56 % | 1,500 | 0.19 % | — | — % | — | — % | — | — % |
| | $ 1,190,201 | 2.63 % | $ 16,566 | 1.55 % | $ 158,338 | 2.32 % | $ 299,132 | 3.60 % | $ 716,165 | 2.32 % | $ — | — % |
| **Debt securities held to maturity** | $ 104,657 | 2.30 % | $ — | — % | $ 14,916 | 2.50 % | $ 11,353 | 2.92 % | $ 78,388 | 2.17 % | $ — | — % |
| **Equity securities with readily determinable fair value not held for trading** | 23,965 | 1.26 % | — | — | — | — | — | — | — | — | 23,965 | 1.26 % |
| **Other securities** | $ 56,469 | 4.23 % | $ — | — % | $ — | — % | $ — | — % | $ — | — % | $ 56,469 | 4.23 % |
| | $ 1,375,292 | 2.65 % | $ 16,566 | 1.55 % | $ 173,254 | 2.34 % | $ 310,485 | 3.57 % | $ 794,553 | 2.31 % | $ 80,434 | 3.34 % |

| December 31, 2020 | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Total | | Less than a year | | One to five years | | Five to ten years | | Over ten years | | No maturity | |
| *(in thousands, except percentages)* | **Amount** | **Yield** | **Amount** | **Yield** | **Amount** | **Yield** | **Amount** | **Yield** | **Amount** | **Yield** | **Amount** | **Yield** |
| **Debt securities available for sale** | | | | | | | | | | | | |
| U.S. government sponsored enterprise debt | 661,335 | 2.41 % | 2,512 | 0.53 % | 19,859 | 2.23 % | 92,259 | 2.77 % | 546,705 | 2.37 % | — | — % |
| Corporate debt-domestic | 284,645 | 3.52 | 7,664 | 2.02 | 99,741 | 2.22 | 169,264 | 4.29 | 7,976 | 4.74 | — | — |
| U.S. government agency debt | 204,578 | 2.03 | 153 | 2.11 | 11,581 | 1.92 | 15,967 | 1.76 | 176,877 | 2.06 | — | — |
| U.S. Treasury debt securities | 2,512 | 0.34 | — | — | 2,512 | 0.34 | — | — | — | — | — | — |
| Municipal bonds | 54,944 | 2.86 | — | — | — | — | 35,840 | 3.02 | 19,104 | 2.55 | — | — |
| Corporate debt-foreign | 17,069 | 0.55 | 2,665 | 1.26 | 2,562 | 1.03 | 11,842 | 0.28 | — | — | — | — |
| | 1,225,083 | 2.59 | 12,994 | 1.58 | 136,255 | 2.14 | 325,172 | 3.45 | 750,662 | 2.33 | — | — |
| **Debt securities held to maturity** | 58,127 | 2.20 | — | — | — | — | 11,409 | 2.92 | 46,718 | 2.02 | — | — |
| **Equity securities with readily determinable fair value not held for trading** | 24,342 | 1.52 % | — | — | — | — | — | — | — | — | 24,342 | 1.52 % |
| **Other securities** | 65,015 | 4.39 | — | — | — | — | — | — | — | — | 65,015 | 4.39 |
| | $ 1,372,567 | 2.64 % | $ 12,994 | 1.58 % | $ 136,255 | 2.14 % | $ 336,581 | 3.43 % | $ 797,380 | 2.31 % | $ 89,357 | 3.61 % |

The investment portfolio's average duration was 3.4 years at March 31, 2021 and 2.4 years at December 31, 2020. The increase in duration was mainly due to lower expected prepayments and longer-duration securities purchased during the first quarter of 2021.

### *Liabilities*

Total liabilities were $7.0 billion at March 31, 2021, a decrease of $21.4 million, compared to December 31, 2020. This was primarily driven by $53.6 million, or 0.9%, in lower total deposits. This decrease was partially offset by an increase in other liabilities of $32.1 million. or 38.6%, mainly as a result of the adoption of the new accounting guidance on leases. See Note 1– Financial Information for additional information.

***Deposits***

Total deposits were $5.7 billion at March 31, 2021, a decrease of $53.6 million, or 0.9%, compared to December 31, 2020. The decline in deposits in the three months ended March 31, 2021 was mainly driven by decreases of $159.4 million, or 7.8%, in time deposits and $93.6 million, or 5.9%, in savings and money market deposit accounts. This was partially offset by: (i) an increase of $105.4 million, or 12.1%, in noninterest bearing transaction accounts, including and estimate of $77.8 million in PPP-related deposits, and (ii) an increase of $94.1 million, or 7.6% in interest bearing transaction accounts. The decline in time deposits was primarily attributable to a $159.6 million, or 10.3%, reduction in customer CDs compared to December 31, 2020, as the Company continued to aggressively lower CD rates and focus on increasing core deposits and emphasizing multi-product relationships versus single product higher-cost CDs. This decline in customer CDs includes a $48.1 million, or 24.2%, reduction in online CD balances. During the first quarter of 2021 brokered deposits also decreased $81.9 million, or 12.9%, as the Company continued to focus on reduced reliance on this source of funding.

***Deposits by Country of Domicile***

The following table shows deposits by country of domicile of the depositor as of the dates presented and the changes during the period.

| | | | Change | |
|---|---|---|---|---|
| *(in thousands, except percentages)* | **March 31, 2021** | **December 31, 2020** | **Amount** | **%** |
| **Deposits** | | | | |
| Domestic (1) (2) | $ 3,175,522 | $ 3,202,936 | $ (27,414) | (0.9)% |
| Foreign: | | | | |
| Venezuela (3) | 2,088,519 | 2,119,412 | (30,893) | (1.5)% |
| Others (4) | 414,038 | 409,295 | 4,743 | 1.2 % |
| Total foreign | 2,502,557 | 2,528,707 | (26,150) | (1.0)% |
| Total deposits | $ 5,678,079 | $ 5,731,643 | $ (53,564) | (0.9)% |

(1) Includes brokered deposits of $552.6 million and $634.5 million at March 31, 2021 and December 31, 2020, respectively.
(2) Domestic deposits, excluding brokered, were up $54.5 million or 2.1%, compared to December 31, 2020.
(3) Based upon the diligence we customarily perform to "know our customers" for anti-money laundering, OFAC and sanctions purposes, and a review of the Executive Order issued by the President of the United States on August 5, 2019 and the related Treasury Department Guidance, we do not believe that the U.S. economic embargo on certain Venezuelan persons will adversely affect our Venezuelan customer relationships, generally.
(4) Our other foreign deposits include deposits from non-Venezuelan affiliates of the Former Parent, and do not include deposits from Venezuelan resident customers.

Our domestic deposits decreased $27.4 million, or 0.9%, in the first quarter of 2021. However, domestic deposits increased almost every year since 2014 to 2020, while our total foreign deposits, especially deposits from Venezuelan residents, declined during the same period. Most of the Venezuelan withdrawals from deposit accounts at the Bank are believed to be due to the effect of adverse economic conditions in Venezuela on our Venezuelan resident customers.

During the three months ended March 31, 2021, deposits from customers domiciled in Venezuela decreased by $30.9 million, or 1.5%, to $2.1 billion, compared to December 31, 2020. During the first quarter of 2021, foreign deposits, which include deposits from other countries in addition to Venezuela, decreased by $26.2 million or 1.0%. In the first quarter of 2021, deposits from Venezuela remained pressured mainly by the continued outflow of funds from our Venezuelan customers as difficult conditions in their country persist.

***Core Deposits***

Our core deposits were $3.8 billion and $3.7 billion as of March 31, 2021 and December 31, 2020, respectively. Core deposits represented 66.9% and 64.4% of our total deposits at those dates, respectively.

***Brokered Deposits***

We utilize brokered deposits and, as of March 31, 2021, we had $552.6 million in brokered deposits, which represented 9.7% of our total deposits at that date. As of March 31, 2021, brokered deposits were down $81.9 million, or 12.9%, compared to $634.5 million as of December 31, 2020, mainly due to a decline in third-party interest bearing brokered deposits. As of March 31, 2021, and December 31, 2020, brokered deposits included time deposits of $494.3 million and $494.2 million, respectively, and third party interest bearing deposits of $58.2 million and $140.3 million, respectively.The Company has not historically sold brokered CDs in denominations over $100,000.

***Large Fund Providers***

At March 31, 2021 and December 31, 2020, our large fund providers, defined as third-party customer relationships with balances of over $10 million, included ten and eleven deposit relationships, respectively, with total balances of $299.3 million and $349.0 million, respectively. The decline in the balance of these deposits was mainly driven by a reduction of third-party interest bearing brokered deposits.

***Large Time Deposits by Maturity***

The following table sets forth the maturities of our time deposits with individual balances equal to or greater than $100,000 as of March 31, 2021 and December 31, 2020:

| *(in thousands, except percentages)* | March 31, 2021 | | December 31, 2020 | |
|---|---|---|---|---|
| Less than 3 months | $ 374,800 | 33.4 % | $ 433,918 | 34.6 % |
| 3 to 6 months | 206,863 | 18.4 % | 261,683 | 20.8 % |
| 6 to 12 months | 250,598 | 22.3 % | 241,367 | 19.2 % |
| 1 to 3 years | 273,852 | 24.4 % | 268,934 | 21.4 % |
| Over 3 years | 15,654 | 1.5 % | 49,948 | 4.0 % |
| Total | $ 1,121,767 | 100.0 % | $ 1,255,850 | 100.0 % |

***Short-Term Borrowings***

In addition to deposits, we use short-term borrowings from time to time, such as FHLB advances and borrowings from other banks, as a source of funds to meet the daily liquidity needs of our customers and fund growth in earning assets. Short-term borrowings have maturities of 12 months or less as of the reported period-end. All of our outstanding short-term borrowings at March 31, 2021 correspond to FHLB advances.There were no outstanding short-term borrowings at December 31, 2020.

The following table sets forth information about the outstanding amounts of our short-term borrowings at the close of, and for the three months ended March 31, 2021 and for the year ended December 31, 2020. There were no repurchase agreements outstanding as of March 31, 2021 and December 31, 2020.

| *(in thousands, except percentages)* | **March 31, 2021** | **December 31, 2020** |
|---|---|---|
| Outstanding at period-end | $ 50,000 | $ — |
| Average amount | 16,667 | 83,750 |
| Maximum amount outstanding at any month-end | 50,000 | 300,000 |
| Weighted average interest rate: | | |
| During period | 0.65 % | 1.45 % |
| End of period | 0.65 % | — % |

**Return on Equity and Assets**

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

| | Three Months Ended March 31, | |
|---|---|---|
| *(in thousands, except percentages and per share data)* | 2021 | 2020 |
| Net income | $ 14,459 | $ 3,382 |
| Basic earnings per common share | 0.38 | 0.08 |
| Diluted earnings per common share (1) | 0.38 | 0.08 |
| | | |
| Average total assets | $ 7,746,259 | $ 7,951,344 |
| Average stockholders' equity | 785,061 | 844,200 |
| Net income / Average total assets (ROA) | 0.76 % | 0.17 % |
| Net income / Average stockholders' equity (ROE) | 7.47 % | 1.61 % |
| Average stockholders' equity / Average total assets ratio | 10.13 % | 10.62 % |
| | | |
| Adjusted net income (2) | $ 14,651 | $ 3,662 |
| Adjusted earnings per common share (2) | 0.39 | 0.09 |
| Adjusted earnings per diluted common share (2) | 0.39 | 0.09 |
| | | |
| Adjusted net income / Average total assets (Adjusted ROA) (2) | 0.77 % | 0.19 % |
| Adjusted net income / Average stockholders' equity (Adjusted ROE) (2) | 7.57 % | 1.74 % |

(1) Potential dilutive instruments consisted of unvested shares of restricted stock and restricted stock units. During the three months ended March 31, 2021 and 2020, potential dilutive instruments 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 in those periods, fewer shares would have been purchased than restricted shares assumed issued. Therefore, in those periods, 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.

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

During the three months ended March 31, 2021, basic and diluted earnings per share increased as a result of higher net income earned compared to the same period one year ago. .

**Capital Resources and Liquidity Management**

***Capital Resources.***

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

Stockholders' equity was $785.0 million as of March 31, 2021, an increase of $1.6 million, or 0.2%, compared to $783.4 million as of December 31, 2020. This increase was primarily driven by $14.5 million of net income in the first quarter of 2021, partially offset by $18.6 million decrease in AOCI primarily as a result of lower valuation of the Company's debt securities available for sale as a result of market increases in long-term yield curves.

***Class B Common Stock Repurchases and Cancellation of Treasury Shares***

On March 10, 2021, the Company's Board of Directors approved a stock repurchase program which provides for the potential repurchase of up to $40 million of shares of the Company's Class B common stock (the "2021 stock repurchase program"). Under the 2021 Stock Repurchase Program, the Company may repurchase shares of Class B common stock through open market purchases, by block purchase, in privately-negotiated transactions, or otherwise in compliance with Rule 10b-18 under the Exchange Act. The extent to which the Company repurchases its shares of Class B common stock and the timing of such purchases will depend upon market conditions, regulatory requirements, other corporate liquidity requirements and priorities and other factors as may be considered in the Company's sole discretion. Repurchases may also be made pursuant to a trading plan under Rule 10b5-1 under the Exchange Act, which would permit shares to be repurchased when the Company might otherwise be precluded from doing so because of self-imposed trading blackout periods or other regulatory restrictions. The 2021 Stock Repurchase Program does not obligate the Company to repurchase any particular amount of shares of Class B common stock, and may be suspended or discontinued at any time without notice. During the three months ended March 31, 2021, the Company repurchased an aggregate of 116,037 shares of Class B common stock at a weighted average price per share of $15.98 under the 2021 Stock Repurchase Program. The aggregate purchase price for these transactions was approximately $1.9 million, including transaction costs. In the first quarter of 2021, the Company's Board of Directors authorized the cancellation of those 116,037 shares of Class B common stock.

On February 14 and February 21, 2020, the Company repurchased an aggregate of 932,459 shares of its outstanding Class B Common Stock in two privately negotiated transactions for an aggregate purchase price of $15.2 million, including $0.3 million in broker fees and other expenses. These 932,459 shares of Class B common stock were recorded as treasury stock under the cost method. The Company used available cash to fund these repurchases.

In March 2020, Company's Board of Directors authorized the cancellation of all 4,464,916 shares of Class B Common Stock previously held as treasury stock, including shares repurchased during 2018, 2019 and 2020, effective March 31, 2020.

***Liquidity Management.***

At March 31, 2021 and December 31, 2020, the Company had $1.05 billion of outstanding advances from the FHLB. At March 31, 2021 and December 31, 2020, we had an additional $1.3 billion available borrowing capacity under FHLB facilities. In the first quarter of 2021, there were no repayments of FHLB advances or additional borrowings from this source.There were no other borrowings as of March 31, 2021 and December 31, 2020.

We also have available uncommitted federal funds lines with several banks, and had $70.0 million of availability under these lines at March 31, 2021 and December 31, 2020.

On June 23, 2020, the Company completed a $60.0 million offering of Senior Notes with a coupon rate of 5.75% and due 2025. *See* "Item 7. Management's Discussion and Analysis Of Financial Condition And Results Of Operations" included in the 2020 Form 10-K for more details.

We and our subsidiary, Amerant Florida, are corporations separate and apart from the Bank and, therefore, must provide for our own liquidity. Historically, our main source of funding has been dividends declared and paid to us and Amerant Florida by the Bank, while the Company issued the Senior Notes in 2020. The Company, which is the issuer of the Senior Notes, held cash and cash equivalents of $39.7 million as of March 31, 2021 and $43.0 million as of December 31, 2020, in funds available to service its Senior Notes and for general corporate purposes, as a separate stand-alone entity. Our subsidiary, Amerant Florida, which is an intermediate bank holding company, the obligor on our junior subordinated debt and the guarantor of the Senior Notes, held cash and cash equivalents of $17.7 million as of March 31, 2021 and $16.6 million as of December 31, 2020, in funds available to service its junior subordinated debt and for general corporate purposes, as a separate stand-alone entity.

We have not provided summarized financial information for the Company and Amerant Florida as we do not believe it would be material information since the assets, liabilities and results of operations of the Company and Amerant Florida are not materially different from the amounts reflected in the consolidated financial statements of the Company.

Redemption of Junior Subordinated Debentures

On January 30, 2020, the Company redeemed all $26.8 million of its outstanding 8.90% trust preferred capital securities issued by Capital Trust I at a redemption price of 100%. The Company simultaneously redeemed all junior subordinated debentures held by Capital Trust I as part of this redemption transaction. *See* "Item 7. Management's Discussion and Analysis Of Financial Condition And Results Of Operations" included in the 2020 Form 10-K for more details.

There are statutory and regulatory limitations that affect the ability of the Bank to pay dividends to the Company. These limitations exclude the effects of AOCI. Management believes that these limitations will not affect the Company's ability, and Amerant Florida's ability, to meet their ongoing short-term cash obligations. *See* "Supervision and Regulation" in the Form 10-K for the year ended December 31, 2020.

**Regulatory Capital Requirements**

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

| (in thousands, except percentages) | Actual | | Required for Capital Adequacy Purposes | | Regulatory Minimums To be Well Capitalized | |
|---|---|---|---|---|---|---|
| | Amount | Ratio | Amount | Ratio | Amount | Ratio |
| **March 31, 2021** | | | | | | |
| Total capital ratio | $ 890,585 | 14.12 % | $ 504,427 | 8.00 % | $ 630,534 | 10.00 % |
| Tier 1 capital ratio | 811,348 | 12.87 % | 378,320 | 6.00 % | 504,427 | 8.00 % |
| Tier 1 leverage ratio | 811,348 | 10.54 % | 307,925 | 4.00 % | 384,906 | 5.00 % |
| Common Equity Tier 1 (CET1) | 750,257 | 11.90 % | 283,740 | 4.50 % | 409,847 | 6.50 % |
| **December 31, 2020** | | | | | | |
| Total capital ratio | $ 876,966 | 13.96 % | $ 502,463 | 8.00 % | $ 628,078 | 10.00 % |
| Tier 1 capital ratio | 798,033 | 12.71 % | 376,847 | 6.00 % | 502,463 | 8.00 % |
| Tier 1 leverage ratio | 798,033 | 10.11 % | 315,770 | 4.00 % | 394,713 | 5.00 % |
| Common Equity Tier 1 (CET1) | 736,930 | 11.73 % | 282,635 | 4.50 % | 408,251 | 6.50 % |

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

| (in thousands, except percentages) | Actual | | Required for Capital Adequacy Purposes | | Regulatory Minimums to be Well Capitalized | |
|---|---|---|---|---|---|---|
| | Amount | Ratio | Amount | Ratio | Amount | Ratio |
| **March 31, 2021** | | | | | | |
| Total capital ratio | $ 890,909 | 14.13 % | $ 504,267 | 8.00 % | $ 630,334 | 10.00 % |
| Tier 1 capital ratio | 811,696 | 12.88 % | 378,200 | 6.00 % | 504,267 | 8.00 % |
| Tier 1 leverage ratio | 811,696 | 10.55 % | 307,785 | 4.00 % | 384,731 | 5.00 % |
| Common Equity Tier 1 (CET1) | 811,696 | 12.88 % | 283,650 | 4.50 % | 409,717 | 6.50 % |
| **December 31, 2020** | | | | | | |
| Total capital ratio | $ 873,152 | 13.91 % | $ 502,214 | 8.00 % | $ 627,768 | 10.00 % |
| Tier 1 capital ratio | 794,257 | 12.65 % | 376,661 | 6.00 % | 502,214 | 8.00 % |
| Tier 1 leverage ratio | 794,257 | 10.07 % | 315,569 | 4.00 % | 394,461 | 5.00 % |
| Common Equity Tier 1 (CET1) | 794,257 | 12.65 % | 282,495 | 4.50 % | 408,049 | 6.50 % |

**Off-Balance Sheet Arrangements**

The following table shows the outstanding balance of our off-balance sheet arrangements as of the end of the periods presented. Except as disclosed below, we are not involved in any other off-balance sheet contractual relationships that are reasonably likely to have a current or future material effect on our financial condition, a change in our financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources. For more details on the Company's off-balance sheet arrangements, *see* Note 17 to our audited consolidated financial statements included in the Form 10-K for the year ended December 31, 2020.

| *(in thousands)* | March 31, 2021 | December 31, 2020 |
|---|---|---|
| Commitments to extend credit | $ 761,378 | $ 763,880 |
| Letters of credit | 10,345 | 11,157 |
| | $ 771,723 | $ 775,037 |

**Contractual Obligations**

In the normal course of business, we and our subsidiaries enter into various contractual obligations that may require future cash payments. Significant commitments for future cash obligations include capital expenditures related to operating leases, and other borrowing arrangements. There have been no material changes to the contractual obligations previously disclosed in the Form 10-K

**Critical Accounting Policies and Estimates**

For our critical accounting policies and estimates disclosure,*see* the Form 10-K where such matters are disclosed for the Company's latest fiscal year ended December 31, 2020.

***Recently Issued Accounting Pronouncements.*** Except as discussed below, there are no recently issued accounting pronouncements that have recently been adopted by us. For a description of accounting standards issued that are pending adoption, *see* Note 1 "Business, Basis of Presentation and Summary of Significant Accounting Policies" in the Company's interim consolidated financial statements in this Form 10-Q.

Effective January 1, 2021, the Company adopted the new accounting guidance on leases on a prospective basis, which resulted in the recognition of approximately $54.5 million of lease assets and approximately $55.0 million of lease liabilities. See Note 1– Financial Information for additional information.

Effective January 1, 2021, the Company adopted the new accounting guidance on accounting for targeted improvements to accounting for hedging activities, which did not have an effect on the Company's consolidated financial statements. See Note 1– Financial Information for additional information.

**ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

We believe interest rate and price risks are the most significant market risks impacting us. We monitor and evaluate these risks using sensitivity analyses to measure the effects on earnings, equity and the available for sale portfolio mark-to-market exposure, of changes in market interest rates. Exposures are managed to a set of limits previously approved by our board of directors and monitored by management. There have been no material changes in our market risk exposure as compared to those discussed in our Form 10-K, *see* Part II, Item 7A, “Quantitative and Qualitative Disclosures About Market Risk”.

**ITEM 4. CONTROLS AND PROCEDURES**

**Evaluation of Disclosure Controls and Procedures**

The Company maintains a set of disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) designed to ensure that information required to be disclosed by the Company in reports that it files or submits under the Exchange Act, is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms. Our management, with the participation of our Chief Executive Officer and our Chief Financial Officer, has evaluated the effectiveness of our disclosure controls and procedures. Based on such evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) are effective as of the end of the period covered by this quarterly report on Form 10-Q to ensure that information we are required to disclose in reports that we file or submit under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the rules and forms of the SEC, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosures.

**Changes in Internal Control Over Financial Reporting**

There were no changes in our internal control over financial reporting identified in connection with the evaluation required by Rule 13a-15(d) and 15d-15(d) of the Exchange Act that occurred during the period covered by this Form 10-Q that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

**Limitations on Effectiveness of Controls and Procedures**

In designing and evaluating the disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable, not absolute, assurance of achieving the desired control objectives. In addition, the design of disclosure controls and procedures must reflect the fact that there are resource constrains and that management is required to apply judgment in evaluating the benefits of possible controls and procedures relative to their costs.

## PART II. OTHER INFORMATION

### ITEM 1. LEGAL PROCEEDINGS

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

### ITEM 1A. RISK FACTORS

In evaluating an investment in the Company's common stock, investors should consider carefully, among other things, the risk factors previously disclosed in Part I, Item 1A of our Annual Report on Form 10-K, for the year ended December 31, 2020.

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

The following table provides information regarding repurchases of the Company's common stock by the Company during the three months ended March 31, 2021:

| Period | (a) Total Number of Shares Purchased | | (b) Average Price Paid Per Share | (c) Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs (1) | | (d) Maximum Dollar Value of Shares that May Yet Be Purchased Under the Current Program |
|---|---|---|---|---|---|---|
| January 1 - January 31 | — | $ | — | — | $ | 40,000,000 |
| February 1 - February 28 | — | | — | — | | 40,000,000 |
| March 1 - March 31 | 116,037 | | 15.98 | 116,037 | | 38,145,316 |
| **Total** | **116,037** | **$** | **15.98** | **116,037** | **$** | **38,145,316** |

(1) On March 10, 2021, the Company's Board of Directors approved a stock repurchase program which provides for the potential repurchase of up to $40 million of shares of the Company's Class B common stock (the "2021 Stock Repurchase Program"). Under the 2021 Stock Repurchase Program, the Company may repurchase shares of Class B common stock through open market purchases, by block purchase, in privately-negotiated transactions, or otherwise in compliance with Rule 10b-18 under the Exchange Act. The extent to which the Company repurchases its shares of Class B common stock and the timing of such purchases will depend upon market conditions, regulatory requirements, other corporate liquidity requirements and priorities and other factors as may be considered in the Company's sole discretion. Repurchases may also be made pursuant to a trading plan under Rule 10b5-1 under the Exchange Act, which would permit shares to be repurchased when the Company might otherwise be precluded from doing so because of self-imposed trading blackout periods or other regulatory restrictions. The 2021 Stock Repurchase Program does not obligate the Company to repurchase any particular amount of shares of Class B common stock, and may be suspended or discontinued at any time without notice. As of March 31, 2021, the Company had repurchased a total of $1.9 million or 116,037 shares of Class B common stock at an average price of $15.98 per share.

**ITEM 3. DEFAULTS UPON SENIOR SECURITIES**

None.

**ITEM 4. MINE SAFETY DISCLOSURES**

Not applicable.

**ITEM 5. OTHER INFORMATION**

None.

**ITEM 6. EXHIBITS**

| Exhibit Number | Description |
|---|---|
| 10.1 | Employment Agreement, dated January 14, 2021, between Amerant Bank, N.A., Amerant Bancorp Inc. and Gerald P. Plush (incorporated by reference to Exhibit 10.1 to Form 8-K filed on January 21, 2021). |
| 10.2 | Termination of Employment Agreement, dated January 20, 2021, between Amerant Bank, N.A., Amerant Bancorp Inc. and Millar Wilson (incorporated by reference to Exhibit 10.2 to Form 8-K filed on January 21, 2021). |
| 10.3 | Consulting Agreement, entered February 16, 2021, between Amerant Bank, N.A. and Millar Wilson (incorporated by reference to Exhibit 10.1 to Form 8-K filed on February 18, 2021). |
| 10.4 | Form of Performance Based Restricted Stock Unit Agreement under the Company's 2018 Equity and Incentive Compensation Plan (incorporated by reference to Exhibit 10.2 to Form 8-K filed on February 18, 2021). |
| 10.5 | Form of Restricted Stock Unit Agreement under the Company's 2018 Equity and Incentive Compensation Plan (incorporated by reference to Exhibit 10.3 to Form 8-K filed on February 18, 2021). |
| 31.1 | Certification Pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934, As Adopted Pursuant To Section 302 of the Sarbanes-Oxley Act of 2002, by Gerald P. Plush, Vice-Chairman and Chief Executive Officer. |
| 31.2 | Certification Pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934, As Adopted Pursuant To Section 302 of the Sarbanes-Oxley Act of 2002, by Carlos Iafigliola, Executive Vice President and Chief Financial Officer. |
| 32.1 | Certification Pursuant to 18 U.S.C. Section 1350, As Adopted Pursuant To Section 906 of the Sarbanes-Oxley Act of 2002, byGerald P. Plush, Vice-Chairman and Chief Executive Officer. |
| 32.2 | Certification Pursuant to 18 U.S.C. Section 1350, As Adopted Pursuant To Section 906 of the Sarbanes-Oxley Act of 2002, by Carlos Iafigliola, Executive Vice President and Chief Financial Officer. |
| 101.INS | XBRL Instance Document |
| 101.SCH | XBRL Taxonomy Extension Schema Document |
| 101.CAL | XBRL Taxonomy Extension Calculation Linkbase Document |
| 101.LAB | XBRL Taxonomy Extension Label Linkbase Document |
| 101.PRE | XBRL Taxonomy Extension Presentation Linkbase Document |
| 101.DEF | XBRL Taxonomy Extension Definition Linkbase Document |
| 104 | Cover Page Interactive Data (embedded within XBRL documents) |

**SIGNATURES**

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

AMERANT BANCORP INC.
(Registrant)

| | | | |
|---|---|---|---|
| Date: | May 7, 2021 | By: | /s/ Gerald P. Plush |
| | | | Gerald P. Plush |
| | | | Vice-Chairman and Chief Executive Officer<br>(Principal Executive Officer) |
| Date: | May 7, 2021 | By: | /s/ Carlos Iafigliola |
| | | | Carlos Iafigliola |
| | | | Executive Vice-President and Chief Financial Officer<br>(Principal Financial Officer) |

**AMERANT BANCORP INC.**
**EXHIBIT 31.1**

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

**CERTIFICATION**

I, Gerald P. Plush, certify that:

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

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

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

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

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

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

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

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

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

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

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

Date: May 7, 2021

/s/ Gerald P. Plush
Gerald P. Plush
Vice-Chairman and
Chief Executive Officer

**AMERANT BANCORP INC.**
**EXHIBIT 31.2**

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

**CERTIFICATION**

I, Carlos Iafigliola, certify that:

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

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

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

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

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

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

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

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

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

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

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

Date: May 7, 2021

/s/ Carlos Iafigliola
Carlos Iafigliola
Executive Vice President and
Chief Financial Officer

**AMERANT BANCORP INC.**
**EXHIBIT 32.1**

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

In connection with the Quarterly Report of Amerant Bancorp Inc. (the “Company”) on Form 10-Q for the period ended March 31, 2021, as filed with the Securities and Exchange Commission as of the date hereof (the “Report”), I, Gerald P. Plush, Chief Executive Officer and Vice-Chairman of the Board of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

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

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

Date: May 7, 2021

/s/ Gerald P. Plush
Gerald P. Plush
Vice-Chairman and
Chief Executive Officer

**AMERANT BANCORP INC.**
**EXHIBIT 32.2**

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

In connection with the Quarterly Report of Amerant Bancorp Inc. (the “Company”) on Form 10-Q for the period ended March 31, 2021, as filed with the Securities and Exchange Commission as of the date hereof (the “Report”), I, Carlos Iafigliola, Executive Vice President and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

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

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

Date: May 7, 2021

/s/ Carlos Iafigliola
Carlos Iafigliola
Executive Vice President and
Chief Financial Officer