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 June 30, 2024

or

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

For the transition period from __________ 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) 460-4728

(Registrant's telephone number, including area code)

N/A

(Former name, former address and former fiscal year, if changed since last report)

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

Title of each class	Trading Symbol(s)	Name of exchange on which registered
Class A Common Stock	AMTB	New York Stock Exchange

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 ☒ 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 ☐

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 July 29, 2024
Class A Common Stock, $0.10 par value per share	33,493,162 shares of Class A Common Stock

AMERANT BANCORP INC. AND SUBSIDIARIES

FORM 10-Q

June 30, 2024

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Part 1. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

Amerant Bancorp Inc. and Subsidiaries
Consolidated Balance Sheets

(in thousands, except share data)	(Unaudited) June 30, 2024	December 31, 2023
Assets		
Cash and due from banks	$ 32,762	$ 47,234
Interest earning deposits with banks	238,346	242,709
Restricted cash	32,430	25,849
Other short-term investments	6,781	6,080
Cash and cash equivalents	310,319	321,872
Securities		
Debt securities available for sale, at fair value	1,269,356	1,217,502
Debt securities held to maturity, at amortized cost (estimated fair value of $ 192,403 and $ 204,945 at June 30, 2024 and December 31, 2023, respectively)	219,613	226,645
Equity securities with readily determinable fair value not held for trading	2,483	2,534
Federal Reserve Bank and Federal Home Loan Bank stock	56,412	50,294
Securities	1,547,864	1,496,975
Loans held for sale, at lower of cost or fair value	551,828	365,219
Mortgage loans held for sale, at fair value	60,122	26,200
Loans held for investment, gross	6,710,961	6,873,493
Less: Allowance for credit losses	94,400	95,504
Loans held for investment, net	6,616,561	6,777,989
Bank owned life insurance	238,851	234,972
Premises and equipment, net	33,382	43,603
Deferred tax assets, net	48,779	55,635
Operating lease right-of-use assets	100,580	118,484
Goodwill	19,193	19,193
Accrued interest receivable and other assets	220,259	256,185
Total assets	$ 9,747,738	$ 9,716,327
Liabilities and Stockholders' Equity		
Deposits		
Demand		
Noninterest bearing	$ 1,465,140	$ 1,426,919
Interest bearing	2,316,976	2,560,629
Savings and money market	1,723,233	1,610,218
Time	2,310,662	2,297,097
Total deposits	7,816,011	7,894,863
Advances from the Federal Home Loan Bank	765,000	645,000
Senior notes	59,685	59,526
Subordinated notes	29,539	29,454
Junior subordinated debentures held by trust subsidiaries	64,178	64,178
Operating lease liabilities	105,861	123,167
Accounts payable, accrued liabilities and other liabilities	173,122	164,071
Total liabilities	9,013,396	8,980,259
Contingencies (Note 11)		
Stockholders' equity		
Class A common stock, $ 0.10 par value, 250 million shares authorized; 33,562,756 shares issued and outstanding at June 30, 2024 (33,603,242 shares issued and outstanding at December 31, 2023)	3,357	3,361
Additional paid in capital	189,601	192,701
Retained earnings	620,299	610,802
Accumulated other comprehensive loss	(78,915)	(70,796)
Total stockholders' equity	734,342	736,068
Total liabilities and stockholders' equity	$ 9,747,738	$ 9,716,327

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

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

	Three Months Ended June 30,		Six Months Ended June 30,	
(in thousands)	2024	2023	2024	2023
Interest income				
Loans	$ 124,117	$ 119,570	$ 246,822	$ 228,071
Investment securities	16,950	13,233	33,041	26,532
Interest earning deposits with banks and other interest income	5,342	5,694	11,171	9,024
Total interest income	146,409	138,497	291,034	263,627
Interest expense				
Interest bearing demand deposits	16,779	16,678	34,515	29,533
Savings and money market deposits	14,999	9,437	29,860	17,364
Time deposits	25,971	18,528	52,095	31,362
Advances from the Federal Home Loan Bank	6,946	7,621	12,524	14,384
Senior notes	941	941	1,884	1,883
Subordinated notes	361	362	722	723
Junior subordinated debentures	1,055	1,052	2,109	2,167
Securities sold under agreements to repurchase	2	1	2	1
Total interest expense	67,054	54,620	133,711	97,417
Net interest income	79,355	83,877	157,323	166,210
Provision for credit losses	19,150	29,077	31,550	40,777
Net interest income after provision for credit losses	60,205	54,800	125,773	125,433
Noninterest income				
Deposits and service fees	5,281	4,944	9,606	9,899
Brokerage, advisory and fiduciary activities	4,538	4,256	8,865	8,438
Change in cash surrender value of bank owned life insurance	2,242	1,429	4,584	2,841
Loan-level derivative income	2,357	476	2,823	2,547
Cards and trade finance servicing fees	1,331	562	2,554	1,095
Gain on early extinguishment of advances from the Federal Home Loan Bank, net	189	13,440	189	26,613
Derivative (losses) gains, net	(44)	242	(196)	256
Securities losses, net	(117)	(1,237)	(171)	(10,968)
Other noninterest income	3,643	2,507	5,654	5,241
Total noninterest income	19,420	26,619	33,908	45,962
Noninterest expense				
Salaries and employee benefits	33,857	34,247	66,815	69,123
Professional and other services fees	12,110	7,415	23,073	15,043
Occupancy and equipment	9,041	6,737	15,517	13,535
Telecommunication and data processing	2,732	5,027	6,265	8,091
Advertising expenses	4,243	4,332	7,321	6,918
FDIC assessments and insurance	2,772	2,739	5,780	5,476
Depreciation and amortization	1,652	2,275	3,129	3,567
Loan-level derivative expense	580	110	584	1,710
Other real estate owned and repossessed assets (income) expense, net	(148)	2,431	(502)	2,431
Contract termination costs	—	1,550	—	1,550
Losses on loans held for sale carried at the lower cost or fair value	1,258	—	1,258	—
Other operating expenses	5,205	5,637	10,656	9,789
Total noninterest expenses	73,302	72,500	139,896	137,233
Income before income tax expense	6,323	8,919	19,785	34,162
Income tax expense	(1,360)	(1,873)	(4,254)	(7,174)
Net income before attribution of noncontrolling interest	4,963	7,046	15,531	26,988
Noncontrolling interest	—	(262)	—	(506)
Net income attributable to Amerant Bancorp Inc.	$ 4,963	$ 7,308	$ 15,531	$ 27,494

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 (Loss) (Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
(in thousands, except per share data)	2024	2023	2024	2023
Other comprehensive loss, net of tax				
Net unrealized holding losses on debt securities available for sale arising during the period	$ (2,978)	$ (13,487)	$ (8,082)	$ (7,370)
Net unrealized holding gains on cash flow hedges arising during the period	70	276	297	88
Reclassification adjustment for items included in net income	(123)	604	(334)	991
Other comprehensive loss	(3,031)	(12,607)	(8,119)	(6,291)
Comprehensive income (loss)	$ 1,932	$ (5,299)	$ 7,412	$ 21,203
Earnings Per Share (Note 13):				
Basic earnings per common share	$ 0.15	$ 0.22	$ 0.46	$ 0.82
Diluted earnings per common share	$ 0.15	$ 0.22	$ 0.46	$ 0.81

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 and Six Month Periods Ended June 30, 2024

(in thousands, except share data)	Common Stock Shares Outstanding Class A	Common Stock Issued Shares - Par Value Class A	Additional Paid in Capital	Treasury Stock	Retained Earnings	Accumulated Other Comprehensive loss	Total Stockholders' Equity
Balance at December 31, 2023	33,603,242	$ 3,361	$ 192,701	$ —	$ 610,802	$ (70,796)	$ 736,068
Issuance of common shares for restricted stock unit vesting	77,615	8	(8)	—	—	—	—
Issuance of common shares for performance shares unit vesting	125,271	13	(13)	—	—	—	—
Restricted stock, restricted stock units and performance stock units surrendered	(92,830)	(9)	(2,078)	—	—	—	(2,087)
Restricted stock forfeited	(3,903)	—	—	—	—	—	—
Stock-based compensation expense	—	—	1,635	—	—	—	1,635
Dividends paid	—	—	—	—	(3,011)	—	(3,011)
Net income attributable to Amerant Bancorp Inc.	—	—	—	—	10,568	—	10,568
Other comprehensive loss	—	—	—	—	—	(5,088)	(5,088)
Balance at March 31, 2024	33,709,395	$ 3,373	$ 192,237	$ —	$ 618,359	$ (75,884)	$ 738,085
Repurchase of Class A common stock	(200,652)	—	—	(4,448)	—	—	(4,448)
Treasury stock retired	—	(20)	(4,428)	4,448	—	—	—
Restricted stock and restricted stock units surrendered	(7,957)	(1)	(93)	—	—	—	(94)
Stock issued for employee stock purchase plan	28,510	3	483	—	—	—	486
Restricted stock forfeited	(15,043)	(2)	2	—	—	—	—
Restricted stock units vested	48,503	4	(4)	—	—	—	—
Stock-based compensation expense	—	—	1,404	—	—	—	1,404
Net income attributable to Amerant Bancorp Inc.	—	—	—	—	4,963	—	4,963
Dividends paid	—	—	—	—	(3,023)	—	(3,023)
Other comprehensive loss	—	—	—	—	—	(3,031)	(3,031)
Balance at June 30, 2024	33,562,756	$ 3,357	$ 189,601	$ —	$ 620,299	$ (78,915)	$ 734,342

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 and Six Month Periods Ended June 30, 2023

(in thousands, except share data)	Common Stock Shares Outstanding Class A	Common Stock Issued Shares - Par Value	Additional Paid in Capital	Treasury Stock	Retained Earnings	Accumulated Other Comprehensive Income (loss)	Total Stockholders' Equity Before Noncontrolling Interest	Noncontrolling interest	Total Stockholders' Equity
Balance at December 31, 2022	33,815,161	$ 3,382	$ 194,694	$ —	$ 590,375	$ (80,635)	$ 707,816	$ (2,090)	$ 705,726
Repurchase of Class A common stock	(22,403)	—	—	(566)	—	—	(566)	—	(566)
Treasury stock retired	—	(2)	(564)	566	—	—	—	—	—
Restricted stock issued	10,440	1	(1)	—	—	—	—	—	—
Restricted stock, restricted stock units and performance stock units surrendered	(44,896)	(4)	(1,166)	—	—	—	(1,170)	—	(1,170)
Restricted stock forfeited	(1,394)	—	—	—	—	—	—	—	—
Performance stock units vested	10,621	1	(1)	—	—	—	—	—	—
Restricted stock units vested	46,731	5	(5)	—	—	—	—	—	—
Stock-based compensation expense	—	—	1,825	—	—	—	1,825	—	1,825
Net income attributable to Amerant Bancorp Inc.	—	—	—	—	20,186	—	20,186	—	20,186
Dividends paid	—	—	—	—	(3,017)	—	(3,017)	—	(3,017)
Net loss attributable to noncontrolling-interest shareholders	—	—	—	—	—	—	—	(244)	(244)
Other comprehensive income	—	—	—	—	—	6,316	6,316	—	6,316
Balance at March 31, 2023	33,814,260	$ 3,383	$ 194,782	$ —	$ 607,544	$ (74,319)	$ 731,390	$ (2,334)	$ 729,056
Repurchase of Class A common stock	(95,262)	—	—	(1,659)	—	—	(1,659)	—	(1,659)
Treasury stock retired	—	(10)	(1,649)	1,659	—	—	—	—	—
Restricted stock and restricted stock units surrendered	(4,414)	(1)	(198)	—	—	—	(199)	—	(199)
Stock issued for employee stock purchase plan	30,557	3	683	—	—	—	686	—	686
Restricted stock forfeited	(26,432)	(3)	3	—	—	—	—	—	—
Restricted stock units vested	17,450	2	(2)	—	—	—	—	—	—
Stock-based compensation expense	—	—	1,656	—	—	—	1,656	—	1,656
Net income attributable to Amerant Bancorp Inc.	—	—	—	—	7,308	—	7,308	—	7,308
Dividends paid	—	—	—	—	(3,023)	—	(3,023)	—	(3,023)
Net loss attributable to noncontrolling-interest shareholders	—	—	—	—	—	—	—	(262)	(262)
Other comprehensive loss	—	—	—	—	—	(12,607)	(12,607)	—	(12,607)
Balance at June 30, 2023	33,736,159	$ 3,374	$ 195,275	$ —	$ 611,829	$ (86,926)	$ 723,552	$ (2,596)	$ 720,956

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

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

	Six Months Ended June 30,	
(in thousands)	2024	2023
Cash flows from operating activities		
Net income before attribution of noncontrolling interest	$ 15,531	$ 26,988
Adjustments to reconcile net income to net cash provided by (used in) operating activities		
Provision for credit losses	31,550	40,777
Net premium amortization on securities	2,586	2,440
Depreciation and amortization	3,129	3,567
Stock-based compensation expense	3,039	3,481
Change in cash surrender value of bank owned life insurance	(4,584)	(2,841)
Securities losses, net	171	10,968
Derivative losses (gains), net	196	(256)
Gains on sale of loans, net	(2,294)	(2,509)
Losses on loans held for sale carried at the lower cost or fair value	1,258	—
Loss on sale of other repossessed assets	—	2,649
Impairment on investment carried at cost	—	1,963
Deferred taxes and others	12,018	(3,309)
Gain on early extinguishment of advances from the FHLB, net	(189)	(26,613)
Proceeds from sales and repayments of loans held for sale (at fair value)	113,481	128,478
Originations and purchases of loans held for sale (at fair value)	(168,016)	(189,943)
Net changes in operating assets and liabilities:		
Accrued interest receivable and other assets	(15,009)	(8,025)
Accounts payable, accrued liabilities and other liabilities	7,580	4,346
Net cash provided by (used in) operating activities	447	(7,839)
Cash flows from investing activities		
Purchases of investment securities:		
Available for sale	(115,935)	(36,658)
Equity securities with readily determinable fair value not held for trading	—	(2,500)
Federal Home Loan Bank stock	(36,343)	(38,660)
	(152,278)	(77,818)
Maturities, sales, calls and paydowns of investment securities:		
Available for sale	50,941	46,093
Held to maturity	6,729	7,373
Federal Home Loan Bank stock	30,226	43,775
Equity securities with readily determinable fair value not held for trading	—	11,168
	87,896	108,409
Net increase in loans	(470,074)	(291,759)
Proceeds from loan sales	434,318	14,462
Cash paid in business acquisition	—	(1,970)
Net purchases of premises and equipment and others	(4,995)	(7,247)
Proceeds from surrender of bank owned life insurance	62,741	—
Proceeds from bank owned life insurance death benefit	1,232	—
Proceeds from sale of repossessed assets	—	2,464
Net cash used in investing activities	(41,160)	(253,459)
Cash flows from financing activities		
Net (decrease) increase in demand, savings and money market accounts	(92,417)	182,073
Net increase in time deposits	13,565	353,299
Proceeds from Advances from the Federal Home Loan Bank	1,212,500	1,130,000
Repayments of Advances from the Federal Home Loan Bank	(1,092,311)	(1,240,448)
Repurchase of common stock - Class A	(4,448)	(2,225)
Dividend paid	(6,034)	(6,040)
Disbursements arising from stock-based compensation, net	(1,695)	(901)
Net cash provided by financing activities	29,160	415,758
Net (decrease) increase in cash and cash equivalents and restricted cash	(11,553)	154,460
Cash, cash equivalents and restricted cash		
Beginning of period	321,872	290,601
End of period	$ 310,319	$ 445,061

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)

(in thousands)	Six Months Ended June 30, 2024	
	2024	2023
Supplemental disclosures of cash flow information		
Cash paid:		
Interest	$ 133,977	$ 90,207
Income taxes	4,751	13,874
Right-of-use assets obtained in exchange for new lease obligations	—	6,233
Noncash investing activities:		
Mortgage loans held for sale (at fair value) transferred to loans held for investment	23,365	77,702
Loans transferred to other assets	—	26,534
Loans held for investment (at lower of cost or fair value) transferred to loans held for sale	553,085	—
Premises and equipment transferred to other assets	11,405	—
Right-of-use assets transferred to other assets	15,368	—

The accompanying notes are an integral part of these 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 ("BHC Act"), as a result of its 100 % 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 Deposit Insurance Corporation ("FDIC"), the Federal Reserve Bank of Atlanta ("Federal Reserve") and the Federal Home Loan Bank of Atlanta ("FHLB"). The Bank is a national bank subject to regulation and regular examinations by the Office of the Comptroller of the Currency ("OCC").The Bank has three operating subsidiaries: Amerant Investments, Inc., a securities broker-dealer ("Amerant Investments"), Amerant Mortgage, LLC ("Amerant Mortgage"), a mortgage lending company domiciled in Florida ("Amerant Mortgage") and Elant Bank & Trust Ltd., a Grand-Cayman based trust company (the "Cayman Bank").

Sale of Houston Banking Operations

On April 16, 2024, the Bank entered into a Purchase and Assumption Agreement (the "Purchase Agreement") with MidFirst Bank ("MidFirst") pursuant to which MidFirst will purchase certain assets and assume certain liabilities (the "Houston Sale Transaction") of the banking operations and six branches in the Houston, Texas metropolitan statistical area (collectively, the "Branches"). Pursuant to the terms of the Purchase Agreement, MidFirst has agreed to assume certain deposit liabilities and to acquire certain loans, as well as cash, real property, personal property and other fixed assets associated with the Branches, as well as 45 team members. On July 30, 2024, regulatory approval for the Houston Sale Transaction was received. The Houston Sale Transaction is expected to close on November 2024, subject to the satisfaction of customary closing conditions.

The purchase price for the purchased assets will be computed as the sum of: (a) $ 13.0 million (the "Deposit Premium"), provided that, if the balance of non-interest checking deposits included in deposits or the total balance of deposits (excluding insured cash sweep deposits) decrease by more than 15 % between March 13, 2024 and the closing date, then the Deposit Premium shall be equal to the sum of (i) 9.50 % of the average daily balance of non-interest checking deposits included in deposits, (ii) 1.85 % of the average daily balance of deposits other than non-interest checking deposits, insured cash sweep deposits and time deposits included in deposits, (iii) 0.25 % of the average daily balance of insured cash sweep deposits included in Deposits, and (iv) 0.50 % of the average daily balance of time deposits included in deposits, with the average daily balance in each case being for the 30-day period ending on the fifth business day prior to closing, provided further, that the Deposit Premium shall in no event be lower than $ 9.25 million, (b) the aggregate amount of cash on hand as of the closing date, (c) the aggregate net book value of all assets being assumed (excluding cash on hand, real property and accrued interest with respect to the loans to be acquired), (d) the appraised value of the real property to be acquired, and (e) accrued interest with respect to the loans to be acquired. The purchase price is subject to a customary post-closing adjustment based on the delivery within 30 calendar days following the closing date of a final closing statement setting forth the purchase price and any necessary adjustment payment amount.

The Bank and MidFirst made customary representations, warranties, and covenants in the Purchase Agreement. The Bank and MidFirst also agreed to indemnify each other (subject to customary limitations) with respect to the Transaction, including for breaches of representations and warranties, breaches of covenants, liabilities not retained or assumed, and conduct of the business of the Branches and operation and use of the purchased assets during certain time periods.

Amerant Bancorp Inc. and Subsidiaries

Notes to Interim Consolidated Financial Statements (Unaudited)

The following table presents assets and liabilities held for sale in connection with the Houston Sale Transaction which are included in the Company's consolidated balance sheet as of June 30, 2024:

(in thousands)		
Assets		
Loans held for sale, at lower of cost or fair value (1)	$	551,828
Accrued interest receivable and other assets (2)		23,588
Total assets	$	575,416
Liabilities		
Noninterest bearing demand deposits (3)	$	68,682
Interest bearing demand deposits		47,263
Savings and money market		132,587
Time deposits		296,840
Total deposits		545,372
Other liabilities:		
Operating lease liabilities		6,746
Other liabilities (4)		7,601
Total liabilities	$	559,719

(1) In the second quarter of 2024, the Company recognized a valuation allowance of $ 1.3 million as a result of the fair value adjustment of these loans.

(2) Includes premises and equipment for $ 8.0 million, operating lease right-of-use assets for $ 6.6 million, $ 5.8 million in derivative assets and other assets for $ 3.3 million.

(3) Includes $ 5.1 million in escrow accounts.

(4) Includes $ 5.8 million in derivative liabilities.

The Company recorded non-routine expense items in the second quarter of 2024 in connection with the Houston Sale Transaction totaling approximately $ 5.5 million as follows: (i) $ 3.4 million in market value adjustments for two branches owned based on third party appraisals; (ii) $ 1.3 million in loan valuation allowance due to deferred loan costs; (iii) $ 0.5 million for legal and investment banking fees; and (iv) $ 0.3 million in intangible write-off. These charges were partially offset by a $ 4.4 million release in credit reserves after transferring the loans to held for sale.

Changes in Ownership Interest in Amerant Mortgage

At June 30, 2024 and December 31, 2023, the Company had an ownership interest of 100 % in Amerant Mortgage. On December 31, 2023, Amerant Mortgage became a wholly-owned subsidiary of the Company as it increased its ownership interest to 100 % effective as of December 31, 2023. Therefore, the Company did not record any loss or gain attributable to non-controlling interest in the second quarter and first half of 2024 and had no equity attributable to the non-controlling interest at June 30, 2024 and December 31, 2023. See the Company's annual report on Form 10-K for the year ended December 31, 2023, filed with the Securities and Exchange Commission ("SEC"), on March 7, 2024 (the "2023 Form 10-K") for detailed information on changes in ownership interest in Amerant Mortgage.

Restructuring costs

There were no restructuring costs in the three and six month periods ended June 30, 2024. In the three and six month periods ended June 30, 2023, the Company recorded estimated contract termination and related costs of approximately $ 1.6 million in connection with the implementation of the multi-year outsourcing agreement with a recognized third party financial technology services provider entered into in 2021. In addition, during the three and six month periods ended June 30, 2023, restructuring costs consisted of severance costs of approximately $ 2.2 million and $ 2.4 million, respectively, branch closure expenses and related charges of $ 1.6 million and $ 2.0 million, respectively, and consulting and other professional fees of $ 2.1 million and $ 4.8 million, respectively. Furthermore, in each of the three and six month periods ended June 30, 2023, the Company recorded a charge of $ 1.4 million related to the disposition of fixed assets due to the write off of in-development software. Severance costs are included in “salaries and employees benefits expense” in the Company’s consolidated statement of operations and comprehensive income.

Stock Repurchase Program

On December 19, 2022, the Company announced that the Board of Directors authorized a new repurchase program pursuant to which the Company may purchase, from time to time, up to an aggregate amount of $ 25 million of its shares of Class A common stock (the “2023 Class A Common Stock Repurchase Program”). On December 6, 2023, the Board approved to extend the expiration date of the 2023 Class A Common Stock Repurchase Program that was set to expire on December 31, 2023 to December 31, 2024. As of the date the extension of the 2023 Class A Common Stock Repurchase Program was approved, the Company had $ 20 million available for repurchases under the program.

In each of the three and six month periods ended June 30, 2024, the Company repurchased an aggregate of 200,652 shares of Class A common stock at a weighted average price of $ 22.17 per share under the 2023 Class A Common Stock Repurchase Program. The aggregate purchase price for these transactions was $ 4.4 million, including transaction costs.

In the three and six month periods ended June 30, 2023, the Company repurchased an aggregate of 95,262 shares of Class A common stock at a weighted average price of $ 17.42 per share, and 117,665 shares of Class A common stock at a weighted average price of $ 18.91 per share, respectively, under the 2023 Class A Common Stock Repurchase Program. The aggregate purchase price for these transactions was $ 1.7 million and $ 2.2 million in the three and six month periods ended June 30, 2023, respectively, including transaction costs.

In the six months ended June 30, 2024 and 2023, the Company’s Board of Directors authorized the cancellation of all shares of Class A common stock previously repurchased. As of June 30, 2024 and 2023, there were no shares of Class A common stock held as treasury stock.

Dividends

Set forth below are the details of dividends declared and paid by the Company in the three and six month periods ended June 30, 2024 and 2023:

Declaration Date	Record Date	Payment Date	Dividend Per Share	Dividend Amount
04/24/2024	05/15/2024	05/30/2024	$ 0.09	$ 3.0 million
01/17/2024	02/14/2024	02/29/2024	$ 0.09	$ 3.0 million
04/19/2023	05/15/2023	05/31/2023	$ 0.09	$ 3.0 million
1/18/2023	02/13/2023	02/28/2023	$ 0.09	$ 3.0 million

On July 24, 2024, the Company's Board of Directors declared a cash dividend of $ 0.09 per share of the Company's common stock. The dividend is payable on August 30, 2024, to shareholders of record at the close of business on August 15, 2024.

Impairment on Investments Carried at Cost

In the three and six months ended June 30, 2023, the Company recorded an impairment charge of $ 2.0 million related to an investment carried at cost and included in other assets in the consolidated balance sheets. See the 2023 Form 10-K for more details on our investments carried at cost.

b) Basis of Presentation and Summary of Significant Accounting Policies

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 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, 2023 and 2022 and for each of the three years in the period ended December 31, 2023 and the accompanying footnote disclosures for the Company, which are included in the 2023 Form 10-K.

For a complete summary of our significant accounting policies, *see* Note 1 to the Company's audited consolidated financial statements in the 2023 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 credit losses; (ii) the fair values of loans, securities and derivative contracts; (iii) the cash surrender value of bank owned life insurance; and (iv) the determination of whether the amount of deferred tax assets will more likely than not be realized. Management believes that these estimates are appropriate. Actual results could differ from these estimates.

c) Recently Issued Accounting Pronouncements

For a description of recently issued accounting pronouncements, *see* Note 1 to the Company’s audited consolidated financial statements in the 2023 Form 10-K.

d) Subsequent Events

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

2. Interest Earning Deposits with Banks, Other Short-Term Investments and Restricted Cash

At June 30, 2024 and December 31, 2023, interest-earning deposits with banks were mainly comprised of deposits with the Federal Reserve and other U.S. banks of approximately $ 238 million and $ 243 million, respectively. At June 30, 2024 and December 31, 2023, the average interest rate on these deposits was approximately 5.63 % and 5.64 %, respectively. These deposits have no stated maturity dates.

As of June 30, 2024 and December 31, 2023, the Company held US Treasury Bills classified as part of other short-term investments in the Company’s consolidated balance sheets. At June 30, 2024 and December 31, 2023, the Company held $ 6.8 million and $ 6.1 million, respectively, with an average yield of 5.22 % and 4.80 %, respectively, related to these investments. These other short-term investments have a stated maturity of 90 days or less and as such are deemed cash and cash equivalents.

At June 30, 2024 and December 31, 2023, the Company had restricted cash balances of $ 32.4 million and $ 25.8 million, respectively. These balances include cash pledged as collateral, by other banks to us, to secure derivatives’ margin calls. This cash pledged as collateral also represents an obligation, by the Company, to repay according to margin requirements. At June 30, 2024 and December 31, 2023, this obligation was $ 31.5 million and $ 25.0 million, respectively, which is included as part of other liabilities in the Company’s consolidated balance sheet. In addition, we have cash balances pledged as collateral to secure the issuance of letters of credit by other banks on behalf of our customers.

3. Securities

a) Debt Securities

Debt securities available for sale

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

	June 30, 2024				
	Amortized	Gross Unrealized		Allowance for Credit	Estimated
(in thousands)	Cost	Gains	Losses	Losses	Fair Value
U.S. government-sponsored enterprise debt securities (1) (2)	$ 631,592	$ 444	$ (44,896)	$ —	$ 587,140
Corporate debt securities (2)	281,909	93	(19,801)	—	262,201
U.S. government agency debt securities (1) (2)	454,902	349	(43,806)	—	411,445
Collateralized loan obligations	5,000	—	—	—	5,000
Municipal bonds (1)	1,732	—	(155)	—	1,577
U.S. treasury securities	1,999	—	(6)	—	1,993
Total debt securities available for sale (3)	$ 1,377,134	$ 886	$ (108,664)	$ —	$ 1,269,356

(1) Includes residential mortgage-backed securities. As of June 30, 2024, we had total residential mortgage-backed securities, included as part of total debt securities available for sale, with amortized cost of $ 909.3 million and fair value of $ 832.6 million.

(2) Includes commercial mortgage-backed securities. As of June 30, 2024, we had total commercial mortgage-backed securities, included as part of total debt securities available for sale, with amortized cost of $ 169.4 million and fair value of $ 157.6 million.

(3) Excludes accrued interest receivable of $ 6.8 million as of June 30, 2024, which is included as part of accrued interest receivable and other assets in the Company's consolidated balance sheet. The Company did not record any write offs on accrued interest receivable related to these securities in the three and six month periods ended June 30, 2024.

	December 31, 2023				
	Amortized	Gross Unrealized		Allowance for Credit	Estimated
(in thousands)	Cost	Gains	Losses	Losses	Fair Value
U.S. government sponsored enterprise debt securities (1) (2)	$ 591,972	$ 2,297	$ (36,962)	$ —	$ 557,307
Corporate debt securities (2)	285,217	—	(24,415)	—	260,802
U.S. government agency debt securities (1) (2)	428,626	933	(38,782)	—	390,777
U.S. treasury securities	1,998	—	(7)	—	1,991
Municipal bonds (1)	1,731	—	(63)	—	1,668
Collateralized loan obligations	5,000	—	(43)	—	4,957
Total debt securities available for sale (3)	$ 1,314,544	$ 3,230	$ (100,272)	$ —	$ 1,217,502

(1) Includes residential mortgage-backed securities. As of December 31, 2023, we had total residential mortgage-backed securities, included as part of total debt securities available for sale, with amortized cost of $ 910.1 million and fair value of $ 844.5 million.

(2) Includes commercial mortgage-backed securities. As of December 31, 2023, we had total commercial mortgage-backed securities, included as part of total debt securities available for sale, with amortized cost of $ 99.7 million and fair value of $ 91.8 million.

(3) Excludes accrued interest receivable of $ 6.7 million as of December 31, 2023, which is included as part of accrued interest receivable and other assets in the Company's consolidated balance sheet. The Company did not record any write offs on accrued interest receivable related to these securities in 2023.

The Company had investments in foreign corporate debt securities available for sale, primarily in Canada, of $ 10.4 million and $ 10.5 million at June 30, 2024 and December 31, 2023, respectively. At June 30, 2024 and December 31, 2023, the Company had no foreign sovereign or foreign government agency debt securities available for sale. Investments in foreign corporate debt securities available for sale are denominated in U.S. Dollars.

In the three and six month periods ended June 30, 2024 and June 30, 2023, proceeds from sales, redemptions and calls, gross realized gains, and gross realized losses of debt securities available for sale were as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
(in thousands)	2024	2023	2024	2023
Proceeds from sales, redemptions and calls of debt securities available for sale	$ 2,880	$ 765	$ 2,880	$ 1,240
Gross realized gains	$ —	$ —	$ —	$ —
Gross realized losses	(120)	(1,235)	(120)	(10,760)
Realized (loss) gain, net	$ (120)	$ (1,235)	$ (120)	$ (10,760)

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

	June 30, 2024							
	Less Than 12 Months			12 Months or More			Total	
(in thousands, except securities count)	Number of Securities	Estimated Fair Value	Unrealized Loss	Number of Securities	Estimated Fair Value	Unrealized Loss	Estimated Fair Value	Unrealized Loss
U.S. government-sponsored enterprise debt securities	44	$ 211,669	$ (2,577)	324	$ 329,457	$ (42,319)	$ 541,126	$ (44,896)
Corporate debt securities	1	10,016	(4)	53	223,638	(19,797)	233,654	(19,801)
U.S. government agency debt securities	24	54,388	(346)	162	297,442	(43,460)	351,830	(43,806)
Municipal bonds	—	—	—	3	1,577	(155)	1,577	(155)
U.S. treasury securities	—	—	—	1	1,993	(6)	1,993	(6)
	69	$ 276,073	$ (2,927)	543	$ 854,107	$ (105,737)	$ 1,130,180	$ (108,664)

	December 31, 2023							
	Less Than 12 Months			12 Months or More			Total	
(in thousands, except securities count)	Number of Securities	Estimated Fair Value	Unrealized Loss	Number of Securities	Estimated Fair Value	Unrealized Loss	Estimated Fair Value	Unrealized Loss
U.S. government sponsored enterprise debt securities	7	$ 68,923	$ (187)	328	$ 347,632	$ (36,775)	$ 416,555	$ (36,962)
Corporate debt securities	2	3,992	(13)	59	256,810	(24,402)	260,802	(24,415)
U.S. government agency debt securities	12	19,475	(137)	158	296,632	(38,645)	316,107	(38,782)
Municipal bonds	—	—	—	3	1,668	(63)	1,668	(63)
U.S. treasury securities	1	1,991	(7)	—	—	—	1,991	(7)
Collateralized Loan Obligations	1	4,957	(43)	—	—	—	4,957	(43)
	23	$ 99,338	$ (387)	548	$ 902,742	$ (99,885)	$ 1,002,080	$ (100,272)

U.S. Government Sponsored Enterprise Debt Securities and U.S. Government Agency Debt Securities

At June 30, 2024 and December 31, 2023, the Company held certain debt securities issued or guaranteed by the U.S. government and U.S. government-sponsored entities and agencies. 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. The Company evaluates these securities for credit losses by reviewing current market conditions, the extent and nature of changes in fair value, credit ratings, default and delinquency rates and current analysts' evaluations. The Company believes the decline in fair value on these debt securities is attributable to changes in interest rates and investment securities markets, generally, and not credit quality. As a result, the Company did no t record an Allowance for Credit Losses, or ACL, on these securities as of June 30, 2024 and December 31, 2023.

Corporate Debt Securities

Investments in corporate debt securities available for sale in an unrealized loss position as of June 30, 2024 include: (i) securities considered "investment-grade-quality," primarily issued by financial institutions, with a fair value of $ 225.3 million ($ 252.4 million at December 31, 2023) and total unrealized losses of $ 19.1 million at that date ($ 23.8 million at December 31, 2023), and (ii) securities considered "non-investment-grade-quality," primarily from companies in the technology industry, with a fair value of $ 8.3 million ($ 8.4 million at December 31, 2023) and total unrealized losses of $ 0.7 million at that date ($ 0.6 million at December 31, 2023).

As of June 30, 2024 and December 31, 2023, our corporate debt securities available for sale issued by financial institutions were primarily "investment-grade-quality", and had a fair value of $ 188.7 million and $ 186.9 million, respectively, and net unrealized losses of $ 13.3 million and $ 18.2 million, respectively.

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

The Company does not intend to sell its investments in corporate debt securities available for sale and it is more likely than not that it will not be required to sell these investments before their anticipated recovery. The Company evaluates corporate debt securities for credit losses by reviewing various qualitative and quantitative factors such as current market conditions, the extent and nature of changes in fair value, credit ratings, default and delinquency rates, and current analysts' evaluations. The Company believes the decline in fair value on these debt securities is attributable to changes in interest rates and investment securities markets, generally, and not credit quality. As a result, the Company did no t record an ACL on these securities as of June 30, 2024 and December 31, 2023.

On March 12, 2023, Signature Bank, N.A. ("Signature") was closed by the New York State Department of Financial Services, which appointed the FDIC as receiver. The FDIC, as receiver, announced that shareholders and certain unsecured debt holders would not be protected. On March 27, 2023, the Bank sold in an open market transaction one corporate debt security held for sale issued by Signature (the "Signature Bond") with a fair value of $ 9.1 million and unrealized loss of $ 0.9 million, and realized a pretax loss on sale of approximately $ 9.5 million, which is recorded in the consolidated statement of comprehensive income for the six months ended June 30, 2023.

In May 2023, the Company sold a portion of its investment in a corporate debt security held for sale issued by a financial institution, to reduce single point exposure. The Company had proceeds of $ 0.8 million and realized a pre-tax loss of $ 1.2 million in connection with this transaction. This loss was recorded in the consolidated statement of comprehensive (loss) income for the three and six months ended June 30, 2023.

Debt securities held to maturity

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

	June 30, 2024				
	Amortized	Gross Unrealized		Estimated	Allowance for
(in thousands)	Cost	Gains	Losses	Fair Value	Credit Losses
U.S. government agency debt securities (1)	$ 62,250	$ —	$ (8,265)	$ 53,985	$ —
U.S. government sponsored enterprise debt securities (1) (2)	157,363	—	(18,945)	138,418	—
Total debt securities held to maturity (3)	$ 219,613	$ —	$ (27,210)	$ 192,403	$ —

(1) Includes residential mortgage-backed securities. As of June 30, 2024, we had total residential mortgage-backed securities, included as part of total debt securities held to maturity, with amortized cost of $ 192.5 million and fair value of $ 167.8 million.

(2) Includes commercial mortgage-backed securities. As of June 30, 2024, we had total commercial mortgage-backed securities, included as part of total debt securities held to maturity, with amortized cost of $ 27.1 million and fair value of $ 24.6 million.

(3) Excludes accrued interest receivable of $ 0.7 million as of June 30, 2024, which is included as part of accrued interest receivable and other assets in the Company's consolidated balance sheet. The Company did not record any write offs on accrued interest receivable related to these securities in the three and six month periods ended June 30, 2024.

	December 31, 2023				
	Amortized	Gross Unrealized		Estimated	Allowance for
(in thousands)	Cost	Gains	Losses	Fair Value	Credit Losses
U.S. government agency debt securities (1)	$ 63,883	$ 387	$ (6,914)	$ 57,356	$ —
U.S. government sponsored enterprise debt securities (1) (2)	162,762	—	(15,173)	147,589	—
Total debt securities held to maturity (3)	$ 226,645	$ 387	$ (22,087)	$ 204,945	$ —

(1) Includes residential mortgage-backed securities. As of December 31, 2023, we had total residential mortgage-backed securities, included as part of total debt securities held to maturity, with amortized cost of $ 199.2 million and fair value of $ 179.2 million.

(2) Includes commercial mortgage-backed securities. As of December 31, 2023, includes total commercial mortgage-backed securities with amortized cost of $ 27.5 million and fair value of $ 25.7 million.

(3) Excludes accrued interest receivable of $ 0.7 million as of December 31, 2023, which is included as part of accrued interest receivable and other assets in the Company's consolidated balance sheet. The Company did not record any write offs on accrued interest receivable related to these securities in 2023.

The Company's investment in debt securities held to maturity with unrealized losses aggregated by length of time that individual securities have been in a continuous unrealized loss position, are summarized below:

	June 30, 2024							
	Less Than 12 Months			12 Months or More			Total	
(in thousands)	Number of Securities	Estimated Fair Value	Unrealized Loss	Number of Securities	Estimated Fair Value	Unrealized Loss	Estimated Fair Value	Unrealized Loss
U.S. government agency debt securities	1	$ 9,199	$ (22)	12	$ 44,786	$ (8,243)	$ 53,985	$ (8,265)
U.S. government sponsored enterprise debt securities	—	—	—	34	138,418	(18,945)	138,418	(18,945)
	1	$ 9,199	$ (22)	46	$ 183,204	$ (27,188)	$ 192,403	$ (27,210)

	December 31, 2023							
	Less Than 12 Months			12 Months or More			Total	
(in thousands)	Number of Securities	Estimated Fair Value	Unrealized Loss	Number of Securities	Estimated Fair Value	Unrealized Loss	Estimated Fair Value	Unrealized Loss
U.S. government agency debt securities	—	$ —	$ —	12	$ 47,370	$ (6,914)	$ 47,370	$ (6,914)
U.S. government sponsored enterprise debt securities	—	—	—	34	147,590	(15,173)	147,590	(15,173)
	—	$ —	$ —	46	$ 194,960	$ (22,087)	$ 194,960	$ (22,087)

The Company evaluates all debt securities held to maturity quarterly to determine if any securities in an unrealized loss position require an ACL. The Company considers that all debt securities held to maturity issued or sponsored by the U.S. government are considered to be risk-free as they have the backing of the government. The Company believes there are no current expected credit losses on these securities and, therefore, did not record an ACL on any of its debt securities held to maturity as of June 30, 2024 and December 31, 2023. The Company monitors the credit quality of held to maturity securities through the use of credit ratings. Credit ratings are monitored by the Company on at least a quarterly basis. As of June 30, 2024 and December 31, 2023, all debt securities held to maturity held by the Company were rated investment grade or higher.

Contractual maturities

Contractual maturities of debt securities at June 30, 2024 are as follows:

	Available for Sale		Held to Maturity	
(in thousands)	Amortized Cost	Estimated Fair Value	Amortized Cost	Estimated Fair Value
Within 1 year	$ 11,244	$ 10,873	$ —	$ —
After 1 year through 5 years	163,859	156,942	—	—
After 5 years through 10 years	194,306	179,579	18,816	17,515
After 10 years	1,007,725	921,962	200,797	174,888
	$ 1,377,134	$ 1,269,356	$ 219,613	$ 192,403

b) Equity securities with readily available fair value not held for trading

As of June 30, 2024 and December 31, 2023, the Company had an equity security with readily available fair value not held for trading with an original cost of $ 2.5 million and fair value of $ 2.5 million. These equity securities have no stated maturities. There were no significant unrealized gains and losses related to these equity securities in the three and six month periods ended June 30, 2024 and 2023.

In the three months ended March 31, 2023, the Company sold its equity securities with readily available fair value not held for trading, with a total fair value of $ 11.2 million at the time of sale, and recognized a net loss of $ 0.2 million in connection with this transaction.

c) Securities Pledged

As of June 30, 2024 and December 31, 2023, the Company had $ 232.8 million and $ 206.4 million, respectively, in securities pledged as collateral. These securities were pledged to secure public funds and for other purposes as permitted by law.

4. Loans

a) Loans held for investment

Loans held for investment consist of the following loan classes:

(in thousands)	June 30, 2024	December 31, 2023
Real estate loans		
Commercial real estate		
Non-owner occupied	$ 1,714,088	$ 1,616,200
Multi-family residential	359,257	407,214
Land development and construction loans	343,472	300,378
	2,416,817	2,323,792
Single-family residential	1,446,569	1,466,608
Owner occupied	981,405	1,175,331
	4,844,791	4,965,731
Commercial loans	1,521,533	1,503,187
Loans to financial institutions and acceptances	48,287	13,375
Consumer loans and overdrafts	296,350	391,200
Total loans held for investment, gross (1)	$ 6,710,961	$ 6,873,493

(1) Excludes accrued interest receivable.

At June 30, 2024 and December 31, 2023, loans with outstanding principal balances of $ 2.5 billion were pledged as collateral to secure advances from the FHLB.

The amounts above include loans under syndication facilities of approximately $ 248 million and $ 271.8 million at June 30, 2024 and December 31, 2023, respectively, which include Shared National Credit facilities and agreements to enter into credit agreements with other lenders (club deals) and other agreements. In addition, consumer loans and overdrafts in the table above include indirect consumer loans purchased totaling $ 131.9 million and $ 210.9 million at June 30, 2024 and December 31, 2023, respectively.

International loans included above were $ 43.8 million and $ 87.6 million at June 30, 2024 and December 31, 2023, respectively, mainly single-family residential loans. These loans are generally fully collateralized with cash, cash equivalents or other financial instruments.

There were no significant purchases of loans held for investment in the three and six month periods ended June 30, 2024 and 2023.

The age analyses of the loan portfolio by class as of June 30, 2024 and December 31, 2023, are summarized in the following tables:

	June 30, 2024					
			Past Due			
(in thousands)	Total Loans, Net of Unearned Income	Current	30-59 Days	60-89 Days	Greater than 90 Days	Total Past Due
Real estate loans						
Commercial real estate						
Non-owner occupied	$ 1,714,088	$ 1,713,055	$ —	$ 1,033	$ —	$ 1,033
Multi-family residential	359,257	359,257	—	—	—	—
Land development and construction loans	343,472	343,472	—	—	—	—
	2,416,817	2,415,784	—	1,033	—	1,033
Single-family residential	1,446,569	1,427,143	12,586	1,872	4,968	19,426
Owner occupied	981,405	967,795	9,501	2,002	2,107	13,610
	4,844,791	4,810,722	22,087	4,907	7,075	34,069
Commercial loans	1,521,533	1,498,874	4,022	921	17,716	22,659
Loans to financial institutions and acceptances	48,287	48,287	—	—	—	—
Consumer loans and overdrafts	296,350	287,741	6,365	1,763	481	8,609
	$ 6,710,961	$ 6,645,624	$ 32,474	$ 7,591	$ 25,272	$ 65,337

	December 31, 2023					
			Past Due			
(in thousands)	Total Loans, Net of Unearned Income	Current	30-59 Days	60-89 Days	Greater than 90 Days	Total Past Due
Real estate loans						
Commercial real estate						
Non-owner occupied	$ 1,616,200	$ 1,615,772	$ 428	$ —	$ —	$ 428
Multi-family residential	407,214	403,288	2,360	1,558	8	3,926
Land development and construction loans	300,378	300,378	—	—	—	—
	2,323,792	2,319,438	2,788	1,558	8	4,354
Single-family residential	1,466,608	1,453,073	4,196	3,511	5,828	13,535
Owner occupied	1,175,331	1,164,059	9,642	185	1,445	11,272
	4,965,731	4,936,570	16,626	5,254	7,281	29,161
Commercial loans	1,503,187	1,472,531	23,128	1,626	5,902	30,656
Loans to financial institutions and acceptances	13,375	13,375	—	—	—	—
Consumer loans and overdrafts	391,200	383,689	3,142	4,277	92	7,511
	$ 6,873,493	$ 6,806,165	$ 42,896	$ 11,157	$ 13,275	$ 67,328

Nonaccrual status

The following tables present the amortized cost basis of loans on nonaccrual status and loans past due over 90 days and still accruing as of June 30, 2024 and December 31, 2023:

	As of June 30, 2024			
(in thousands)	Nonaccrual Loans With No Related Allowance	Nonaccrual Loans With Related Allowance	Total Nonaccrual Loans (1)	Loans Past Due Over 90 Days and Still Accruing
Real estate loans				
Commercial real estate				
Nonowner occupied	$ —	$ —	$ —	$ —
Multi-family residential	6	—	6	—
Land development and construction loans	—	—	—	—
	6	—	6	—
Single-family residential	775	2,951	3,726	2,656
Owner occupied	26,287	22	26,309	769
	27,068	2,973	30,041	3,425
Commercial loans	27,611	39,394	67,005	—
Consumer loans and overdrafts	4	—	4	477
Total	$ 54,683	$ 42,367	$ 97,050	$ 3,902

	As of December 31, 2023			
(in thousands)	Nonaccrual Loans With No Related Allowance	Nonaccrual Loans With Related Allowance	Total Nonaccrual Loans (1)	Loans Past Due Over 90 Days and Still Accruing
Real estate loans				
Commercial real estate				
Nonowner occupied	$ —	$ —	$ —	$ —
Multi-family residential	8	—	8	—
	8	—	8	—
Single-family residential	773	1,686	2,459	5,218
Owner occupied	3,693	129	3,822	—
	4,474	1,815	6,289	5,218
Commercial loans	3,669	18,280	21,949	857
Consumer loans and overdrafts	—	38	38	49
Total	$ 8,143	$ 20,133	$ 28,276	$ 6,124

The Company did no t recognize any interest income on nonaccrual loans during the three and six month periods ended June 30, 2024 and 2023.

b) Loans held for sale

Loans held for sale consist of the following loan classes:

(in thousands)	June 30, 2024	December 31, 2023
Loans held for sale at the lower of cost or fair value		
Real estate loans		
Commercial real estate		
Non-owner occupied	$ 112,002	$ —
Multi-family residential	918	309,612
Land development and construction loans	29,923	55,607
	142,843	365,219
Single-family residential	88,507	—
Owner occupied	220,718	—
	452,068	365,219
Commercial loans	90,353	—
Consumer loans	9,407	—
Total loans held for sale at the lower of cost or fair value (1)	551,828	365,219
Mortgage loans held for sale at fair value		
Land development and construction loans	7,776	12,778
Single-family residential	52,346	13,422
Total mortgage loans held for sale at fair value (2)	60,122	26,200
Total loans held for sale (3)	$ 611,950	$ 391,419

(1) In the second quarter of 2024, the Company transferred an aggregate of $ 553.1 million in connection with the Houston Sale Transaction. The Company recorded a valuation allowance of $ 1.3 million as a result of the transfer in the same period. In the fourth quarter of 2023, the Company transferred an aggregate of $ 401.0 million in Houston-based CRE loans held for investment to the loans held for sale category, and recognized a valuation allowance of $ 35.5 million as a result of the fair value adjustment of these loans. The Company sold these loans in the first quarter of 2024 and there was no material impact to the Company's results of operations as result of this transaction.

(2) Loans held for sale in connection with Amerant Mortgage's ongoing business.

(3) Excludes accrued interest receivable.

c) Concentration of risk

While seeking diversification of our loan portfolio, the Company is dependent mostly on the economic conditions that affect South Florida, the greater Tampa, Houston and the five New York City boroughs. At June 30, 2024, our commercial real estate loans held for investment based in Florida, Houston, New York and other regions were $ 1.9 billion, $ 215 million, $ 221 million and $ 47 million, respectively.

d) Accrued interest receivable on loans

Accrued interest receivable on total loans, including loans held for investment and held for sale, was $ 36.4 million and $ 44.2 million as of June 30, 2024 and December 31, 2023, respectively.

5. Allowance for Credit Losses

The analyses by loan segment of the changes in the Allowance for Credit Losses, or ACL, for loans for the three and six month periods ended June 30, 2024 and 2023 is summarized in the following tables:

	Three Months Ended June 30, 2024				
(in thousands)	Real Estate	Commercial	Financial Institutions	Consumer and Others	Total
Balance at beginning of the period	$ 22,322	$ 47,547	$ —	$ 26,181	$ 96,050
(Reversal of) provision for credit losses - loans	(3,269)	17,648	—	3,271	17,650
Loans charged-off	—	(13,452)	—	(6,762)	(20,214)
Recoveries	11	400	—	503	914
Balance at end of the period	$ 19,064	$ 52,143	$ —	$ 23,193	$ 94,400

	Six Months Ended June 30, 2024				
(in thousands)	Real Estate	Commercial	Financial Institutions	Consumer and Others	Total
Balance at beginning of the period	$ 25,876	$ 41,809	$ —	$ 27,819	$ 95,504
(Reversal of) provision for credit losses - loans	(6,257)	25,231	—	11,076	30,050
Loans charged-off	(591)	(15,876)	—	(16,949)	(33,416)
Recoveries	36	979	—	1,247	2,262
Balance at end of the period	$ 19,064	$ 52,143	$ —	$ 23,193	$ 94,400

	Three Months Ended June 30, 2023				
(in thousands)	Real Estate	Commercial	Financial Institutions	Consumer and Others	Total
Balance at beginning of the period	$ 23,195	$ 30,647	$ —	$ 30,519	$ 84,361
Provision for credit losses - loans	18,903	6,386	—	3,788	29,077
Loans charged-off	—	(1,452)	—	(7,633)	(9,085)
Recoveries	140	1,045	—	418	1,603
Balance at end of the period	$ 42,238	$ 36,626	$ —	$ 27,092	$ 105,956

	Six Months Ended June 30, 2023				
(in thousands)	Real Estate	Commercial	Financial Institutions	Consumer and Others	Total
Balance at beginning of the period	$ 25,237	$ 25,888	$ —	$ 32,375	$ 83,500
Provision for credit losses - loans	16,722	15,787	—	8,268	40,777
Loans charged-off	—	(9,427)	—	(13,987)	(23,414)
Recoveries	279	4,378	—	436	5,093
Balance at end of the period	$ 42,238	$ 36,626	$ —	$ 27,092	$ 105,956

The ACL was determined utilizing a reasonable and supportable forecast period. The ACL was determined using a weighted-average of various economic scenarios provided by a third-party and incorporated qualitative components. There have not been material changes in our policies and methodology to estimate the ACL in the six months ended June 30, 2024.

The ACL decreased by $ 1.1 million, or 1.2 % at June 30, 2024, compared to December 31, 2023. The ACL as a percentage of total loans held for investment was 1.41 % at June 30, 2024 compared to 1.39 % at December 31, 2023. The provision for credit losses on loans in the three and six month periods ended June 30, 2024 was partially offset by net charge-offs.

In the second quarter of 2024, the provision for credit losses on loans included $ 12.8 million to cover for charge-offs, $ 12.7 million in new specific reserves for non-performing loans, and $ 1.8 million due to loan composition and volume changes. These provision requirements were partially offset by a release of $ 5.2 million due to general credit quality factors, as well as, macroeconomic factor updates and a $ 4.4 million release due to the Houston loan portfolio classification as held-for-sale.

In the first half of 2024, the provision for credit losses on loans included $ 24.5 million to cover charge-offs, $ 12.7 million in new specific reserves for non-performing loans and $ 4.2 million due to loan composition and volume changes. These provision requirements were partially offset by a release of $ 6.8 million due to credit quality and macroeconomic factor updates and a $ 4.4 million release due to the Houston loan portfolio classification as held-for-sale.

The following is a summary of net proceeds from sales of loans held for investment by portfolio segment:

Three Months Ended June 30, *(in thousands)*	Real Estate	Commercial	Financial Institutions	Consumer and others	Total
2024	$ —	$ 4,681	$ —	$ —	$ 4,681
2023	$ 3,575	$ 887	$ —	$ —	$ 4,462

Six Months Ended June 30, *(in thousands)*	Real Estate	Commercial	Financial Institutions	Consumer and others	Total
2024	$ 1,768	$ 65,628	$ —	$ —	$ 67,396
2023	$ 13,575	$ 887	$ —	$ —	$ 14,462

Loan Modifications to Borrowers Experiencing Financial Difficulty

The Company modifies loans related to borrowers experiencing financial difficulties by providing multiple types of concessions. Typically, one type of concession, such as a term extension, is granted initially. If the borrower continues to experience financial difficulty, another concession, such as principal forgiveness, may be granted.

The Company had no new loan modifications to borrowers experiencing financial difficulty during the three and six month periods ended June 30, 2024 and 2023. There were no loans that defaulted in the six months ended June 30, 2024 and 2023 and had been modified within 12 months preceding the payment default related to these modifications.

Credit Risk Quality

The sufficiency of the ACL is reviewed at least quarterly by the Chief Risk Officer and the Chief Financial Officer. The Board of Directors considers the ACL as part of its review of the Company's consolidated financial statements. As of June 30, 2024 and December 31, 2023, the Company believes the ACL to be sufficient to absorb expected credit losses in the loans portfolio in accordance with GAAP.

Loans may be classified but not considered collateral dependent due to one of the following reasons: (1) the Company has established minimum dollar amount thresholds for individual assessment of expected credit losses, which results in loans under those thresholds being excluded from individual assessment of expected credit losses; and (2) classified loans may be considered in the assessment because the Company expects to collect all amounts due.

As part of the on-going monitoring of the credit quality of the Company's loan portfolio, management tracks certain credit quality indicators including trends related primarily to (i) the risk rating of loans, (ii) the loan payment status, (iii) net charge-offs, (iv) nonperforming loans and (v) the general economic conditions in the main geographies where the Company's borrowers conduct their businesses. The Company considers the views of its regulators as to loan classification and in the process of estimating expected credit losses.

The Company utilizes an internal risk rating system to identify the risk characteristics of each of its loans, or group of homogeneous loans such as consumer loans. Internal risk ratings are updated on a continuous basis on a scale from 1 (worst credit quality) to 10 (best credit quality). Loans are then grouped in five master risk categories for purposes of monitoring rising levels of potential loss risks and to enable the activation of collection or recovery processes as defined in the Company's Credit Risk Policy. Internal risk ratings are considered the most meaningful indicator of credit quality for commercial loans. Generally, internal risk ratings for commercial real estate loans and commercial loans with balances over $ 3 million are updated at least annually and more frequently if circumstances indicate that a change in risk rating may be warranted. For consumer loans, single-family residential loans and smaller commercial loans under $ 3 million, risk ratings are updated based on the loans past due status. The following is a summary of the master risk categories and their associated loan risk ratings, as well as a description of the general characteristics of the master risk category:

Master risk category	Loan Risk Rating
Nonclassified	4 to 10
Classified	1 to 3
Substandard	3
Doubtful	2
Loss	1

Nonclassified

This category includes loans considered as Pass (5-10) and Special Mention (4). A loan classified as Pass is considered of sufficient quality to preclude a lower adverse rating. These loans are generally well protected by the current net worth and paying capacity of the borrower or by the value of any collateral received. Special Mention loans are defined as having potential weaknesses that deserve management's close attention which, if left uncorrected, could potentially result in further credit deterioration. Special Mention loans may include loans originated with certain credit weaknesses or that developed those weaknesses since their origination.

Classified

This classification indicates the presence of credit weaknesses which could make loan repayment unlikely, such as partial or total late payments and other contractual defaults.

Substandard

A loan classified substandard is inadequately protected by the sound worth and paying capacity of the borrower or the collateral pledged. They are characterized by the distinct possibility that the Company will sustain some loss if the credit weaknesses are not corrected. Loss potential, while existing in the aggregate amount of substandard loans, does not have to exist in individual assets.

Doubtful

These loans have all the weaknesses inherent in a loan classified as substandard with the added characteristic that the weaknesses make collection or liquidation in full, on the basis of currently existing facts, conditions, and values, highly questionable and improbable. These are poor quality loans in which neither the collateral, if any, nor the financial condition of the borrower presently ensure collection in full in a reasonable period of time. As a result, the possibility of loss is extremely high.

Loss

Loans classified as loss are considered uncollectible and of such little value that the continuance as bankable assets is not warranted. This classification does not mean that the assets have absolutely no recovery or salvage value, but not to the point where a write-off should be deferred even though partial recoveries may occur in the future. This classification is based upon current facts, not probabilities. As a result, loans in this category should be promptly charged off in the period in which they are determined to be uncollectible.

Loans held for investment by Credit Quality Indicators

The following tables present Loans held for investment by credit quality indicators and year of origination as of June 30, 2024 and December 31, 2023:

	June 30, 2024							
	Term Loans Amortized Cost Basis by Origination Year						Revolving Loans Amortized Cost Basis	
(in thousands)	2024	2023	2022	2021	2020	Prior		Total
Real estate loans								
Commercial real estate								
Nonowner occupied								
Credit Risk Rating:								
Nonclassified								
Pass	$ 214,640	$ 145,702	$ 183,804	$ 452,968	$ 32,289	$ 471,977	$ 178,729	$ 1,680,109
Special Mention	—	—	—	26,444	—	7,534	—	33,979
Classified								
Substandard	—	—	—	—	—	—	—	—
Doubtful	—	—	—	—	—	—	—	—
Loss	—	—	—	—	—	—	—	—
Total Nonowner occupied	214,640	145,702	183,804	479,413	32,289	479,511	178,729	1,714,088
Multi-family residential								
Credit Risk Rating:								
Nonclassified								
Pass	10,465	1,845	69,809	86,159	5,868	142,112	42,994	359,251
Special Mention	—	—	—	—	—	—	—	—
Classified								
Substandard	—	—	—	—	6	—	—	6
Doubtful	—	—	—	—	—	—	—	—
Loss	—	—	—	—	—	—	—	—
Total Multi-family residential	10,465	1,845	69,809	86,159	5,873	142,112	42,994	359,257
Land development and construction loans								
Credit Risk Rating:								
Nonclassified								
Pass	50,873	96,589	6,174	38,086	21,994	26,969	102,786	343,472
Special Mention	—	—	—	—	—	—	—	—
Classified								
Substandard	—	—	—	—	—	—	—	—
Doubtful	—	—	—	—	—	—	—	—
Loss	—	—	—	—	—	—	—	—
Total land development and construction loans	50,873	96,589	6,174	38,086	21,994	26,969	102,786	343,472
Single-family residential								
Credit Risk Rating:								
Nonclassified								
Pass	161,007	338,799	439,019	144,096	50,914	81,183	227,866	1,442,885
Special Mention	—	—	—	—	—	—	—	—
Classified								
Substandard	—	141	206	—	—	570	2,768	3,684
Doubtful	—	—	—	—	—	—	—	—
Loss	—	—	—	—	—	—	—	—
Total Single-family residential	161,007	338,940	439,225	144,096	50,914	81,754	230,634	1,446,569
Owner occupied								
Credit Risk Rating:								
Nonclassified								
Pass	93,635	180,136	175,400	288,183	15,311	152,410	14,308	919,382
Special Mention	—	201	1,997	15,357	—	10,394	7,691	35,642
Classified								
Substandard	—	24,682	289	1,316	—	95	—	26,381
Doubtful	—	—	—	—	—	—	—	—
Loss	—	—	—	—	—	—	—	—
Total owner occupied	93,635	205,019	177,686	304,856	15,311	162,900	22,000	981,405

	June 30, 2024							
	Term Loans Amortized Cost Basis by Origination Year							
(in thousands)	2024	2023	2022	2021	2020	Prior	Revolving Loans Amortized Cost Basis	Total
Non-real estate loans								
Commercial Loans								
Credit Risk Rating:								
Nonclassified								
Pass	229,220	351,870	196,337	56,122	4,147	35,002	555,330	1,428,027
Special Mention	—	—	13,696	—	—	1,893	10,081	25,671
Classified								
Substandard	—	4,155	7,962	26	91	28,919	26,683	67,835
Doubtful	—	—	—	—	—	—	—	—
Loss	—	—	—	—	—	—	—	—
Total commercial Loans	229,220	356,024	217,995	56,148	4,238	65,814	592,094	1,521,533
Loans to financial institutions and acceptances								
Credit Risk Rating:								
Nonclassified								
Pass	33,714	—	—	—	—	13,500	1,073	48,287
Special Mention	—	—	—	—	—	—	—	—
Classified								
Substandard	—	—	—	—	—	—	—	—
Doubtful	—	—	—	—	—	—	—	—
Loss	—	—	—	—	—	—	—	—
Total loans to financial institutions and acceptances	33,714	—	—	—	—	13,500	1,073	48,287
Consumer loans								
Credit Risk Rating:								
Nonclassified								
Pass	6,202	20,595	130,264	30,710	5,466	—	103,113	296,350
Special Mention	—	—	—	—	—	—	—	—
Classified								
Substandard	—	—	—	—	—	—	—	—
Doubtful	—	—	—	—	—	—	—	—
Loss	—	—	—	—	—	—	—	—
Total consumer loans and overdrafts	6,202	20,595	130,264	30,710	5,466	—	103,113	296,350
Total loans held for investment, gross	$ 799,754	$ 1,164,714	$ 1,224,957	$ 1,139,469	$ 136,085	$ 972,559	$ 1,273,422	$ 6,710,961

Amerant Bancorp Inc. and Subsidiaries
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	December 31, 2023							
	Term Loans							
	Amortized Cost Basis by Origination Year							
(in thousands)	2023	2022	2021	2020	2019	Prior	Revolving Loans Amortized Cost Basis	Total
Real estate loans								
Commercial real estate								
Nonowner occupied								
Credit Risk Rating:								
Nonclassified								
Pass	$ 163,018	$ 189,356	$ 564,003	$ 35,615	$ 89,920	$ 401,140	$ 173,148	$ 1,616,200
Special Mention	—	—	—	—	—	—	—	—
Classified								
Substandard	—	—	—	—	—	—	—	—
Doubtful	—	—	—	—	—	—	—	—
Loss	—	—	—	—	—	—	—	—
Total Nonowner occupied	163,018	189,356	564,003	35,615	89,920	401,140	173,148	1,616,200
Multi-family residential								
Credit Risk Rating:								
Nonclassified								
Pass	1,860	69,875	96,028	5,930	72,389	119,550	41,574	407,206
Special Mention	—	—	—	—	—	—	—	—
Classified								
Substandard	—	—	—	—	—	8	—	8
Doubtful	—	—	—	—	—	—	—	—
Loss	—	—	—	—	—	—	—	—
Total Multi-family residential	1,860	69,875	96,028	5,930	72,389	119,558	41,574	407,214
Land development and construction loans								
Credit Risk Rating:								
Nonclassified								
Pass	71,157	9,920	28,934	21,959	—	26,942	141,466	300,378
Special Mention	—	—	—	—	—	—	—	—
Classified								
Substandard	—	—	—	—	—	—	—	—
Doubtful	—	—	—	—	—	—	—	—
Loss	—	—	—	—	—	—	—	—
Total land development and construction loans	71,157	9,920	28,934	21,959	—	26,942	141,466	300,378
Single-family residential								
Credit Risk Rating:								
Nonclassified								
Pass	410,185	454,011	166,997	64,228	20,571	69,479	278,337	1,463,808
Special Mention	—	—	—	—	—	—	—	—
Classified								
Substandard	—	—	—	—	—	384	2,416	2,800
Doubtful	—	—	—	—	—	—	—	—
Loss	—	—	—	—	—	—	—	—
Total Single-family residential	410,185	454,011	166,997	64,228	20,571	69,863	280,753	1,466,608
Owner occupied								
Credit Risk Rating:								
Nonclassified								
Pass	221,137	245,680	414,263	20,741	57,681	158,678	37,538	1,155,718
Special Mention	—	4,186	7,926	—	—	—	3,611	15,723
Classified								
Substandard	—	—	2,530	—	—	825	535	3,890
Doubtful	—	—	—	—	—	—	—	—
Loss	—	—	—	—	—	—	—	—
Total owner occupied	221,137	249,866	424,719	20,741	57,681	159,503	41,684	1,175,331

Amerant Bancorp Inc. and Subsidiaries
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	December 31, 2023							
	Term Loans Amortized Cost Basis by Origination Year							
(in thousands)	2023	2022	2021	2020	2019	Prior	Revolving Loans Amortized Cost Basis	Total
Non-real estate loans								
Commercial Loans								
Credit Risk Rating:								
Nonclassified								
Pass	414,882	280,911	13,432	9,738	34,209	34,804	661,979	1,449,955
Special Mention	—	—	—	—	—	2,056	28,205	30,261
Classified								
Substandard	563	500	—	91	1,775	794	19,248	22,971
Doubtful	—	—	—	—	—	—	—	—
Loss	—	—	—	—	—	—	—	—
Total commercial Loans	415,445	281,411	13,432	9,829	35,984	37,654	709,432	1,503,187
Loans to financial institutions and acceptances								
Credit Risk Rating:								
Nonclassified								
Pass	—	—	—	—	—	13,375	—	13,375
Special Mention	—	—	—	—	—	—	—	—
Classified								
Substandard	—	—	—	—	—	—	—	—
Doubtful	—	—	—	—	—	—	—	—
Loss	—	—	—	—	—	—	—	—
Total loans to financial institutions and acceptances	—	—	—	—	—	13,375	—	13,375
Consumer loans								
Credit Risk Rating:								
Nonclassified								
Pass	27,977	183,235	51,278	12,833	26	—	115,810	391,159
Special Mention	—	—	—	—	—	—	—	—
Classified								
Substandard	—	—	—	—	—	—	41	41
Doubtful	—	—	—	—	—	—	—	—
Loss	—	—	—	—	—	—	—	—
Total consumer loans and overdrafts	27,977	183,235	51,278	12,833	26	—	115,851	391,200
Total loans held for investment, gross	$ 1,310,779	$ 1,437,674	$ 1,345,391	$ 171,135	$ 276,571	$ 828,035	$ 1,503,908	$ 6,873,493

The following tables present gross charge-offs by year of origination for the periods presented:

	Three Months Ended June 30, 2024							
	Term Loans Charge-offs by Origination Year							
(in thousands)	2024	2023	2022	2021	2020	Prior	Revolving Loans Charge-Offs	Total
Quarter-To-Date Gross Charge-offs								
Real estate loans								
Commercial real estate								
Nonowner occupied	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Multi-family residential	—	—	—	—	—	—	—	—
Land development and construction loans	—	—	—	—	—	—	—	—
	—	—	—	—	—	—	—	—
Single-family residential	—	—	—	—	—	—	—	—
Owner occupied	—	—	—	—	—	—	—	—
	—	—	—	—	—	—	—	—
Commercial loans	173	627	12,440	189	23	—	—	13,452
Loans to financial institutions and acceptances	—	—	—	—	—	—	—	—
Consumer loans and overdrafts	89	247	4,594	1,449	208	175	—	6,762
Total Quarter-To-Date Gross Charge-Offs	$ 262	$ 874	$ 17,034	$ 1,638	$ 231	$ 175	$ —	$ 20,214

	Six Months Ended June 30, 2024							
	Term Loans Charge-offs by Origination Year							
(in thousands)	2024	2023	2022	2021	2020	Prior	Revolving Loans Charge-Offs	Total
Year-To-Date Gross Charge-offs								
Real estate loans								
Commercial real estate								
Nonowner occupied	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Multi-family residential	—	—	—	—	—	591	—	591
Land development and construction loans	—	—	—	—	—	—	—	—
	—	—	—	—	—	591	—	591
Single-family residential	—	—	—	—	—	—	—	—
Owner occupied	—	—	—	—	—	—	—	—
	—	—	—	—	—	591	—	591
Commercial loans	173	788	14,281	237	121	276	—	15,876
Loans to financial institutions and acceptances	—	—	—	—	—	—	—	—
Consumer loans and overdrafts	134	585	11,424	3,928	559	319	—	16,949
Total Year-To-Date Gross Charge-Offs	$ 307	$ 1,373	$ 25,705	$ 4,165	$ 680	$ 1,186	$ —	$ 33,416

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	Three Months Ended June 30, 2023							
	Term Loans Charge-offs by Origination Year							
(in thousands)	2023	2022	2021	2020	2019	Prior	Revolving Loans Charge-Offs	Total
Quarter-To-Date Gross Charge-offs								
Real estate loans								
Commercial real estate								
Nonowner occupied	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Multi-family residential	—	—	—	—	—	—	—	—
Land development and construction loans	—	—	—	—	—	—	—	—
	—	—	—	—	—	—	—	—
Single-family residential	—	—	—	—	—	7	—	7
Owner occupied	—	—	—	—	—	—	—	—
	—	—	—	—	—	7	—	7
Commercial loans		1,216	77	158	—	1	—	1,452
Loans to financial institutions and acceptances	—	—	—	—	—	—	—	—
Consumer loans and overdrafts	399	3,172	3,364	553	13	125	—	7,626
Total Quarter-To-Date Gross Charge-Offs	$ 399	$ 4,388	$ 3,441	$ 711	$ 13	$ 133	$ —	$ 9,085

	Six Months Ended June 30, 2023							
	Term Loans Charge-offs by Origination Year							
(in thousands)	2023	2022	2021	2020	2019	Prior	Revolving Loans Charge-Offs	Total
Year-To-Date Gross Charge-offs								
Real estate loans								
Commercial real estate								
Nonowner occupied	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Multi-family residential	—	—	—	—	—	—	—	—
Land development and construction loans	—	—	—	—	—	—	—	—
	—	—	—	—	—	—	—	—
Single-family residential	—	—	—	—	—	39	—	39
Owner occupied	—	—	—	—	—	—	—	—
	—	—	—	—	—	39	—	39
Commercial loans	—	8,774	170	158	—	325	—	9,427
Loans to financial institutions and acceptances	—	—	—	—	—	—	—	—
Consumer loans and overdrafts	399	6,062	6,243	846	13	385	—	13,948
Total Year-To-Date Gross Charge-Offs	$ 399	$ 14,836	$ 6,413	$ 1,004	$ 13	$ 749	$ —	$ 23,414

Collateral -Dependent Loans

Loans are considered collateral-dependent when the repayment of the loan is expected to be provided by the sale or operation of the underlying collateral. The Company performs an individual evaluation as part of the process of calculating the allowance for credit losses related to these loans. The following tables present the amortized cost basis of collateral dependent loans related to borrowers experiencing financial difficulty by type of collateral as of June 30, 2024 and December 31, 2023:

	As of June 30, 2024				
	Collateral Type				
(in thousands)	Commercial Real Estate	Residential Real Estate	Other	Total	Specific Reserves
Real estate loans					
Single-family residential (1)	$ —	$ 738	$ —	$ 738	$ —
Owner occupied (2)	26,292	—	—	26,292	—
	26,292	738	—	27,030	—
Commercial loans	3,344	—	68,162	71,506	17,330
Consumer loans and overdrafts	—	—	—	—	—
Total	$ 29,636	$ 738	$ 68,162	$ 98,536	$ 17,330

(1) Weighted-average loan-to-value was approximately 61.8 % at June 30, 2024.

(2) Weighted-average loan-to-value was approximately 22.9 % at June 30, 2024.

	As of December 31, 2023				
	Collateral Type				
(in thousands)	Commercial Real Estate	Residential Real Estate	Other	Total	Specific Reserves
Real estate loans					
Commercial real estate					
Multi-family residential	8	—	—	8	—
	8	—	—	8	
Single-family residential (1)	—	773	—	773	—
Owner occupied (2)	3,684	—	—	3,684	—
	3,692	773	—	4,465	—
Commercial loans	—	—	21,250	21,250	8,073
Consumer loans and overdrafts	—	—	36	36	34
Total	$ 3,692	$ 773	$ 21,286	$ 25,751	$ 8,107

(1) Weighted-average loan-to-value was approximately 64.8 % at December 31, 2023.

(2) Weighted-average loan-to-value was approximately 73.0 % at December 31, 2023.

Collateral dependent loans are evaluated on an individual basis for purposes of determining expected credit losses. For collateral-dependent loans where the borrower is experiencing financial difficulty and the Company expects repayment of the financial asset to be provided substantially through the operation or sale of the collateral, the ACL is measured based on the difference between the fair value of the collateral and the amortized cost basis of the loan as of the measurement date. When repayment is expected to be from the operation of the collateral, expected credit losses are calculated as the amount by which the amortized cost basis of the loan exceeds the present value of expected cash flows from the operation of the collateral. When repayment is expected to be from the sale of the collateral, expected credit losses are calculated as the amount by which the amortized cost basis of the loan exceeds the fair value of the underlying collateral less estimated costs to sell. The ACL may be zero if the fair value of the collateral at the measurement date exceeds the amortized cost basis of the loan.

6. Time Deposits

Time deposits in denominations of $100,000 or more amounted to approximately $ 1.3 billion at June 30, 2024 at December 31, 2023, respectively. Time deposits in denominations of more than $250,000 amounted to approximately $ 709 million and $ 693 million at June 30, 2024 and December 31, 2023, respectively. As of June 30, 2024 and December 31, 2023, brokered time deposits amounted to $ 700 million and $ 720 million, respectively.

Large Time Deposits by Maturity

The following table sets forth the maturities of our time deposits with individual balances equal to or greater than $100,000 as of June 30, 2024 and December 31, 2023:

(in thousands, except percentages)	June 30, 2024		December 31, 2023	
Less than 3 months	$ 433,791	32.7 %	$ 178,102	13.7 %
3 to 6 months	365,256	27.5 %	239,843	18.4 %
6 to 12 months	415,083	31.3 %	698,897	53.6 %
1 to 3 years	96,217	7.3 %	174,792	13.4 %
Over 3 years	16,416	1.2 %	12,974	0.9 %
Total	$ 1,326,763	100.0 %	$ 1,304,608	100.0 %

7. Advances from the Federal Home Loan Bank

At June 30, 2024 and December 31, 2023, the Company had outstanding advances from the FHLB as follows:

			Outstanding Balance	
Year of Maturity	Interest Rate	Interest Rate Type	At June 30, 2024	At December 31, 2023
			(in thousands)	
2024	5.46 %	Fixed	$ —	$ 40,000
2026	4.90 %	Fixed	10,000	10,000
2027	4.67 % to 4.89 %	Fixed	250,000	—
2028	3.45 % to 3.58 %	Fixed	—	595,000
2029 and after	3.54 % to 4.45 %	Fixed	505,000	—
Total (1)			$ 765,000	$ 645,000

(1) As of June 30, 2024 and December 31, 2023, includes advances from the FHLB with quarterly callable features totaling $ 435.0 million and $ 595.0 million, respectively, with fixed interest rates ranging from 3.54 % to 3.76 % and 3.44 % to 3.58 %, respectively, and maturing in 2029 and 2028, respectively.

8. Derivative Instruments

At June 30, 2024 and December 31, 2023, the notional amounts and fair values of the Company's derivative instruments were as follows:

	June 30, 2024				December 31, 2023			
(in thousands)	Number of contracts	Notional Amounts	Other Assets	Other Liabilities	Number of contracts	Notional Amounts	Other Assets	Other Liabilities
Derivatives designated hedging instruments								
Interest rate swaps designated as cash flow hedges	6	$ 114,178	$ 753	$ 512	6	$ 114,178	$ 296	$ 366
Derivatives not designated as hedging instruments								
Interest rate swaps:								
Customers	147	1,179,186	4,670	54,041	146	1,037,773	6,767	47,221
Third party broker	147	1,179,186	54,041	4,670	146	1,037,773	47,221	6,767
	294	2,358,372	58,711	58,711	292	2,075,546	53,988	53,988
Credit risk participation agreements	12	103,445	—	—	7	92,654	—	—
Interest rate caps:								
Customers	13	325,995	—	3,631	13	325,995	—	4,983
Third party broker	13	325,995	3,631	—	14	360,995	5,195	—
	26	651,990	3,631	3,631	27	686,990	5,195	4,983
Mortgage derivatives:								
Interest rate lock commitments	126	77,433	779	17	93	43,087	447	2
Forward contracts	21	35,001	97	49	11	16,000	6	94
	147	112,434	876	66	104	59,087	453	96
Total derivatives not designated as hedging instruments	479	$ 3,226,241	$ 63,218	$ 62,408	430	$ 2,914,277	$ 59,636	$ 59,067
Total derivative instruments	485	$ 3,340,419	$ 63,971	$ 62,920	436	$ 3,028,455	$ 59,932	$ 59,433

Derivatives Designated as Hedging Instruments

Interest Rate Swaps On Debt Instruments

The Company enters into interest rate swap contracts on debt instruments which the Company designates and qualifies 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 June 30, 2024 and December 31, 2023, the Company had five interest rate swap contracts with notional amounts totaling $ 64.2 million maturing in the third and fourth quarters of 2025. These contracts 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 June 30, 2024 and December 31, 2023 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. The Company recognized unrealized gains of $ 0.2 million and $ 0.1 million in the three months ended June 30, 2024 and 2023, respectively, and unrealized gains of $ 0.4 million and $ 0.2 million in the six months ended June 30, 2024 and 2023, respectively, related to these interest rate swap contracts. In connection with these interest rate swap contracts, 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 June 30, 2024, the estimated net unrealized gains in accumulated other comprehensive income expected to be reclassified into expense in the next twelve months amounted to $ 0.7 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 recognizes a reduction of interest expense on FHLB advances as a result of this amortization.

Interest Rate Swaps On Loans

In the second quarter of 2023, the Company entered into an interest rate swap contract with a notional amount of $ 50.0 million, and maturity in the second quarter of 2025. The Company designated this interest rate swap as a cash flow hedge to manage interest rate risk exposure on variable rate interest receipts on the first $ 50 million principal balance of a pool of loans. This interest rate swap contract involves the Company's payment of variable-rate amounts in exchange for the Company receiving fixed-rate payments over the life of the contract without exchange of the underlying notional amount. Unrealized losses on these instruments are included as part of interest income on loans in the Company's consolidated statement of operations and comprehensive income.

Derivatives Not Designated as Hedging Instruments

a) Customer related positions

The Company offers certain derivatives products, including interest rate swaps and caps, directly to qualified commercial banking customers to facilitate their risk management strategies. The Company partially offsets its exposure to interest rate swaps and caps by entering similar derivative contracts with various third-party brokers.

Interest Rate Swaps

Interest rate swap contracts involve the Company's payment of variable-rate amounts to customers in exchange for the Company receiving fixed-rate payments from customers over the life of the contracts without exchange of the underlying notional amount.

The Company enters 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. The notional amount of these agreements is based on the Company's pro-rata share of the related interest rate swap contracts.

Interest Rate Caps

Interest rate cap contracts involve the Company making payments if an interest rate exceeds the agreed strike price.

In April 2022, the Company entered into four interest rate cap contracts with various third-party brokers with total notional amounts of $ 140.0 million. These interest rate caps initially served to partially offset changes in the estimated fair value of interest rate cap contracts with customers. At December 31, 2023, there was one interest rate cap contract with a notional amount of $ 35.0 million in connection with this transaction. At June 30, 2024, there were no interest rate cap contracts in connection with this transaction.

b) Mortgage Derivatives

The Company enters into interest rate lock commitments and forward sale contracts to manage the risk exposure in the mortgage banking area. Interest rate lock commitments guarantee the funding of residential mortgage loans originated for sale, at specified interest rates and times in the future. Forward sale contracts consist of commitments to deliver mortgage loans, originated and/or purchased, in the secondary market at a future date. The change in the fair value of these instruments was an unrealized gain of $ 0.2 million and an unrealized loss of $ 0.6 million in the three months ended June 30, 2024 and 2023, respectively, and an unrealized gain of $ 0.5 million and $ 36 thousand in the six months ended June 30, 2024 and 2023, respectively. These amounts were recorded as part of other noninterest income in the consolidated statements of operations and comprehensive income.

Credit Risk-Related Contingent Features

Some agreements may require the Company to pledge securities as collateral when the valuation of the interest rate swap derivative contracts fall below a certain amount. There were no securities pledged as collateral for interest rate swaps in a liability position at June 30, 2024 and December 31, 2023. Additionally, most of our derivative arrangements with counterparties require the posting of collateral upon meeting certain net exposure thresholds. As of June 30, 2024 and December 31, 2023, the Company had cash held as collateral of $ 31.5 million and $ 25.0 million, respectively. *See* Note 2 “Interest Earning Deposits with Banks, Other Short-Term Investments and Restricted Cash” for additional information about cash held as collateral. As of June 30, 2024 and December 31, 2023, there were no collateral requirements related to interest rate swaps with third-party brokers not designated as hedging instruments.

9. Income Taxes

The Company uses an estimated annual effective tax rate method in computing its interim tax provision. This effective tax rate is based on 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 six months ended June 30, 2024 and 2023 were 21.50 % and 21.00 %, respectively. Effective tax rates differ from the statutory rates mainly due to the impact of forecasted permanent non-taxable interest and other income, forecasted permanent non-deductible expenses, and the effect of corporate state taxes.

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

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

	June 30, 2024			December 31, 2023		
(in thousands)	Before Tax Amount	Tax Effect	Net of Tax Amount	Before Tax Amount	Tax Effect	Net of Tax Amount
Net unrealized holding losses on debt securities available for sale	$ (107,778)	$ 27,358	$ (80,420)	$ (97,042)	$ 24,614	$ (72,428)
Net unrealized holding gains on interest rate swaps designated as cash flow hedges	2,023	(518)	1,505	2,193	(561)	1,632
Total AOCL	$ (105,755)	$ 26,840	$ (78,915)	$ (94,849)	$ 24,053	$ (70,796)

Amerant Bancorp Inc. and Subsidiaries
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The components of other comprehensive loss for the periods presented are summarized as follows:

	Three Months Ended June 30,					
	2024			2023		
(in thousands)	Before Tax Amount	Tax Effect	Net of Tax Amount	Before Tax Amount	Tax Effect	Net of Tax Amount
Net unrealized holding losses on debt securities available for sale:						
Change in fair value arising during the period	$ (3,967)	$ 989	$ (2,978)	$ (18,011)	$ 4,524	$ (13,487)
Reclassification adjustment for net losses included in net income	120	(30)	90	1,235	(314)	921
	(3,847)	959	(2,888)	(16,776)	4,210	(12,566)
Net unrealized holding losses on interest rate swaps designated as cash flow hedges:						
Change in fair value arising during the period	94	(24)	70	370	(94)	276
Reclassification adjustment for net interest income included in net income	(286)	73	(213)	(425)	108	(317)
	(192)	49	(143)	(55)	14	(41)
Total other comprehensive loss	$ (4,039)	$ 1,008	$ (3,031)	$ (16,831)	$ 4,224	$ (12,607)

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	Six Months Ended June 30,					
	2024			2023		
(in thousands)	Before Tax Amount	Tax Effect	Net of Tax Amount	Before Tax Amount	Tax Effect	Net of Tax Amount
Net unrealized holding losses on debt securities available for sale:						
Change in fair value arising during the period	$ (10,857)	$ 2,775	$ (8,082)	$ (9,768)	$ 2,398	$ (7,370)
Reclassification adjustment for net losses included in net income	120	(30)	90	2,098	(534)	1,564
	(10,737)	2,745	(7,992)	(7,670)	1,864	(5,806)
Net unrealized holding losses on interest rate swaps designated as cash flow hedges:						
Change in fair value arising during the period	398	(101)	297	114	(26)	88
Reclassification adjustment for net interest income included in net income	(568)	144	(424)	(769)	196	(573)
	(170)	43	(127)	(655)	170	(485)
Total other comprehensive loss	$ (10,907)	$ 2,788	$ (8,119)	$ (8,325)	$ 2,034	$ (6,291)

11. Contingencies

From time to time the Company and its subsidiaries may be exposed to loss contingencies. In the ordinary course of business, those contingencies may include, known but unasserted claims, and legal/regulatory inquiries or examinations. The Company records these loss contingencies as a liability when the likelihood of loss is probable and an amount or range of loss can be reasonably estimated. In the opinion of management, the Company maintains a liability that is in an estimated amount sufficient to cover said loss contingencies, if any, at the reporting dates.

Financial instruments whose contract amount represents off-balance sheet credit risk at June 30, 2024 are generally short-term and are as follows:

(in thousands)	Approximate Contract Amount
Commitments to extend credit	$ 1,353,399
Standby letters of credit	102,848
Commercial letters of credit	59
	$ 1,456,306

The following table summarizes the changes in the allowance for credit losses for off-balance sheet credit risk exposures for the three and six month periods ended June 30, 2024 and 2023:

(in thousands)	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Balances at beginning of period	$ 3,102	$ 2,002	$ 3,102	$ 1,702
Provision for credit losses - off balance sheet exposures (1)	1,500	—	1,500	300
Balances at end of period	$ 4,602	$ 2,002	$ 4,602	$ 2,002

(1) There was no provision for credit losses for off-balance sheet exposures in the second quarter of 2023. In the first half of 2023, the provision for credit losses for off-balance sheet exposures was included within other operating expenses in the Company's consolidated statements of operations and comprehensive income.

12. Fair Value Measurements

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

	June 30, 2024			
(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				
Cash and cash equivalents				
Other short-term investments	$ —	$ 6,781	$ —	$ 6,781
Securities				
Debt securities available for sale				
U.S. government-sponsored enterprise debt securities	—	587,140	—	587,140
Corporate debt securities	—	262,201	—	262,201
U.S. government agency debt securities	—	411,445	—	411,445
Collateralized loan obligations	—	5,000	—	5,000
Municipal bonds	—	1,577	—	1,577
U.S treasury securities	—	1,993	—	1,993
	—	1,269,356	—	1,269,356
Equity securities with readily determinable fair values not held for trading	2,483	—	—	2,483
	2,483	1,269,356	—	1,271,839
Mortgage loans held for sale (at fair value)	—	60,122	—	60,122
Bank owned life insurance	—	238,851	—	238,851
Other assets				
Mortgage servicing rights (MSRs)	—	—	1,491	1,491
Derivative instruments	—	63,971	—	63,971
	$ 2,483	$ 1,639,081	$ 1,491	$ 1,643,055
Liabilities				
Other liabilities				
Derivative instruments	$ —	$ 62,920	$ —	$ 62,920

	December 31, 2023			
(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				
Cash and Cash equivalents				
Other short-term investments	$ —	$ 6,080	$ —	$ 6,080
Securities				
Debt securities available for sale				
U.S. government-sponsored enterprise debt securities	—	557,307	—	557,307
Corporate debt securities	—	260,802	—	260,802
U.S. government agency debt securities	—	390,777	—	390,777
Municipal Bonds	—	1,668	—	1,668
Collateralized loan obligations	—	4,957	—	4,957
U.S treasury securities	—	1,991	—	1,991
	—	1,217,502	—	1,217,502
Equity securities with readily determinable fair values not held for trading	2,534	—	—	2,534
	2,534	1,217,502	—	1,220,036
Mortgage loans held for sale (at fair value)	—	26,200	—	26,200
Bank owned life insurance	—	234,972	—	234,972
Other assets				
Mortgage servicing rights (MSRs)	—	—	1,372	1,372
Derivative instruments	—	59,932	—	59,932
	$ 2,534	$ 1,544,686	$ 1,372	$ 1,548,592
Liabilities				
Other liabilities				
Derivative instruments	$ —	$ 59,433	$ —	$ 59,433

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 June 30, 2024 and December 31, 2023:

	June 30, 2024				
(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 Write Downs**
Description					
Loans held for sale, at lower of cost or fair value	$ 551,828	$ —	$ —	$ 551,828	$ —
Loans held for investment measured for credit deterioration using the fair value of the collateral (1)	$ 39,782	$ —	$ —	$ 39,782	$ 5,140
Other Real Estate Owned (2)	20,181	—	—	20,181	—
	$ 611,791	$ —	$ —	$ 611,791	$ 5,140

(1) Includes loans with specific reserves of $ 17.3 million and total write downs of $ 5.1 million at June 30, 2024.

(2) Consists of commercial real estate property.

	December 31, 2023				
(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 Write Downs**
Description					
Loans held for sale, at lower of cost or fair value	$ 365,219	$ —	$ —	$ 365,219	$ 35,525
Loans held for investment measured for credit deterioration using the fair value of the collateral (1)	18,439	—	—	18,439	4,371
Other Real Estate Owned (2)	20,181	—	—	20,181	—
	$ 403,839 $—	$ —	$ —	$ 403,839	$ 39,896

(1) Includes loans with specific reserves of $ 8.1 million and total write downs of $ 4.4 million at December 31, 2023.

(2) Consists of commercial real estate property.

The following table presents the significant unobservable inputs (Level 3) used in the valuation of assets measured at fair value on a nonrecurring basis.

Financial Instrument	Unobservable Inputs	Valuation Methods	Discount Range	Typical Discount
Collateral dependent loans	Discount to fair value	Appraisal value, as adjusted	0 - 30 %	6 - 7 %
		Inventory	0 - 100 %	30 - 50 %
		Accounts receivables	0 - 100 %	20 - 30 %
		Equipment	0 - 100 %	20 - 30 %
Other Real Estate Owned	Discount to fair value	Appraisal value, as adjusted	N/A	6 - 7 %

There were no other significant assets or liabilities measured at fair value on a nonrecurring basis at June 30, 2024 and December 31, 2023.

Loans Held for Sale, at Lower of Cost or Fair Value

For loans held for sale that are carried at the lower of cost or fair value, the fair value is generally based on quoted market prices of similar loans less estimated cost to sell and is considered to be Level 3.

Collateral Dependent Loans Measured For Expected Credit Losses

The carrying amount of collateral dependent loans is typically based on the fair value of the underlying collateral. The Company primarily uses third party appraisals to assist in measuring expected credit losses on collateral dependent 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.

OREO

The Company values OREO at the lower of cost or fair value of the property, less cost to sell. The fair value of the property is generally based upon recent appraisal values of the property, less cost to sell. The Company primarily uses third party appraisals to assist in measuring the valuation of OREO. Period revaluations are classified as level 3 as the assumptions used may not be observable. The Company had other repossessed assets with a carrying value of $ 6.4 million, which were sold in the three and six month periods ended June 30, 2023. The Company recognized a loss on sale of $ 2.6 million which is included in the result of operations for those periods.

Fair Value of Financial Instruments

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

	June 30, 2024		December 31, 2023	
(in thousands)	Carrying Value	Estimated Fair Value	Carrying Value	Estimated Fair Value
Financial assets:				
Debt securities held to maturity	$ 219,613	$ 192,403	$ 226,645	$ 204,945
Loans	3,225,040	3,074,592	3,514,114	3,321,308
Financial liabilities:				
Time deposits	1,610,616	1,606,643	1,577,579	1,575,569
Advances from the FHLB	765,000	762,588	645,000	644,572
Senior notes	59,685	58,718	59,526	58,337
Subordinated notes	29,539	28,481	29,454	28,481
Junior subordinated debentures	64,178	63,177	64,178	63,285

13. Earnings Per Share

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

	Three Months Ended June 30,		Six Months Ended June 30	
(in thousands, except share data and per share amounts)	2024	2023	2024	2023
Numerator:				
Net income before attribution of noncontrolling interest	$ 4,963	$ 7,046	$ 15,531	$ 26,988
Noncontrolling interest	—	(262)	—	(506)
Net income attributable to Amerant Bancorp Inc.	$ 4,963	$ 7,308	$ 15,531	$ 27,494
Net income available to common stockholders	$ 4,963	$ 7,308	$ 15,531	$ 27,494
Denominator:				
Basic weighted average shares outstanding	33,581,604	33,564,770	33,559,836	33,562,258
Dilutive effect of share-based compensation awards	199,062	152,932	241,278	224,604
Diluted weighted average shares outstanding	33,780,666	33,717,702	33,801,114	33,786,862
Basic earnings per common share	$ 0.15	$ 0.22	$ 0.46	$ 0.82
Diluted earnings per common share	$ 0.15	$ 0.22	$ 0.46	$ 0.81

As of June 30, 2024 and 2023, potential dilutive instruments consisted of unvested shares of restricted stock, RSUs and PSUs totaling 539,072 and 542,745 , respectively. In the three and six month periods ended June 30, 2024 and 2023, 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 on 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 subsidiaries, including its principal subsidiary, Amerant Bank, N.A. (the "Bank") .The Bank has three operating subsidiaries: Amerant Investments, Inc., a securities broker-dealer ("Amerant Investments"), Amerant Mortgage, LLC, a mortgage lending company domiciled in Florida ("Amerant Mortgage") and Elant Bank & Trust Ltd., a Grand-Cayman based trust company (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 (the "Form 10-Q"), as well as the information contained in the Company's Annual Report on Form 10-K for the year ended December 31, 2023 filed on March 7, 2024 (the "2023 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").

All statements other than statements of historical fact are statements that could be forward-looking statements. Forward-looking statements include statements with respect to our beliefs, plans, objectives, goals, expectations, anticipations, assumptions, estimates, intentions and future performance and condition, forward-looking statements include the Company's strategic rationale for, and proposed benefits of the Houston Sale Transaction, the Company's ability to consummate and close the Houston Sale Transaction on terms acceptable to the Company, if at all, and the Company's expected use of proceeds from the Houston Sale Transaction. Examples of forward-looking statements include but are not limited to: our future operating or financial performance, including revenues, expenses, expense savings, income or loss and earnings or loss per share, and other financial items; statements regarding expectations, plans or objectives for future operations, products or services, and our expectations on loan recoveries or reaching positive resolutions on problem loans. Forward-looking statements 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, except as required by law. These forward-looking statements should be read together with the "Risk Factors" included in the 2023 Form 10-K, in our quarterly report on Form 10-Q for the fiscal quarter ended March 31, 2024 filed on May 3, 2024 and in our other filings with the U.S. Securities and Exchange Commission (the "SEC"), which are available at the SEC's website www.sec.gov.

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:

- Liquidity risks could affect our operations and jeopardize our financial condition and certain funding sources could increase our interest rate expense;
- We may not be able to develop and maintain a strong core deposit base or other low-cost funding sources;
- We may elect or be compelled to seek additional capital in the future, but that capital may not be available when it is needed or on acceptable terms;

- Our ability to receive dividends from our subsidiaries could affect our liquidity and our ability to pay dividends;
- Our profitability is subject to interest rate risk;
- Our allowance for credit losses may prove inadequate;
- Our concentration of CRE loans could result in increased loan losses;
- Many of our loans are to commercial borrowers, which have unique risks compared to other types of loans;
- Our valuation of securities and the determination of a credit loss allowance in our investment securities portfolio are subjective and, if changed, could materially adversely affect our results of operations or financial condition;
- Nonperforming and similar assets take significant time to resolve and may adversely affect our business, financial condition, results of operations, financial condition, or cash flows;
- The pending sale of our Houston banking operations may not be completed in accordance with expected plans or on the currently contemplated timeline, or at all, and the pending sale may be disruptive to the Company;
- We are subject to environmental liability risk associated with lending activities;
- Deterioration in the real estate markets, including the secondary market for residential mortgage loans, can adversely affect us;
- Many of our major systems depend on and are operated by third-party vendors, and any systems failures or interruptions could adversely affect our operations and the services we provide to our customers;
- Our information systems are exposed to cybersecurity threats and may experience interruptions and security breaches that could adversely affect our business and reputation;
- Our strategic plan and growth strategy may not be achieved as quickly or as fully as we seek;
- Defaults by or deteriorating asset quality of other financial institutions could adversely affect us **;**
- New lines of business, new products and services, or strategic project initiatives may subject us to additional risks;
- We face significant operational risks;
- We may not have the ability or resources to keep pace with rapid technological changes in the financial services industry or implement new technology effectively;
- Conditions in Venezuela could adversely affect our operations;
- Our ability to achieve our environmental, social and governance goals are subject to risks, many of which are outside of our control, and our reputation could be harmed if we fail to meet such goals;
- 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;
- Any failure to protect the confidentiality of customer information could adversely affect our reputation and subject us to financial sanctions and other costs that could adversely affect our business, financial condition, results of operations, or cash flows;
- We could be required to write down our goodwill or other intangible assets;
- We have a net deferred tax asset that may or may not be fully realized;
- We may incur losses due to minority investments in fintech and specialty finance companies;
- We are subject to risks associated with sub-leasing portions of our corporate headquarters building;
- Our success depends on our ability to compete effectively in highly competitive markets;
- Potential gaps in our risk management policies and internal audit procedures may leave us exposed to unidentified or unanticipated risk, which could negatively affect our business;
- Any failure to maintain effective internal control over financial reporting could impair the reliability of our financial statements, which in turn could harm our business, impair investor confidence in the accuracy and completeness of our financial reports and our access to the capital markets and cause the price of our common stock to decline and subject us to regulatory penalties;
- Changes in accounting standards could materially impact our financial statements;
- Material and negative developments adversely impacting the financial services industry at large and causing volatility in financial markets and the economy may have materially adverse effects on our liquidity, business, financial condition and results of operations;
- 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;
- Changes in federal, state or local tax laws, or audits from tax authorities, could negatively affect our business, financial condition, results of operations or cash flows;
- 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, whether due to losses, growth opportunities or an inability to raise additional capital or otherwise, our business, financial condition, results of operations, or cash flows would be adversely affected;
- Increases in FDIC deposit insurance premiums and assessments could adversely affect our financial condition;
- Federal banking agencies periodically conduct examinations of our business, including our compliance with laws and regulations, and our failure to comply with any regulatory actions, if any, could adversely impact us;
- 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;
- Our principal shareholders and management own a significant percentage of our shares of voting common stock and will be able to exert significant control over matters subject to shareholder approval;
- The rights of our common shareholders are subordinate to the holders of any debt securities that we have issued or may issue from time to time;
- The stock price of financial institutions, like Amerant, may fluctuate significantly;
- We can issue additional equity securities, which would lead to dilution of our issued and outstanding Class A 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 may not be able to generate sufficient cash to service all of our debt, including the Senior Notes, the Subordinated Notes and the Debentures;
- We are a holding company with limited operations and depend on our subsidiaries for the funds required to make payments of principal and interest on the Senior Notes, Subordinated Notes and the Debentures;
- 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, the Subordinated Notes and the Debentures; and
- The other factors and information included in the 2023 Form 10-K and other filings that we make with the SEC under the Exchange Act and Securities Act. *See* “Risk Factors” in the 2023 Form 10-K and in the Form 10-Q for the quarter ended March 31, 2024.

The foregoing factors should not be construed as exhaustive and should be read together with the other cautionary statements included in the 2023 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 the 2023 Form 10-K, in the Form 10-Q for the quarter ended March 31, 2024, 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, mortgage services, 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, wealth management and mortgage lending services are provided by the Bank's securities broker-dealer, Amerant Investments, the Bank's Grand-Cayman based trust company, the Cayman Bank, and the mortgage company, Amerant Mortgage. The Bank's primary markets are South Florida, where we are headquartered and operate eighteen banking centers in Miami-Dade, Broward and Palm Beach counties; Houston, Texas, where we operate six banking centers that serve the nearby areas of Harris, Montgomery, Fort Bend and Waller counties and; Tampa, Florida where we operate one banking center.

Business Developments

For more information on the progress of our business strategy and strategic initiatives in 2023, *see* Item 1. Business section included in the 2023 Form 10-K.

Sale of Houston Banking Operations

On April 16, 2024, the Bank entered into a Purchase and Assumption Agreement (the "Purchase Agreement") with MidFirst Bank ("MidFirst") pursuant to which MidFirst will purchase certain assets and assume certain liabilities (the "Houston Sale Transaction") of the banking operations and six branches in the Houston, Texas metropolitan statistical area (collectively, the "Branches"). Pursuant to the terms of the Purchase Agreement, MidFirst has agreed to assume certain deposit liabilities and to acquire certain loans, as well as cash, real property, personal property and other fixed assets associated with the Branches, as well as 45 team members. On July 30, 2024, regulatory approval for the Houston Sale Transaction was received. The Houston Sale Transaction is expected to close on November 8, 2024, subject to the satisfaction of customary closing conditions.

The purchase price for the purchased assets will be computed as the sum of: (a) $13.0 million (the "Deposit Premium"), provided that, if the balance of non-interest checking deposits included in deposits or the total balance of deposits (excluding insured cash sweep deposits) decrease by more than 15% between March 13, 2024 and the closing date, then the Deposit Premium shall be equal to the sum of (i) 9.50% of the average daily balance of non-interest checking deposits included in deposits, (ii) 1.85% of the average daily balance of deposits other than non-interest checking deposits, insured cash sweep deposits and time deposits included in deposits, (iii) 0.25% of the average daily balance of insured cash sweep deposits included in Deposits, and (iv) 0.50% of the average daily balance of time deposits included in deposits, with the average daily balance in each case being for the 30-day period ending on the fifth business day prior to closing, provided further, that the Deposit Premium shall in no event be lower than $9.25 million, (b) the aggregate amount of cash on hand as of the closing date, (c) the aggregate net book value of all assets being assumed (excluding cash on hand, real property and accrued interest with respect to the loans to be acquired), (d) the appraised value of the real property to be acquired, and (e) accrued interest with respect to the loans to be acquired. The purchase price is subject to a customary post-closing adjustment based on the delivery within thirty calendar days following the closing date of a final closing statement setting forth the purchase price and any necessary adjustment payment amount.

The Bank and MidFirst made customary representations, warranties, and covenants in the Purchase Agreement. The Bank and MidFirst also agreed to indemnify each other (subject to customary limitations) with respect to the Transaction, including for breaches of representations and warranties, breaches of covenants, liabilities not retained or assumed, and conduct of the business of the Branches and operation and use of the purchased assets during certain time periods.

The following assets and liabilities classified as held for sale are included in the Company's consolidated balance sheet as of June 30, 2024:

(in thousands)		
Assets		
Loans held for sale, at lower of cost or fair value (1)	$	551,828
Accrued interest receivable and other assets (2)		23,588
Total assets	$	575,416
Liabilities		
Noninterest bearing demand deposits (3)	$	68,682
Interest bearing demand deposits		47,263
Savings and money market		132,587
Time deposits		296,840
Total deposits		545,372
Other liabilities:		
Operating lease liabilities		6,746
Other liabilities (4)		7,601
Total liabilities	$	559,719

(1) In the second quarter of 2024, the Company recognized a valuation allowance of $1.3 million as a result of the fair value adjustment of these loans.

(2) Includes premises and equipment for $8.0 million, operating lease right-of-use assets for $6.6 million, $5.8 million in derivative assets and other assets for $3.3 million.

(3) Includes $5.1 million in escrow accounts.

(4) Includes $5.8 million in derivative liabilities.

The Company recorded non-routine expense items in the second quarter of 2024 in connection with the Houston Sale Transaction totaling approximately $5.5 million as follows: (i) $3.4 million in market value adjustments for two branches owned based on third party appraisals; (ii) $1.3 million in loan valuation allowance due to deferred loan costs; (iii) $0.5 million for legal and investment banking fees; and (iv) $0.3 million in intangible write-off. These charges were partially offset by a $4.4 million release in credit reserves after transferring the loans to held for sale.

Other Actions

In the first six months ended June 30, 2024, we hired 29 new team members and added them to our business development teams across South and Central Florida. In the second quarter of 2024, the Company hired Palm Beach and Central Florida Market Presidents.

We officially opened new banking centers in downtown Ft. Lauderdale, FL and Miami, Fl. We also officially opened our new regional headquarters office for Broward County, located in Plantation, FL. More recently, we signed agreements for a Miami Beach banking center and a new regional headquarter office for Palm Beach County, located in West Palm Beach, Fl., both of which are expected to open in the first quarter of 2025.

We continued with our strategy of building brand recognition across our markets. We entered into multi-year partnerships becoming the “Hometown Bank of the Miami Marlins” in Miami, Fl, as well as being named the “Bank of the Tampa Bay Rays” in Tampa, Fl.

We believe these strategic actions will support our ongoing efforts in becoming the bank of choice in the markets we serve.

Primary Factors Used to Evaluate Our Business

Results of Operations. In addition to net income or loss, the primary factors we use to evaluate and manage our results of operations include net interest income, noninterest income and expenses, and indicators of financial performance including return on assets ("ROA") and return on equity ("ROE"). We also use certain non-GAAP financial measures in the internal evaluation and management of our businesses.

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 of Atlanta ("FHLB") and other borrowings such as repurchase agreements, notes, debentures and other funding sources we may have from time to time. 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 credit 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, as well as premiums or discounts paid on loan purchases, are deferred and recognized over the life of the related loan as an adjustment to interest income in accordance with generally accepted accounting principles ("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 credit 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 which we may execute from time to time as part of asset/liability management activities; (vii) income from derivative transaction with customers; (viii) derivative gains or losses; (ix) gains or losses on the sale of properties; and (x) other noninterest income which includes mortgage banking revenue.

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. In the fourth quarter of 2023, the Company restructured certain of its BOLI contracts, by surrendering existing lower-yielding policies and reinvesting the proceeds in higher-yielding policies. This transaction is expected to increase income from this source prospectively.

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 include credit and debit card interchange fees and other fees. We have also entered into referral arrangements with recognized U.S.-based card issuers, which permit us to serve our customers and earn referral fees and share interchange revenue without exposure to credit risk.

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. We also recognize unrealized gains or losses on changes in the valuation of marketable equity securities not held for trading.

Our fee income generated on customer interest rate swaps and other loan level derivatives is primarily dependent on the volume of transactions completed with customers and are included in noninterest income.

Derivatives unrealized net gains and derivatives unrealized net losses are primarily derived from changes in market value of uncovered interest rate caps with clients.

Other noninterest income includes mortgage banking income generated through our subsidiary, Amerant Mortgage, and consists of gain on sale of loans, gain on loans market valuation, other fees and smaller sources of income. Mortgage banking income was $1.9 million and $1.6 million in the three months ended June 30, 2024 and 2023, respectively, and $3.0 million and $3.4 million in the six months ended June 30, 2024 and 2023, respectively. Other income in the three and six months ended June 30, 2024, includes $0.5 million of proceeds from BOLI death benefits.

Noninterest Expense. Noninterest expenses generally increase as our business grows and whenever necessary to implement or enhance policies and procedures for regulatory compliance, and other purposes.

Noninterest expense consists of: (i) salaries and employee benefits; (ii) occupancy and equipment expenses; (iii) professional and other services fees; (iv) loan-level derivative expenses; (v) FDIC deposit and business insurance assessments and premiums; (vi) telecommunication and data processing expenses; (vii) depreciation and amortization; (viii) advertising and marketing expenses; (ix) other real estate and repossessed assets, net; (x) contract termination costs; (xi) losses on sale of assets, and (xii) other operating expenses.

Salaries and employee benefits include compensation (including severance expenses which we generally consider non-routine), employee benefits and employer tax expenses for our personnel. Salaries and employee benefits are partially offset by costs 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.

Occupancy expense consists of lease expense on our leased properties, including right-of-use or ROU asset impairment charges, and other occupancy-related expenses. Equipment expense includes furniture, fixtures and equipment related expenses. Rental income associated with subleasing portions of the Company’s headquarters building and the subleasing of the New York office space, primarily, is included as a reduction to rent expense under lease agreements under occupancy and equipment cost.

Professional and other services fees include the cost of outsourced services, including technology infrastructure and banking processing services from our new technology provider, and other professional consulting fees associated with our transition to a new core banking platform, legal, accounting and related consulting fees, card processing fees, director’s fees, regulatory agency fees, such as OCC examination fees, and other fees related to our business operations.

Loan-level derivative expenses are incurred in back-to-back derivative transactions with commercial loan clients and with brokers. The Company pays a fee upon inception of the back-to-back derivative transactions, corresponding to the spread between a wholesale rate and a retail rate.

Advertising expenses include the costs of promoting the Amerant brand, as well as the costs associated with promoting the Company's products and services to create positive awareness, or consideration to buy the Company's products and services. These costs include expenses to produce, deliver and communicate advertisements using available media and technologies, primarily streaming and other digital advertising platforms. Advertising expenses are expensed as incurred, except for media production costs which are expensed upon the first airing of the advertisement.

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, as well as expenses related to the disposition of fixed assets due to the write off of in-development software in 2023.

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.

OREO and repossessed assets expense includes expenses and revenue (rental income) from the operation of foreclosed property/assets as well as fair value adjustments and gains/losses from the sale of OREO and repossessed assets.

Other operating expenses include 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 include salaries and employee benefits, mortgage lending costs and professional and other service fees in connection with Amerant Mortgage's ongoing business.

Non-routine noninterest expense items include restructuring expenses and other non-routine noninterest expenses. Restructuring expenses are those incurred for actions designed to implement the Company's business strategy. These actions include, but are not limited to reductions in workforce, streamlining operational processes, decommissioning of legacy technologies, enhanced sales tools and training, expanded product offerings and improved customer analytics to identify opportunities. The Company recorded non-routine expense items in the second quarter of 2024 in connection with the Houston Sale Transaction totaling approximately $5.5 million. Other non-routine noninterest expenses include the effect of non-routine items such as the valuation of OREO and loans held for sale, the sale of repossessed assets, and impairment of investments.

The table below shows a detail of non-routine noninterest expenses for the periods presented.

(in thousands)	Three Months Ended June 30, 2024	Three Months Ended June 30, 2023	Six Months Ended June 30, 2024	Six Months Ended June 30, 2023
n-routine noninterest expense items				
estructuring costs (1):				
Staff reduction costs (2)	$ —	$ 2,184	$ —	$ 2,397
Contract termination costs (3)	—	1,550	—	1,550
Consulting and other professional fees and software expenses (4)	—	2,060	—	4,750
Disposition of fixed assets (5)	—	1,419	—	1,419
Branch closure expenses and related charges (6)	—	1,558	—	2,027
Total restructuring costs	$ —	$ 8,771	$ —	$ 12,143
ther non-routine noninterest expense items:				
Losses on loans held for sale carried at the lower of cost or fair value (7)	1,258	—	1,258	—
Goodwill and intangible assets impairment (7)	300	—	300	—
Legal and broker fees (7)	561	—	561	—
Loss on sale of repossessed assets and other real estate owned valuation expense (8)	—	2,649	—	2,649
Fixed assets impairment (7)(9)	3,443	—	3,443	—
Impairment charge on investment carried at cost	—	1,963	—	1,963
tal non-routine noninterest expense items	$ 5,562	$ 13,383	$ 5,562	$ 16,755

(1) Expenses incurred for actions designed to implement the Company's business strategy. These actions include, but are not limited to reductions in workforce, streamlining operational processes, implementation of new technology system applications, decommissioning of legacy technologies, enhanced sales tools and training, expanded product offerings and improved customer analytics to identify opportunities.

(2) Staff reduction costs consist of severance expenses related to organizational rationalization.

(3) Contract termination and related costs associated with third party vendors resulting from the Company's engagement of FIS.

(4) In the three months and six months ended June 30, 2023, includes nonrecurrent expenses of $2.1 million and $4.8 million in connection with the engagement of FIS.

(5) In the three and six month periods ended June 30, 2023, includes expenses in connection with the disposition of fixed assets due to the write off of in-development software.

(6) In each of the three and six month periods ended June 30, 2023, includes expenses associated with the closure of a branch in Miami, Florida in 2023, including $0.9 million of accelerated amortization of leasehold improvements and $0.6 million of right-of-use, or ROU asset impairment. In addition, the six months ended June 30, 2023, includes $0.5 million of ROU asset impairment associated with the closure of a branch in Houston, Texas in 2023.

(7) In the three and six months ended June 30, 2024, amounts shown are in connection with the Houston Sale Transaction.

(8) In the three months ended June 30, 2023, amount represents the loss on sale of repossessed assets in connection with our equipment-financing activities.

(9) Related to Houston branches and included as part of occupancy and equipment expenses. *See* "Noninterest Expenses" for details.

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 credit losses, or the allowance, the diversification and quality of loan and investment portfolios, the extent of counterparty risks, credit risk concentrations and other factors.

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; (vii) the tangible common equity ratio; and (viii) 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. The Company is focused on relationship-driven core deposits. The Company may also use third party providers of domestic sources of deposits as part of its balance sheet management strategies. We define core deposits as total deposits excluding all time deposits. This definition of core deposits differs from 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.

Seasonality. Our loan production, generally, is subject to seasonality, with the lowest volume typically in the first quarter of each year.

Summary Results

The summary results for the three and six months ended June 30, 2024 include the following:

- Total assets were $9.75 billion at June 30, 2024, up $31.4 million, or 0.3%, compared to $9.72 billion at December 31, 2023.
- Total gross loans, which includes all loans held for sale, were $7.32 billion at June 30, 2024, up $58.0 million, or 0.8%, compared to $7.26 billion at December 31, 2023.
- Cash and cash equivalents were $310.3 million, down $11.6 million or 3.6%, compared to $321.9 million at December 31, 2023.
- Total deposits were $7.82 billion at June 30, 2024, down $78.9 million, or 1.0%, compared to $7.89 billion at December 31, 2023.
- Total advances from the FHLB were $765.0 million, up $120.0 million or 18.6%, compared to $645.0 million as of December 31, 2023. The Bank had $2.1 billion availability remaining as of June 30, 2024.
- Average yield on loans increased to 7.08% in the three months ended June 30, 2024 compared to 6.79% in the three months ended June 30, 2023. Average yield on loans increased to 7.07% in the six months ended June 30, 2024 compared to 6.58% in the six months ended June 30, 2023.
- Total non-performing assets increased to $121.1 million at June 30, 2024, up $66.6 million, or 121.9%, compared to $54.6 million at December 31, 2023.
- The Allowance for Credit Losses, or ACL, on loans as of June 30, 2024 was $94.4 million, down $1.1 million, or 1.2%, compared to $95.5 million as of December 31, 2023.
- Core deposits were $5.5 billion at June 30, 2024, down $92.4 million, or 1.7%, compared to $5.6 billion at December 31, 2023.
- Average cost of total deposits increased to 2.98% in the three months ended June 30, 2024 compared to 2.40% in the three months ended June 30, 2023. Average cost of total deposits increased to 2.99% in the six months ended June 30, 2024 compared to 2.16% in the six months ended June 30, 2023.
- Loan to deposit ratio was 93.69% at June 30, 2024 compared to 92.02% at December 31, 2023.
- Assets Under Management and custody ("AUM") totaled $2.45 billion, as of June 30, 2024, up $162.7 million, or 7.1%, from $2.29 billion as of December 31, 2023.
- Pre-provision net revenue ("PPNR")[(1)] was $25.5 million in the three months ended June 30, 2024, a decrease of $12.8 million, or 33.4%, compared to $38.3 million in the three months ended June 30, 2023. PPNR [(1)] was $51.3 million, in the six months ended June 30, 2024, a decrease of $24.1 million, or 32.0%, compared to $75.4 million in the six months ended June 30, 2023.
- Net Interest Margin ("NIM") was 3.56% in the three months ended June 30, 2024 compared to 3.83% in the three months ended June 30, 2023. NIM was 3.54% in the six months ended June 30, 2024 compared to 3.86% in the six months ended June 30, 2023.

- Net Interest Income (“NII”) was $79.4 million in the three months ended June 30, 2024, down $4.5 million, or 5.4%, from $83.9 million in the three months ended June 30, 2023. NII was $157.3 million in the six months ended June 30, 2024, down $8.9 million, or 5.3%, compared to $166.2 million in the six months ended June 30, 2023.

- Provision for credit losses was $19.2 million in the three months ended June 30, 2024, compared to $29.1 million in the three months ended June 30, 2023. Provision for credit losses was $31.6 million in the six months ended June 30, 2024, down $9.2 million, or 22.6%, compared to $40.8 million in the six months ended June 30, 2023.

- Non-interest income was $19.4 million in the three months ended June 30, 2024, down $7.2 million or 27.0%, from $26.6 million in the three months ended June 30, 2023. Non-interest income was $33.9 million in the six months ended June 30, 2024, down $12.1 million, or 26.2%, compared to $46.0 million in the six months ended June 30, 2023.

- Non-interest expense was $73.3 million in the three months ended June 30, 2024, up $0.8 million, or 1.1%, from $72.5 million in the three months ended June 30, 2023. Non-interest expense was $139.9 million in the six months ended June 30, 2024, up $2.7 million, or 1.9%, compared to $137.2 million in the six months ended June 30, 2023.

- The efficiency ratio was 74.2% in the three months ended June 30, 2024 compared to 65.6% in the three months ended June 30, 2023. The efficiency ratio was 73.16% in the six months ended June 30, 2024 compared to 64.68% in the six months ended June 30, 2023.

- Return on Assets (“ROA”) was 0.21% in the three months ended June 30, 2024, compared to 0.31% in the three months ended June 30, 2023 . ROA was 0.32% in the six months ended June 30, 2024, compared to 0.59% in the six months ended June 30, 2023.

- Return on average equity (“ROE”) was 2.68% in the three months ended June 30, 2024 compared to 3.92% in the three months ended June 30, 2023 . ROE was 4.19% in the six months ended June 30, 2024, compared to 7.48% in the six months ended June 30, 2023.

[1]Non-GAAP measure, see “Non-GAAP Financial Measures” for more information and for a reconciliation to GAAP.

Results of Operations - Comparison of Results of Operations for the Three and Six Month Periods Ended June 30, 2024 and 2023

Net income

The table below sets forth certain results of operations data for the three and six month periods ended June 30, 2024 and 2023:

	Three Months Ended June 30,		Change		Six Months Ended June 30,		Change	
(in thousands, except per share amounts and percentages)	2024	2023	2024 vs 2023		2024	2023	2024 vs 2023	
Net interest income	$ 79,355	$ 83,877	$ (4,522)	(5.4)%	$ 157,323	$ 166,210	$ (8,887)	(5.3)%
Provision for credit losses	19,150	29,077	(9,927)	(34.1)%	31,550	40,777	(9,227)	(22.6)%
Net interest income after provision for credit losses	60,205	54,800	5,405	9.9 %	125,773	125,433	340	0.3 %
Noninterest income	19,420	26,619	(7,199)	(27.0)%	33,908	45,962	(12,054)	(26.2)%
Noninterest expense	73,302	72,500	802	1.1 %	139,896	137,233	2,663	1.9 %
Income before income tax expense	6,323	8,919	(2,596)	(29.1)%	19,785	34,162	(14,377)	(42.1)%
Income tax expense	(1,360)	(1,873)	513	27.4 %	(4,254)	(7,174)	2,920	40.7 %
Net income before attribution of noncontrolling interest	4,963	7,046	(2,083)	(29.6)%	15,531	26,988	(11,457)	(42.5)%
Less: noncontrolling interest	—	(262)	262	100.0 %	—	(506)	506	100.0 %
Net income attributable to Amerant Bancorp Inc.	$ 4,963	$ 7,308	$ (2,345)	(32.1)%	$ 15,531	$ 27,494	$ (11,963)	(43.5)%
Basic earnings per common share	$ 0.15	$ 0.22	$ (0.07)	(31.8)%	$ 0.46	$ 0.82	$ (0.36)	(43.9)%
Diluted earnings per common share (1)	$ 0.15	$ 0.22	$ (0.07)	(31.8)%	$ 0.46	$ 0.81	$ (0.35)	(43.2)%

(1) In the three and six month periods ended June 30, 2024 and 2023, potential dilutive instruments consisted of unvested shares of restricted stock, restricted stock units and performance share units. *See* Note 13 to our unaudited interim consolidated financial statements in this Form 10-Q for details on the dilutive effects of the issuance of restricted stock, restricted stock units and performance share units on earnings per share.

Three Months Ended June 30, 2024 and 2023

In the three months ended June 30, 2024, net income attributable to the Company was $5.0 million, or $0.15 per diluted share, compared to $7.3 million, or $0.22 per diluted share, in the same quarter of 2023. The decrease of $2.3 million, or 32.1%, in the three months ended June 30, 2024 was primarily driven by lower net interest income and noninterest income compared to the same period last year. These results were partially offset by lower provision for credit losses and income tax expenses.

In the three months ended June 30, 2023, net income excludes a loss of $0.3 million attributable to a non-controlling interest in Amerant Mortgage. There was no non-controlling interest as of and for the three months ended June 30, 2024. See the 2023 Form 10-K for more information on changes in non-controlling interest in Amerant Mortgage in 2023.

Net interest income was $79.4 million in the three months ended June 30, 2024, a decrease of $4.5 million, or 5.4%, from $83.9 million in the three months ended June 30, 2023. This was primarily driven by: (i) higher cost of total deposits mainly in money market accounts and time deposits, (ii) higher average balance of deposits mainly money market accounts and customer CDs, and (iii) decreases of and $18.9 million, or 0.3%, $15.2 million, or 6.4%, and $14.7 million, or 3.9%, in the average balance of loans, debt securities held to maturity and interest earnings deposits with banks, respectively. The decrease in net interest income was partially offset by: (i) an increase of 24 basis points in the yield on total interest earning assets, and (ii) an increase of $226.8 million, or 21.8% in the average balance of debt securities held for sale. *See* "Net Interest Income*"* for more details.

Noninterest income was $19.4 million in the three months ended June 30, 2024, a decrease of $7.2 million, or 27.0%, compared to $26.6 million in the three months ended June 30, 2023. This increase was mainly driven by: (i) lower gains on the early extinguishment of FHLB advances in the three months ended June 30, 2024 compared to the same period last year, and (ii) derivative losses in the current period compared to gains in the same period of 2023. These decreases were partially offset by: (i) higher loan-level derivative income; (ii) higher other noninterest income; (iii) lower securities losses during the three months ended June 30, 2024 compared to the same period in 2023; (iv) higher additional income stemming from BOLI policies following the restructuring completed in the fourth quarter of 2023, and (v) higher cards and trade servicing fees. *See* "Noninterest Income" for more details.

Noninterest expense was $73.3 million in the three months ended June 30, 2024, an increase of $0.8 million, or 1.1%, compared to $72.5 million in the same period in 2023. This increase was mainly due to: (i) higher professional and other service fees, (ii) higher occupancy and equipment expenses, (iii) an increase in losses on loans held for sale due to the transfer of approximately $553.1 million in loans in connection with the Houston Sale Transaction, and (iv) higher loan-level derivative expenses. These increases were partially offset by (i) lower other real estate owned and repossessed asset net expense; (ii) lower telecommunication and data processing expenses; (iii) the absence of contract termination costs in the three months ended June 30, 2024 compared to the same period of 2023; (iv) lower depreciation and amortization expense; (v) lower other operating expenses; (vi) lower salary and employee benefits, and (vii) lower advertising expenses. *See* "Noninterest Expense*"* for more details.

In the three months ended June 30, 2024 and 2023 , noninterest expense included non-routine items of $5.6 million and $13.4 million, respectively. There were no restructuring costs in the three months ended June 30, 2024, compared to $8.8 million in the three months ended June 30, 2023. Other non-routine items in noninterest expense in the three months ended June 30, 2024, include (i) $3.4 million in fixed assets impairment, a (ii) $1.3 million loss on loans held for sale for valuation expense, (iii) $0.6 million in legal and broker fees, and (iv) $0.3 million in goodwill and intangible asset impairment. All non-routine items mentioned in the three months ended June 30, 2024 are all in connection with the Houston Sale Transaction. Other non-routine items in noninterest expense in the three months ended June 30, 2023 included a $2.0 million impairment charge on an investment carried at cost and included as part of other assets, and a $2.6 million loss on sale of repossessed assets in connection with our equipment-financing activities, *See* "Our Company - Primary Factors Used to Evaluate Our Business" for detailed information on non-routine items in noninterest expense.

In the three months ended June 30, 2024 and 2023, the Company incurred noninterest expenses of $3.8 million and $4.0 million, respectively, related to Amerant Mortgage which consists of salaries and employee benefits expense, mortgage lending costs and professional and other services fees. Amerant Mortgage had 83 full time equivalent employees ("FTEs") at June 30, 2024 compared to 93 at June 30, 2023.

Six Months Ended June 30, 2024 and 2023

In the six months ended June 30, 2024, net income was $15.5 million, or $0.46 per diluted share, compared to net income of $27.5 million, or $0.81 per diluted share, in the same period of 2023. The decrease of $12.0 million or 43.5%, was primarily due to (i) lower noninterest income, (ii) lower net interest income and (iii) higher noninterest expense. This was partially offset by: a lower provision for credit losses in the first six months of 2024 compared to the same period last year.

In the six months ended June 30, 2023, net income excludes a loss of $0.5 million, attributable to a noncontrolling interest in Amerant Mortgage. There was no non-controlling interest as of and for the six months ended June 30, 2024. See the 2023 Form 10-K for more information on changes in non-controlling interest in Amerant Mortgage in 2023.

Net interest income was $157.3 million in the six months ended June 30, 2024, a decrease of $8.9 million, or 5.3%, from $166.2 million in the same period in 2023. This was primarily driven by: (i) higher cost of total deposits and FHLB advances; (ii) an increase of $235.2 million, or 3.36% in the average balance of total interest-bearing liabilities primarily in time deposits and money market accounts, and (iii) a decrease of $15.5 million, or 6.5% in the average balance of debt securities held to maturity. The decrease in net interest income was partially offset by an increase of 41 basis points in the yield on total interest earning assets. In addition, there were increases of $203.9 million, or 19.42%, $52.5 million, or 15.4%, and $32.9 million, or 0.5%, in the average balances of debt securities available for sale, interest-earning deposits with banks and loans, respectively.. *See* "Net Interest Income*"* for more details.

Noninterest income was $33.9 million in the six months ended June 30, 2024, a decrease of $12.1 million, or 26.2%, compared to $46.0 million in the same period of 2023, mainly due to: (i) lower gains on the early extinguishment of FHLB advances in the six months ended June 30, 2024 compared to the same period last year; (ii) derivative losses in the quarter compared to gains in the same quarter of 2023 and (iii) lower deposits and service fees. These decreases were partially offset by: (i) lower losses on securities; (ii) higher additional income stemming from BOLI policies following the restructuring completed in the fourth quarter of 2023; (iii) higher cards and trade servicing fees; (iv) higher brokerage, advisory and fiduciary fees; (v) higher other noninterest income, and (vi) higher loan-level derivative income. *See* "Noninterest Income*"* for more details.

Noninterest expense was $139.9 million in the six months ended June 30, 2024, an increase of $2.7 million, or 1.9%, compared to $137.2 million in the same period in 2023, mainly due to: (i) higher professional and other service fees; (ii) higher occupancy and equipment expenses; (iii) an increase in losses on loans held for sale due to the transfer of approximately $553.1 million in loans in connection with the Houston Sale Transaction; (iv) higher other operating expenses; (v) higher advertising expenses, and (vi) higher FDIC assessments and insurance expenses. These increases were partially offset by: (i) lower other real estate owned and repossessed asset net expense; (ii) lower salary and employee benefits; (iii) lower telecommunication and data processing expenses; (iv) the absence of contract termination costs in the second quarter of 2024, and (v) lower depreciation and amortization expense. *See* "Noninterest Expense*"* for more details.

In the six months ended June 30, 2024 and 2023, noninterest expense included non-routine items of $5.6 million and $16.8 million, respectively. There were no restructuring costs in the six months ended June 30, 2024, compared to $12.1 million in the three months ended June 30, 2023. Other non-routine items in noninterest expense in the six months ended June 30, 2024, include (i) $3.4 million in fixed assets impairment, (ii) a $1.3 million loss on loans held for sale for valuation expense, (iii) $0.6 million in legal and broker fees, and (iv) $0.3 million in goodwill and intangible asset impairment. All non-routine items mentioned in the six months ended June 30, 2024 are all in connection with the Houston Sale Transaction. Other non-routine items in noninterest expense in the six months ended June 30, 2023 included: (i) $2.0 million impairment charge on an investment carried at cost and included as part of other assets, and (ii) a $2.6 million loss on sale of repossessed assets in connection with our equipment-financing activities. *See* "Our Company - Primary Factors Used to Evaluate Our Business" for detailed information on non-routine items in noninterest expense.

In the six months ended June 30, 2024 and 2023, the Company incurred noninterest expenses of $6.9 million and $7.9 million, respectively, related to Amerant Mortgage which consists of salaries and employee benefits expense, mortgage lending costs and professional and other services fees.

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 and six month periods ended June 30, 2024 and 2023. 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 as well as the amortization of net premiums/discounts on loan purchases, accounted for as yield adjustments. Average balances represent the daily average balances for the periods presented.

	Three Months Ended June 30,					
	2024			2023		
thousands, except percentages)	Average Balances	Income/ Expense	Yield/ Rates	Average Balances	Income/ Expense	Yield/ Rates
erest-earning assets:						
Loan portfolio, net (1)(2)	$ 7,049,109	$ 124,117	7.08 %	$ 7,068,038	$ 119,570	6.79 %
Debt securities available for sale (3) (4)	1,267,828	14,104	4.47 %	1,041,039	10,397	4.01 %
Debt securities held to maturity (5)	221,106	1,878	3.42 %	236,297	1,976	3.35 %
Debt securities held for trading	—	—	— %	262	3	4.59 %
Equity securities with readily determinable fair value not held for trading	2,466	13	2.12 %	27	—	— %
Federal Reserve Bank and FHLB stock	54,664	955	7.03 %	52,917	857	6.50 %
Deposits with banks	364,466	5,260	5.80 %	379,123	5,694	6.02 %
Other short-term investments	6,399	82	5.15 %	—	—	— %
Total interest-earning assets	8,966,038	146,409	6.57 %	8,777,699	138,497	6.33 %
tal non-interest-earning assets (6)	763,628			710,404		
Total assets	$ 9,729,666			$ 9,488,103		

	Three Months Ended June 30,					
	2024			2023		
thousands, except percentages)	Average Balances	Income/ Expense	Yield/ Rates	Average Balances	Income/ Expense	Yield/ Rates
erest-bearing liabilities:						
ecking and saving accounts						
Interest bearing DDA	$ 2,408,979	$ 16,779	2.80 %	$ 2,641,746	$ 16,678	2.53 %
Money market	1,411,287	14,973	4.27 %	1,169,047	9,401	3.23 %
Savings	253,625	26	0.04 %	287,493	36	0.05 %
al checking and saving accounts	4,073,891	31,778	3.14 %	4,098,286	26,115	2.56 %
ne deposits	2,258,973	25,971	4.62 %	2,045,747	18,528	3.63 %
al deposits	6,332,864	57,749	3.67 %	6,144,033	44,643	2.91 %
curities sold under agreements to repurchase	124	2	6.49 %	60	1	6.68 %
vances from the FHLB (7)	737,658	6,946	3.79 %	828,301	7,621	3.69 %
nior notes	59,646	941	6.35 %	59,330	941	6.36 %
bordinated notes	29,519	361	4.92 %	29,348	362	4.95 %
nior subordinated debentures	64,178	1,055	6.61 %	64,178	1,052	6.57 %
tal interest-bearing liabilities	7,223,989	67,054	3.73 %	7,125,250	54,620	3.07 %
n-interest-bearing liabilities:						
n-interest-bearing demand deposits	1,452,921			1,332,189		
counts payable, accrued liabilities and other liabilities	309,298			283,653		
al non-interest-bearing liabilities	1,762,219			1,615,842		
al liabilities	8,986,208			8,741,092		
ckholders' equity	743,458			747,011		
al liabilities and stockholders' equity	$ 9,729,666			$ 9,488,103		
cess of average interest-earning assets over average interest-bearing liabilities	$ 1,742,049			$ 1,652,449		
t interest income		$ 79,355			$ 83,877	
t interest rate spread			2.84 %			3.26 %
t interest margin (8)			3.56 %			3.83 %
st of total deposits (9)			2.98 %			2.40 %
tio of average interest-earning assets to average interest-bearing liabilities	124.11 %			123.19 %		
erage non-performing loans/ Average total loans	0.60 %			0.54 %		

	Six Months Ended					
	June 30, 2024			June 30, 2023		
housands, except percentages)	Average Balances	Income/ Expense	Yield/ Rates	Average Balances	Income/ Expense	Yield/ Rates
rest-earning assets:						
Loan portfolio, net (1)(2)	$ 7,018,015	246,822	7.07 %	$ 6,985,153	228,071	6.58 %
Debt securities available for sale (3) (4)	1,253,795	27,290	4.38 %	1,049,886	20,568	3.95 %
Debt securities held to maturity (5)	222,992	3,845	3.47 %	238,450	4,088	3.46 %
Debt securities held for trading	—	—	— %	141	4	5.72 %
Equity securities with readily determinable fair value not held for trading	2,472	68	5.53 %	2,443	—	— %
Federal Reserve Bank and FHLB stock	52,422	1,838	7.05 %	55,346	1,872	6.82 %
Deposits with banks	393,654	11,011	5.63 %	341,168	9,024	5.33 %
Other short-term investments	6,165	160	5.22 %	—	—	— %
Total interest-earning assets	8,949,515	291,034	6.54 %	8,672,587	263,627	6.13 %
al non-interest-earning assets (6)	792,602			725,675		
al assets	$ 9,742,117			$ 9,398,262		
rest-bearing liabilities:						
cking and saving accounts						
iterest bearing DDA	$ 2,427,170	34,515	2.86 %	$ 2,493,009	29,533	2.39 %
loney market	1,421,618	29,807	4.22 %	1,250,801	17,281	2.79 %
avings	258,077	53	0.04 %	293,464	83	0.06 %
al checking and saving accounts	4,106,865	64,375	3.15 %	4,037,274	46,897	2.34 %
e deposits	2,274,780	52,095	4.61 %	1,907,443	31,362	3.32 %
al deposits	6,381,645	116,470	3.67 %	5,944,717	78,259	2.65 %
urities sold under agreements to repurchase	62	2	6.49 %	30	1	6.72 %
ances from the FHLB (7)	691,206	12,524	3.64 %	893,484	14,384	3.25 %
ior notes	59,606	1,883	6.35 %	59,290	1,883	6.40 %
ordinated notes	29,497	723	4.93 %	29,327	723	4.97 %
ior subordinated debentures	64,178	2,109	6.61 %	64,178	2,167	6.81 %
al interest-bearing liabilities	7,226,194	133,711	3.72 %	6,991,026	97,417	2.81 %
i-interest-bearing liabilities:						
i-interest bearing demand deposits	1,444,073			1,354,951		
ounts payable, accrued liabilities and other liabilities	326,809			310,716		
al non-interest-bearing liabilities	1,770,882			1,665,667		
al liabilities	8,997,076			8,656,693		
ckholders' equity	745,041			741,569		
al liabilities and stockholders' equity	$ 9,742,117			$ 9,398,262		
ess of average interest-earning assets over average interest-bearing liabilities	$ 1,723,321			$ 1,681,561		
interest income		$ 157,323			$ 166,210	
interest rate spread			2.82 %			3.32 %
interest margin (8)			3.54 %			3.86 %
t of total deposits (9)			2.99 %			2.16 %
o of average interest-earning assets to average interest-bearing liabilities	123.85%			124.05%		
rage non-performing loans/ Average total loans	0.61%			0.50%		

(1) Includes loans held for investment net of the allowance for credit losses, and loans held for sale. The average balance of the allowance for credit losses was $95.6 million and $84.6 million in the three months ended June 30, 2024 and 2023, respectively, and $94.0 million and $83.0 million in the six months ended June 30, 2024 and June 30, 2023, respectively. The average balance of total loans held for sale was $191.7 million and $85.1 million in the three months ended June 30, 2024 and 2023, respectively, and $90.0 million, and $75.8 million in the six months period ended June 30, 2024 and June 30, 2023, respectively.

(2) Includes average non-performing loans of $52.7 million and $38.5 million for the three months ended June 30, 2024 and 2023, respectively, and $42.7 million and $35.2 million in the six months ended June 30, 2024 and June 30, 2023, respectively.

(3) Includes the average balance of net unrealized gains and losses in the fair value of debt securities available for sale. The average balance includes average net unrealized losses of $115.8 million and $106.7 million in the three months ended June 30, 2024 and 2023, respectively, and average net unrealized net losses of $108.6 million and $105.8 million in the six months ended June 30, 2024 and June 30, 2023, respectively.

(4) Includes nontaxable securities with average balances of $18.8 million and $19.5 million for the three months ended June 30, 2024 and 2023, respectively, and $18.8 and $19.4 million, in the six months ended June 30, 2024 and June 30, 2023, respectively. The tax equivalent yield for these nontaxable securities was 4.47% and 4.53% for the three months ended June 30, 2024 and 2023, respectively, and 4.51% and 4.59% in the six months ended June 30, 2024 and June 30, 2023, respectively. In 2024 and 2023, the tax equivalent yields were calculated by assuming a 21% tax rate and dividing the actual yield by 0.79.

(5) Includes nontaxable securities with average balances of $47.8 million and $50.1 million for the three months ended June 30, 2024 and 2023, respectively, and $48.1 million and $50.4 million in the six months ended June 30, 2024 and June 30, 2023, respectively. The tax equivalent yield for these nontaxable securities was 4.23% and 4.16% for the three months ended June 30, 2024 and 2023, respectively, and 4.24% and 4.18% in the six months ended June 30, 2024 and June 30, 2023, respectively. In 2024 and 2023, the tax equivalent yields were calculated by assuming a 21% tax rate and dividing the actual yield by 0.79.

(6) Excludes the allowance for credit losses.

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

(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 balance of total noninterest bearing and interest bearing deposits.

Net Interest Income

Three Months Ended June 30, 2024 and 2023

Net interest income In the three months ended June 30, 2024,was $79.4 million, a decrease of $4.5 million, or 5.4%, from $83.9 million in the three months ended June 30, 2023. This was primarily driven by: (i) higher cost of total deposits mainly in money market accounts and time deposits and (ii) higher average balance of deposits mainly money market accounts and customer CDs, and (iii) decreases of $18.9 million, or 0.3%, $15.2 million, or 6.4%, and $14.7 million, or 3.9% in the average balances of loans, debt securities held to maturity and interest earnings deposits with banks, respectively. The decrease in net interest income was partially offset by: (i) an increase of 24 basis points in the yield on total interest earning assets, and (ii) an increase of $226.8 million, or 21.8% in the average balance of debt securities available for sale. Net interest margin was 3.56% in the three months ended June 30, 2024, a decrease of 27 basis points from 3.83% in the three months ended June 30, 2023. *See* discussions further below for more details.

During the second quarter of 2024 we had lower average balance of loans and interest-earning deposits with banks compared to the same period last year. Our asset-sensitive position enabled us to partially offset, via repricing of variable-rate loans, and new loan originations at higher market rates, the incremental cost of deposits and borrowings we recorded during the second quarter of 2024. Additionally, we continued investing in higher-yielding, fixed rate, debt securities available for sale, and maintaining a high average balance in funds at the Federal Reserve. *See* discussions further below for more details.

Interest Income

Total interest income was $146.4 million in the three months ended June 30, 2024, an increase of $7.9 million, or 5.7%, compared to $138.5 million for the same period of 2023. This was primarily driven by a 24 basis points increase in the average yield on total interest earning assets. In addition, there was an increase of $226.8 million, or 21.8% in the average balances of debt securities available for sale during the period. These increases were partially offset by decreases of $18.9 million, or 0.3%, $15.2 million, or 6.4%, and $14.7 million, or 3.9%, in the average balances of loans, debt securities held to maturity and interest earning deposits with banks, respectively.

Interest income on loans in the three months ended June 30, 2024 was $124.1 million, an increase of $4.5 million, or 3.8%, compared to $119.6 million in the same period last year, primarily due to a 29 basis points increase in average yields, mainly attributable to higher market rates. The increase in the average balance of loans includes: (i) originations of single-family residential, and (ii) originations of commercial loans. *See* "-Average Balance Sheet, Interest and Yield/Rate Analysis" for detailed information.

Interest income on debt securities available for sale was $14.1 million in the three months ended June 30, 2024, an increase of $3.7 million, or 35.7%, compared to $10.4 million in the same period of 2023. This was mainly due to an increase of $226.8 million, or 21.8% in the average balance of these securities as well as an increase of 46 basis points in average yields, primarily driven by higher market rates. In the three months ended June 30, 2024, the average balance of accumulated net unrealized loss included in the carrying value of these securities was $115.8 million compared to $106.7 million in the same period last year. As of June 30, 2024, corporate debt securities comprised 20.7% of the available-for-sale portfolio, down from 24.5% at June 30, 2023.

As of June 30, 2024, floating rate investments represent 12.9% of our total investment portfolio compared to 15.4% at June 30, 2023. In addition, the overall duration increased to 5.3 years at June 30, 2024 from 5.1 years at June 30, 2023, as the model anticipates slower MBS principal prepayments due to higher market rates.

Interest Expense

Interest expense was $67.1 million in the three months ended June 30, 2024, an increase of $12.4 million, or 22.8%, compared to $54.6 million in the same period of 2023. This was primarily due to: (i) higher average cost of total deposits and advances from FHLB. In addition, there was an increase of $98.7 million, or 1.4%, in the average balance of total interest bearing liabilities, mainly in money market accounts and time deposits.

Interest expense on interest-bearing deposits was $57.7 million in the three months ended June 30, 2024, an increase of $13.1 million, or 29.4%, compared to $44.6 million for the same period of 2023. This was mainly driven by an increase of 76 basis points in the average rates paid on total deposits, and an increase of $188.8 million, or 3.1%, in their average balance. *See* below for a detailed explanation of changes by major deposit category:

- *Time deposit*s. Interest expense on total time deposits increased $7.4 million, or 40.2%, in the three months ended June 30, 2024 compared to the same period in 2023. This was mainly due to an increase of 99 basis points in the average cost of total time deposits. In addition, there was an increase of $213.2 million, or 10.4%, in the average balance of these deposits, which includes an increase of $262.4 million in the average balance of customer CDs, that was offset by a decrease of $49.2 million in brokered time deposits.

- *Interest bearing checking and savings accounts*. Interest expense on checking and savings accounts increased $5.7 million, or 21.7% in the three months ended June 30, 2024 compared to the same period one year ago, mainly due to an increase of 58 basis points in the average costs on these deposits. In addition, there was an increase of $242.2 million, or 20.72%, in the average balance of money market accounts in the three months ended June 30, 2024 compared to the same period in 2023. This increase in money market accounts was partially off by decreases in the average balances of interest bearing demand deposits and savings accounts in the three months ended June 30, 2024 compared to the same period in 2023.

Interest expense on advances from the FHLB decreased $0.7 million, or 8.9%, in the three months ended June 30, 2024 compared to the same period of 2023, primarily driven by a decline of $90.6 million, or 10.9%, in the average balance on this funding source compared to the same period of 2023. This was partially offset by an increase of 10 basis points in the average rate paid on these borrowings. In the first six months of 2024, the Company borrowed $1.2 billion, and repaid $1.1 billion of advances from the FHLB. *See* “Capital Resources and Liquidity Management” for more details on the repayment of advances from the FHLB.

Six Months Ended June 30, 2024 and 2023

Net interest income was $157.3 million in the six months ended June 30, 2024, a decrease of $8.9 million, or 5.3%, from $166.2 million in the same period of 2023. This was primarily driven by: (i) higher cost of total deposits and FHLB advances, (ii) an increase of $235.2 million, or 3.36%, in the average balance of total interest-bearing liabilities primarily in time deposits and money market accounts, and (iii) a decrease of $15.5 million, or 6.5% in the average balance of debt securities held to maturity. The decrease in net interest income was partially offset by an increase of 41 basis points in the yield on total interest earning assets. In addition, there were increases of $203.9 million, or 19.4%, $52.5 million, or 15.4% and $32.9 million, or 0.5%, in the average balance of debt securities available for sale, interest earning deposits with banks, and loans, respectively. Net interest margin was 3.54% in the six months ended June 30, 2024, a decrease of 32 basis points from 3.86% in the six months ended June 30, 2023. *See* discussions further below for more details.

Interest Income

Total interest income was $291.0 million in the six months ended June 30, 2024, an increase of $27.4 million, or 10.4%, compared to $263.6 million for the same period of 2023. This was primarily driven by a 41 basis points increase in the average yield on total interest earning assets. In addition, there were increases of $203.9 million, or 19.42%, $52.5 million, or 15.4% and $32.9 million, or 0.5%, in the average balances of debt securities available for sale, interest earning deposits with banks, and loans, respectively. These increases were partially offset by a decrease of $15.5 million, or 6.48%, in the average balance of debt securities held to maturity.

Interest income on loans in the six months ended June 30, 2024 was $246.8 million, an increase of $18.8 million, or 8.2%, compared to $228.1 million in the same period last year, primarily due to: (i) a 49 basis points increase in average yields, mainly attributable to higher market rates, and (ii) an increase of $32.9 million, or 0.5%, in the average balance of loans. The increase in the average balance of loans includes: (i) increase in originations of single-family residential and construction loans mostly through AMTM, (ii) an increase in the average balance of owner-occupied loans, as well as (iii) an increase in the average balance of loans to financial institutions and acceptances. *See* "-Average Balance Sheet, Interest and Yield/Rate Analysis" for detailed information.

Interest income on debt securities available for sale was $27.3 million in the six months ended June 30, 2024, an increase of $6.7 million, or 32.7%, compared to $20.6 million in the same period of 2023. This was mainly due to an increase of 43 basis points in average yields, primarily driven by higher market rates and an increase of $203.9 million, or 19.4%, in the average balance of these securities. In the six months ended June 30, 2024, the average balance of accumulated net unrealized loss included in the carrying value of these securities was $108.6 million compared to $105.8 million in the same period last year.

Interest income on debt securities held to maturity was $3.8 million in the six months ended June 30, 2024, a decrease of $0.2 million, or 5.9%, compared to $4.1 million in the same period of 2023. This was mainly due to a decrease of $15.5 million, or 6.5%, in the average balance of these securities.

Interest Expense

Interest expense was $133.7 million in the six months ended June 30, 2024, an increase of $36.3 million, or 37.3%, compared to $97.4 million in the same period of 2023. This was primarily due to higher cost of total deposits and FHLB advances. In addition, there was an increase of $235.2 million, or 3.36%, in the average balance of total interest bearing liabilities, mainly time deposits and money market accounts.

Interest expense on interest-bearing deposits was $116.5 million in the six months ended June 30, 2024, an increase of $38.2 million, or 48.8%, compared to $78.3 million for the same period of 2023. This was mainly driven by an increase of 102 basis points in the average rates paid on total interest-bearing deposits, and an increase of $436.9 million, or 7.3%, in their average balance. *See* below for a detailed explanation of changes by major deposit category:

- *Time deposit*s. Interest expense on total time deposits increased $20.7 million, or 66.1%, in the six months ended June 30, 2024 compared to the same period in 2023. This was mainly due to an increase of 129 basis points in the average cost of total time deposits. In addition, there was an increase of $367.3 million, or 19.3%, in the average balance of these deposits, including $340.8 million in customer CDs and $26.5 million in brokered time deposits, respectively.

- *Interest bearing checking and savings accounts*. Interest expense on checking and savings accounts increased $17.5 million in the six months ended June 30, 2024 to $64.4 million compared to $46.9 million in the same period one year ago. This increase was primarily due to an increase of 81 basis points in the average costs on these deposits. In addition, there was an increase of $69.6 million, or 1.7% in the average balance of total interest bearing checking and savings accounts in the six months ended June 30, 2024 compared to the same period in 2023. This was mainly driven by: (i) higher average domestic personal accounts, and (ii) higher average balance of international personal accounts. These increases were partially offset by a decrease in the average balance of international commercial accounts.

Interest expense on advances from the FHLB decreased $1.9 million, or 12.9%, in the six months ended June 30, 2024 compared to the same period of 2023, primarily driven by a decrease of $202.3 million, or 22.6%, in the average balances of these borrowings. The decrease in interest expense on advances from the FHLB was partially offset by the increase of 39 basis points in the average rate paid on these borrowings. *See* “Capital Resources and Liquidity Management” for more details on the early repayment of advances from the FHLB.

Analysis of the Allowance for Credit Losses

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

	Three Months Ended June 30,		Six Months Ended June 30,	
(in thousands)	2024	2023	2024	2023
Balance at the beginning of the period	$ 96,050	$ 84,361	$ 95,504	$ 83,500
Charge-offs				
Real estate loans				
Commercial Real Estate (CRE)				
Non-owner occupied	—	—	—	—
Multi-family residential	—	—	(591)	—
Single-family residential	—	(7)	—	(39)
Commercial	(13,452)	(1,452)	(15,876)	(9,427)
Consumer and others	(6,762)	(7,626)	(16,949)	(13,948)
Total Charge-offs	$ (20,214)	$ (9,085)	$ (33,416)	$ (23,414)
Recoveries				
Real estate loans				
Commercial Real Estate (CRE)				
Non-Owner occupied	$ —	$ 116	0	$ 116
Land development and construction loans	$ 11	$ 24	$ 36	$ 163
	11	140	36	279
Single-family residential	8	33	26	49
Owner occupied	—	—	17	—
	19	173	79	328
Commercial	400	1,045	962	4,378
Consumer and others	495	385	1,221	387
Total Recoveries	$ 914	$ 1,603	$ 2,262	$ 5,093
Net charge-offs	(19,300)	(7,482)	(31,154)	(18,321)
Provision for credit losses - loans	17,650	29,077	30,050	40,777
Balance at the end of the period	$ 94,400	$ 105,956	$ 94,400	$ 105,956

Three Months Ended June 30, 2024 and 2023

The Company recorded a provision for credit losses on loans of $17.7 million in the three months ended June 30, 2024, compared to $29.1 million in the same period last year. In the second quarter of 2024, the provision for credit losses on loans includes $12.8 million to cover for charge-offs, $12.7 million in new specific reserves for non-performing loans, and $1.8 million due to loan composition and volume changes. These provision requirements were partially offset by a release of $5.3 million due to credit quality and macroeconomic factor updates and a $4.4 million release due to the Houston loan portfolio classification as held-for-sale.

During the three months ended June 30, 2024, charge-offs increased $11.1 million, or 122.5%, compared to the same period of the prior year. In the three months ended June 30, 2024, charge-offs include $9.9 million related to an asset-based lending facility; (ii) $6.6 million related to multiple commercial loans, and smaller balance consumer loans. Charge-offs in the second quarter of 2024 were partially offset by $0.9 million in recoveries, which include $0.5 million in consumer loans, primarily purchased indirect consumer loans and $0.4 million related to multiple commercial loan recoveries.

In the three months ended June 30, 2023, charge-offs included $7.6 million related to multiple consumer loans, primarily purchased indirect consumer loans, and $1.5 million related to multiple commercial loans.

The ratio of net charge-offs over the average total loan portfolio held for investment was 1.13% in the second quarter of 2024, compared to 0.42% in the second quarter of 2023. See the 2023 Form 10-K for more information on charge-offs for the year ended December 31, 2023.

Six Months Ended June 30, 2024 and 2023

The Company recorded a provision for credit losses on loans of $30.1 million in the six months ended June 30, 2024, compared to $40.8 million in the same period last year. In the first half of 2024, the provision for credit losses on loans included $24.5 million to cover charge-offs, $12.7 million in new specific reserves for non-performing loans and $4.2 million due to loan composition and volume changes. These provision requirements were partially offset by a release of $6.8 million due to credit quality and macroeconomic factor updates and a $4.4 million release due to the Houston loan portfolio classification as held-for-sale.

During the six months ended June 30, 2024, charge-offs increased $10.0 million, or 42.7%, compared to the same period of the prior year. In the six months ended June 30, 2024, charge-offs include: (i) $9.9 million related to an asset-based lending facility; (ii) $16.7 million related to multiple consumer loans, primarily purchased indirect consumer loans, and (iii) $6.8 million in connection with multiple commercial and real estate loans. Charge-offs in the six months ended June 30, 2024 were partially offset by $2.3 million in recoveries, which include $1.3 million in consumer loans, primarily purchased indirect consumer loans and $1.0 million related to multiple commercial loans recoveries.

In the six months ended June 30, 2023, charge-offs included: (i) $6.5 million related to an equipment-financing commercial loan relationship that was transferred to other repossessed assets in the first quarter of 2023 and subsequently sold in the second quarter of 2023; (ii) $13.9 million related to multiple consumer loans, primarily purchased indirect consumer loans, and (iii) $2.9 million in connection with multiple commercial and real estate loans. Charge-offs in the first half of 2023 were partially offset primarily by a $2.7 million recovery from a loan to a coffee trader which had been charged-off in 2022.

The ratio of net charge-offs over the average total loan portfolio held for investment was 0.91% in the first six months of 2024, compared to 0.53% in the first six months of 2023.

During the six months ended June 30, 2024 and 2023, consistent with the Company’s applicable policy, the Company obtained independent third-party collateral valuations on all real estate securing non-performing loans with existing valuations older than 12-months and outstanding balances in excess of $1.0 million, to support current ACL levels. No additional provision for credit losses were deemed necessary as a result of these valuations.

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.

Noninterest Income

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

	Three Months Ended June 30,				Change	
	2024		2023		2024 vs 2023	
(in thousands, except percentages)	Amount	%	Amount	%	Amount	%
Deposits and service fees	$ 5,281	27.2 %	$ 4,944	18.6 %	$ 337	6.8 %
Brokerage, advisory and fiduciary activities	4,538	23.4 %	4,256	16.0 %	282	6.6 %
Change in cash surrender value of bank owned life insurance ("BOLI") (1)	2,242	11.5 %	1,429	5.4 %	813	56.9 %
Loan-level derivative income (2)	2,357	12.1 %	476	1.8 %	1,881	395.2 %
Cards and trade finance servicing fees	1,331	6.9 %	562	2.1 %	769	136.8 %
Gain on early extinguishment of FHLB advances, net	189	1.0 %	13,440	50.5 %	(13,251)	(98.6) %
Derivative (losses) gains, net (3)	(44)	(0.2) %	242	0.9 %	(286)	(118.2) %
Securities losses, net (4)	(117)	(0.6) %	(1,237)	(4.7) %	1,120	(90.5) %
Other noninterest income (5)	3,643	18.7 %	2,507	9.4 %	1,136	45.3 %
Total noninterest income	$ 19,420	100.0 %	$ 26,619	100.0 %	$ (7,199)	(27.0) %

	Six Months Ended June 30,				Change	
	2024		2023		2024 vs 2023	
(in thousands, except percentages)	Amount	%	Amount	%	Amount	%
Deposits and service fees	$ 9,606	28.3 %	$ 9,899	21.5 %	$ (293)	(3.0)%
Brokerage, advisory and fiduciary activities	8,865	26.1 %	8,438	18.4 %	427	5.1 %
Change in cash surrender value of bank owned life insurance ("BOLI") (1)	4,584	13.5 %	2,841	6.2 %	1,743	61.4 %
Loan-level derivative income (2)	2,823	8.3 %	2,547	5.5 %	276	10.8 %
Cards and trade finance servicing fees	2,554	7.5 %	1,095	2.4 %	1,459	133.2 %
Gain on early extinguishment of FHLB advances, net	189	0.6 %	26,613	57.9 %	(26,424)	(99.3)%
Derivative (losses) gains, net (3)	(196)	(0.6)%	256	0.6 %	(452)	(176.6)%
Securities losses, net (4)	(171)	(0.5)%	(10,968)	(23.9)%	10,797	(98.4)%
Other noninterest income (5)	5,654	16.8 %	5,241	11.4 %	413	7.9 %
Total noninterest income	$ 33,908	100.0 %	$ 45,962	100.0 %	$ (12,054)	(26.2)%

(1) Changes in cash surrender value of BOLI are not taxable.

(2) Income from interest rate swaps and other derivative transactions with customers. The Company incurs expenses related to derivative transactions with customers which are included as part of noninterest expenses under loan-level derivative expense. *See* Noninterest Expense section for more details.

(3) Net unrealized gains and losses related to uncovered interest rate caps with clients.

(4) Includes net loss of $0.1 million in each of the three and six months ended June 30, 2024, and $1.2 million and $10.8 million in the three and six month periods ended June 30, 2023, respectively, in connection with the sale of debt securities available for sale. In addition, includes unrealized losses of $0.1 million in the six months ended June 30, 2024 related to the change in fair value of equity securities with readily available fair value not held for trading which are recorded in results of the period. There were no significant unrealized losses related to equity securities with readily available fair value not held for trading in the three months ended June 30, 2024 and in the three and six month periods ended June 30, 2023.

(5) Includes mortgage banking income of $1.9 million and $1.6 million in the three months ended June 30, 2024 and June 30, 2023, respectively, and $3.0 million and $3.4 million in the six months ended June 30, 2024 and June 30, 2023, respectively, primarily consisting of net gains on sale, valuation and derivative transactions associated with mortgage loans held for sale activity, and other smaller sources of income related to the operations of Amerant Mortgage. In addition, includes $0.5 million in BOLI death benefits received in the three and six month periods ended June 30, 2024. Other sources of income in the periods shown include foreign currency exchange transactions with customers and valuation income on the investment balances held in the non-qualified deferred compensation plan.

Three Months Ended June 30, 2024 and 2023

Total noninterest income decreased $7.2 million, or 27.0%, in the three months ended June 30, 2024, compared to the three months ended June 30, 2023, mainly due to: (i) lower gains on the early extinguishment of FHLB advances in the three months ended June 30, 2024 compared to the same period last year, and (ii) derivative losses in the quarter compared to gains in the same period of 2023. These decreases were partially offset by: (i) higher loan-level derivative income; (ii) higher other noninterest income; (iii) lower securities losses during the three months ended June 30, 2024 compared to the same period in 2023; (iv) higher additional income stemming from BOLI policies following the restructuring completed in the fourth quarter of 2023, and (v) higher cards and trade servicing fees.

In the three months ended June 30, 2024, The Company had $0.2 million in net gains on the early repayment of approximately $595 million in FHLB advances, compared to a net gain of $13.4 million on the early repayment of approximately $355 million of advances from the FHLB in the three months ended June 30, 2023.

Other noninterest income increased $1.1 million, or 45.3%, in the three months ended June 30, 2024 compared to the same period in 2023, primarily driven by: (i) BOLI death benefits receipt of $0.5 million, and (ii) higher mortgage banking income.

Deposits and service fees increased $0.3 million, or 6.8%, in the three months ended June 30, 2024 compared to the same period last year, primarily due to an increase in service fees.

Loan-level derivative income increased $1.9 million, or 395.2%, in the three months ended June 30, 2024 compared to the same period in 2023, mainly driven by a higher volume of derivative transactions with clients during the current quarter, compared to the same period of 2023.

Our AUMs totaled $2.45 billion at June 30, 2024, an increase of $162.7 million, or 7.1%, from $2.29 billion at December 31, 2023, primarily driven by increased market valuations as well as net new assets as we continue to execute on our relationship-focused strategy.

Six Months Ended June 30, 2024 and 2023

Total noninterest income decreased $12.1 million, or 26.2%, in the six months ended June 30, 2024, compared to the same period in 2023, mainly due to: (i) lower gains on the early extinguishment of advances from the FHLB in the six months ended June 30, 2024 compared to the same period last year; (ii) derivative losses in the quarter compared to gains in the same quarter of 2023, and (iii) lower deposits and service fees. These decreases were partially offset by: (i) lower losses on securities; (ii) higher additional income stemming from BOLI policies following the restructuring completed in the fourth quarter of 2023; (iii) higher cards and trade servicing fees; (iv) higher brokerage, advisory and fiduciary fees; (v) higher other noninterest income, and (vi) higher loan-level derivative income.

In the six months ended June 30, 2024, the Company recorded net gains of $0.2 million on the early repayment of approximately $595 million of advances from the FHLB. In the six months ended June 30, 2023 the Company recorded a net gain of $26.6 million on the early extinguishment of approximately $920 million of advances from the FHLB. These early repayments of advances from the FHLB are part of the Company’s asset/liability management strategies.

Other noninterest income increased $0.4 million, or 7.9%, in the six months ended June 30, 2024 compared to the same period in 2023, primarily driven by: (i) BOLI death benefit receipt of $0.5 million, and (ii) one-time income of $0.3 million in connection with BOLI policies following the restructuring completed in the fourth quarter of 2023. These increases were partially offset by a decrease of $0.4 million or 12.9% in mortgage banking income.

Deposits and service fees decreased $0.3 million, or 3.0%, in the six months ended June 30, 2024 compared to the same period last year, primarily due to lower service referral fees received during the period.

Loan-level derivative income increased $0.3 million, or 10.8%, in the six months ended June 30, 2024 compared to the same period last year, mainly driven by a higher volume of derivative transactions with clients during the first half of 2024, compared to the same period last year.

Brokerage, advisory and fiduciary activities increased $0.4 million, or 5.1%, in the six months ended June 30, 2024 compared to the same period last year, primarily driven by higher brokerage fees as a result of higher equity trading volumes/commissions.

Noninterest Expense

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

	Three Months Ended June 30,				Change	
	2024		2023		2024 vs 2023	
(in thousands, except percentages)	Amount	%	Amount	%	Amount	%
Salaries and employee benefits (1)	$ 33,857	46.2 %	$ 34,247	47.2 %	$ (390)	(1.1) %
Professional and other services fees (2)	12,110	16.5 %	7,415	10.2 %	4,695	63.3 %
Occupancy and equipment (3)	9,041	12.3 %	6,737	9.3 %	2,304	34.2 %
Telecommunications and data processing (4)	2,732	3.7 %	5,027	6.9 %	(2,295)	(45.7) %
Advertising expenses	4,243	5.8 %	4,332	6.0 %	(89)	(2.1) %
FDIC assessments and insurance	2,772	3.8 %	2,739	3.8 %	33	1.2 %
Depreciation and amortization (5)	1,652	2.3 %	2,275	3.1 %	(623)	(27.4) %
Losses on loans held for sale carried at the lower cost or fair value (6)	1,258	1.7 %	—	— %	1,258	N/M
Other real estate owned and repossessed assets expense, net (7) (8)	(148)	(0.2)%	2,431	3.4 %	(2,579)	(106.09)%
Contract termination costs (9)	—	— %	1,550	2.1 %	(1,550)	(100.0) %
Loan-level derivative expense (10)	580	0.8 %	110	0.2 %	470	427.3 %
Other operating expenses (11)	5,205	7.1 %	5,637	7.8 %	(432)	(7.7) %
Total noninterest expenses (12)	$ 73,302	100.0 %	$ 72,500	100.0 %	$ 802	1.1 %

	Six Months Ended June 30,				Change	
	2024		2023		2024 vs 2023	
(in thousands, except percentages)	Amount	%	Amount	%	Amount	%
Salaries and employee benefits (1)	$ 66,815	47.8 %	$ 69,123	50.4 %	$ (2,308)	(3.3)%
Professional and other services fees (2)	23,073	16.5 %	15,043	11.0 %	8,030	53.4 %
Occupancy and equipment (3)	15,517	11.1 %	13,535	9.9 %	1,982	14.6 %
Telecommunications and data processing (4)	6,265	4.5 %	8,091	5.9 %	(1,826)	(22.6)%
Advertising expenses	7,321	5.2 %	6,918	5.0 %	403	5.8 %
FDIC assessments and insurance	5,780	4.1 %	5,476	4.0 %	304	5.6 %
Depreciation and amortization (5)	3,129	2.2 %	3,567	2.6 %	(438)	(12.3)%
Losses on loans held for sale carried at the lower cost or fair value (6)	1,258	0.9 %	—	— %	1,258	N/M
Other real estate owned and repossessed assets expense, net (7) (8)	(502)	(0.4)%	2,431	1.8 %	(2,933)	(120.7)%
Contract termination costs (9)	—	— %	1,550	1.1 %	(1,550)	(100.0)%
Loan-level derivative expense (10)	584	0.4 %	1,710	1.3 %	(1,126)	(65.9)%
Other operating expenses (11)	10,656	7.7 %	9,789	7.0 %	867	8.9 %
Total noninterest expenses (12)	$ 139,896	100.0 %	$ 137,233	100.0 %	$ 2,663	1.9 %

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(1) Includes staff reduction costs of $2.2 million and $2.4 million in the three and six months June 30, 2023, respectively, which consist of severance expenses primarily related to organizational rationalization.

(2) Includes $0.3 million in legal expenses in connection with the Houston Sale Transaction in the three and six month periods ended June 30, 2024. Additionally, includes additional non-routine expenses of $2.0 million and $4.6 million in the three months and six months ended

June 30, 2023, respectively, related to the engagement of FIS. Lastly, includes recurring service fees in connection with the engagement of FIS in the three and six month periods ended June 30, 2024.

(3) In each of the three and six month periods ended June 30, 2024, includes fixed assets impairment charge of $3.4 million in connection with the Houston Sale Transaction. In each of the three and six month periods ended June 30, 2023, includes $0.6 million related to ROU asset impairment in connection with the closure of branch in Miami, Florida in 2023.

(4) Includes a charge of $1.4 million in each of the three and six month periods ended June 30, 2023 related to the disposition of fixed assets due to the write off of in-development software.

(5) Includes a charge of $0.9 million in each of the three and six month periods ended June 30, 2023 for the accelerated depreciation of leasehold improvements in connection with the closure of a branch in Miami, Florida in 2023.

(6) In each of the three and six month periods ended, amounts shown are in connection with the Houston Sale Transaction.

(7) Includes OREO rental income of $0.4 million in the three months ended June 30, 2024 and 2023, as well as $0.9 million and $0.4 million in the six months ended June 30, 2024 and 2023., respectively. In addition, in each of the three and six month periods ended June 30, 2023, includes a loss on sale of repossessed assets in connection with our equipment-financing activities of $2.6 million.

(8) Beginning in the three months ended June 30, 2023, OREO and repossessed assets expense is presented separately in the Company's consolidated statement of operations and comprehensive (loss) income.

(9) Contract termination and related costs associated with third party vendors resulting from the Company's transition to our new technology provider.

(10) Includes service fees in connection with our loan-level derivative income generation activities.

(11) In each of the three and six month periods ended June 30, 2024, includes broker fees of $0.3 million in connection with the Houston Sale Transaction. Additionally, in each of the three and six month periods ended June 30, 2023, includes an impairment charge of $2.0 million related to an investment carried at cost and included in other assets. All periods shown includes mortgage loan origination and servicing expenses, charitable contributions, community engagement, postage and courier expenses, and debits which mirror the valuation income on the investment balances held in the non-qualified deferred compensation plan in order to adjust the liability to participants of the deferred compensation plan and other small expenses.

(12) Includes $3.8 million and $4.0 million in the three months ended June 30, 2024 and June 30, 2023, respectively, and $6.9 million and $7.9 million in the six months ended June 30, 2024 and June 30, 2023, related to Amerant Mortgage, primarily consisting of salaries and employee benefits, mortgage lending costs and professional and other services fees.

N/M Not meaningful

Three Months Ended June 30, 2024 and 2023

Noninterest expense increased $0.8 million, or 1.1%, in the three months ended June 30, 2024 compared to the same period in 2023, mainly due to: (i) higher professional and other service fees; (ii) higher occupancy and equipment expenses; (iii) an increase in losses on loans held for sale due to the transfer of approximately $553.1 million in loans in connection with the Houston Sale Transaction, and (iv) higher loan-level derivative expenses. These increases were partially offset by (i) lower other real estate owned and repossessed asset net expense; (ii) lower telecommunication and data processing expenses; (iii) the absence of contract termination costs in the three months ended June 30, 2024 compared to the same period of 2023; (iv) lower depreciation and amortization expense; (v) lower other operating expenses; (vi) lower salary and employee benefits, and (vii) lower advertising expenses.

Professional and other services fees increased $4.7 million, or 63.3%, in the three months ended June 30, 2024 compared to the same period last year. This was mainly driven by higher recurrent fees in connection with the current technology provider, and higher legal fees across various projects. These increases were partially offset by lower combined consulting fees.

Other operating expenses decreased $0.4 million, or 7.7%, in the three months ended June 30, 2024 compared to the same period in 2023, mainly driven by the absence in the second quarter of 2024 of the $2.0 million impairment charge in connection with an investment carried at cost recorded in the same period last year. This decrease was partially offset by (i) higher expenses associated with operating charge-offs, (ii) higher loan costs and loan servicing fees; and (iii) an asset impairment charge of $0.3 million and broker fees of $0.3 million which are both in connection with the Houston Sale Transaction.

Telecommunication and data processing expenses decreased $2.3 million, or 45.7%, in the three months ended June 30, 2024 compared to the same period last year, primarily driven by lower computer consulting expenses and less telecommunication voice infrastructure and long distance usage.

Depreciation and amortization expenses decreased $0.6 million, or 27.4%, in the three months ended June 30, 2024 compared to the same period last year. This was mainly driven by the absence of accelerated depreciation expenses in the three months ended June 30, 2023 related to the closure of the Edgewater branch location in Miami, Florida.

Salaries and employee benefits decreased $0.4 million, or 1.1%, in the three months ended June 30, 2024 compared to the same period one year ago, mainly driven by: (i) lower severance expenses in the second quarter of 2024. This decrease was partially offset by: (i) higher variable compensation and bonus accruals based on performance and production, (ii) higher salaries of new hires and higher average FTEs. At June 30, 2024, our FTEs were 720, a net increase of 10 FTEs, or 1.4% compared to 710 FTEs at June 30, 2023.

Occupancy and equipment expenses increased $2.3 million, or 34.2%, in the three months ended June 30, 2024 compared to the same period one year ago partially due to an impairment charge of $3.4 million in connection with the Houston Sale Transaction. This increase was partially offset by a decrease in software expenses.

Loan-level derivative expenses increased $0.5 million, or 427.3%, in the three months ended June 30, 2024 compared to the same period last year, mainly driven by higher volume of derivative transactions during the second quarter of 2024.

Six Months Ended June 30, 2024 and 2023

Noninterest expense increased $2.7 million, or 1.9%, in the six months ended June 30, 2024 compared to the same period in 2023, mainly due to: (i) higher professional and other service fees; (ii) higher occupancy and equipment expenses; (iii) an increase in losses on loans held for sale due to the transfer of approximately $553.1 million in loans in connection with the Houston Sale Transaction; (iv) higher other operating expenses; (v) higher advertising expenses, and (vi) higher FDIC assessments and insurance expenses. These increases were partially offset by: (i) lower other real estate owned and repossessed asset net expense; (ii) lower salary and employee benefits; (iii) lower telecommunication and data processing expenses; (iv) the absence of contract termination costs in the second quarter of 2024, and (v) lower depreciation and amortization expense.

Professional and other services fees increased $8.0 million, or 53.4%, in the six months ended June 30, 2024 compared to the same period last year. This was mainly driven by higher recurrent fees in connection with the current technology provider, and higher legal fees across various projects. These increases were partially offset by lower combined consulting fees and lower accounting fees.

Other operating expenses increased $0.9 million, or 8.9%, in the six months ended June 30, 2024 compared to the same period in 2023, mainly driven by: (i) higher expenses associated with operating charge-offs, (ii) an asset impairment charge of $0.3 million and broker fees of $0.3 million which are both in connection with the Houston Sale Transaction, (iii) higher loan costs and loan servicing fees; and (iii) an aggregate increase in business development and other expenses. These increases were partially offset by the absence in the second quarter of 2024 of the $2.0 million impairment charge in connection with an investment carried at cost recorded in the same period last year.

Advertising expenses increased $0.4 million, or 5.8%, in the six months ended June 30, 2024 compared to the same period last year, mainly due to higher expenses resulting from campaigns in connection with our partnerships with professional sports teams.

Telecommunication and data processing expenses decreased $1.8 million, or 22.6%, in the six months ended June 30, 2024 compared to the same period last year, primarily driven by lower computers consulting expenses as well as less telecommunication voice infrastructure and long distance usage.

FDIC assessments and insurance increased $0.3 million, or 5.6%, in the six months ended June 30, 2024 compared to the same period last year, primarily driven by higher FDIC assessment rates and higher average assets.

Depreciation and amortization expenses decreased $0.4 million, or 12.3%, in the six months ended June 30, 2024 compared to the same period last year. This was mainly driven by the absence of accelerated depreciation expenses in the three months ended June 30, 2023 related to the closure of the Edgewater branch location in Miami, Florida.

Salaries and employee benefits decreased $2.3 million, or 3.3%, in the six months ended June 30, 2024 compared to the same period one year ago, mainly driven by: (i) lower severance expenses, and (ii) lower bonus accruals. These results were partially offset by higher salaries in connection with new hires.

Occupancy and equipment expenses increased $2.0 million, or 14.6%, in the six months ended June 30, 2024 compared to the same period one year ago primarily due to an impairment charge of $3.4 million in connection with the Houston Sale Transaction. This increase was partially offset by a decrease in software expenses.

Loan-level derivative expenses decreased $1.1 million, or 65.9%, in the six months ended June 30, 2024 compared to the same period last year, mainly driven by the absence of the additional expenses in the first half of 2023 as a result of transitioning interest rate swap and cap contracts with clients from LIBOR to a new replacement index. This decrease was offset by higher volume of derivative transactions in the first half of 2024.

Income Taxes

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

	Three Months Ended June 30,		Change		Six Months Ended June 30,		Change	
	2024	2023	2024 vs 2023		2024	2023	2024 vs 2023	
(in thousands, except effective tax rates and percentages)								
Income before income tax expense	$ 6,323	$ 8,919	$ (2,596)	(29.1)%	$ 19,785	$ 34,162	$ (14,377)	(42.1)%
Income tax expense	$ 1,360	$ 1,873	$ (513)	(27.4)%	$ 4,254	$ 7,174	$ (2,920)	(40.7)%
Effective income tax rate	21.51 %	21.00 %	0.51 %	2.4 %	21.50 %	21.00 %	0.50 %	2.4 %

In the second quarter of 2024, income tax expense decreased to $1.4 million from $1.9 million in the second quarter of 2023, mainly driven by lower income before income taxes in the second quarter of 2024 compared to the same period last year. In the first six months ended June 30, 2024, tax expense decreased to $4.3 million from $7.2 million in the same period last year, primarily driven by lower income before income taxes in the first half of 2024 compared to the same period last year.

As of June 30, 2024, the Company's net deferred tax assets were $48.8 million, a decrease of $6.9 million, or 12.3%, compared to $55.6 million as of December 31, 2023. This result was mainly driven by the realization of the tax benefit in the first half of 2024 related to the valuation allowance on loans held for sale recorded in the fourth quarter of 2023 of $35.5 million.

Non-GAAP Financial Measures

The Company supplements its financial results that are determined in accordance with Generally Accepted Accounting Principles (GAAP) with non-GAAP financial measures, such as “pre-provision net revenue (PPNR)”, “core pre-provision net revenue (Core PPNR)”, “core noninterest income” and “core noninterest expenses”, “tangible stockholders’ equity (book value) per common share”, “tangible common equity ratio, adjusted for unrealized losses on debt securities held to maturity”, and “tangible stockholders' equity (book value) per common share, adjusted for unrealized losses on debt securities held to maturity”. This supplemental information is not required by or is not presented in accordance with GAAP. The Company refers to these financial measures and ratios as “non-GAAP financial measures” and they should not be considered in isolation or as a substitute for the GAAP measures presented herein.

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 in 2023, and including the effect of non-routine items such as the sale of loans and securities and other repossessed assets, the valuation of securities, derivatives, loans held for sale and other real estate owned and repossessed assets, the early repayment of FHLB advances, impairment of investments, and other non-routine actions intended to improve customer service and operating performance, as well as certain non-routine items recorded in 2024 in connection with the Houston Sale Transaction. 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 is a reconciliation of the Company's PPNR, Core PPNR, core noninterest income and core noninterest expense, non-GAAP financial measures, as of the dates presented:

(in thousands)	Three Months Ended June 30, 2024	Three Months Ended June 30, 2023	Six Months Ended June 30, 2024	Six Months Ended June 30, 2023
Net (loss) income attributable to Amerant Bancorp Inc.	$ 4,963	$ 7,308	$ 15,531	$ 27,494
Plus: provision for credit losses (1)	19,150	29,077	31,550	40,777
Plus: provision for income tax expense	1,360	1,873	4,254	7,174
Pre-provision net revenue (PPNR)	25,473	38,258	51,335	75,445
Plus: non-routine noninterest expense items	5,562	13,383	5,562	16,755
Less: non-routine noninterest income items	(28)	(12,445)	178	(15,901)
Core pre-provision net revenue (Core PPNR)	$ 31,007	$ 39,196	$ 57,075	$ 76,299
Total noninterest income	$ 19,420	$ 26,619	$ 33,908	$ 45,962
Less: Non-routine noninterest income items:				
Derivatives (losses) gains, net	(44)	242	(196)	256
Securities losses, net	(117)	(1,237)	(171)	(10,968)
Gains on early extinguishment of FHLB advances, net	189	13,440	189	26,613
Total non-routine noninterest income items	$ 28	$ 12,445	$ (178)	$ 15,901
Core noninterest income	$ 19,392	$ 14,174	$ 34,086	$ 30,061
Total noninterest expenses	$ 73,302	$ 72,500	$ 139,896	$ 137,233
Less: non-routine noninterest expense items				
Restructuring costs (2):				
Staff reduction costs (3)	—	2,184	—	2,397
Contract termination costs (4)	—	1,550	—	1,550
Consulting and other professional fees and software expenses (5)	—	2,060	—	4,750
Disposition of fixed assets (6)	—	1,419	—	1,419
Branch closure expenses and related charges (7)	—	1,558	—	2,027
Total restructuring costs	—	8,771	—	12,143
Other non-routine noninterest expense items:				
Losses on loans held for sale carried at the lower of cost or fair value (8)	1,258	—	1,258	—
Goodwill and intangible assets impairment (8)	300	—	300	—
Legal and broker fees (8)	561	—	561	—
Loss on sale of repossessed assets and other real estate owned valuation expense (9)	—	2,649	—	2,649
Fixed assets impairment (8)(10)	3,443	—	3,443	—
Impairment charge on investment carried at cost	—	1,963	—	1,963
Total non-routine noninterest expense items	$ 5,562	$ 13,383	$ 5,562	$ 16,755
Core noninterest expenses	$ 67,740	$ 59,117	$ 134,334	$ 120,478

(1) Includes provision for credit losses on loans in all periods shown. *See* "Analysis of the Allowance for Credit Losses" for details.

(2) Expenses incurred for actions designed to implement the Company's business strategy. These actions include, but are not limited to reductions in workforce, streamlining operational processes, implementation of new technology system applications, decommissioning of legacy technologies, enhanced sales tools and training, expanded product offerings and improved customer analytics to identify opportunities.

(3) Staff reduction costs consist of severance expenses related to organizational rationalization.

(4) Contract termination and related costs associated with third party vendors resulting from the Company's engagement of FIS.

(5) In the three months and six months ended June 30, 2023, includes nonrecurrent expenses of $2.1 million and $4.8 million in connection with the engagement of FIS.

(6) In the three and six month periods ended June 30, 2023, includes expenses in connection with the disposition of fixed assets due to the write off of in-development software.

(7) In each of the three and six month periods ended June 30, 2023, includes expenses associated with the closure of a branch in Miami, Florida in 2023, including $0.9 million of accelerated amortization of leasehold improvements and $0.6 million of right-of-use, or ROU asset impairment. In addition, the six months ended June 30, 2023, includes $0.5 million of ROU asset impairment associated with the closure of a branch in Houston, Texas in 2023.

(8) In the three and six months ended June 30, 2024, amounts shown are in connection with the Houston Sale Transaction.

(9) In the three months ended June 30, 2023, amount represents the loss on sale of repossessed assets in connection with our equipment-financing activities.

(10) Related to Houston branches and included as part of occupancy and equipment expenses. *See* "Noninterest Expenses" for details.

The following table is a reconciliation of the Company's tangible common equity and tangible assets, non- GAAP financial measures, to total equity and total assets, respectively, as of the dates presented:

(in thousands, except percentages, share data and per share amounts)	As of June 30, 2024	As of December 31, 2023
Stockholders' equity	$ 734,342	$ 736,068
Less: goodwill and other intangibles (1)	(24,581)	(25,029)
Tangible common stockholders' equity	$ 709,761	$ 711,039
Total assets	9,747,738	9,716,327
Less: goodwill and other intangibles (1)	(24,581)	(25,029)
Tangible assets	$ 9,723,157	$ 9,691,298
Common shares outstanding	33,562,756	33,603,242
Tangible common equity ratio	7.30 %	7.34 %
Stockholders' book value per common share	$ 21.88	$ 21.90
Tangible stockholders' equity book value per common share	$ 21.15	$ 21.16
Tangible common stockholders' equity	$ 709,761	$ 711,039
Less: Net unrealized accumulated losses on debt securities held to maturity, net of tax (2)	(20,304)	(16,197)
Tangible common stockholders' equity, adjusted for net unrealized accumulated losses on debt securities held to maturity	$ 689,457	$ 694,842
Tangible assets	$ 9,723,157	$ 9,691,298
Less: Net unrealized accumulated losses on debt securities held to maturity, net of tax (2)	(20,304)	(16,197)
Tangible assets, adjusted for net unrealized accumulated losses on debt securities held to maturity	$ 9,702,853	$ 9,675,101
Common shares outstanding	33,562,756	33,603,242
Tangible common equity ratio, adjusted for net unrealized accumulated losses on debt securities held to maturity	7.11 %	7.18 %
Tangible stockholders' book value per common share, adjusted for net unrealized accumulated losses on debt securities held to maturity	$ 20.54	$ 20.68

(1) At June 30, 2024 and December 31, 2023, other intangible assets consist primarily of naming rights of $2.3 million and $2.5 million, respectively, and mortgage servicing rights ("MSRs") of $1.5 million and $1.4 million, respectively.

(2) At June 30, 2024 and December 31, 2023, amounts were calculated based upon the fair value of debt securities held to maturity, and assuming a tax rate of 25.38% and 25.36%, respectively.

Financial Condition - Comparison of Financial Condition as of June 30, 2024 and December 31, 2023

Assets. Total assets were $9.75 billion as of June 30, 2024, an increase of $31.4 million, or 0.3%, compared to $9.72 billion at December 31, 2023. This result was primarily driven by increases of: (i) $59.1 million, or 0.8%, in total loans held for investment, net of the ACL, and loans held for sale, and (ii) $50.9 million, or 3.4%, in total securities, mainly debt securities available for sale. The increases were partially offset by decreases of: (i) $35.9 million, or 14.0%, in accrued interest receivable and other assets primarily driven by collection of a receivable from insurance carrier for $62.5 million in connection with the restructuring of the Company's BOLI policies completed in the fourth quarter of 2023, and (ii) $11.6 million, or 3.6%, in cash and cash equivalents. *See* "-Average Balance Sheet, Interest and Yield/Rate Analysis" for detailed information, including changes in the composition of our interest-earning assets. Total accrued interest receivable and other assets at June 30, 2024 include premises and equipment for $8.0 million, operating lease right-of-use assets for $6.6 million, and other assets for $8.3 million which the Company reclassified to held for sale as part of the Houston Sale Transaction. *See* "Our Company- Business Developments" for additional information.

Cash and Cash Equivalents. Cash and cash equivalents decreased to $310.3 million at June 30, 2024 from $321.9 million at December 31, 2023, primarily as a result of the decrease in non interest earning cash balances.

At June 30, 2024 and December 31, 2023, cash balances held at the Federal Reserve Bank were $237 million and $246 million, respectively. In addition, at June 30, 2024 and December 31, 2023, the Company's cash and cash equivalents included restricted cash of $32.4 million and $25.8 million, respectively, which was held primarily to cover margin calls on derivative transactions with certain brokers. Furthermore, at June 30, 2024 and December 31, 2023, the Company's cash and cash equivalents included other short-term investments of $6.8 million and $6.1 million, respectively, which consist of US Treasury Bills that mature in 90 days or less.

Cash and cash equivalents provided by operating activities were $0.4 million in the six months ended June 30, 2024, mainly driven by: (i) net income of $15.5 million; (ii) a non-cash adjustment of $31.6 million for the provision for credit losses, and (iii) other noncash adjustments totaling $15.3 million. This was partially offset by net originations of mortgage loans held for sale at fair value of $54.5 million and a net decrease in operating assets and liabilities of $7.4 million.

Net cash used in investing activities was $41.2 million during the six months ended June 30, 2024, mainly driven by: (i) a net increase in loans originated for investment of $470.1 million, and (ii) purchases of investment securities totaling $152.3 million. These disbursements were partially offset by: (i) proceeds of sale of loans carried at the lower of cost or fair value and held for investment totaling $434.3 million; (ii) $62.7 million collected from insurance carriers during the first six months of 2024 in connection with the restructuring of BOLI completed in 2023, and death benefit receipts, and (iii) maturities, sales, calls and paydowns of investment securities totaling $87.9 million. See the 2023 Form 10-K for more information on the restructuring of BOLI.

In the six months ended June 30, 2024, net cash provided by financing activities was $29.2 million. These activities included: (i) net proceeds from advances from the FHLB of $120.2 million, and (ii) a net decrease of $13.6 million in time deposits. These proceeds were partially offset by: (i) a decrease in total demand, savings and money market deposit balances of $92.4 million; (ii) $6.0 million of dividends declared and paid by the Company in the six months ended June 30, 2024, and (iii) an aggregate of $4.4 million of Class A common stock repurchased in the first six months of 2024. *See* "-Capital Resources and Liquidity Management" for more details on changes in FHLB advances in the first six months ended June 30, 2024.

Loans

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

(in thousands, except percentages)	June 30, 2024	December 31, 2023
Total loans, gross (1)	$ 7,322,911	$ 7,264,912
Total loans, gross / total assets	75.1 %	74.8 %
Allowance for credit losses	$ 94,400	$ 95,504
Allowance for credit losses / total loans held for investment, gross (1) (2)	1.41 %	1.39 %
Total loans, net (3)	$ 7,228,511	$ 7,169,408
Total loans, net / total assets	74.2 %	73.8 %

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(1) Total loans, gross is the principal balance of outstanding loans, including loans held for investment, loans held for sale at the lower of cost or fair value, and mortgage loans held for sale, net of unamortized deferred nonrefundable loan origination fees and loan origination costs, and unamortized premiums paid on purchased loans, excluding the allowance credit loan losses. At June 30, 2024 and December 31, 2023, there were $60.1 million and $26.2 million, respectively, in mortgage loans held for sale carried at fair value in connection with the Company’s mortgage banking activities. In addition, June 30, 2024 and December 31, 2023, includes $551.8 million and $365.2 million respectively, in loans held for sale carried at the lower of estimated cost or fair value in connection with the Houston Sale Transaction.

(2) *See* Note 5 of our audited consolidated financial statements included in the 2023 Form 10-K and our unaudited interim consolidated financial statements included in this Form 10-Q for more details on our credit loss estimates.

(3) Total loans, net is the principal balance of outstanding loans, including loans held for investment, loans held for sale carried at the lower of cost or fair value, and mortgage loans held for sale, net of unamortized deferred nonrefundable loan origination fees and loan origination costs, and unamortized premiums paid on purchased loans, excluding the allowance for credit losses.

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

(in thousands)	June 30, 2024	December 31, 2023
Domestic Loans:		
Real Estate Loans		
Commercial real estate (CRE)		
Non-owner occupied	$ 1,714,088	$ 1,616,200
Multi-family residential	359,257	407,214
Land development and construction loans	343,472	300,378
	2,416,817	2,323,792
Single-family residential	1,404,255	1,422,113
Owner occupied	981,405	1,175,331
	4,802,477	4,921,236
Commercial loans (1)	1,521,233	1,461,269
Loans to financial institutions and acceptances	48,287	13,375
Consumer loans and overdrafts (2) (3)	295,162	389,991
Total Domestic Loans	6,667,159	6,785,871
International Loans:		
Real Estate Loans		
Single-family residential (4)	42,314	44,495
Commercial loans	300	41,918
Consumer loans and overdrafts (5)	1,188	1,209
Total International Loans	43,802	87,622
Total Loans held for investment	$ 6,710,961	$ 6,873,493

(1) As of June 30, 2024 and December 31, 2023, includes $62.2 million and $56.5 million, respectively, in commercial loans and leases originated under a white-label equipment financing solution launched in the second quarter of 2022.

(2) Includes customers' overdraft balances totaling $2,8 million and $2.6 million as of June 30, 2024 and December 31, 2023, respectively.

(3) Includes indirect lending loans purchased with an outstanding balance of $131.9 million and $210.9 million at June 30, 2024 and December 31, 2023, respectively.

(4) Secured by real estate properties located in the U.S.

(5) International customers' overdraft balances were de minimis at each of the dates presented.

The composition of our CRE loan portfolio held for investment by industry segment at June 30, 2024 and December 31, 2023 is depicted in the following table:

(in thousands)	June 30, 2024	December 31, 2023
Retail (1)	$ 719,287	$ 728,349
Multifamily	359,257	407,214
Office Space	432,241	347,649
Specialty (2)	156,926	152,277
Land and Construction	343,472	300,378
Hospitality	301,752	282,085
Industrial and Warehouse	103,882	105,840
Total CRE (3)	$ 2,416,817	$ 2,323,792

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

(2) Includes marinas, nursing and residential care facilities, and other specialty type CRE properties.

(3) Includes loans held for investment in the NY loan portfolio, which were $221.0 million at June 30, 2024 and $217.0 million at December 31, 2023.

The table below summarizes the composition of our loans held for sale by type of loan as of the end of each period presented:

(in thousands)	June 30, 2024	December 31, 2023
Loans held for sale at the lower of cost or fair value		
Real estate loans		
Commercial real estate		
Non-owner occupied	$ 112,002	$ —
Multi-family residential	918	309,612
Land development and construction loans	29,923	55,607
	142,843	365,219
Single-family residential	88,507	—
Owner occupied	220,718	—
	452,068	365,219
Commercial loans	90,353	—
Consumer loans	9,407	—
Total loans held for sale at the lower of cost or fair value	551,828	365,219
Mortgage loans held for sale at fair value		
Land development and construction loans	7,776	12,778
Single-family residential	52,346	13,422
Total mortgage loans held for sale at fair value (1)(2)	60,122	26,200
Total loans held for sale (3)	$ 611,950	$ 391,419

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(1) In the first half of 2024, the Company transferred $18.6 million and $4.8 million of land development and construction loans and single-family residential loans, respectively, from the loans held for sale to the loans held for investment category. *See* 2023 Form 10-K on transfer activities in 2023.

(2) Loans held for sale in connection with Amerant Mortgage's ongoing business.

(3) Remained current and in accrual status at each of the periods shown.

At June 30, 2024 and December 31, 2023, there were $60.1 million and $26.2 million, respectively, of mortgage loans held for sale carried at their estimated fair value.

As of June 30, 2024 and December 31, 2023, the Company had $551.8 million and $365.2 million in loans held for sale carried at the lower of cost or fair value, which were previously recorded as loans held for investment. In the second quarter of 2024, the Company transferred an aggregate of $553.1 million in connection with the Houston Sale Transaction. The Company recorded a valuation allowance of $1.3 million as a result of the transfer in the same period. In the fourth quarter of 2023, the Company transferred an aggregate of $401.0 million in Houston-based CRE loans held for investment to the loans held for sale category, and recognized a valuation allowance of $35.5 million as a result of the fair value adjustment of these loans. The Company sold these loans in the first quarter of 2024 and there was no material impact to the Company's results of operations as result of this transaction.

As of June 30, 2024, total loans held for investment were $6.7 billion, down $162.5 million, or 2.4%, compared to $6.9 billion at December 31, 2023. Domestic loans held for investment decreased $118.7 million, or 1.7%, as of June 30, 2024, compared to December 31, 2023. Excluding the impact of the aforementioned transfer to held for sale of $551.8 million of Houston loans, domestic loans held for investment increased $433.1 million in the first half of 2024. The decrease in total domestic loans held for investment includes net decreases of $193.9 million, or 16.5%, and $17.9 million, or 1.3%, in domestic owner occupied loans and single-family residential loans, respectively. In addition, domestic consumer loans decreased $94.8 million, or 24.3%, in the first half of 2024, as the Company discontinued the purchases of indirect consumer loans in 2023 and such indirect lending portfolio is set to runoff over time. These decreases were partially offset by: (i) a net increase of $93.0 million, or 4.0% in domestic CRE loans, and (ii) a net increase of $60.0 million, or 4.1% in domestic commercial loans, including $41.7 million in connection with a commercial loan relationship formerly domiciled outside the US.

In the six months ended June 30, 2024, the Company has added approximately $180.9 million in single-family residential and construction loans through Amerant Mortgage, which includes loans originated and purchased from different channels.

Loans to international customers, primarily from Venezuela and other customers in Latin America decreased $43.8 million, or 50.0%, in the six months ended June 30, 2024, mainly driven by $41.7 million in connection with a commercial loan relationship which is now domiciled in the US, and paydowns totaling $2.2 million to existing single family residential loans.

As of June 30, 2024, loans under syndication facilities, included in loans held for investment, were $248.5 million, a decrease of $23.3 million, or 8.6%, compared to $271.8 million at December 31, 2023. This decrease was mainly driven by $44.5 million payoffs of Shared National Credit Facilities ("SNC") partially offset by a net increase of $21.2 million in club deals. At June 30, 2024 and December 31, 2023, loans under SNC facilities held for investment were $42.2 million a nd $87.0 million, respectively. As of June 30, 2024, there were no syndicated loans that financed highly leveraged transactions, compared to $5.5 million, or 0.1%, of total loans as of December 31, 2023.

Foreign Outstanding

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

	June 30, 2024		December 31, 2023	
	Net Exposure (1)	% Total Assets	Net Exposure (1)	% Total Assets
(in thousands, except percentages)				
Venezuela (2)	$ 35,558	0.4 %	$ 37,699	0.4 %
Other	8,244	0.1 %	49,923	0.5 %
Total	$ 43,802	0.4 %	$ 87,622	0.9 %

(1) Consists of outstanding principal amounts, net of collateral of cash, cash equivalents or other financial instruments totaling $6.7 million and $7.2 million as of June 30, 2024 and December 31, 2023, respectively.

(2) Includes mortgage loans for single-family residential properties located in the U.S. totaling $35.6 million and $37.7 million as of June 30, 2024 and December 31, 2023, respectively.

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The maturities of our outstanding international loans were:

	June 30, 2024				December 31, 2023			
	Less than 1 year	1-3 Years	More than 3 years	Total (1)	Less than 1 year	1-3 Years	More than 3 years	Total (1)
(in thousands)								
Venezuela (2)	$ 195	$ —	$ 35,363	$ 35,558	$ 262	$ —	$ 37,437	$ 37,699
Other (3)	300	1,220	6,724	8,244	3,180	5,725	41,018	49,923
Total	$ 495	$ 1,220	$ 42,087	$ 43,802	$ 3,442	$ 5,725	$ 78,455	$ 87,622

Loan Quality

Allocation of Allowance for Credit Losses

In the following table, we present the allocation of the ACL 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 expected credit losses to be collected throughout the life of the loans, at the reported dates, derived from historical events, current conditions and reasonable and supportable forecasts at the dates reported. Our allowance for credit losses is established using estimates and judgments, which consider the views of our regulators in their periodic examinations. Re-evaluation of the ACL estimate in future periods, in light of changes in composition and characteristics of the loan portfolio, changes in the reasonable and supportable forecast and other factors then prevailing may result in material changes in the amount of the ACL and credit loss expense in those future periods. We also show the percentage of each loan class, which includes loans in nonaccrual status.

	June 30, 2024		December 31, 2023	
	Allowance	% of Loans in Each Category to Total Loans Held for Investment	Allowance	% of Loans in Each Category to Total Loans Held for Investment
(in thousands, except percentages)				
Total Loans				
Real estate	$ 19,064	38.9 %	$ 25,876	35.8 %
Commercial	52,143	37.8 %	41,809	39.0 %
Financial institutions	—	0.2 %	—	0.2 %
Consumer and others (1)	23,193	23.1 %	27,819	25.0 %
Total Allowance for Credit Losses	**$ 94,400**	**100.0 %**	**$ 95,504**	**100.0 %**
% of Total Loans held for investment	1.41 %		1.39 %	

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(1) Includes (i) unsecured indirect consumer loans (domestic) to qualified individuals purchased in 2022, 2021 and 2020; and (ii) mortgage loans for and secured by single-family residential properties located in the U.S.

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

The ACL was determined utilizing a reasonable and supportable forecast period. The ACL was determined using a weighted-average of various macroeconomic scenarios provided by a third-party, and incorporated qualitative components. There have been no material changes in our policies and methodology to estimate the ACL in the six months ended June 30, 2024.

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 and other repossessed assets, at the dates presented. Non-performing loans consist of: (i) nonaccrual loans where the accrual of interest has been discontinued, and (ii) accruing loans 90 days or more contractually past due as to interest or principal.

(in thousands)	June 30, 2024	December 31, 2023
Non-Accrual Loans		
Commercial real estate (CRE)		
Multi-family residential	$ 6	$ 8
	6	8
Single-family residential	3,726	2,459
Owner occupied	26,309	3,822
	30,041	6,289
Commercial loans	67,005	21,949
Consumer loans and overdrafts	4	38
Total Non-Accrual Loans	$ 97,050	$ 28,276
Past Due Accruing Loans (1)		
Real Estate Loans		
Single-family residential	$ 2,656	$ 5,218
Owner occupied	769	—
Commercial	—	857
Consumer loans and overdrafts	477	49
Total Past Due Accruing Loans	3,902	6,124
Total Non-Performing Loans	$ 100,952	$ 34,400
OREO and other repossessed assets	20,181	20,181
Total Non-Performing Assets	$ 121,133	$ 54,581

(1) Loans past due 90 days or more but still accruing.

The following table presents the activity of non-performing assets by type of loan in the six months ended June 30, 2024:

	Six Months Ended June 30, 2024							
thousands)	Commercial Real Estate	Single-family Residential	Owner-occupied	Commercial	Financial Institutions	Consumer and Others	OREO and Other Repossessed Assets	Total
lance at beginning of period	$ 8	$ 7,677	$ 3,822	$ 22,806	$ —	$ 87	$ 20,181	$ 54,581
:: loans placed in nonaccrual status	2,360	2,947	24,970	62,211	—	16,930	—	109,418
ss: nonaccrual loan charge-offs	(591)	—	—	(15,876)	—	(16,949)	—	(33,416)
ss: nonaccrual loans sold, net of charge offs	(1,768)	—	—	—	—	—	—	(1,768)
ss: nonaccrual loan collections and others	(3)	(1,680)	(2,483)	(1,448)	—	154	—	(5,460)
ss) Plus: (decrease) increase in past-due accruing loans	—	(2,562)	769	(857)	—	428	—	(2,222)
lances at end of period	$ 6	$ 6,382	$ 27,078	$ 66,836	$ —	$ 650	$ 20,181	$ 121,133

The increase in nonperforming loans during the six months ended June 30, 2024 was primarily due to certain loans that were downgraded based on updated borrowers' financial statements received in the second quarter of 2024. See discussion on Classified and Special Mention Loans below for more details.

We recognized no interest income on nonaccrual loans during the six months ended June 30, 2024 and 2023.

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

	June 30, 2024				December 31, 2023			
thousands)	Special Mention	Substandard	Doubtful	Total (1)	Special Mention	Substandard	Doubtful	Total (1)
al Estate Loans								
:ommercial Real Estate (CRE)								
Non-owner occupied	$ 33,979	$ —	$ —	$ 33,979	$ —	$ —	$ —	$ —
Multi-family residential	—	6	—	6	—	8	—	8
;ingle-family residential	—	3,684	—	3,684	—	2,800	—	2,800
)wner occupied	35,642	26,381	—	62,023	15,723	3,890	—	19,613
	69,621	30,071	—	99,692	15,723	6,698	—	22,421
mmercial loans	25,671	67,836	—	93,507	30,261	22,971	—	53,232
nsumer loans and overdrafts	—	—	—	—	—	41	—	41
	$ 95,292	**$ 97,907**	**$ —**	**$ 193,199**	**$ 45,984**	**$ 29,710**	**$ —**	**$ 75,694**

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

Classified Loans. Classified loans include substandard and doubtful loans. Substandard loans as of June 30, 2024, include two newly downgraded commercial loans totaling $47.3 million in Florida, primarily a credit of $28.2 million, based on updated borrowers' financial statements received in the second quarter of 2024. For more information on the activity of Classified loans in the six months ended June 30, 2024, please refer to non-performing assets table above. All nonaccrual loans are classified as Substandard.

Special Mention Loans. Special mention loans as of June 30, 2024 totaled $95.3 million, an increase of $49.3 million, or 107.2%, from $46.0 million as of December 31, 2023. This increase was primarily driven by an aggregate of $110.3 million in downgrades including: (i) an aggregate of $79.5 million in Florida, which consist of two non-owner occupied loans totaling $33.9 million, one commercial relationship totaling $32.4 million in the healthcare industry, and a $13.2 million commercial and owner-occupied relationship to a borrower in the powerline/telecommunications construction industry; (ii) an aggregate of $30.8 million in Texas, which consist of a $15.4 million relationship in the healthcare industry, an $8.2 million relationship in the car dealer industry, and $4.7 million to a borrower in the machinery manufacturing industry, and a $2.5 million relationship with a gasoline station/convenience store in Houston. The increases in special mention loans were offset by: (i) further downgrades to substandard of $46.0 million which includes $26.8 million of the aforementioned relationship in the healthcare industry, $13.7 million to an existing special mention borrower in the nutritional supplements industry, and $5.5 million in the car dealer industry, and (ii) payoffs totaling $10 million, which includes $5.1 million in the swimming pool manufacturing industry, $2.7 million in the car dealer industry, $1.4 million in seafood wholesale industry, and $0.8 million to other existing special mention loans. In addition, there was an upgrade of $5.0 million to pass in connection the previously mention borrower in the nutritional supplements industry, as this portion of the loan was cash secured. All special mention loans remained current at June 30, 2024 with the exception of $4.2 million being less than thirty days past due.

Potential problem loans, which are accruing loans classified as substandard and are less than 90 days past due, at June 30, 2024 and December 31, 2023, are as follows:

(in thousands)	June 30, 2024	December 31, 2023
Real estate loans		
Single-family residential (1)	—	221
Owner occupied	73	78
	73	299
Commercial loans	833	967
	$ 906	$ 1,266

(1) Corresponds to both domestic and international single-family residential loans.

Securities

The following table sets forth the book value and percentage of each category of securities at June 30, 2024 and December 31, 2023. The book value for debt securities classified as available for sale and equity securities with readily determinable fair value not held for trading represents fair value. The book value for debt securities classified as held to maturity represents amortized cost less ACL if required. The Company determined that an ACL on its debt securities available for sale and debt securities held to maturity as of June 30, 2024 and December 31, 2023 was not required.

	June 30, 2024		December 31, 2023	
	Amount	%	Amount	%
(in thousands, except percentages)				
Debt securities available for sale:				
U.S. government-sponsored enterprise debt securities	$ 587,140	37.9 %	$ 557,307	37.2 %
Corporate debt securities (1) (2) (3)	262,201	16.9 %	260,802	17.4 %
U.S. government agency debt securities	411,445	26.6 %	390,777	26.1 %
U.S. treasury securities	1,993	0.1 %	1,991	0.1 %
Municipal bonds	1,577	0.1 %	1,668	0.1 %
Collateralized loan obligations	5,000	0.3 %	4,957	0.4 %
	$ 1,269,356	81.9 %	$ 1,217,502	81.3 %
Debt securities held to maturity (4)	$ 219,613	14.2 %	$ 226,645	15.1 %
Equity securities with readily determinable fair value not held for trading (5)	$ 2,483	0.2 %	$ 2,534	0.2 %
Other securities (6):	$ 56,412	3.7 %	$ 50,294	3.4 %
	$ 1,547,864	100.0 %	$ 1,496,975	100.0 %

(1) As of June 30, 2024 and December 31, 2023 corporate debt includes $10.4 million and $10.5 million, respectively, of debt securities issued by foreign corporate entities. The securities' issuers were from Canada in two different sectors at June 30, 2024, and at December 31, 2023. 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 June 30, 2024 and December 31, 2023, debt securities in the financial services sector issued by domestic corporate entities both represent 1.9% of our total assets.

(3) As of June 30, 2024 and December 31, 2023, includes $128.4 million and $127.2 million, respectively, in subordinated debt securities issued by financial institutions. Additionally, as of June 30, 2024 and December 31, 2023, there were $60.3 million and $59.6 million in unsecured senior notes issued by financial institutions.

(4) Includes securities issued by the U.S. government or U.S. government sponsored agencies.

(5) In 2023, the Company purchased an investment in an open-end fund incorporated in the U.S with an original cost of $2.5 million. 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.

(6) 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 June 30, 2024, total securities increased $50.9 million, or 3.4%, to $1.55 billion compared to $1.50 billion at December 31, 2023. The increase in the six months ended June 30, 2024 was mainly driven by purchases of debt securities held for sale and FHLB stock totaling $152.3 million. This increase was partially offset by: (i) maturities, sales, calls and pay downs, totaling $87.9 million, and (ii) net pre-tax unrealized holding losses, on debt securities available for sale of $10.7 million primarily attributable to changes in market interest rates during the period.

Debt securities available for sale had net unrealized holding losses of $108.7 million and net unrealized holding gains of $0.9 million at June 30, 2024, compared to December 31, 2023 when net unrealized holding losses were $100.3 million and net unrealized holding gains were $3.2 million. During the six months ended June 30, 2024, the Company recorded net after-tax unrealized holding losses of $8.0 million which are included in accumulated other comprehensive loss for the period. This was attributable to changes in market interest rates during the period. 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. The Company believes these securities are not credit-impaired because the change in fair value is attributable to changes in interest rates and investment securities markets, generally, and not credit quality. As a result, the Company did not record an ACL on these securities as of June 30, 2024 and December 31, 2023.

The Company considers that all debt securities held to maturity issued or sponsored by the U.S. government are considered to be risk-free as they have the backing of the U.S. government. The Company considers there are not current expected credit losses on these securities and, therefore, did not record an ACL on any of its debt securities held to maturity as of June 30, 2024 nor as of December 31, 2023. The Company monitors the credit quality of held to maturity securities through the use of credit ratings. Credit ratings are monitored by the Company on at least a quarterly basis. As of June 30, 2024 and December 31, 2023, all held to maturity securities held by the Company were rated investment grade.

The following tables set forth the book value, scheduled maturities and weighted average yields for our securities portfolio at June 30, 2024 and December 31, 2023. Similar to the table above, the book value for securities available for sale and equity securities with readily determinable fair value not held for trading is equal to fair market value and the book value for debt securities held to maturity is equal to amortized cost less an ACL if required.

June 30, 2024

	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	$ 587,140	4.15 %	$ 847	3.16 %	$ 43,850	3.35 %	$ 37,011	4.28 %	$ 505,432	4.21 %	$ —	— %
Corporate debt-domestic	251,835	4.39 %	6,903	3.52 %	101,528	5.29 %	131,766	3.80 %	11,638	3.79 %	—	— %
U.S. Government agency debt	411,445	4.21 %	1,130	2.68 %	1,199	5.75 %	5,463	6.34 %	403,653	4.18 %	—	— %
Municipal bonds	1,577	2.41 %	—	— %	—	— %	338	1.86 %	1,239	2.56 %	—	— %
Corporate debt-foreign	10,366	3.65 %	—	— %	10,366	3.65 %	—	— %	—	— %	—	— %
Collateralized loan obligations	5,000	6.57 %	—	— %	—	— %	5,000	6.57 %	—	— %	—	— %
U.S. treasury securities	1,993	4.47 %	1,993	4.47 %	—	— %	—	— %	—	— %	—	— %
	$ 1,269,356	4.20 %	$ 10,873	3.58 %	$ 156,943	4.64 %	$ 179,578	3.87 %	$ 921,962	4.19 %	$ —	— %
Debt securities held to maturity	$ 219,613	3.40 %	$ —	— %	$ —	— %	$ 18,816	2.69 %	$ 200,797	3.47 %	$ —	— %
Equity securities with readily determinable fair value not held for trading	2,483	3.08 %	—	—	—	—	—	—	—	—	2,483	3.08 %
Other securities	$ 56,412	— %	$ —	— %	$ —	— %	$ —	— %	$ —		$ 56,412	
	$ 1,547,864	3.93 %	$ 10,873	3.58 %	$ 156,943	4.64 %	$ 198,394	3.76 %	$ 1,122,759	4.06 %	$ 58,895	0.13 %

	December 31, 2023											
	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	$ 557,307	3.98 %	$ 616	2.82 %	$ 36,757	3.22 %	$ 28,642	4.12 %	$ 491,292	4.03 %	$ —	— %
Corporate debt-domestic	250,351	4.42 %	—	— %	89,262	5.42 %	149,868	3.87 %	11,221	3.71 %	—	— %
U.S. Government agency debt	390,777	4.10 %	134	3.05 %	2,294	4.17 %	6,167	6.34 %	382,182	4.06 %	—	— %
Municipal bonds	1,668	2.44 %	—	— %	—	— %	347	1.91 %	1,321	2.58 %	—	— %
Corporate debt-foreign	10,451	3.64 %	—	— %	8,368	3.81 %	2,083	2.98 %	—	— %	—	— %
Collateralized loan obligations	4,957	6.57 %	—	— %	—	— %	—	— %	4,957	6.57 %	—	— %
U.S. treasury securities	1,991	4.47 %	1,991	4.47 %	—	— %	—	— %	—	— %	—	— %
	$ 1,217,502	4.12 %	$ 2,741	4.03 %	$ 136,681	4.71 %	$ 187,107	3.98 %	$ 890,973	4.05 %	$ —	— %
Debt securities held to maturity	$ 226,645	3.40 %	$ —	— %	$ —	— %	$ 19,099	2.30 %	$ 207,546	3.50 %	$ —	— %
Equity securities with readily determinable fair value not held for trading	2,534	2.80 %	—	— %	—	— %	—	— %	—	— %	2,534	2.8 %
Other securities	$ 50,294	6.89 %	$ —	— %	$ —	— %	$ —	— %	$ —	— %	$ 50,294	6.89 %
	$ 1,496,975	4.10 %	$ 2,741	4.03 %	$ 136,681	4.71 %	$ 206,206	3.82 %	$ 1,098,519	3.95 %	$ 52,828	6.69 %

The investment portfolio’s weighted average effective duration increased to 5.3 years at June 30, 2024 compared to 5.0 years at December 31, 2023, as the model anticipates slower MBS principal prepayments due to higher market rates.

Liabilities

Total liabilities were $9.01 billion at June 30, 2024, an increase of $33.1 million, or 0.4%, compared to $9.0 billion at December 31, 2023. This was primarily driven by an increase of (i) $120.0 million, or 18.6%, in advances from the FHLB and (ii) $9.1 million or 5.5% in accounts payable, accrued liabilities and other liabilities. These increases were partially offset by a net decrease of $78.9 million, or 1.0%, in total deposits, mainly due to a decrease in interest bearing demand deposits. *See* “Capital Resources and Liquidity Management” and “Deposits” for more details on the changes in advances from the FHLB and total deposits. Total accounts payable, accrued liabilities and other liabilities as of June 30, 2024 include approximately $14.3 million in connection with the Houston Sale Transaction. *See* “Our Company- Business Developments” for additional information.

Deposits

We continue with our efforts in growing our deposits. Our efforts include the additions of new team members to our business development teams across South Florida and Tampa, and the opening of new banking centers in various locations in Florida in the first six months of 2024. Total deposits as of June 30, 2024 include deposits held for sale of approximately $545.4 million in connection with the Houston Sale Transaction. *See* “Our Company- Business Developments” for additional information.

Total deposits were $7.82 billion at June 30, 2024, a decrease of $78.9 million, or 1.0%, compared to December 31, 2023. The decrease in deposits in the six months ended June 30, 2024 was mainly due to a decrease of $243.7 million, or 9.5% in interest bearing deposits. This decrease was partially offset by (i) a net increase of $113.0 million or 7.0%, in savings and money market accounts, (ii) $38.2 million or 2.7% in noninterest bearing demand deposits, and (iii) a net increase of $13.6 million, or 0.6%, in time deposits. Continued organic deposit growth during the six months ended June 30, 2024 compared to December 31, 2023 was offset by reductions in higher-cost municipal and commercial deposits.

The $13.6 million, or 0.6%, net increase in time deposits includes an increase of $33.0 million, or 2.1% in customer CDs. This was partially offset by a decrease of $19.5 million, or 2.7% in brokered time deposits.

The $243.7 million, or 9.5% decrease in interest bearing demand deposits was primarily due to a decreases in higher-cost municipal and commercial deposits, as well as international personal deposit accounts during the period.

As of June 30, 2024 total brokered deposits were $700.2 million, a decrease of $36.7 million, or 5.0%, compared to $736.9 million at December 31, 2023.

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.

(in thousands, except percentages)	June 30, 2024	December 31, 2023	Change Amount	Change %
Deposits				
Domestic (1)	$ 5,281,946	$ 5,430,059	$ (148,113)	(2.7)%
Foreign:				
Venezuela (2)	1,918,134	1,870,979	47,155	2.5 %
Others (3)	615,931	593,825	22,106	3.7 %
Total foreign	2,534,065	2,464,804	69,261	2.8 %
Total deposits	$ 7,816,011	$ 7,894,863	$ (78,852)	(1.0)%

(1) Includes brokered deposits of $700.2 million and $736.9 million at June 30, 2024 and December 31, 2023, respectively.

(2) Based upon the diligence we customarily perform to "know our customers" for anti-money laundering, OFAC and sanctions purposes, we believe that the U.S. economic embargo on certain Venezuelan persons will not adversely affect our Venezuelan customer relationships, generally.

(3) Our other foreign deposits do not include deposits from Venezuelan resident customers.

Our domestic deposits decreased $148.1 million, or 2.7%, in the six months ended June 30, 2024, primarily driven by decreases of: (i) $239.5 million in domestic interest bearing demand accounts, (ii) $28.0 million in domestic customer time deposits, and (iii) $13.5 million in domestic brokered time deposits. These decreases were partially offset by: (i) an increase of $130.4 million in domestic savings and money market accounts and (ii) $2.5 million in domestic noninterest bearing accounts.

During the six months ended June 30, 2024, total foreign deposits increased $69.3 million, or 2.8%, primarily driven by an increase of $47.2 million, or 2.5% in deposits from customers domiciled in Venezuela, mostly in interest-bearing accounts and time deposits. There was also an increase of $22.1 million, or 3.7%, in deposits from countries other than Venezuela.

Core Deposits

Our core deposits were $5.51 billion and $5.60 billion as of June 30, 2024 and December 31, 2023, respectively. Core deposits represented 70.4% and 70.9% of our total deposits at those dates, respectively. The decrease of $92.4 million, or 1.7%, in core deposits in the six months ended June 30, 2024 was mainly driven by a decrease in interest bearing demand deposits. We define “core deposits” as total deposits excluding all time deposits.

Brokered Deposits

We utilize brokered deposits primarily as an asset/liability management tool. As of June 30, 2024, we had $700.2 million in brokered deposits, which represented 9.0% of our total deposits at that date (9.3% as of December 31, 2023). As of June 30, 2024, brokered deposits decreased $36.7 million, or 5.0%, compared to $736.9 million as of December 31, 2023, mainly due to maturities of brokered time deposits, partially offset by new issuances during the period. As of June 30, 2024 and December 31, 2023, brokered deposits included time deposits of $700.0 million and $719.5 million, respectively, and brokered interest bearing demand and money market deposits of $0.2 million and $17.4 million, respectively. The Company has not historically sold brokered CDs in individual denominations over $100,000.

Large Fund Providers

Large fund providers consist of third party relationships with balances over $20 million. At June 30, 2024 and December 31, 2023, our large fund providers included 18 and 19 deposit relationships, respectively, with total balances of $887.5 million and $1.1 billion, respectively. The decrease in balances from large fund providers in the six months ended June 30, 2024 was mainly driven by the decrease in higher-cost municipal deposits as the Company continues its focus on depository relationships.

Large Time Deposits by Maturity

The following table sets forth the maturities of our time deposits with individual balances equal to or greater than $100,000 as of June 30, 2024 and December 31, 2023:

(in thousands, except percentages)	June 30, 2024		December 31, 2023	
Less than 3 months	$ 433,791	32.7 %	$ 178,102	13.7 %
3 to 6 months	365,256	27.5 %	239,843	18.4 %
6 to 12 months	415,083	31.3 %	698,897	53.6 %
1 to 3 years	96,217	7.3 %	174,792	13.4 %
Over 3 years	16,416	1.2 %	12,974	0.9 %
Total	$ 1,326,763	100.0 %	$ 1,304,608	100.0 %

Short-Term Borrowings

In addition to deposits, we use short-term borrowings from time to time, such as advances from the FHLB 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.

There were no outstanding short-term borrowings as of June 30, 2024. Short-term borrowings outstanding at December 31, 2023 matured in January 2024. There were no other short-term borrowings outstanding in the six months ended June 30, 2024. All of our outstanding short-term borrowings at December 31, 2023 corresponded to advances from the FHLB. There were no other borrowings or repurchase agreements outstanding at June 30, 2024 and December 31, 2023.

The following table sets forth information about the outstanding amounts of our short-term borrowings at the close of, and for the year ended December 31, 2023.

(in thousands, except percentages)	**December 31, 2023**
Outstanding at period-end	$ 40,000
Average amount	49,572
Maximum amount outstanding at any month-end	204,863
Weighted average interest rate:	
During period	4.27 %
End of period	5.46 %

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 June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
(in thousands, except percentages and per share data)				
Net income attributable to the Company	$ 4,963	$ 7,308	$ 15,531	$ 27,494
Basic earnings per common share	0.15	0.22	0.46	0.82
Diluted earnings per common share (1)	0.15	0.22	0.46	0.81
Average total assets	$ 9,729,666	$ 9,488,103	$ 9,742,117	$ 9,398,262
Average stockholders' equity	743,458	747,011	745,041	741,569
Net income attributable to the Company / Average total assets (ROA)	0.21 %	0.31 %	0.32 %	0.59 %
Net income attributable to the Company / Average stockholders' equity (ROE)	2.68 %	3.92 %	4.19 %	7.48 %
Average stockholders' equity / Average total assets ratio	7.64 %	7.87 %	7.65 %	7.89 %

(1) In the three and six month periods ended June 30, 2024 and 2023, potential dilutive instruments consisted of unvested shares of restricted stock, restricted stock units and performance share units. See Note 13 to our unaudited interim consolidated financial statements in this Form 10-Q for details on the dilutive effects of the issuance of restricted stock, restricted stock units and performance share units on earnings per share for the three and six month periods ended June 30, 2024 and 2023.

During the three and six month periods ended June 30, 2024, basic and diluted earnings per share decreased compared to the same period one year ago, primarily driven by lower net income earned.

Capital Resources and Liquidity Management

Capital Resources

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

Total stockholders' equity was $734.3 million as of June 30, 2024, a decrease of $1.7 million, or 0.2%, compared to $736.1 million as of December 31, 2023. This decrease was primarily driven by: (i) after-tax net unrealized holding losses of $8.0 million, primarily from the change in the market value of debt securities available for sale, (ii) $6.0 million of dividends declared and paid by the Company in the first six months of 2024, and (iii) an aggregate of $4.4 million of Class A common stock repurchased in the first six months of 2024. This was partially offset by net income of $15.5 million in the first six months of 2024.

Common Stock Transactions

In each of the three and six month periods ended June 30, 2024, the Company repurchased an aggregate of 200,652 shares of Class A common stock at a weighted average price of $22.17 per share under the 2023 Class A Common Stock Repurchase Program. The aggregate purchase price for these transactions was $4.4 million, including transaction costs. See Note 18 to the Company's consolidated financial statements on the 2023 Form 10-K for more information about the 2023 Class A Common Stock Repurchase Program.

Dividends.

Set forth below are the details of dividends declared and paid by the Company for the first six months ended June 30, 2024:

Declaration Date	Record Date	Payment Date	Dividend Per Share	Dividend Amount
04/24/2024	05/15/2024	05/30/2024	$0.09	$3.0 million
01/17/2024	02/14/2024	02/29/2024	$0.09	$3.0 million

Liquidity Management

We manage our liquidity based on several 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.

Liquidity risk management is a relevant element of our asset/liability management. Our contingency funding plan is constantly monitored by our Assets and Liabilities Committee and serves as the basis to identify our liquidity needs. The contingency funding plan models several liquidity stress scenarios to evaluate different potential liquidity outflows or funding gaps resulting from economic disruptions and volatility in the financial markets, among other factors.

Customer deposits have been our principal source of funding, supplemented by our investment securities portfolio, our short-term and long-term borrowings as well as loan repayments and amortizations. The Company's liquidity position includes cash and cash equivalents of $310.3 million at June 30, 2024, compared to $321.9 million at December 31, 2023.

At June 30, 2024 and December 31, 2023, the Company had $765.0 million and $645.0 million, respectively, of outstanding advances from the FHLB. At June 30, 2024 and December 31, 2023, we had an additional $2.1 billion of remaining credit availability with the FHLB, and $1.9 billion of FHLB borrowing capacity. This additional borrowing capacity is determined by the FHLB. In the six months ended June 30, 2024, the Company repaid $1.1 billion in advances from the FHLB, and borrowed $1.2 billion from this source. In the six months ended June 30, 2024, the Company had no significant gains or losses on the repayments of the advances from the FHLB. These repayments are part of the Company's asset/liability management strategies.

There were no other borrowings as of June 30, 2024 and December 31, 2023.

We also have available uncommitted federal funds lines with several banks. We had no outstanding borrowings under uncommitted federal funds lines with banks at June 30, 2024 and December 31, 2023.

Holding Company

We are a corporation 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 by the Bank. The Company is the obligor and guarantor on our junior subordinated debt and the guarantor of the Senior Notes and Subordinated Notes. The Company held cash and cash equivalents mainly at the Bank of $50.0 million as of June 30, 2024 and $46.8 million as of December 31, 2023, in funds available to service its Senior Notes, Subordinated Notes and junior subordinated debt and for general corporate purposes, as a separate stand-alone entity.

Subsidiary Dividends

There are statutory and regulatory limitations that affect the ability of the Bank to pay dividends to the Company. These limitations exclude the effects of AOCI/AOCL. Management believes that these limitations will not affect the Company's ability to meet its ongoing short-term cash obligations. See "Supervision and Regulation" in the 2023 Form 10-K.

In December 2023, the Board of Directors of the Bank approved the payment of a cash dividend of $20 million by the Bank to the Company. The Company received this dividend from the Bank in the first quarter of 2024.

Based on our current outlook, we believe that net income, advances from the FHLB, available other borrowings and any dividends paid to us by the Bank will be sufficient to fund liquidity requirements for the foreseeable future.

Regulatory Capital Requirements

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

	Actual		Required for Capital Adequacy Purposes		Regulatory Minimums To be Well Capitalized	
(in thousands, except percentages)	Amount	Ratio	Amount	Ratio	Amount	Ratio
June 30, 2024						
Total capital ratio	$ 987,445	11.88 %	$ 632,412	8.00 %	$ 790,515	10.00 %
Tier 1 capital ratio	858,911	10.34 %	474,309	6.00 %	632,412	8.00 %
Tier 1 leverage ratio	858,911	8.74 %	393,616	4.00 %	492,020	5.00 %
Common Equity Tier 1 (CET1)	798,147	9.60 %	355,732	4.50 %	513,835	6.50 %
December 31, 2023						
Total capital ratio	$ 979,777	12.12 %	$ 646,481	8.00 %	$ 808,101	10.00 %
Tier 1 capital ratio	851,787	10.54 %	484,860	6.00 %	646,481	8.00 %
Tier 1 leverage ratio	851,787	8.84 %	385,598	4.00 %	481,998	5.00 %
Common Equity Tier 1 (CET1)	790,959	9.79 %	363,645	4.50 %	525,266	6.50 %

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

	Actual		Required for Capital Adequacy Purposes		Regulatory Minimums to be Well Capitalized	
(in thousands, except percentages)	Amount	Ratio	Amount	Ratio	Amount	Ratio
June 30, 2024						
Total capital ratio	$ 988,417	11.91 %	$ 631,451	8.00 %	$ 789,313	10.00 %
Tier 1 capital ratio	889,422	10.72 %	473,588	6.00 %	631,451	8.00 %
Tier 1 leverage ratio	889,422	9.09 %	392,281	4.00 %	490,351	5.00 %
Common Equity Tier 1 (CET1)	889,422	10.72 %	355,191	4.50 %	513,054	6.50 %
December 31, 2023						
Total capital ratio	$ 964,678	11.95 %	$ 645,662	8.00 %	$ 807,077	10.00 %
Tier 1 capital ratio	866,141	10.73 %	484,246	6.00 %	645,662	8.00 %
Tier 1 leverage ratio	866,141	9.03 %	383,864	4.00 %	479,830	5.00 %
Common Equity Tier 1 (CET1)	866,141	10.73 %	363,185	4.50 %	524,600	6.50 %

Off-Balance Sheet Arrangements

The following table shows the outstanding balance of financial instruments whose contracts represent off-balance sheet credit risk 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 19 to our audited consolidated financial statements included in the 2023 Form 10-K.

thousands)	June 30, 2024	December 31, 2023
mmitments to extend credit	$ 1,353,399	$ 1,305,816
tters of credit	102,907	29,605
	$ 1,456,306	$ 1,335,421

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, certain binding agreements we have entered into for services including outsourcing of technology services, advertising and other services, and other borrowing arrangements which are not material to our liquidity needs. We currently anticipate that our available funds, credit facilities, and cash flows from operations will be sufficient to meet our operational cash needs for the foreseeable future. Other than the changes discussed herein, there have been no material changes to the contractual obligations previously disclosed in the 2023 Form 10-K.

In the six months ended June 30, 2024, the Company borrowed $1.2 billion in advances from the FHLB and repaid $1.1 billion of these borrowings.

In the six months ended June 30, 2024, total time deposits increased $13.6 million, or 0.6%. *See* “Deposits” for additional information.

Critical Accounting Policies and Estimates

For our critical accounting policies and estimates disclosure, *see* the 2023 Form 10-K where such matters are disclosed for the Company’s latest fiscal year ended December 31, 2023.

Recently Issued Accounting Pronouncements. For a description of recently issued accounting pronouncements, *see* Note 1 to the Company’s audited consolidated financial statements in the 2023 Form 10-K.

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. See discussions below for material changes in our market risk exposure as compared to those discussed in our 2023 Form 10-K, Part II, Item 7A, “Quantitative and Qualitative Disclosures About Market Risk”.

Earnings Sensitivity

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

	Change in earnings (1)			
	June 30,		December 31,	
(in thousands, except percentages)	2024		2023	
Change in Interest Rates (Basis points)				
Increase of 200	$ 12,318	3.6 %	$ 20,487	6.1 %
Increase of 100	11,745	3.4 %	15,618	4.7 %
Decrease of 50	(4,117)	(1.2)%	(3,923)	(1.2)%
Decrease of 100	(8,717)	(2.5)%	(10,273)	(3.1)%
Decrease of 200	(23,433)	(6.8)%	(21,290)	(6.3)%

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

Net interest income in the base scenario increased to approximately $347 million in the three months ended June 30, 2024 compared to $336.0 million as of December 31, 2023. This increase is mainly due to (i) loan production at higher rates, and (ii) the growth in the size of the balance sheet as total assets increased $31.4 million, or 0.3%, in the first half of 2024 compared to December 31, 2023. This was partially offset by the higher cost of total deposits and borrowings.

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

Economic Value of Equity (EVE) Analysis

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

	Change in equity [1]	
	June 30,	**December 31,**
	2024	**2023**
Change in Interest Rates (Basis points)		
Increase of 200	(13.95)%	(4.66) %
Increase of 100	(5.32)%	(0.38) %
Decrease of 50	2.69 %	3.61 %
Decrease of 100	4.00 %	1.83 %
Decrease of 200	4.45 %	2.73 %

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

During the periods reported, the modeled effects on the EVE remained within established Company risk limits.

Available for Sale Portfolio mark-to-market exposure

The Company measures the potential change in the market price of its investment portfolio, and the resulting potential change on its equity for different interest rate scenarios. This table shows the result of this test as of June 30, 2024 and December 31, 2023:

	Change in market value [1]	
	June 30,	**December 31,**
(in thousands)	**2024**	**2023**
Change in Interest Rates		
(Basis points)		
Increase of 200	$ (118,146)	$ (112,010)
Increase of 100	(59,487)	(54,182)
Decrease of 50	29,515	34,956
Decrease of 100	58,479	55,312
Decrease of 200	111,815	112,809

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

The average duration of our investment portfolio increased to 5.3 years at June 30, 2024 compared to 5.0 years at December 31, 2023, as the model anticipates slower MBS principal prepayments due to the higher market rates. Additionally, the floating rate portfolio decreased to 12.9% at June 30, 2024 from 13.3% at December 31, 2023.

Limits Approval Process

The following table sets forth information regarding our interest rate sensitivity due to the maturities of our interest bearing assets and liabilities as of June 30, 2024. This information may not be indicative of our interest rate sensitivity position at other points in time.

	June 30, 2024					
(in thousands except percentages)	**Total**	**Less than one year**	**One to three years**	**Four to Five Years**	**More than five years**	**Non-rate**
Earning Assets						
Cash and cash equivalents	$ 310,319	$ 238,238	$ —	$ —	$ —	$ 72,081
Securities:						
Debt available for sale, at fair value	1,269,356	343,608	268,891	178,163	478,694	—
Debt held to maturity, at amortized cost	219,613	—	—	—	219,613	—
Federal Reserve and FHLB stock	56,412	43,195	—	—	—	13,217
Marketable equity securities	2,483	2,483	—	—	—	—
Loans held for sale	611,950	611,950	—	—	—	—
Loans held for investment-performing [(1)]	6,610,009	3,906,065	1,201,386	688,060	814,498	—
Earning Assets	$ 9,080,142	$ 5,145,539	$ 1,470,277	$ 866,223	$ 1,512,805	$ 85,298
Liabilities						
Interest bearing demand deposits	2,316,976	2,316,976	—	—	—	—
Saving and money market	1,723,233	1,723,233	—	—	—	—
Time deposits	2,310,662	1,728,434	517,772	63,522	934	—
FHLB advances	765,000	40,000	260,000	465,000	—	—
Senior Notes	59,685	—	59,685	—	—	—
Subordinated Notes	29,539	—	—	—	29,539	—
Junior subordinated debentures	64,178	64,178	—	—	—	—
Interest bearing liabilities	$ 7,269,273	$ 5,872,821	$ 837,457	$ 528,522	$ 30,473	$ —
Interest rate sensitivity gap		(727,282)	632,820	337,701	1,482,332	85,298
Cumulative interest rate sensitivity gap		(727,282)	(94,462)	243,239	1,725,571	1,810,869
Earnings assets to interest bearing liabilities (%)		87.6 %	175.6 %	163.9 %	4,964.4 %	N/M

(1) "Loan held for investment-performing" excludes $101.0 million of non-performing loans (non-accrual loans and loans 90 days or more past-due and still accruing).

N/M Not meaningful

ITEM 4. CONTROLS AND PROCEDURES

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 the SEC's rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), as appropriate, to allow timely decisions regarding required disclosures. The CEO and the CFO, with assistance from other members of management, have evaluated the effectiveness of our disclosure controls and procedures as of June 30, 2024, and, based on their evaluation, have concluded that the disclosure controls and procedures were effective as of such date.

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 constraints and that management is required to apply judgment in evaluating the benefits of possible controls and procedures relative to their costs.

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.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

In the normal course of business, we become involved in litigation and other legal proceedings arising from the banking, financial, and other activities we conduct. Based on the information presently available, and after consultation with legal counsel, management believes that the ultimate outcome in such litigation and legal proceedings, in the aggregate, will not have a material adverse effect on our business, our financial condition, or the results of our operations. 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

For detailed information about certain risk factors that could materially affect our business, financial condition or future results see "Risk Factors" in Part I, Item 1A of the 2023 Form 10-K and the Form 10-Q for the quarter ended March 31, 2024. Other than the risk factors set forth in Part II, Item 1A of our Form 10-Q for the quarter ended March 31, 2024, there have been no material changes to the risk factors previously disclosed in the 2023 Form 10-K.

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 June 30, 2024:

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
April 1 - April 30	—	$ —	—	$ 20,067,154
May 1 - May 31	106,403	22.71	106,403	17,650,364
June 1 - June 30	94,249	21.55	94,249	15,619,197
Total	**200,652**	**$ 22.17**	**200,652**	**$ 15,619,197**

(1) On December 19, 2022, the Company announced that the Board of Directors authorized a repurchase program pursuant to which the Company may purchase, from time to time, up to an aggregate amount of $25 million of its shares of Class A common stock (the “2023 Class A Common Stock Repurchase Program”). On December 6, 2023, the Board approved to extend the expiration date of the 2023 Class A Common Stock Repurchase Program that was set to expire on December 31, 2023 to December 31, 2024. As of the date the extension of the 2023 Class A Common Stock Repurchase Program was approved, the Company had approximately $20 million available for repurchases under the program. In the three months ended June 30, 2024, the Company repurchased an aggregate of 200,652 shares of Class A common stock at a weighted average price of $22.17 per share, under the 2023 Class A Common Stock Repurchase Program.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

Securities Trading Plans of Directors and Executive Officers

During the quarter ended June 30, 2024, none of our directors or executive officers adopted or terminated a Rule 10b5-1 trading plan or a non-Rule 10b5-1 trading arrangement (as defined in Item 408(c) of Regulation S-K).

ITEM 6. EXHIBITS

Exhibit Number	Description
10.1	Purchase and Assumption Agreement between Amerant Bank, N.A. and MidFirst Bank dated April 16, 2024*
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, Chairman, President 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 Sharymar Calderon, Executive Vice President, Chief Financial Officer.
32.1	Certification Pursuant to 18 U.S.C. Section 1350, As Adopted Pursuant To Section 906 of the Sarbanes-Oxley Act of 2002, by Gerald P. Plush, Chairman, President 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 Sharymar Calderon, Executive Vice President, 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)

* Certain information in this exhibit has been omitted in accordance with Item 601(b)(10) of Regulation S-K. The Company agrees to furnish a copy of any omitted information to the U.S. Securities and Exchange Commission upon its request.

** Furnished herewith

SIGNATURES

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

AMERANT BANCORP INC.
(Registrant)

Date:	August 2, 2024	By:	/s/ Gerald P. Plush
			Gerald P. Plush
			Chairman, President and Chief Executive Officer (Principal Executive Officer)
Date:	August 2, 2024	By:	/s/ Sharymar Calderon
			Sharymar Calderon
			Executive Vice-President, Chief Financial Officer (Principal Financial Officer)

Execution Version

Certain information contained in this document has been omitted because it is both (i) not material and (ii) is the type that the registrant treats as private or confidential.

PURCHASE AND ASSUMPTION AGREEMENT

dated as of

April 16, 2024

between

Amerant Bank, N.A.

and

MidFirst Bank

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This PURCHASE AND ASSUMPTION AGREEMENT, dated as of April 16, 2024, is by and between Amerant Bank, N.A., a national banking association ("Seller"), and MidFirst Bank, a federally-chartered savings association ("Purchaser").

RECITALS

WHEREAS, Purchaser desires to acquire from Seller, and Seller desires to transfer to Purchaser, certain banking operations in the Houston, Texas metropolitan statistical area, in accordance with and subject to the terms and conditions of this Agreement.

WHEREAS, as a condition and an inducement for Purchaser to enter into this Agreement, Seller entered into amended retention agreements with each of the employees listed on Exhibit A prior to the execution of this Agreement (collectively, such amended retention agreements, the "Amended Retention Agreements").

NOW, THEREFORE, in consideration of the premises and the mutual promises and obligations set forth herein, the parties agree as follows:

ARTICLE 1

CERTAIN DEFINITIONS

1.1 Certain Definitions. The terms set forth below are used in this Agreement with the following meanings:

"Accounting Firm" has the meaning set forth in Section 3.3(b).

"Accrued Interest" means, as of any date, (a) with respect to a Deposit, interest that is accrued on such Deposit to and including such date and not yet posted to the relevant deposit account, and (b) with respect to a Loan or Negative Deposit, interest that is accrued on such Loan or Negative Deposit to and including such date and not yet paid.

"ACH" has the meaning set forth in Section 4.3(a).

"ACH Entries" has the meaning set forth in Section 4.3(a).

"ACH Entries Cut-Off Date" has the meaning set forth in Section 4.3(a).

"Adjusted Payment Amount" means (x) the aggregate balance (including Accrued Interest) of the Deposits assumed by Purchaser pursuant to Section 2.2, minus (y) the Purchase Price, each as set forth on the Final Closing Statement.

"Affiliate" means, with respect to any Person, any other Person directly or indirectly controlling, controlled by or under common control with such Person.

"Agreement" means this Purchase and Assumption Agreement, including all schedules, exhibits and addenda, each as amended from time to time in accordance with Section 12.9(b).

"Amended Retention Agreements" has the meaning set forth in the recitals to this Agreement.

"Appraised Value" means the appraised value of the Owned Real Property as determined in accordance with Section 2.6(a).

"Appraiser" means Coldwell Banker Richard Ellis, Houston Texas.

"Assets" has the meaning set forth in Section 2.1(a).

"Assignment and Assumption Agreement and Bill of Sale" has the meaning set forth in Section 3.5(b).

"Assumed Contracts" means each of the contracts set forth on Exhibit 1.1(a) and any contracts entered into by Seller subsequent to the date hereof to the extent entered into in the ordinary course of business and exclusively related to the operations of the Branches and set forth on Exhibit 1.1(a). Exhibit 1.1(a) shall be updated by Seller as of 5:00 p.m., Central time, on the date that is five (5) Business Days prior to the Closing Date (and delivered to Purchaser on or before 5:00 p.m., Central time, on the date that is no later than two (2) Business Days prior to the Closing Date).

"Assumed Liabilities" has the meaning set forth in Section 2.2(a).

"Benefit Plan" means each employee benefit plan, program or other arrangement that is sponsored or maintained by Seller or any of its Affiliates or to which Seller or any of its Affiliates contributes or is obligated to contribute, including any employee welfare benefit plan within the meaning of Section 3(1) of ERISA, any employee pension benefit plan within the meaning of Section 3(2) of ERISA (in each case, whether or not such plan is subject to ERISA) and any bonus, incentive, compensation, deferred compensation, vacation, leave of absence, layoff, salary continuation, sick leave, excess benefit, flexible spending account, stock purchase, stock option, phantom stock, stock appreciation rights, restricted stock, restricted stock units, severance, split dollar or other insurance benefit, employment, consulting, retention, change of control or fringe benefit plan, agreement, program or policy in which any of the Branch Employees or their dependents participate, or pursuant to which Seller is obligated to pay compensation to any independent contractor providing retail banking functions or services at any of the Branches.

"Branch Employees" means the employees of Seller or its Affiliates employed at the Branches (including any employees who are Leave Recipients) and set forth on the list provided by Seller in accordance with Section 5.15(a).

"Branch Lease Assignments" has the meaning set forth in Section 3.5(d).

"Branch Leases" means the leases, subleases or licenses under which Seller leases or occupies land and/or buildings used for Branches, as set forth on Exhibit 1.1(b)(iii).

"Branches" means the locations identified on Exhibit 1.1(b)(i) used by Seller to conduct its business and "Branch" refers to each such Branch or any of the Branches.

"Burdensome Condition" has the meaning set forth in Exhibit B.

"Business Day" means a day, other than Saturday, Sunday or other day on which commercial banks in Texas are authorized or required by law to close.

"Cap" has the meaning set forth in Section 11.1(e).

"Cash on Hand" means, as of Closing, all petty cash, vault cash, teller cash, ATM cash, prepaid postage and cash equivalents held at a Branch.

"Closing" means the closing of the P&A Transaction, which is to be held on such date as provided in Article 3 and which shall be deemed to be effective at the Effective Time.

"Closing Date" has the meaning set forth in Section 3.1(b).

"Code" means the Internal Revenue Code of 1986, as amended.

"Commitments" has the meaning set forth in Section 2.6(b).

"Controlling Party" has the meaning set forth in Section 11.1(f).

"Covered Period" has the meaning set forth in Section 4.4.

"CRA" has the meaning set forth in Section 6.4(f).

"Deductible" has the meaning set forth in Section 11.1(e).

"Delaware Courts" has the meaning set forth in Section 12.7.

"Deposit(s)" means deposit liabilities with respect to deposit accounts booked by Seller at a Branch or allocated by Seller to a Branch in accordance with its householding methodology set forth on Schedule 1.1(a) of the Seller Disclosure Schedule ("Seller's Householding Methodology") as of the Effective Time, in each case that constitute "deposits" for purposes of the Federal Deposit Insurance Act, 12 U.S.C. § 1813, including escrow deposit liabilities relating to the Loans and collected and uncollected deposits and Accrued Interest, but excluding any (a) Excluded IRA Deposits and any liabilities that are not transferable pursuant to applicable law or regulation, (b) any accounts of directors of Seller or its Affiliates or any accounts of employees of Seller or its Affiliates who are employed at any location other than a Branch, (c) any accounts of Seller or its Affiliates, (d) any International certificates of deposit, as so designated in Seller's books and records, and any other deposits for the account of persons or entities who are not domiciled in the United States, and (e) any deposits made by any Person that is the target of Sanctions Laws. Exhibit 1.1(c)(i) contains a list of Deposits as of March 13, 2024 with such schedule specifying the identity of the accountholder and the type of account for each Deposit, and such list shall be updated by Seller as of 5:00 p.m., Central time, on the date that is five (5) Business Days prior to the Closing Date (and delivered to Purchaser on or before 5:00 p.m., Central time, on the date that is no later than two (2) Business Days prior to the Closing Date).

"Deposit Premium" has the meaning set forth in Section 2.3(a), as adjusted.

"Dispute Notice" has the meaning set forth in Section 3.3(b).

"Disputed Item" has the meaning set forth in Section 3.3(b).

"Draft Allocation Statement" has the meaning set forth in Section 3.9(a).

"Draft Closing Statement" means a draft closing statement in substantially the form of Exhibit 1.1(i), prepared by Seller, which shall be initially prepared as of the close of business on the date that is five (5) Business Days preceding the Closing Date, and delivered to Purchaser on the date that is no later than three (3) Business Days prior to the Closing Date, in each case setting forth Seller's reasonable estimated calculation of both the Purchase Price and the Estimated Payment Amount.

"Effective Time" means 5:01 p.m., Central time, on the Closing Date.

"Encumbrances" means all mortgages, deeds of trust, claims, charges, liens, encumbrances, options (or other third-party right), title defect, easements, rights of way, encroachments, limitations, commitments and security interests, ordinances, restrictions, requirements, resolutions, laws or orders of any governmental authority now or hereafter acquiring jurisdiction over the Assets, and all amendments or additions thereto in force as of the date of this Agreement or in force as of the Closing Date, and other matters now of public record relating to the Real Property, except for obligations pursuant to applicable escheat and unclaimed property laws relating to the Escheat Deposits and except for statutory liens for ad valorem tax payments securing payments not yet due.

"Environmental Law" means any federal, state or local law, statute, rule, regulation, code, order, judgment, decree, injunction or agreement with any federal, state or local governmental authority, relating to (a) the protection, preservation or restoration of the environment (including air, water vapor, surface water, groundwater, drinking water supply, surface land, subsurface land, plant and animal life or any other natural resource) or to human health or safety or (b) the exposure to, or the use, storage, recycling, treatment, generation, transportation, processing, handling, labeling, production, release or disposal of Hazardous Substances, in each case as amended and now in effect. Environmental Laws include the Clean Air Act (42 U.S.C. § 7401 et seq.); the Comprehensive Environmental Response Compensation and Liability Act (42 U.S.C. § 9601 et seq.); the Resource Conservation and Recovery Act (42 U.S.C. § 6901 et seq.); the Federal Water Pollution Control Act (33 U.S.C. § 1251 et seq.); and the Occupational Safety and Health Act (29 U.S.C § 651 et seq.).

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended, and the rules, regulations and class exemptions of the U.S. Department of Labor thereunder.

"Escheat Deposits" means, as of any date, Deposits and safe deposit box contents, in each case held on such date at the Branches which become subject to escheat, in the calendar year in which Closing occurs, to any governmental authority pursuant to applicable escheat and unclaimed property laws.

"Estimated Payment Amount" means (x) the aggregate balance (including Accrued Interest) of the Deposits assumed by Purchaser pursuant to Section 2.2, minus (y) the Purchase Price, each as set forth on the Draft Closing Statement as reasonably agreed upon prior to Closing by Seller and Purchaser.

"Excluded IRA Deposits" has the meaning set forth in Section 2.4(b).

"Excluded Liability" has the meaning set forth in Section 2.2(b).

"Excluded Taxes" means (a) any Taxes of Seller or any of its Affiliates for or applicable to any period, (b) any Taxes of, or relating to, the Assets, the Assumed Liabilities or the operation of the Branches for, or applicable to, the Pre-Closing Tax Period and (c) any Transfer Taxes for which Seller is responsible pursuant to Section 8.3.

"FDIC" means the Federal Deposit Insurance Corporation.

"Federal Funds Rate" means, on any day, the per annum rate of interest (rounded upward to the nearest 1/100 of 1%) that is the weighted average of the rates on overnight federal funds transactions arranged on such day or, if such day is not a Business Day, the previous Business Day, by federal funds brokers computed and released by the Federal Reserve Bank of New York (or any successor) in substantially the same manner as such Federal Reserve Bank currently computes and releases the weighted average it refers to as the "Federal Funds Effective Rate" at the date of this Agreement.

"Final Allocation Statement" has the meaning set forth in Section 3.9(a).

"Final Closing Statement" means a final closing statement, which, for the avoidance of doubt, shall be in substantially the same form as the Draft Closing Statement, prepared by Seller in accordance with the methodologies and accounting policies used in preparing the Draft Closing Statement, on or before the thirtieth (30th) calendar day following the Closing Date setting forth the Purchase Price, the Adjusted Payment Amount and the prorated items set forth in Section 3.4, all determined and calculated as of the Effective Time.

"GAAP" has the meaning set forth in Section 1.2.

"Hazardous Substance" means any substance, whether liquid, solid or gas (a) listed, identified or designated as hazardous or toxic; (b) which, applying criteria specified in any Environmental Law, is hazardous or toxic; or (c) the use or disposal, or any manner or aspect of management or handling, of which is regulated under Environmental Law.

"IRA" means an "individual retirement account" or similar account created by a trust for the exclusive benefit of any individual or his beneficiaries in accordance with the provisions of Section 408 or 408A of the Code.

"IRS" means the Internal Revenue Service.

"Items" means (a) drafts, including checks and negotiable orders of withdrawal and items of a like kind that are drawn on or deposited and credited to the Deposit accounts, and (b) payments, advances, disbursements, fees, reimbursements and items of a like kind that are debited or credited to the Loans.

"Leased Real Property" means the real property leased, subleased or licensed by Seller and on which the Branches listed on Exhibit 1.1(b)(iii) are located, including any improvements and fixtures thereon and any easements, concessions, licenses or similar rights appurtenant thereto.

"Leave Recipients" has the meaning set forth in Section 8.7(a)(ii).

"Loan Documents" means the Loan files and all documents with respect to a Loan that are in Seller's possession or control, including loan applications, notes, loan agreements, letters of credit, security agreements, control agreements, deeds of trust, mortgages, collectors notes, appraisals, credit reports, disclosures, titles to collateral (titles to cars, boats, etc.), all verifications (including employment verification, deposit verification, etc.), financial statements of borrowers and guarantors, independently prepared financial statements, internally prepared financial statements, commitment letters, loan agreements including building and loan agreements, guarantees, pledge agreements, intercreditor agreements, participation agreements, security and collateral agreements, sureties and insurance policies (including title insurance and life insurance policies), flood hazard certifications and all written modifications, waivers and consents relating to any of the foregoing.

"Loans" means the loans as of April 5, 2024 that are listed on Exhibit 1.1(f)(i), including letters of credit, loan commitments and all overdrafts with respect thereto and any loans originated between April 5, 2024 and the Effective Time that are related to customers with Deposit accounts or that are allocated by Seller to a Branch in accordance with Seller's Householding Methodology; provided, however, that "Loans" does not include (a) the interest of any participants in such loans or loans that have been the subject of securitizations, (b) any loan that has been more than fifty-nine (59) calendar days past due at the date that is five (5) Business Days prior to the Closing Date, (c) any loan has been classified as "Other Loans Specially Mentioned", "Special Mention", "Substandard", "Doubtful", "Loss", "Classified", or "Criticized" as determined by Seller in the ordinary course of business, (d) has failed a fixed charge coverage ratio financial covenant or a debt service coverage ratio financial covenant based on information received on or after March 1, 2024, or (e) the loans included in Exhibit 1.1(f)(ii). Exhibit 1.1(f)(i) shall be updated by Seller as of 5:00 p.m., Central time, on the date that is five (5) Business Days prior to the Closing Date (and delivered to Purchaser on or before 5:00 p.m., Central time, on the date that is no later than three (3) Business Days prior to the Closing Date). For the avoidance of doubt, such updating shall be conducted in accordance with Seller's Householding Methodology.

"Loss" means the amount of losses, liabilities, damages and reasonable expenses actually incurred by the indemnified party or its Affiliates in connection with the matters described in Section 11.1, less the amount of the economic benefit (if any) actually received or realized by the indemnified party or its Affiliates obtained or to be obtained in connection with any such damage, loss, liability or expense (including net Tax benefits obtainable under applicable law, amounts recovered under insurance policies net of deductibles, recovery by setoffs or counterclaims and other economic benefits).

"Mark" has the meaning set forth in the definition of Personal Property.

"Material Adverse Effect" means (a) with respect to Seller, a material adverse effect on (i) the business or results of operations or financial condition of the Branches, the Assets and the Assumed Liabilities, taken as a whole (excluding any effect to the extent arising out of or resulting from (A) changes in GAAP or regulatory accounting requirements applicable to banks or savings associations or their holding companies generally, (B) changes in laws, rules or regulations of general applicability or interpretations thereof by courts or governmental agencies or authorities, (C) changes in global, national or regional political conditions or in general U.S. national or regional or global economic or market conditions affecting banks or their holding companies generally (including changes in interest or exchange rates or in credit availability and liquidity), (D) the execution, announcement or consummation of this Agreement and the transactions contemplated hereby, including the impact thereof on customers, suppliers, licensors, employees and others having business relationships with the Seller, (E) the commencement, occurrence, continuation or intensification of any war, sabotage, armed hostilities or acts of terrorism not directly involving the Assets or the Assumed Liabilities or (F) actions by Purchaser or Seller taken pursuant to the express requirements of this Agreement), or (ii) the ability of Seller to perform any of its financial or other obligations under this Agreement or to timely consummate the P&A Transaction as contemplated by this Agreement, and (b) with respect to Purchaser, a material adverse effect on the ability of Purchaser to perform any of its financial or other obligations under this Agreement or to timely consummate the P&A Transaction as contemplated by this Agreement.

"Material Defect" means with respect to any "Recognized Environmental Condition" reported in a report permitted under Section 4.13(a) of this Agreement, as the term "Recognized Environmental Condition" is defined in ASTM Standard E1527-05, E1527-21 or E1527-13, that is: (a) located at the Real Property; (b) occurred during Seller's ownership or operation of the Real Property; and (c) associated with an estimated expense to be incurred by the owner of the Owned Real Property or, in the case of the Leased Real Property, the lessee of the property, to remediate such "Recognized Environmental Condition" that exceed $250,000 in the case of all affected Owned Real Properties and each affected facility subject to a Branch Lease.

"Negative Deposits" means Deposit account overdrafts.

"Net Book Value" means the carrying value of each of the Assets as reflected on the books of Seller as of the Effective Time, in accordance with GAAP and consistent with the accounting policies and practices of Seller in effect as of the date of this Agreement.

"Non-Controlling Party" has the meaning set forth in Section 11.1(f).

"Obligor" has the meaning set forth in Section 5.7(a)(i).

"Order" has the meaning set forth in Section 9.1(b).

"Owned Real Property" means the real property owned by Seller and on which the Branches listed on Exhibit 1.1(b)(ii) are located, including any improvements and fixtures thereon and any easements, concessions, licenses or similar rights appurtenant thereto.

"P&A Transaction" means the purchase and sale of Assets and the assumption of Assumed Liabilities described in Sections 2.1 and 2.2.

"Permitted Encumbrances" means (a) matters disclosed on Schedule 1.1(b) of the Seller Disclosure Schedule, (b) Encumbrances that the title insurance company agrees to omit, to provide affirmative insurance for, or to otherwise insure over at no additional cost to Purchaser, (c) statutory liens securing Taxes or other payments not yet due or being contested in good faith by appropriate procedures, (d) mechanics', carriers' workmen's, repairmen's or other like liens arising or incurred in the ordinary course of business not yet due or being contested in good faith by appropriate procedures and which do not materially and adversely affect the value of the Real Property, (e) easements, encroachments, rights of way, applicable zoning laws and building restrictions, none of which materially and adversely affect either (i) the current use of the Real Property as a commercial bank branch office in the manner used by Seller or (ii) the value of the Real Property and (f) liens arising under original purchase price conditional sales contracts and equipment leases with third parties entered into in the ordinary course of business.

"Person" means any individual, corporation, company, partnership (limited or general), limited liability company, joint venture, association, trust or other business entity.

"Personal Property" means the personal property goods of Seller located in the Branches, and used or held for use in the business or operation of the Branches, consisting of the trade fixtures, shelving, furniture, leasehold improvements, on-premises ATMs (excluding Seller licensed software, but including equipment, security systems equipment (but not including any connections or software relating thereto)), safe deposit boxes (exclusive of contents), vaults, sign structures and assignable warranties and guarantees relating thereto (exclusive of signage containing any trade name, trademark or service mark, if any, of Seller or any of its Affiliates (a "Mark"), and supplies (exclusive of supplies containing a Mark, routing number or other label associated with Seller), except for Retained Personal Property, but excluding any such items consumed or disposed of in the ordinary course of the operation of the Branches through the Effective Time. Seller and Purchaser shall cooperate in good faith to agree to an updated Exhibit 1.1(h) that includes a complete and accurate list of any Personal Property (taking into account any such items consumed or disposed of and any new such items acquired or obtained, in each case in the ordinary course of business after the date hereof) to be retained by Seller as of 5:00 p.m., Central time, on the date that is five (5) Business Days prior to the Closing Date (and Seller shall deliver such updated Exhibit 1.1(h) to Purchaser on or before 5:00 p.m., Central time, on the date that is no later than two (2) Business Days prior to the Closing Date).

"Pre-Closing Tax Period" means a taxable period or portion thereof that ends on or prior to the Closing Date; if a taxable period begins on or prior to the Closing Date and ends after the Closing Date, then the portion of the taxable period that ends on and includes the Closing Date shall constitute the Pre-Closing Tax Period.

"Property Taxes" means real, personal and intangible ad valorem property Taxes (including special assessments).

"Proposed Appraised Value" has the meaning set forth in Section 2.6(a).

"Purchase Price" has the meaning set forth in Section 2.3.

"Purchaser" has the meaning set forth in the Preamble.

"Purchaser 401(k) Plan" has the meaning set forth in Section 8.7(f).

"Purchaser Benefit Plans" has the meaning set forth in Section 8.7(c).

"Purchaser Taxes" has the meaning set forth in Section 11.1(f).

"Real Property" means the Owned Real Property and the Leased Real Property.

"Records" means (a) as to the Loans, the Loan Documents and (b) as to other Assets and Assumed Liabilities, all records and original documents, or where reasonable and appropriate, copies thereof, that relate directly thereto and are retained in the Branches, or are in Seller's possession or control and pertain to and are used by Seller to administer, reflect, monitor, evidence or record information respecting the business or conduct of the business of the Branches (including transaction tickets and stop payment orders through the Closing Date and all records for closed accounts located in Branches and excluding any other transaction tickets and records for closed accounts and, with respect to Real Property, all surveys and plans and specifications in Seller's possession and assignable warranties, governmental permits and certificates of occupancy) and all such records and original documents, or where reasonable and appropriate copies thereof, regarding the Assets and the Assumed Liabilities, including all such records maintained on electronic or magnetic media in the electronic database system of Seller reasonably accessible by a Branch, or to comply with the applicable laws and governmental regulations to which the Deposits are subject, including applicable unclaimed property and escheat laws.

"Regulatory Approvals" means the approval of the Office of the Comptroller of the Currency and any other approval, waiver or consent from any other Regulatory Authority required to consummate the P&A Transaction.

"Regulatory Authority" means any federal or state banking, other regulatory, self-regulatory or enforcement agency or authority or any court, administrative agency or commission or other governmental authority or instrumentality.

"Retained Personal Property" means those items that are set forth on Exhibit 1.1(h) (which contains a complete and accurate list as of April 16, 2024 of the Personal Property to be retained by Seller from each Branch).

"Returned Items" has the meaning set forth in Section 4.9(c).

"Safe Deposit Agreements" means the agreements that are in Seller's possession or control relating to safe deposit boxes located in the Branches.

"Sanctions Laws" means applicable economic or financial sanctions or trade embargoes imposed, administered, or enforced by relevant governmental authorities (to the extent consistent with the laws of the United States of America), including those administered by the U.S. government through the U.S. Department of Treasury Office of Foreign Assets Control or the U.S. Department of State.

"Seller" has the meaning set forth in the Preamble.

"Seller 401(k) Plan" has the meaning set forth in Section 8.7(f).

"Seller Disclosure Schedule" means the disclosure schedule of Seller delivered to Purchaser in connection with the execution and delivery of this Agreement.

"Seller Taxes" has the meaning set forth in Section 11.1(f).

"Seller's Knowledge" or other similar phrases means information that is actually known, after reasonable inquiry, by the Persons set forth on Exhibit 1.1(g).

"Straddle Period" means any taxable period beginning on or prior to and ending after the Closing Date.

"Survival Period" has the meaning set forth in Section 12.1(a).

"Syndicated Loans" means the loans identified on Exhibit 1.1(c)(iii).

"Tax Claim" has the meaning set forth in Section 11.1(f).

"Tax Returns" means any report, return, declaration, statement, claim for refund, information return or statement relating to Taxes or other information or document required to be supplied to a taxing authority in connection with Taxes, including any schedule or attachment thereto, and including any amendment thereof.

"Taxes" means all taxes, including income, gross receipts, excise, real and personal and intangible property, sales, use, transfer (including transfer gains taxes), withholding, license, payroll, recording, ad valorem and franchise taxes, whether computed on a separate or consolidated, unitary or combined basis or in any other manner, whether disputed or not and including any obligation to indemnify or otherwise assume or succeed to the tax liability of another person, imposed by the United States, or any state, local or foreign government or subdivision or agency thereof and such term shall include any interest, penalties or additions to tax attributable to such assessments.

"Termination Date" has the meaning set forth in Section 10.1(c).

"Title Insurance" has the meaning set forth in Section 2.6(d).

"Title Policy" has the meaning set forth in Section 2.6(d).

"Title Insurer" has the meaning set forth in Section 2.6(d).

"Transaction Account" means any account at a Branch in respect of which deposits therein are withdrawable in practice upon demand or upon which third-party drafts may be drawn by the depositor, including checking accounts, negotiable order of withdrawal accounts and money market deposit accounts.

"Transfer Date" means (a) with respect to Branch Employees on Exhibit 8.7(a)(i) who are not Leave Recipients as of the Closing Date and who accept Purchaser's offer of employment, the Closing Date (with employment status with Purchaser commencing at the Effective Time), and (b) with respect to Branch Employees on Exhibit 8.7(a)(i) who are Leave Recipients as of the Closing Date and who accept Purchaser's offer of employment, the date of active commencement of such Branch Employee's employment with Purchaser or one of its Affiliates, as applicable, within the time period set forth in Section 8.7(a)(ii).

"Transfer Taxes" has the meaning set forth in Section 8.3.

"Transferred Employees" has the meaning set forth in Section 8.7(a)(i).

"Unauthorized ACH Entry" has the meaning set forth in Section 4.3(b).

"Wires" has the meaning set forth in Section 4.4.

1.2 Accounting Terms. All accounting terms not otherwise defined herein shall have the respective meanings assigned to them in accordance with consistently applied generally accepted accounting principles as in effect from time to time in the United States of America ("GAAP").

ARTICLE 2

THE P&A TRANSACTION

2.1 Purchase and Sale of Assets.

(a) Subject to the terms and conditions set forth in this Agreement, at Closing, Seller shall grant, sell, convey, assign, transfer and deliver to Purchaser, and Purchaser shall purchase and accept from Seller, all of Seller's right, title and interest, as of the Closing Date, in and to the following (collectively, the "Assets"):

(i) Cash on Hand;

(ii) the Real Property;

(iii) the Personal Property;

(iv) the Branch Leases;

(v) the Assumed Contracts;

(vi) the Loans, plus Accrued Interest with respect to such Loans, as well as the collateral for the Loans, the Loan Documents and, to the extent owned, the servicing rights related thereto pursuant to Section 2.5;

(vii) the Negative Deposits, plus Accrued Interest with respect to such Negative Deposits;

(viii) the Safe Deposit Agreements;

(ix) the Records; and

(x) any refunds, credits or other receivables, in each case, of, against or relating to Taxes of, or relating to, the Assets or the operation of the Branches in each case solely to the extent directly related to the Taxes within the meaning of Section 2.2(a)(vii) (i.e., other than related to Excluded Taxes).

(b) Purchaser understands and agrees that it is purchasing only the Assets specified in this Agreement, and, except as may be expressly provided for in this Agreement, Purchaser has no interest in or right to any other asset or business relationship that Seller or its Affiliates may have with any customer of the Branches. For the avoidance of doubt, except as contemplated by Section 7.9, no right to the use of any sign, trade name, trademark or service mark, if any, of Seller or any of its Affiliates, is being sold, and no such right shall be an Asset.

2.2 Assumption of Liabilities.

(a) Subject to the terms and conditions set forth in this Agreement, including Section 3.4, at Closing, Purchaser shall assume, pay, perform and discharge all duties, responsibilities, obligations or liabilities of Seller (whether accrued, contingent or otherwise) arising after the Effective Time (or the Transfer Date with respect to a Transferred Employee), with respect to the following (collectively, the "Assumed Liabilities"):

(i) the Deposits, including Deposits in IRAs, but excluding Excluded IRA Deposits to the extent contemplated by Section 2.4;

(ii) the Personal Property, the Branch Leases and the Owned Real Property;

(iii) the Safe Deposit Agreements;

(iv) the Assumed Contracts;

(v) the Loans (it being understood and agreed that Purchaser is assuming all future funding obligations as of the Effective Time in respect of any Loan), and the servicing of the Loans after the Effective Time pursuant to Section 2.5;

(vi) liabilities in respect of any Transferred Employee arising out of or relating to his or her employment with Purchaser and certain liabilities in respect of Branch Employees as set forth in Section 8.7; and

(vii) liabilities for Taxes of, or relating to, the Assets, the Assumed Liabilities or the business or operation of the Branches (other than Excluded Taxes).

(b) Notwithstanding anything to the contrary in this Agreement, Purchaser shall not assume or be bound by any duties, responsibilities, obligations or liabilities of Seller or any of its Affiliates, of any kind or nature, known, unknown, contingent or otherwise, other than the Assumed Liabilities or as otherwise expressly set forth herein (all duties, responsibilities, obligations and liabilities of Seller or any of its Affiliates, other than the Assumed Liabilities or other obligations expressly assumed hereunder, the "Excluded Liabilities").

2.3 Purchase Price. The purchase price ("Purchase Price") for the Assets shall be to the sum of the following amounts:

(a) An amount equal to $13,000,000 (the "Deposit Premium"), provided that, if the balance of non-interest checking deposits included in Deposits or the total balance of Deposits (excluding insured cash sweep deposits) decrease by more than 15% between March 13, 2024 and the Closing Date, then the Deposit Premium shall be equal to the sum of (i) 9.50% of the average daily balance of non-interest checking deposits included in Deposits, (ii) 1.85% (up to a maximum of $3,000,000) of the average daily balance of Deposits other than non-interest checking deposits, insured cash sweep deposits and time deposits included in Deposits, (iii) 0.25% (up to a maximum of $400,000) of the average daily balance of insured cash sweep deposits included in Deposits, and (iv) 0.50% (up to a maximum of $1,500,000) of the average daily balance of time deposits included in Deposits, with the average daily balance in each case being for the 30 day period ending on the fifth business day prior to closing, provided further, that the Deposit Premium shall in no event be lower than $9,250,000.

(b) the aggregate amount of Cash on Hand as of the Closing Date;

(c) the aggregate Net Book Value of all the Assets, other than Cash on Hand, the Owned Real Property and Accrued Interest with respect to the Loans;

(d) the Appraised Value of the Owned Real Property; and

(e) Accrued Interest with respect to the Loans.

2.4 Assumption of IRA Deposits.

(a) With respect to Deposits in IRAs, Seller will use commercially reasonable efforts and will cooperate with Purchaser in taking any action reasonably necessary to accomplish at Closing either the appointment of Purchaser as successor custodian or the delegation to Purchaser (or to an Affiliate of Purchaser) of Seller's authority and responsibility as custodian of all such IRA Deposits (except self-directed IRA Deposits), including sending to the depositors thereof appropriate notices, cooperating with Purchaser (or such Affiliate) in soliciting consents from such depositors, and filing any appropriate applications with applicable Regulatory Authorities. If any such delegation is made to Purchaser (or such Affiliate), Purchaser (or such Affiliate) will perform all of the duties so delegated and comply with the terms of Seller's agreement with the depositor of the IRA Deposits affected thereby.

(b) If, notwithstanding the foregoing, as of the Closing Date, Purchaser shall be unable to retain deposit liabilities in respect of an IRA, such deposit liabilities, which shall on or prior to the Closing Date be set forth on Exhibit 2.4(b), shall be excluded from Deposits for purposes of this Agreement and shall constitute "Excluded IRA Deposits."

2.5 Sale and Transfer of Servicing. The Loans shall be sold on a servicing-released basis and any related escrow deposits shall be transferred to Purchaser. The rights, obligations, liabilities and responsibilities with respect to the servicing of the Loans from and after the Effective Time will be assumed by Purchaser. Seller shall be discharged and indemnified by Purchaser, in accordance with Article 11, from all liability with respect to servicing of the Loans from and after the Effective Time and Purchaser shall not assume and shall be discharged and indemnified by Seller, in accordance with Article 11, from all liability with respect to servicing of the Loans prior the Effective Time.

2.6 Real Estate Matters. (a) Within thirty (30) calendar days after the date of this Agreement, Appraiser shall deliver to Purchaser and Seller an appraisal report including its proposed determination of the Appraised Value (a "Proposed Appraised Value"). Within ten (10) Business Days after receipt of such appraisal report from Appraiser, Seller and Purchaser shall each notify the other in writing whether such party accepts or rejects such Appraiser's Proposed Appraised Value. If each party timely notifies the other that such party accepts Appraiser's Proposed Appraised Value or fails to notify the other party of its acceptance or rejection of the Appraiser's Proposed Appraised Value within such ten (10) Business Day period, then such Proposed Appraised Value shall be the Appraised Value for purposes of this Agreement. If either party rejects the Appraiser's Proposed Appraised Value within such ten (10) Business Day period, such party shall be deemed to have elected to arbitrate, and the determination of Appraised Value shall be determined by arbitration in accordance with the following provisions of this paragraph. Purchaser and Seller shall each appoint a local appraiser who is a member of the American Institute of Real Estate Appraisers, or if one is not available, a member of the most nearly comparable organization, who has a minimum of five (5) years' experience in the Houston, Texas commercial real estate market, is licensed by the State of Texas and is not affiliated with either party or involved in an active transaction in which either party is also involved. Each party shall notify the other as to the name and address of the appraiser selected within five (5) Business Days after the arbitration election date. Each appraiser shall, within the next twenty (20) Business Days, notify both parties of their Proposed Appraised Value. If the two (2) appraisers agree upon a Proposed Appraised Value, such determination shall be the Appraised Value for purposes of this Agreement. If the appraisers fail to agree upon a Proposed Appraised Value within such twenty (20) Business Day period, the two (2) appraisers shall select a third (3rd) appraiser, who shall satisfy the same professional qualification requirements set forth above, and the appraisers shall notify Purchaser and Seller of such appraiser's name, address and selection within five (5) Business Days following the failure to agree upon an Appraised Value. The third (3rd) appraiser will select one or the other of the two (2) Proposed Appraised Values submitted by the other two (2) appraisers and will notify the parties and the appraisers within ten (10) Business Days of being selected. The determination of the third (3rd) appraiser shall be final and binding on Purchaser and Seller and the Proposed Appraised Value so selected shall be the Appraised Value for purposes of this Agreement. The costs of either: (a) the Appraiser or (b) the two (2) appraisers appointed by Purchaser and Seller, but only to the extent such appraisers agree upon the Appraised Value such that the third (3rd) appraiser is not necessary, shall be shared equally by Purchaser and Seller. If the two (2) appraisers appointed by Purchaser and Seller fail to agree upon a Proposed Appraised Value, the cost of the other appraisers shall be borne by the party whose appraisal is not accepted as the Appraised Value by the third (3rd) appraiser.

(b) Not later than twenty (20) Business Days prior to the Closing Date, Seller shall use reasonable efforts to deliver to Purchaser, with respect to each parcel of Owned Real Property and each parcel of Leased Real Property for which there is a memorandum of lease pertaining to Seller's leasehold interest of record, a title commitment (including all documents, instruments or agreements evidencing or creating the exceptions to, or Encumbrances on, title referenced in such commitment) (the "Commitments") issued by the Title Insurer. Purchaser shall not have the right to object to any matters on such commitments if the Commitments reflect that Seller has good and indefeasible title or leasehold interest in and to the Real Property, subject only to Permitted Encumbrances. The costs of obtaining the Commitments shall be borne equally by Seller and Purchaser.

(c) Seller shall cause the Title Insurer to update the Commitments approximately three (3) Business Days prior to the Closing Date (which updates, due to any delays in the local jurisdictions recordings, may reflect all matters that have been made of public record as of a prior date). Seller shall remove any newly disclosed Encumbrances that are not Permitted Encumbrances and can be removed by the payment of money or bonding to a lien and Seller shall use commercially reasonable efforts to remove any other newly disclosed Encumbrances that are not Permitted Encumbrances.

(d) Seller and Purchaser shall cause the Title Insurer, as soon as practicable after the Closing, to issue a standard form of American Land Title Association (ALTA) form of owner's policy or leasehold policy of title insurance, as applicable (each, a "Title Policy" and collectively, the "Title Insurance"), to Purchaser covering each Owned Real Property in the amount of Appraised Value and each Leased Real Property identified on Exhibit 1.1(a) as having a memorandum of lease pertaining to Seller's leasehold interest of record in the amount equal to the Net Book Value of the relevant Real Property as included in the calculation of the Purchase Price, subject only to the Permitted Encumbrances. The costs of obtaining the base owner's and leasehold (if applicable) Title Insurance and all escrow closing costs shall be borne equally by Seller and Purchaser. Purchaser shall bear the cost of any endorsements to such Title Insurance requested by Purchaser.

2.7 Interest Rate Swaps. Seller will use commercially reasonable efforts and will cooperate with Purchaser in taking any action reasonably necessary to novate and otherwise assign to Purchaser all the interest rate swap arrangements, including participation agreements with other financial institutions, entered into by Seller with respect to any of the Loans by Closing. For the avoidance of doubt, the Loans and servicing rights thereunder related to any interest rate swap arrangements will be transferred to Purchaser as part of the Assets.

ARTICLE 3

CLOSING PROCEDURES; ADJUSTMENTS

3.1 Closing.

(a) Closing shall take place remotely via the electronic exchange of documents.

(b) Subject to the satisfaction or, where legally permitted, the waiver, of the conditions set forth in Article 9 (other than conditions that relate to actions to be taken, or documents to be delivered, at Closing, but subject to the satisfaction or waiver thereof at Closing), unless another date is agreed to in writing by the parties, Closing shall occur no later than the fifth Business Day after satisfaction or, where legally permitted, the waiver, of the last of the conditions set forth in Article 9 (other than conditions that relate to actions to be taken, or documents to be delivered, at Closing, but subject to the satisfaction or waiver thereof at Closing), subject to the final sentence of this Section 3.1(b); provided that the Closing Date shall be no earlier than the Business Day on which occurs the conversion of the data processing with respect to the Branches and Assumed Liabilities. The date on which Closing occurs is referred to herein as the "Closing Date." The Closing Date shall be a Friday and such conversion will be completed prior to the opening of business on the Business Day following the Closing Date.

3.2 Payment at Closing.

(a) At Closing, in consideration for the purchase of the Assets, Purchaser will assume the Assumed Liabilities and the following payment will be made: (i) if the Estimated Payment Amount is a positive amount, Seller shall pay to Purchaser an amount in U.S. dollars equal to such positive amount; or (ii) if the Estimated Payment Amount is a negative amount, Purchaser shall pay to Seller an amount in U.S. dollars equal to the absolute value of such negative amount.

(b) All payments to be made hereunder by one party to the other shall be made by wire transfer of immediately available funds (in all cases to an account specified in writing by Seller or Purchaser, as the case may be, to the other not later than the second (2nd) Business Day prior to the Closing Date) on the date of payment. Any amount shall be funded to the Title Insurer to pay for the cost of the Title Insurance premium and recording costs.

(c) If any instrument of transfer contemplated herein shall be recorded in any public record before Closing and thereafter Closing does not occur, then at the request of such transferring party the other party will deliver (or execute and deliver) such instruments and take such other action as such transferring party shall reasonably request to revoke such purported transfer.

3.3 Adjustment of Purchase Price.

(a) On or before the thirtieth (30th) calendar day following the Closing Date, Seller shall deliver to Purchaser the Final Closing Statement and shall make available the work papers, schedules and other supporting data used by Seller to calculate and prepare the Final Closing Statement. Purchaser may request such additional data as may be reasonably necessary to enable it to verify the amounts set forth in the Final Closing Statement.

(b) The determination of the Adjusted Payment Amount shall be final and binding on the parties hereto on or before 12:00 noon, Central time, on the thirtieth (30th) calendar day after receipt by Purchaser of the Final Closing Statement, unless Purchaser shall notify Seller in writing of its disagreement with any amount included therein or omitted therefrom (a "Dispute

Notice"). Any Dispute Notice must set forth in reasonable detail any item on the Final Closing Statement which Purchaser believes has not been prepared in accordance with this Agreement and the proposed correct amount of such item (each, a "Disputed Item"). If the parties are unable to resolve the Disputed Items within ten (10) Business Days of the receipt by Seller of notice of such Dispute Notice, the Disputed Items (and only the Disputed Items) shall be determined by KPMG LLP or, to the extent KPMG LLP is unable or unwilling to perform hereunder, another nationally recognized independent accounting firm (the "Accounting Firm") selected by mutual agreement between Seller and Purchaser, and such determination shall be final and binding. The Accounting Firm shall be instructed to resolve the Disputed Items within ten (10) Business Days of engagement, to the extent reasonably practicable. The initial engagement fee or deposit required by the Accounting Firm at the outset of its engagement shall be borne equally by Purchaser and Seller, and thereafter, the fees of the Accounting Firm shall be apportioned between Seller and Purchaser in the same proportion that the aggregate dollar amount of the items unsuccessfully disputed or defended, as the case may be, by each (as finally determined by the Accounting Firm) bears to the total dollar of the Disputed Items.

(c) On or before the fifth (5th) Business Day after the Adjusted Payment Amount shall have become final and binding or, in the case of a dispute, the date of the resolution of the dispute pursuant to Section 3.3(b), if the Adjusted Payment Amount exceeds the Estimated Payment Amount, Seller shall pay to Purchaser an amount in U.S. dollars equal to the amount of such excess, plus interest on such excess amount from the Closing Date to but excluding the payment date, at the Federal Funds Rate or, if the Estimated Payment Amount exceeds the Adjusted Payment Amount, Purchaser shall pay to Seller an amount in U.S. dollars equal to the amount of such excess, plus interest on such excess amount from the Closing Date to but excluding the payment date, at the Federal Funds Rate. Any payments required by Section 3.4 shall be made contemporaneously with the foregoing payment.

3.4 Proration; Other Closing Date Adjustments; Wrong Pockets.

(a) Except as otherwise specifically provided in this Agreement, it is the intention of the parties that Seller will operate the Branches for its own account until the Effective Time, and that Purchaser shall operate the Branches, hold the Assets and assume the Assumed Liabilities for its own account as of the Effective Time and thereafter. Thus, except as otherwise specifically provided in this Agreement, certain items of income and expense that relate to the Assets, the Deposits and the Branches shall be prorated as provided in Section 3.4(b) as of the Effective Time. Those items being prorated will be appropriately reflected at Closing as an adjustment to the Purchase Price, or if not reasonably able to be calculated, in the Final Closing Statement, unless otherwise agreed by the parties hereto.

(b) For purposes of this Agreement, items of proration and other adjustments shall include: (i) base rental and additional rental payments under the Branch Leases and periodic payments under the Assumed Contracts; (ii) wages, salaries and employee compensation, benefits and expenses; (iii) trustee or custodian fees on Deposits in IRAs; (iv) to the extent relating to the Assets or the Assumed Liabilities, prepaid expenses and items and accrued but unpaid liabilities, as of the Effective Time; (v) real estate taxes, municipal assessments, water charges, sewer charges, property insurance premiums for policies assumed and other utilities including electricity, natural gas, trash service; and (vi) safe deposit rental payments. All prorations are to be calculated as of the Effective Time.

(c) If any time after the Closing Date, Seller, on the one hand, or Purchaser, on the other hand, shall receive or otherwise possess any asset that should belong to the other party under this Agreement, Seller and Purchaser agree to promptly transfer such asset to the party so entitled hereto.

3.5 Seller Deliverables. At Closing, Seller shall execute and deliver to Purchaser:

(a) special or limited warranty deeds to transfer and convey all of Seller's right, title and interest in and to the Owned Real Property to Purchaser, free and clear of all Encumbrances (other than Permitted Encumbrances), in a customary form to be reasonably agreed upon by Seller and Purchaser.

(b) an assignment and assumption agreement and bill of sale in substantially the form of Exhibit 3.5(b), with respect to the Assumed Liabilities and Assets (the "Assignment and Assumption Agreement and Bill of Sale");

(c) a lease assignment and assumption agreement with respect to each Branch Lease, in substantially the form of Exhibit 3.5(c) (collectively, the "Branch Lease Assignments"), and a consent (if required under such Branch Lease) from any applicable lessor to the assignment of a Branch Lease in form reasonably satisfactory to such lessor, Purchaser and Seller, together with any other instruments and documents as such lessor may reasonably require as necessary or desirable in connection with such consent;

(d) a limited power of attorney granting Purchaser the authority to effect the transfer of Loan Documents and lien rights to collateral securing the Loans in a form to be reasonably agreed upon by Purchaser and Seller;

(e) such other documents or instruments of conveyance as Purchaser reasonably determines are necessary or appropriate to consummate the transactions contemplated by this Agreement;

(f) the certificate required to be delivered by Seller pursuant to Section 9.1(e);

(g) Seller's resignation as trustee or custodian, as applicable, with respect to each Deposit in an IRA included in the Deposits and designation of Purchaser as successor trustee or custodian with respect thereto, as contemplated by Section 2.4;

(h) an IRS Form W-9, dated as of the Closing Date;

(i) the Safe Deposit Agreements, Seller's keys to the safe deposit boxes and all other records as exist and are in Seller's possession or control related to the safe deposit box business at the Branches;

(j) the Records, excluding the Loan Documents, which are subject to Section 3.7; and

(k) affidavits and such other customary documentation as shall be reasonably required by First American Title Insurance Company (the "Title Insurer") to issue the Title Insurance with respect to the Real Property insuring Purchaser or its designee as either owner of fee simple title (in the case of each of the Owned Real Properties) or holder of leasehold interest (in the case of each of the Leased Real Properties in respect of which a memorandum of lease is of public record), with the removal of the gap and other standard exceptions customarily removed by an owner's affidavit, subject only to Permitted Encumbrances.

3.6 Purchaser Deliverables. At Closing, Purchaser shall (subject to Section 7.4) execute and deliver to Seller:

(a) the Assignment and Assumption Agreement and Bill of Sale;

(b) Purchaser's acceptance of its appointment as successor trustee or custodian, as applicable, of the IRA included in the Deposits and assumption of the fiduciary obligations of the trustee or custodian with respect thereto, as contemplated by Section 2.4;

(c) the Branch Lease Assignments together with any other instruments and documents as a lessor under any Branch Lease may reasonably require as necessary or desirable in connection with granting its consent to the assignment of the applicable Branch Lease;

(d) such other documents or instruments of conveyance as are necessary or appropriate to consummate the transactions contemplated by this Agreement;

(e) such instruments and documents as Seller may reasonably require as necessary or desirable for providing for the assumption by Purchaser of the Loan Documents, each such instrument and document in form and substance reasonably satisfactory to the parties and dated as of the Closing Date; and

(f) the certificate required to be delivered by Purchaser pursuant to Section 9.2(e).

3.7 Delivery of the Loan Documents. As soon as reasonably practicable after the Closing Date, but in no event no later than five (5) Business Days after the Closing Date, Seller shall deliver to Purchaser or its designee the Loan Documents (reasonably organized and cataloged), actually in the possession or control of Seller or any of its Affiliates, in whatever form or medium (including imaged documents) then maintained by Seller or its Affiliates. Seller makes no representation or warranty to Purchaser regarding the condition of the Loan Documents or any single document included therein, or Seller's interest in any collateral securing any Loan, except as specifically set forth herein. Except to the extent expressly provided for in this Agreement, Seller shall have no responsibility or liability for the Loan Documents from and after the time such files are delivered by Seller to Purchaser or to an independent third-party designated by Purchaser for shipment to Purchaser, the cost of which shall be borne equally by Seller and Purchaser.

3.8 Real Property Filings. On or as soon as practicable following the Closing Date, Purchaser shall instruct the Title Insurer to file or record the deeds and any and all documents necessary in order that the legal and equitable title to Owned Real Property shall be duly vested in Purchaser.

3.9 Allocation of Purchase Price.

(a) No later than sixty (60) calendar days after the final determination of the Adjusted Payment Amount in accordance with the procedures set forth in Section 3.3, Purchaser shall prepare and deliver to Seller a draft of a statement (the "Draft Allocation Statement") setting forth the allocation of the total consideration paid by Purchaser to Seller pursuant to this Agreement among the Assets for purposes of Section 1060 of the Code. If, within thirty (30) calendar days of the receipt of the Draft Allocation Statement, Seller shall not have objected in writing to such draft, the Draft Allocation Statement shall become the Final Allocation Statement, as defined below. If Seller objects to the Draft Allocation Statement in writing within such thirty (30) calendar-day period, Purchaser and Seller shall negotiate in good faith to resolve any disputed items. If, within ninety (90) calendar days after the final determination of the Adjusted Payment Amount in accordance with the procedures set forth in Section 3.3, Purchaser and Seller fail to agree on such allocation, any disputed aspects of such allocation shall be resolved by the Accounting Firm. The allocation of the total consideration, as agreed upon by Purchaser and Seller (as a result of either Seller's failure to object to the Draft Allocation Statement or of good faith negotiations between Purchaser and Seller) or determined by the Accounting Firm under this Section 3.9(a) (the "Final Allocation Statement"), shall be final and binding upon the parties. Each of Purchaser and Seller shall bear all fees and costs incurred by it in connection with the determination of the allocation of the total consideration, except that the parties shall each pay one-half (50%) of the fees and expenses of the Accounting Firm.

(b) Purchaser and Seller shall report the transaction contemplated by this Agreement (including income Tax reporting requirements imposed pursuant to Section 1060 of the Code) in accordance with the allocation specified in the Final Allocation Statement. Each of Purchaser and Seller agrees to timely file, or cause to be timely filed, IRS Form 8594 (or any comparable form under state or local Tax law) and any required attachment thereto in accordance with the Final Allocation Statement. Except as otherwise required pursuant to a "determination" under Section 1313 of the Code (or any comparable provision of state or local law), neither Purchaser nor Seller shall take, or shall permit its Affiliates to take, a Tax position which is inconsistent with the Final Allocation Statement. In the event any party hereto receives notice of an audit in respect of the allocation of the consideration paid for the Assets, such party shall immediately notify the other party in writing as to the date and subject of such audit. Any adjustment to the Purchase Price pursuant to Section 3.3 shall be allocated among the Assets by reference to the item or items to which such adjustment is attributable. This Section 3.9 shall survive Closing.

ARTICLE 4

TRANSITIONAL MATTERS

4.1 Transitional Arrangements. Seller and Purchaser agree to cooperate and to proceed as follows to effect the transfer of account record responsibility for the Branches:

(a) Not later than thirty (30) calendar days after the date of this Agreement, Seller will meet with Purchaser to investigate, confirm and agree upon mutually acceptable transaction settlement procedures and specifications, equipment, files, procedures and schedules, for the transfer of account record responsibility, including, as applicable, commercially reasonable email conversion and forwarding procedures and telephone forwarding services related to the Branches and the Transferred Employees; provided, however, that Seller shall not be obligated under this Agreement to provide Purchaser any information regarding Seller's relationship with the customers outside of the relevant Branch (e.g., other customer products, householding information).

(b) Seller shall use commercially reasonable efforts to deliver to Purchaser the specifications and conversion sample files within thirty (30) calendar days after the date of this Agreement.

(c) From time to time prior to Closing, after Purchaser has tested and confirmed the conversion sample files, Purchaser may request and Seller shall provide within five (5) Business Days reasonable additional file-related information, including complete name and address, account masterfile, ATM/debit card account number information, applicable transaction and stop/hold/caution information, account-to-account relationship information, online and mobile banking information such as payees, account histories and any other related information with respect to the Deposits and the Loans.

(d) Not later than thirty (30) calendar days after the date of this Agreement, Purchaser and Seller shall mutually agree upon (i) a calendar for all customer notifications to be sent pursuant to and in accordance with Section 4.2 and (ii) the mailing file requirements of Purchaser in connection with such customer notifications.

4.2 Customers.

(a) Not later than 30 calendar days nor earlier than sixty (60) calendar days prior to the Closing Date (except as otherwise required by applicable law):

(i) Seller will notify the holders of Deposits to be transferred on the Closing Date that, subject to the terms and conditions of this Agreement, Purchaser will be assuming liability for such Deposits; and

(ii) each of Seller and Purchaser shall provide, or join in providing where appropriate, all notices to customers of the Branches that either Seller or Purchaser, as the case may be, is required to give under applicable law or the terms of any agreement between Seller and any customer in connection with the transactions contemplated hereby, or, to the extent permitted by applicable law and the terms of any agreement between Seller and any customer, will further an efficient transition of the Deposit and Loan relationships to Purchaser.

A party proposing to send or publish any notice or communication pursuant to this Section 4.2 shall furnish to the other party a copy of the proposed form of such notice or communication at least five (5) Business Days in advance of the proposed date of the first mailing, posting or other dissemination thereof to customers, and shall not unreasonably refuse to amend such notice to incorporate any changes that the other such party proposes as necessary to comply with applicable law. Seller shall have the right to add customer transition information to any customer notifications to be sent by Purchaser pursuant to this Section 4.2 and such information may, at Seller's option, be included either directly in Purchaser's notification or in an additional insert that shall accompany the applicable Purchaser notification. Any customer notifications sent by Purchaser pursuant to this Section 4.2 shall only include the last four (4) digits of any account number of Seller. All costs and expenses of any notice or communication sent or published by Purchaser or Seller shall be the responsibility of the party sending such notice or communication and all costs and expenses of any joint notice or communication shall be shared equally by Seller and Purchaser. As soon as reasonably practicable and in any event within forty-five (45) calendar days after the date hereof, Seller shall provide to Purchaser a report of the names and addresses of the owners of the Deposits, the borrowers on the Loans and the lessees of the safe deposit boxes as of a recent date hereof in connection with the mailing of such materials and Seller shall provide updates to such report at reasonable intervals thereafter upon the reasonable request of Purchaser from time to time. No communications by Purchaser, and no communications by Seller outside the ordinary course of business, to any such owners, borrowers, customers or lessees as such shall be made prior to the Closing Date except as provided in this Agreement or otherwise agreed to by the parties in writing, not to be unreasonably withheld in the case of communications compliant with applicable law and agreements between Seller and such owners, borrowers, customers or lessees that are appropriate to further an efficient transition of Deposit and Loan relationships to Purchaser.

(b) Following the giving of any notice described in Section 4.2(a), Purchaser and Seller shall deliver to each new customer at any of the Branches such notice or notices as may be reasonably necessary to notify such new customers of Purchaser's pending assumption of liability for the Deposits and to comply with applicable law.

(c) Neither Purchaser nor Seller shall object to the use, by depositors of the Deposits, of payment orders or cashier's checks issued to or ordered by such depositors on or prior to the Closing Date, which payment orders bear the name, or any logo, trademark, service mark or the proprietary mark of Seller or any of its respective Affiliates.

(d) Purchaser shall notify Deposit account customers and Loan account customers that, upon the expiration of a post-Closing processing period, which shall be ninety (90) calendar days after the Closing Date, any Items that are drawn on Seller shall not thereafter be honored by Seller. Such notice shall be given by delivering written instructions to such effect to such Deposit account customers and Loan account customers in accordance with this Section 4.2.

4.3 ACH Debit or Credit Transactions.

(a) Seller will use its commercially reasonable efforts to provide to Purchaser on the Closing Date all of those automated clearing house ("ACH") originator arrangements related (by agreement or other standing arrangement, if any) to the Deposits that are in Seller's ACH warehouse system and will use its commercially reasonable efforts to so transfer any other such arrangements. For a period of ninety (90) calendar days following Closing, in the case of ACH debit or credit transactions ("ACH Entries") to accounts constituting Deposits (the final Business Day of such period being the "ACH Entries Cut-Off Date"), Seller shall transfer to Purchaser all received ACH Entries at 12:00 noon, Eastern time (or such other mutually agreed upon time), each Business Day. Such transfers shall contain ACH Entries effective for that Business Day only. Purchaser shall be responsible for returning ACH Entries to the originators through the ACH clearing house for ACH Entries that cannot be posted for any reason, including as a result of insufficient funds in the applicable Deposit account or the applicable Deposit account being closed. Purchaser shall provide an ACH Entries test file to Seller for validation of format at least fourteen (14) calendar days prior to the Closing Date. After the ACH Entries Cut-Off Date, Seller may discontinue forwarding ACH Entries and funds and return such ACH Entries to the originators marked "Account Closed." Seller and its Affiliates shall not be liable for any overdrafts that may thereby be created. Purchaser and Seller shall agree on a reasonable period of time prior to Closing during which Seller will no longer be obligated to accept new ACH Entries arrangements related to the Branches. At the time of the ACH Entries Cut-Off Date, Purchaser will provide ACH originators with account numbers relating to the Deposits.

(b) Purchaser agrees that in the event that it or any of its Affiliates receives any ACH Entries related to the Deposits prior to Closing (each, an "Unauthorized ACH Entry"), Purchaser, in its sole discretion, shall either (i) not accept such Unauthorized ACH Entry and return the related ACH Entries to the originators or (ii) provide an automated solution for the delivery of the Unauthorized ACH Entry to Seller with the correct Seller bank routing and account number so that the item can be posted to the correct Seller deposit account. Purchaser agrees to indemnify Seller for any claims or Losses that Seller may incur as a result of processing an Unauthorized ACH Entry.

(c) As soon as practicable after the notice provided in Section 4.2(a), Purchaser shall send appropriate notice to all customers having accounts constituting Deposits the terms of which provide for ACH Entries of such accounts by third-parties, instructing such customers concerning the transfer of customer ACH Entries authorizations from Seller to Purchaser. Such notice shall be in a form reasonably agreed to by the parties. Beginning on the Closing Date, Purchaser shall provide an electronic notification of change to the ACH originators of such ACH Entries with account numbers relating to the Deposits.

(d) Purchaser shall establish ACH service prior to the Closing Date for all ACH originator accounts. As soon as practicable after the notice provided in Section 4.2(a), Purchaser shall contact all ACH originator clients to (i) notify them of the change in service following the Closing Date and (ii) establish ACH service prior to the Closing Date including appropriate client testing. Any ACH origination file received prior to the Closing Date regardless of the effective date will be processed by Seller. Seller will be responsible for creating client reporting for any ACH return transactions that were originated prior to, but returned after, the Closing Date. Seller may create settlement transactions to ACH originators for returned or exception transactions received for files originated prior to the Closing Date for a period of up to ninety (90) calendar days following the Closing Date or the effective date of the last file processed by Seller prior to the Closing Date, whichever is later. These settlement transactions will made by wire transfer of immediately available funds.

(e) After the Closing, Purchaser and Seller shall continue to reasonably cooperate to handle any further issues relating to ACH Entries (e.g., reclamations).

4.4 Wires. After the Closing Date, Seller shall (a) no longer be obligated to process or forward to Purchaser any incoming or outgoing wires ("Wires") received by Seller for credit to accounts constituting Deposits, (b) return all Wires received after the Closing Date to the originator as unable to apply to the referenced account constituting a Deposit and (c) upon reasonable request by Purchaser, provide Purchaser with historical incoming Wire history information with respect to the thirteen (13) month period prior to the Closing Date (the "Covered Period") such that Purchaser is able to provide current wire instructions to the originator from and after the Closing Date. The Wire history information provided under the terms of the previous sentence shall include the transaction details, including the beneficiary account number, beneficiary account name, cumulative value and total number of Wires received during the Covered Period. Purchaser shall provide a unique and singular communication with specific new Wire instructions to the receivers (beneficiaries) who have received ten (10) or more Wires during the Covered Period. Such specific instructions must be provided in writing to the applicable receivers (beneficiaries) no less than thirty (30) calendar days prior to the Closing Date. Seller shall provide reports to Purchaser for any customers who have data resident on Seller's Wire transfer-specific application, including wire templates (repetitive wire instructions), standing order transfers or PINs authorizing the sender to directly contact the Wire operation for the initiation of a wire transfer. At least five (5) Business Days prior to the Closing Date, Purchaser shall contact these specific clients to provide such clients with information regarding Purchaser's services, capabilities and use instructions or reasonable substitutions.

4.5 Access to Records.

(a) After the Closing Date, each of the parties shall, to the extent permitted by applicable law, permit the other, at such other party's sole expense, reasonable access to any applicable books and records (including the Records) in its possession or control relating to matters arising on or before the Closing Date in connection with the operation of the Branches and reasonably necessary, in connection with (i) accounting purposes, (ii) regulatory purposes, (iii) any claim, action, litigation or other proceeding involving the party requesting access to such books and records, (iv) any legal obligation owed by such party to any present or former depositor or other customer or (v) Tax purposes, subject to confidentiality requirements. Such party requesting such access shall not use the Records or any information contained therein or derived therefrom for any other purpose whatsoever. All Records, whether held by Purchaser or Seller, shall be maintained for the greater of (A) five (5) years from the Closing Date and (B) such periods are required by applicable law, unless the parties shall agree in writing to a longer period.

(b) Each party agrees that any records or documents that come into its possession as a result of the transactions contemplated by this Agreement, to the extent relating to the other party's business and not relating solely to the Assets and Assumed Liabilities, shall remain the property of the other party and shall, upon the other party's request from time to time and as it may elect in its sole discretion, be returned to the other party or destroyed, and each party agrees not to make any use of such records or documents and to keep such records and documents confidential in accordance with Sections 7.2(b) and 7.2(c).

4.6 Interest Reporting and Withholding.

(a) Unless otherwise agreed to by the parties, Seller will report to applicable taxing authorities and holders of Deposits, with respect to the period from January 1 of the year in which Closing occurs through the Closing Date, all interest (including dividends and other distributions with respect to money market accounts) credited to, withheld from and any early withdrawal penalties imposed upon the Deposits. Purchaser will report to the applicable taxing authorities and holders of Deposits, with respect to all periods from the day after the Closing Date, all such interest credited to, withheld from and any early withdrawal penalties imposed upon the Deposits. Any amounts required by any governmental agencies to be withheld from any of the Deposits through the Closing Date will be withheld by Seller in accordance with applicable law or appropriate notice from any governmental agency and will be remitted by Seller to the appropriate agency on or prior to the applicable due date. Any such withholding required to be made subsequent to the Closing Date will be withheld by Purchaser in accordance with applicable law or appropriate notice from any governmental agency and will be remitted by Purchaser to the appropriate agency on or prior to the applicable due date.

(b) Unless otherwise agreed to by the parties, Seller shall be responsible for delivering to payees all IRS notices and forms with respect to information reporting and tax identification numbers required to be delivered through the Closing Date with respect to the Deposits, and Purchaser shall be responsible for delivering to payees all such notices required to be delivered following the Closing Date with respect to the Deposits.

(c) Unless otherwise agreed to by the parties, Seller will make all required reports to applicable taxing authorities and to obligors on Loans purchased on the Closing Date, with respect to the period from January 1 of the year in which Closing occurs through the Closing Date, concerning all interest and points received by Seller. Purchaser will make all required reports to applicable taxing authorities and to obligors on Loans purchased on the Closing Date, with respect to all periods from the day after the Closing Date, concerning all such interest and points received.

4.7 Negotiable Instruments. Seller will remove any supply of Seller's money orders, official checks, gift checks, travelers' checks or any other negotiable instruments located at each of the Branches on the Closing Date.

4.8 ATM and Debit Cards. Seller will provide Purchaser with a list of ATM and debit cards issued by Seller to depositors of any Deposits, and a record thereof in a format reasonably agreed to by the parties containing all addresses therefor, no later than thirty (30) calendar days after the date of this Agreement, and Seller will provide Purchaser with an updated record from time to time prior to Closing along with other conversion sample files. At or promptly after Closing, Seller will provide Purchaser with a revised record through Closing. Seller will not be required to disclose to Purchaser customers' PINs or algorithms or logic used to generate PINs. Following the receipt of all Regulatory Approvals (except for the expiration of statutory waiting periods), Purchaser shall reissue ATM access/debit cards to depositors of any Deposits not earlier than forty-five (45) calendar days nor later than ten (10) calendar days prior to the Closing Date, which cards shall be effective as of the day following the Closing Date. Purchaser and Seller agree to settle any and all ATM transactions and Debit card transactions effected on or before the Closing Date, but processed after the Closing Date, as soon as practicable. In addition, Purchaser assumes responsibility for and agrees to pay on presentation all Debit card transactions initiated before or after Closing with debit cards issued by Seller to access Transaction Accounts as long as such transactions would have been paid in accordance with Seller's standard procedures at the time of the transaction.

4.9 Data Processing Conversion for the Branches and Handling of Certain Items.

(a) The conversion of the data processing with respect to the Branches and the Assets and Assumed Liabilities will be completed prior to the opening of business on the Business Day following the Closing Date unless otherwise agreed to by the parties. Seller and Purchaser agree to cooperate to facilitate the orderly transfer of data processing information in connection with the P&A Transaction. Within ten (10) Business Days of the date of this Agreement, Purchaser and/or its representatives shall be permitted access (subject to the provisions of Section 7.2(a)) to review each Branch for the purpose of installing automated equipment for use by Branch personnel. Following the earlier of (i) receipt of all Regulatory Approvals (except for the expiration of statutory waiting periods) and (ii) sixty (60) calendar days prior to the Closing Date, Purchaser shall be permitted, at its expense, to install and test, without impacting the ongoing functionality of any Branch servers, computers and any other equipment necessary to operate the Branches and communication lines, both internal and external, from each site and prepare for the installation of automated equipment on the Closing Date; provided that if this Agreement is terminated without the Closing Date taking place, Purchaser shall, at its own cost, promptly remove all such servers, computers and equipment and take all actions necessary to return each Branch to the functionality existing prior to such installation and testing.

(b) As soon as practicable and in no event more than three (3) Business Days after the Closing Date, Purchaser shall mail to each depositor in respect of a Transaction Account (i) a letter approved by Seller requesting that such depositor promptly cease writing Seller's drafts against such Transaction Account and (ii) new drafts that such depositor may draw upon Purchaser against such Transaction Accounts. Purchaser shall use its commercially reasonable efforts to cause these depositors to begin using such new drafts and cease using drafts bearing Seller's name. The parties hereto shall use their commercially reasonable efforts to develop procedures that cause Seller's drafts against Transaction Accounts received after the Closing Date to be cleared through Purchaser's then-current clearing procedures. During the sixty (60) calendar-day period after the Closing Date, if it is not possible to clear Transaction Account drafts through Purchaser's then-current clearing procedures, Seller shall make available to Purchaser as soon as practicable, but in no event more than one (1) Business Day after receipt, all Transaction Account drafts drawn against Transaction Accounts. Seller shall have no obligation to pay such forwarded Transaction Account drafts. Upon the expiration of such sixty (60) calendar-day period, Seller may cease forwarding drafts against Transaction Accounts.

(c) Any items that were credited for deposit to or cashed against a Deposit prior to Closing and are returned unpaid on or within sixty (60) calendar days after the Closing Date ("Returned Items") will be handled as set forth herein. Except as set forth below, Returned Items shall be the responsibility of Seller. If depositor's bank account at Seller is charged for the Returned Item, Seller shall promptly forward such Returned Item to Purchaser. If upon Purchaser's receipt of such Returned Item there are sufficient funds in the Deposit to which such Returned Item was credited or any other Deposit transferred at Closing standing in the name of the party liable for such Returned Item, Purchaser will debit any or all of such Deposits an amount equal in the aggregate to the Returned Item, and shall repay that amount to Seller, net of the pro rata Deposit Premium paid by Purchaser with respect to such Deposits debited. If there are not sufficient funds in the Deposit because of Purchaser's failure to honor holds placed on such Deposit, Purchaser shall repay the amount of such Returned Item to Seller, net of the pro rata Deposit Premium paid by Purchaser with respect to such Deposit used for repayment, only to the extent the hold information was accurately reported to Purchaser. Any items that were credited for deposit to or cashed against an account at the Branches to be transferred at Closing prior to Closing and are returned unpaid more than sixty (60) calendar days after Closing will be the responsibility of Seller.

(d) During the sixty (60) calendar-day period after the Closing Date, any deposits or other payments received by Purchaser in error shall be returned to Seller within two (2) Business Days of receipt by Purchaser. For sixty (60) calendar days after Closing, payments received by Seller with respect to any Loans shall be forwarded to Purchaser within two (2) Business Days of receipt by Seller.

(e) Purchaser and Seller agree that all amounts required to be remitted by either such party to the other party hereto pursuant to this Section shall be settled on a daily basis. Any amounts to be paid by Seller to Purchaser shall be netted daily against any amounts to be paid by Purchaser to Seller, such that only one amount, representing the net amount due, shall be transferred on a daily basis by the party with the higher amount of remittances for such day in immediately available funds. Seller shall provide Purchaser with a daily net settlement figure for all such transactions from the immediately preceding Business Day by 12:00 noon, Eastern time, on each Business Day and the party obligated to remit any funds thereunder shall do so in immediately available funds by wire transfer by 4:00 p.m., Eastern time, on the same Business Day or by any other method of payment agreed upon by the parties; any such settlement shall be provisional pending receipt or review by the parties of the supporting documentation relating to such settlement; the next daily settlement to reflect any adjustments resulting from a parties receipt and examination of the supporting documentation. Activity that will be settled through this manner will include items drawn on a Deposit but presented to Seller for payment, ACH transactions, Direct Debit transactions, Returned Items and payments to Seller for Loans.

4.10 Employee Training; Communications.

(a) In accordance with the terms of this Agreement, within thirty (30) calendar days of the date of this Agreement, Seller and Purchaser shall agree to mutually acceptable terms and conditions under which Purchaser shall be permitted to provide training and informational meetings to Seller's employees at the Branches who are reasonably anticipated to become Transferred Employees; it being agreed that, prior to, and on, the Closing Date, all Branch

Employees shall remain under Seller's control. Any such informational meetings and training may only occur following the public announcement of this Agreement and up to and including the Closing Date. Purchaser shall in good faith maintain a complete and accurate record of any such training and informational meetings, which record shall include the date, purpose and duration of each such training or informational meeting and the name and job title of each such employee in attendance. Purchaser shall make such record available to Seller from time to time upon Seller's request. All training and informational meetings shall be conducted in a manner that will not unreasonably interfere with the business activities of the Branches. Purchaser shall reimburse Seller for the additional time spent by, and all related, reasonable travel expenses incurred by, any such prospective Transferred Employee in connection with such training and informational meetings to the extent such training or informational meeting is properly reflected in the record referred to above and such time and expenses would not have been spent or incurred by such prospective Transferred Employee but for such training activities or informational meetings. In addition, from and after the date of this Agreement until the Closing Date, Purchaser shall consult with Seller and obtain Seller's consent (not to be unreasonably delayed or withheld) before communicating (directly or indirectly and whether in writing, verbally or otherwise) with any Branch Employees.

(b) Seller and Purchaser agree to use reasonable best efforts to schedule an introductory meeting between representatives of Purchaser and the Branch Employees within three (3) Business Days of the date of this Agreement; provided, however, that such meeting shall be conducted in a manner that will not unreasonably interfere with the business activities of the Branches.

4.11 Night Drop Equipment. Following Closing and prior to the first (1st) Business Day following the Closing Date, Purchaser, at its sole cost and expense, shall rekey all night drop equipment located within the Branches in such a manner that, from and after the first (1st) Business Day following the Closing Date, no Person who was had the ability to access such night drop equipment prior to Closing shall be able to continue to access such night drop equipment with the same access key that such Person was using prior to Closing. The parties hereby acknowledge and agree that all of the night drop equipment located within the Branches shall be sealed by Seller at approximately 8:00 a.m., local time, on the Closing Date and, from and after such time, Purchaser shall not unseal such night drop equipment until it has been rekeyed in accordance with the preceding sentence.

4.12 Access to the Branches on the Closing Date. Purchaser agrees that, with respect to each Branch, on the Closing Date neither it nor any of its agents, Affiliates or representatives shall be permitted to access such Branch until Seller has completed its decommissioning of such Branch, which shall include the disabling of Seller's information systems at the Branch and the removal of any personal property, equipment or other assets located at the Branch that do not constitute Assets; it being agreed that, notwithstanding the foregoing, on the Closing Date, Purchaser shall be permitted to have one representative present at each Branch in order to ensure that the actions taken by Seller in connection with such decommissioning comply with the terms of this Agreement.

4.13 Environmental Study.

(a) Purchaser may, at Purchaser's election and expense and subject to any landlord's approval or consent as may be required and prior notice to Seller of the date and time of any such inspections and examinations, within thirty (30) calendar days from the date of this Agreement, undertake and complete a Phase I environmental site assessment with respect to the Real Property. Such Environmental Studies shall be conducted in a manner and at times so as to not unreasonably disrupt Seller's business operations of the Branches or any other activities of landlords or other tenants at any of the Real Property. Notwithstanding the foregoing, Purchaser shall not conduct any invasive testing or Phase II Environmental Site Assessment on any facilities subject to the Branch Lease without (i) the prior written consent of Seller (which may be withheld at the sole discretion of Seller), (ii) executing a customary access and confidentiality agreement on a form provided by Seller, which shall include further insurance requirements for Purchaser's consultants, prior to entering the property, and (iii) coordinating the scope of such work with Seller or Seller's consultants, as applicable. If Seller agrees to permit invasive testing or a Phase II Environmental Site Assessment in accordance with this Section 4.13, then Purchaser and Seller may also agree to an extension of the thirty (30) calendar day time period for inspections and examinations under this Section 4.13. Purchaser shall maintain liability insurance and shall indemnify Seller for any and all Losses incurred by Seller or any of its Affiliates due to Purchaser or its agents performing any work pursuant to this Section 4.13. In the event of any damage to any of the Branches due to Purchaser or its agents performing work pursuant to this Section 4.13, Seller shall be entitled to require Purchaser to engage workmen reasonably acceptable to Seller to restore any such damage to the same condition as the Branches were in prior to the inspection.

(b) If Purchaser shall discover a Material Defect as a result of Purchaser's inspections and examinations undertaken in accordance with Section 4.13(a), Purchaser shall give Seller written notice as soon as possible (but in no event later than the expiration of the thirty (30) calendar day period, or on extension thereof agreed to by Purchaser and Seller) describing, in reasonable detail, the facts or conditions constituting such Material Defect and the measures which Purchaser reasonably believes are necessary to correct such Material Defect. With regard to the facilities subject to the Branch Lease, Purchaser and Seller understand that conducting the inspections and effecting the cure of a Material Defect, if any, may require the action or the consent of the lessor, and Seller shall have no obligation pursuant to this Agreement to cure a Material Defect that Purchaser alleges to have discovered.

4.14 Collateral Assignments and Filing. As reasonably requested by Purchaser, Seller shall take all reasonable actions to assist Purchaser in obtaining the valid assignment of all security interests in the collateral, if any, securing each Loan in favor of Purchaser or its designated assignee as secured party. The cost of any such assignment shall be borne by Purchaser.

4.15 Telephone Numbers. Except for toll-free numbers and call center numbers, Seller shall take all steps reasonably necessary to enable Purchaser, after the Closing, to continue to use the telephone numbers used at the Branches on the date of this Agreement.

ARTICLE 5

REPRESENTATIONS AND WARRANTIES OF SELLER

Seller represents and warrants to Purchaser, both as of the date hereof and as of the Closing Date (except for representations and warranties that are made as of a specified date), as follows, except as set forth in the Seller Disclosure Schedule:

5.1 Corporate Organization and Authority. As of the date hereof, Seller is a national banking association, duly organized and validly existing under the laws of the United States, and has the requisite power and authority to conduct the business now being conducted at the Branches. Seller has the requisite corporate power and authority and has taken all corporate action necessary in order to execute and deliver this Agreement and to consummate the transactions contemplated hereby. This Agreement has been duly and validly executed and delivered by Seller and (assuming due authorization, execution and delivery by Purchaser) is a valid and binding agreement of Seller enforceable against Seller in accordance with its terms subject, as to enforcement, to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and similar laws of general applicability relating to or affecting creditors' rights and to general equity principles.

5.2 No Conflicts. The execution, delivery and performance of this Agreement and the other instruments and documents contemplated hereby by Seller do not, and will not, (a) violate any provision of its charter or by-laws, (b) subject to the Regulatory Approvals, violate or constitute a breach of, or default under, any law, rule, regulation, judgment, decree, ruling or order of any Regulatory Authority to which Seller is subject or any agreement or instrument of Seller, or to which Seller is subject or by which Seller is otherwise bound, which violation, breach, contravention or default referred to in this clause (b), individually or in the aggregate, would reasonably be expected to have a Material Adverse Effect or (c) assuming the receipt of any required third-party consents under the Branch Leases or Assumed Contracts, violate, conflict with, result in a breach of any provision of or the loss of any benefit under, constitute a default (or an event that with notice or lapse of time, or both, would constitute a default) under, result in the termination of or a right of termination or cancellation under, accelerate the performance required by, or result in the creation of any Encumbrance (other than a Permitted Encumbrance) upon any of the Assets under, any of the terms, conditions or provisions of any note, bond, mortgage, indenture, deed of trust, license, lease, agreement or other instrument or obligation to which Seller is a party, or by which it or any of its properties or assets may be bound or affected, which breach, conflict, loss of benefit, termination, cancellation, acceleration, Encumbrance, violation or default would materially impact the Assets and Assumed Liabilities or would materially prevent or delay Seller from performing its obligations under this Agreement. Seller has all material licenses, franchises, permits, certificates of public convenience, orders and other authorizations of all federal, state and local governments and governmental authorities necessary for the lawful conduct of its business at each of the Branches as now conducted in all material respects, and all such licenses, franchises, permits, certificates of public convenience, orders and other authorizations are valid and, to Seller's Knowledge, are not subject to any suspension, modification or revocation or proceedings related thereto.

5.3 Governmental Approvals and Consents. Other than the Regulatory Approvals, no notices, reports or other filings are required to be made by Seller with, nor are any consents, registrations, approvals, permits or authorizations required to be obtained by Seller from, any governmental or regulatory authorities of the United States or the several States in connection with the execution and delivery of this Agreement by Seller and the consummation of the transactions contemplated hereby by Seller. There are no consents or approvals of any other third-party required to be obtained in connection with the execution and delivery of this Agreement by Seller and the consummation of the transactions contemplated by this Agreement by Seller the failure of which to be obtained would materially prevent or delay Seller from performing its obligations under this Agreement.

5.4 Litigation and Undisclosed Liabilities. There are no actions, complaints, petitions, suits or other proceedings or any decree, injunction, judgment, order or ruling entered, promulgated or pending or, to Seller's Knowledge, threatened against Seller with respect to or affecting the Branches, the Assets or the Assumed Liabilities that, individually or in the aggregate, would reasonably be expected to have a Material Adverse Effect. To Seller's Knowledge, there are no facts or circumstances that would reasonably be expected to result in any material claims, obligations or liabilities with respect to the Branches, the Assets or the Assumed Liabilities.

5.5 Regulatory Matters.

(a) There are no material pending or, to Seller's Knowledge, threatened disputes or controversies between Seller and any federal, state or local governmental agency or authority, or investigation or inquiry by any such agency or authority, with respect to or affecting the Branches, the Assets or the Assumed Liabilities.

(b) Neither Seller nor any of its Affiliates has received any indication from any federal or state governmental agency or authority that such agency would oppose or refuse to grant a Regulatory Approval and Seller knows of no reason relating to Seller or its Affiliates for any such opposition or refusal.

(c) Neither Seller nor any of its Affiliates is a party to any written order, decree, agreement or memorandum of understanding with, or commitment letter or similar submission to any federal or state regulatory agency or authority charged with the supervision or regulation of depository institutions, nor has any of them been advised in writing by any such agency or authority that such agency or authority is contemplating issuing or requesting any such order, decree, agreement, memorandum of understanding, commitment letter or submission, in each case affecting or relating to or affecting any of the Branches, the Assets or the Assumed Liabilities.

5.6 Compliance with Laws. All business of the Branches or relating to the Assets and the Assumed Liabilities is conducted in compliance with all federal, state and local laws, regulations, rules and ordinances applicable thereto, except for noncompliance that would not reasonably be expected to be material to the Branches, the Assets and the Assumed Liabilities, taken as a whole.

5.7 Loans.

(a) Each Loan:

(i) represents the valid and legally binding obligation of the obligor, maker, co-maker, guarantor, endorser or debtor (such person referred to as an "Obligor") thereunder, and is evidenced by legal, valid and binding instruments executed by the Obligor. To Seller's Knowledge, no Obligor at the time of such execution lacked capacity under applicable laws to contract and no signature on any Loan Documents is not the true original or facsimile signature of the Obligor on the Loan involved;

(ii) is enforceable in accordance with its terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and similar laws of general applicability relating to or affecting creditors' rights and to general equity principles;

(iii) (A) was originated or purchased by Seller in conformity in all material respects with applicable laws and regulations and its principal balance as shown on Seller's books and records is true and correct as of the date indicated therein, (B) made in accordance in all material respects with Seller's standard underwriting and documentation procedures and guidelines as in effect at the time of its origination, and made or acquired in the ordinary course of Seller's business, (C) has an assignable lien, to the extent secured by a valid and enforceable lien in the collateral therefor, and has the priority reflected in Seller's records, (D) contains customary and enforceable provisions such that the rights and remedies of the holder thereof shall be adequate for the realization against any collateral therefor and (E) complies in all material respects with all applicable requirements of federal, state and local laws and regulations thereunder;

(iv) for so long as such Loan has been serviced by Seller, has been serviced by Seller in a manner consistent with Seller's standard practices and the terms of the Loan Documents in all material respects and in compliance in all material respects with all applicable requirements of federal, state and local laws and regulations thereunder, including with respect to collection, application and administration of escrow deposits, and is not and has not been serviced in whole or in party by any third party;

(v) is, and will be at Closing, solely owned by Seller, free and clear of any Encumbrance, other than Permitted Encumbrances, and, except as may be the case with respect to Syndicated Loans, such Loan is not subject to any third party participations;

(vi) has not been amended or modified, and no term (including related to repayment) of the applicable Loan Documents has been waived or released, except as reflected in writing in the loan file for such Loan, and Seller has not taken or failed to take any action that would entitle any Obligor under such Loan to successfully assert any claim against Seller or Purchaser (including any right not to repay any such obligation or any part thereof) or would result in a valid claim or valid defense (including the defense of usury) to the enforcement of such Loan;

(vii) is not subject to, and Seller has no knowledge of any threatened, litigation or claims which may affect the title or interest of Seller or any Obligor in and to such Loan, and there are no pending or, to Seller's knowledge, threatened foreclosures, total or partial condemnation or repossession proceedings or insurance claims with respect to such Loan;

(viii) may be transferred and assigned pursuant to this Agreement without the approval, consent, authorization or action of any borrower, other obligor or guarantor, or any other third party, and upon assignment, Purchaser will have the rights of Seller with respect to such Loan in accordance with the terms and conditions thereof, subject to any limitations on such rights to the extent resulting from the acts and omissions of Purchaser or its Affiliates other than as contemplated by this Agreement; and

(ix) the information contained in Exhibit 1.1(f)(i) correctly and accurately reflects the information contained in Seller's records (and the originator's records, if Seller is not the originator) in all material respects.

(b) (i) The Loan Documents accurately reflect the payment history through the applicable date thereof, the outstanding balance of the Loan as of the date indicated therein, and all receipts pertaining to the Loan from the Obligor(s) thereof and all credits to which such Obligor(s) are entitled as of the date indicated therein, (ii) with respect to each Loan that is secured, Seller has perfected the lien on the collateral described in the Loan Documents, and (iii) neither Seller nor any of its agents, officers, employees or representatives has been guilty of any civil or criminal fraud with respect to the creation of any Loan or with respect to the transfer, assignment and sale of the same to Purchaser hereunder.

(c) Except as set forth in Section 5.7(a) and (b), Seller makes no representation or warranty of any kind to Purchaser relating to the Loans, including with respect to (i) the due execution, legality, validity, enforceability, genuineness, sufficiency, value or collectability of the Loans or any documents, instrument or any agreement in the loan or credit file, including without limitation, documents granting a security interest in any collateral relating to a Loan, (ii) any representation, warranty or statement made by an Obligor or other party in or in connection with any Loan, (iii) the financial condition or creditworthiness of any primary or secondary Obligor under any Loan or any guarantor or surety or other Obligor thereof, (iv) the performance of the Obligor or compliance with any of the terms or provisions of any of the documents, instruments and agreements relating to any Loan, (v) inspecting any of the property, books or records of any Obligor or (vi) any of the warranties set forth in Section 3-417 of the Uniform Commercial Code.

5.8 Records. The Records are accurate, correct and complete in all material respects and accurately reflect in all material respects as of their respective dates the Net Book Value of the Assets and Assumed Liabilities being transferred to Purchaser hereunder. The Records include (i) an original executed promissory note or an image which can be used as a substitute for such executed promissory note evidencing each Loan and (ii) in all material respects all customary Branch, customer and customer-related information reasonably necessary to service the Deposits and Loans on an ongoing basis and as may be required under applicable law in all material respects.

5.9 Title to Assets; Insurance.

(a) Seller is the lawful owner of, or in the case of leased Assets, has a valid leasehold or sub-leasehold interest in, each of the Assets, free and clear of all Encumbrances, other than Permitted Encumbrances. Subject to the terms and conditions of this Agreement, on the Closing Date, Purchaser will acquire valid title to, or in the case of leased Assets (subject to receipt of the consents and approvals set forth in Schedule 5.3 of the Seller Disclosure Schedule), a valid leasehold or sub-leasehold interest in, all of the Assets, free and clear of any Encumbrances, other than Permitted Encumbrances.

(b) Seller maintains in full force and effect insurance on the Assets in such amounts and against such risks and losses as are customary for comparable entities engaged in the same business and industry as Seller.

5.10 Deposits.

(a) The Deposit accounts have been originated in compliance in all material respects with the documents governing the relevant type of Deposit account and all applicable laws. Prior to the date of this Agreement, Seller has provided Purchaser with forms of all deposit agreements related to the Deposits and all such forms contain all material terms of the Deposits.

(b) The Deposit accounts have been administered in compliance in all material respects with the documents governing the relevant type of Deposit account and all applicable laws. The Deposit accounts are insured by the FDIC through the Deposit Insurance Fund to the fullest extent permitted by law, and all premiums and assessments required to be paid in connection therewith have been paid in full when due. All of the Deposits are transferable at Closing to Purchaser, and, to Seller's Knowledge, there are no Deposits that are subject to any judgment, decree or order of any Regulatory Authority or any Encumbrance (other than a Permitted Encumbrance). Other than in respect of IRAs, Seller has no trust or fiduciary relationship or obligations in respect of any of the Deposits or in respect of any other Assets or Assumed Liabilities. None of the Deposits are: (i) deposits securing loans or other extensions of credit by Seller that are not Loans; (ii) other than IRAs, deposits held in accounts for which Seller acts as fiduciary; (iii) deposits subject to legal process; (iv) deposits which are treated as abandoned property under applicable law related to abandoned property; (v) deposits held in the name of Seller or any of its affiliated entities as depositor; (vi) deposits represented by official checks, travelers checks, money orders, or certified checks of Seller; or (vii) accounts designated as "closed" on the books and records of Seller. All agreements relating to Deposits, other than certificates of deposit, legally permit Purchaser to unilaterally terminate or modify such deposit agreements within thirty (30) days after the Closing Date without the consent of the depositor or depositors and without penalty, subject to applicable law, delivery of any notice as may be specified in such agreements and any applicable provisions in such agreements.

5.11 Environmental Laws; Hazardous Substances. Each parcel of Real Property:

(a) is and has been operated by Seller in compliance in all material respects with all applicable Environmental Laws;

(b) is not the subject of any written notice received by Seller (i) from any governmental authority alleging the material violation of or any material liability under any applicable Environmental Laws or (ii) from any other Person alleging such violation of or liability under any applicable Environmental Laws;

(c) to Seller's Knowledge, is not currently subject to any court order, administrative order or decree arising under any Environmental Law;

(d) has not been used by Seller or, to Seller's Knowledge, any other Person for the disposal or release of Hazardous Substances and, to Seller's Knowledge, is not contaminated with any Hazardous Substances requiring remediation or response in any material respect under any applicable Environmental Law;

(e) to Seller's Knowledge, with respect to any Hazardous Substances, the only use of any such Hazardous Substances has been in such amounts and types as is lawful under Environmental Law; and

(f) to Seller's Knowledge, has not had any material releases, emissions or discharges of Hazardous Substances except as permitted under applicable Environmental Laws.

5.12 Brokers' Fees. Other than Stephens, Inc., Seller has not employed any broker or finder or incurred any liability for any brokerage fees, commissions or finders' fees in connection with the transactions contemplated by this Agreement.

5.13 Property.

(a) Seller has, and will convey to Purchaser at Closing, good and marketable title, such as is insurable by a reputable title insurance company, to the Owned Real Property, free and clear of all Encumbrances, other than Permitted Encumbrances. No lien, judgment or encumbrance that (i) does not specifically pertain to the Owned Real Property and (ii) is insured over by the company insuring Purchaser's title to the Owned Real Property, shall be deemed to render title to the Real Property unmarketable or uninsurable.

(b) Seller has not received any written notice of any material uncured current violation of applicable zoning, building, fire or other applicable laws or regulations relating to the Real Property, and, except as would not reasonably be expected, individually or in the aggregate, to materially affect Purchaser's use and enjoyment of the Real Property, to Seller's Knowledge, there is no action, suit, proceeding or investigation pending or, to Seller's Knowledge, threatened before any governmental authority that relates to Seller or the Real Property.

(c) Seller has not received any written notice of any actual or pending condemnation proceeding relating to the Branches, nor, to Seller's Knowledge, has any such proceeding been threatened.

(d) Seller has received no written notice of any material default or breach by Seller under any covenant, condition, restriction, right of way or easement affecting the Owned Real Property or any portion thereof, and, to Seller's Knowledge, no such default or breach now exists.

(e) Neither Seller nor any of its Affiliates has entered into any agreement regarding the Real Property (other than the Branch Leases), and to Seller's Knowledge, the Real Property is not subject to any claim, demand, suit, lien, proceeding or litigation of any kind, pending or outstanding, or to Seller's Knowledge, threatened, that would be binding upon Purchaser or its successors or assigns and materially affect or limit Purchaser's or its successors' or assigns' use and enjoyment of the Real Property or that would materially limit or restrict Seller's right or ability to enter into this Agreement and consummate the sale and purchase contemplated hereby.

(f) Seller has valid title to its Personal Property, free and clear of all Encumbrances (other than Permitted Encumbrances), and has the right to sell, convey, transfer, assign and deliver to Purchaser all of the Personal Property. The Personal Property is in working order in all material respects (subject to ordinary wear and tear).

(g) Each Branch Lease is the valid and binding obligation of Seller, and to Seller's Knowledge, of each other party thereto; and there does not exist with respect to Seller's obligations thereunder, or, to Seller's Knowledge, with respect to the obligations of the lessor or sublessee thereof, as applicable, any material default, or event or condition that constitutes or, after notice or passage of time or both, would constitute a material default on the part of Seller or any other party thereto, as applicable, under any such Branch Lease. As used in this Section 5.13(g), the term "lessor" includes any sub-lessor of the property to Seller. Each Branch Lease gives Seller the right to occupy the building and land comprising the related Branch in accordance with the terms of such Branch Lease. There are no subleases relating to any Branch created or suffered to exist by Seller.

(h) No portion of the Real Property or improvements thereon have been condemned, damaged or destroyed by fire or other casualty event that has not been restored. Each parcel of Real Property has direct access, or access via an irrevocable appurtenant easement benefitting such parcel, to a public thoroughfare. No portion of the Real Property is occupied by any Person other than Seller.

5.14 Absence of Certain Changes or Events. Since December 31, 2023, no event has occurred that has had, or would reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.

5.15 Employee Benefit Plans; Labor Matters.

(a) Seller has provided to Purchaser on the date hereof, in writing, a complete and accurate list of the Branch Employees as of no more than ten (10) Business Days prior to the date of this Agreement, with such list indicating each Branch Employee's job title, status (active or on statutory or employer approved leave and full-time or part-time), annual current salary or wage rate, incentive plan and incentive compensation for performance year 2023 and 2024 (year to date), business location, exempt/non-exempt status under the Fair Labor Standards Act (as classified by Seller or its Affiliates), regularly scheduled weekly hours (for hourly employees), annual vacation entitlement and date of hire (original and most recent as applicable). Such list shall be updated by Seller and provided to Purchaser no later than the tenth (10th) Business Day prior to Closing and on such other dates that are mutually agreed to by Purchaser and Seller. If any independent contractors are providing retail banking functions or services at any of the Branches, Seller has provided to Purchaser a complete and accurate list of such independent contractors as of the date hereof, if any, and a description of the services performed and rate of compensation.

(b) No Benefit Plan in which the Branch Employees participate is a multiemployer plan within the meaning of Section 3(37) of ERISA or a plan that has two or more contributing sponsors at least two of whom are not under common control within the meaning of Section 4063 of ERISA.

(c) No Branch Employee is a member of, represented by or otherwise subject to any (i) labor union, works council or similar organization or (ii) collective bargaining agreement, in each case with respect to such Branch Employee's employment with Seller. With respect to any Branch Employee, (A) Seller is not the subject of any proceeding seeking to compel it to bargain with any labor organization as to wages and conditions of employment, nor to Seller's Knowledge is any such proceeding threatened, and (B) no strike or similar labor dispute by the Branch Employees is pending or, to Seller's Knowledge, threatened.

5.16 Assumed Contracts and Safe Deposit Agreements.

(a) Each Assumed Contract and Safe Deposit Agreement is valid and in full force and effect in accordance with its terms (subject to bankruptcy, insolvency, reorganization, moratorium, receivership, conservatorship or other similar laws affecting the enforcement of creditors' rights generally and to general principles of equity, whether considered in a proceeding at law or in equity). Seller has complied in all material respects with each Assumed Contract and Safe Deposit Agreement. No other party to an Assumed Contract or Safe Deposit Agreement is, to Seller's Knowledge, in breach or default thereof. Each Assumed Contract may be assigned by Seller with the prior written consent of the counterparties thereto.

5.17 Limitations on Representations and Warranties. Except for the representations and warranties specifically set forth in this Article 5, neither Seller nor any of its agents, Affiliates, successors or representatives, nor any other Person, makes or shall be deemed to make any representation or warranty to Purchaser, express or implied, at law or in equity, with respect to the transactions contemplated hereby, and Seller hereby disclaims any such representation or warranty whether by Seller or any of its officers, directors, employees, agents or representatives or any other Person.

ARTICLE 6

REPRESENTATIONS AND WARRANTIES OF PURCHASER

Purchaser represents and warrants to Seller, both as of the date hereof and as of the Closing Date (except for representations and warranties that are made as of a specified date), as follows:

6.1 Corporate Organization and Authority. Purchaser is a federally-chartered savings association, duly organized and validly existing under the laws of the United States and has the requisite power and authority to conduct the business conducted at the Branches as currently conducted by Seller. Purchaser has the requisite corporate power and authority and has taken all corporate action necessary in order to execute and deliver this Agreement and to consummate the transactions contemplated hereby. Assuming due authorization, execution and delivery by Seller, this Agreement is a valid and binding agreement of Purchaser enforceable against Purchaser in accordance with its terms subject, as to enforcement, to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and similar laws of general applicability relating to or affecting creditors' rights and to general equity principles.

6.2 No Conflicts. The execution, delivery and performance of this Agreement by Purchaser does not, and will not, (a) violate any provision of its charter or bylaws or (b) subject to the Regulatory Approvals, violate or constitute a breach of, or default under, any law, rule, regulation, judgment, decree, ruling or order of any Regulatory Authority to which Purchaser is subject or any agreement or instrument of Purchaser, or to which Purchaser is subject or by which Purchaser is otherwise bound, which violation, breach, contravention or default referred to in this clause (b), individually or in the aggregate, would be reasonably expected to have a Material Adverse Effect.

6.3 Approvals and Consents. Other than the Regulatory Approvals, no notices, reports or other filings are required to be made by Purchaser with, nor are any consents, registrations, approvals, permits or authorizations required to be obtained by Purchaser from, any governmental or regulatory authorities of the United States or the several States in connection with the execution and delivery of this Agreement by Purchaser and the consummation of the transactions contemplated hereby by Purchaser, the failure to make or obtain any or all of which, individually or in the aggregate, would be reasonably expected to have a Material Adverse Effect.

6.4 Regulatory Matters.

(a) There are no pending or, to Purchaser's knowledge, threatened disputes or controversies between Purchaser and any federal, state or local governmental agency or authority that, individually or in the aggregate, would be reasonably expected to have a Material Adverse Effect.

(b) Purchaser has not received any indication from any federal or state governmental agency or authority that such agency would oppose or refuse to grant a Regulatory Approval, and Purchaser knows of no reason that it will not receive any necessary approval or authorization of all applicable bank Regulatory Authorities in time sufficient for the Closing Date to occur as contemplated hereby.

(c) Purchaser is not a party to any written order, decree, agreement or memorandum of understanding with, or commitment letter or similar submission to, any federal or state regulatory agency or authority charged with the supervision or regulation of depository institutions, nor has Purchaser been advised by any such agency or authority that such agency or authority is contemplating issuing or requesting any such order, decree, agreement, memorandum of understanding, commitment letter or submission, in each case that, individually or in the aggregate, would be reasonably expected to have a Material Adverse Effect.

(d) Purchaser is, and on a pro forma basis giving effect to the P&A Transaction, will be, (i) "well capitalized" as defined for purposes of the prompt corrective action regulations of the Office of the Comptroller of the Currency, and (ii) in compliance with all capital requirements, standards and ratios required by each state or federal bank regulator with jurisdiction over Purchaser, including any such higher requirement, standard or ratio as shall apply to institutions engaging in the acquisition of insured institution deposits, assets or branches, and no such regulator is reasonably likely to, or has indicated that it may, condition any of the Regulatory Approvals upon an increase in Purchaser's capital or compliance with any capital requirement, standard or ratio.

(e) Purchaser has no reason to believe that, as of the date hereof, it will be required to divest deposit liabilities, branches, loans or any business or line of business, or raise capital or achieve increased regulatory capital ratios or otherwise modify its financial condition or business at the request of any Regulatory Authority as a condition to the receipt of any of the Regulatory Approvals.

(f) Purchaser was rated "Satisfactory" for performance under the Community Reinvestment Act (the "CRA") following its most recent CRA performance examination by a Regulatory Authority. Purchaser has neither been informed that its current rating will or may be lowered in connection with a pending or future examination for CRA performance nor does it have knowledge of the existence of any fact or circumstance or set of facts or circumstances that could reasonably be expected to result in Purchaser having its current rating lowered.

(g) Purchaser and each of its subsidiaries have complied in all material respects with applicable laws, regulations or rules relating to anti-money laundering, consumer protection and discriminatory lending or leasing practices, and Purchaser's record of compliance with such laws, regulations and rules is consistent with the granting of all Regulatory Approvals.

(h) Purchaser has received no notice of and has no knowledge of any planned or threatened objection by any community group to the transactions contemplated hereby.

6.5 Litigation and Undisclosed Liabilities. There are no actions, suits or proceedings pending or, to Purchaser's knowledge, threatened against Purchaser, or obligations or liabilities (whether or not accrued, contingent or otherwise) or, to Purchaser's knowledge, facts or circumstances that could reasonably be expected to result in any claims against or obligations or liabilities of Purchaser that, individually or in the aggregate, would have a Material Adverse Effect.

6.6 Operation of the Branches. Purchaser intends to continue to provide retail and business banking services in the geographical area served by the Branches.

6.7 Brokers' Fees. Except for Raymond James & Associates, Inc., Purchaser has not employed any broker or finder or incurred any liability for any brokerage fees, commissions or finders' fees in connection with the transactions contemplated by this Agreement.

6.8 Available Funds. As of the date hereof, Purchaser has, and on the Closing Date Purchaser will have, adequate financial resources to enable it to consummate the transactions contemplated by this Agreement and such financial ability is not contingent on raising any equity capital, obtaining financing therefor, consent of any lender or any other matter relating to funding the P&A Transaction.

6.9 Limitations on Representations and Warranties. Except for the representations and warranties specifically set forth in this Article 6, neither Purchaser nor any of its agents, Affiliates or representatives, nor any other Person, makes or shall be deemed to make any representation or warranty to Seller, express or implied, at law or in equity, with respect to the transactions contemplated hereby, and Purchaser hereby disclaims any such representation or warranty whether by Purchaser or any of its officers, directors, employees, agents or representatives or any other Person.

ARTICLE 7

COVENANTS OF THE PARTIES

7.1 Activity in the Ordinary Course. From the date hereof until the Closing Date, except (a) as set forth on Schedule 7.1 of the Seller Disclosure Schedule or (b) as may be required by a Regulatory Authority or applicable law or (c) as contemplated hereby, Seller (i) shall, with respect to the Branches, the Assets and the Assumed Liabilities, use its commercially reasonable efforts to preserve its business relationships with depositors and Obligors of the Loans, (ii) shall use commercially reasonable efforts to maintain the Branches in their current condition, ordinary wear and tear excepted, (iii) shall operate the Branches in the ordinary course of business consistent with past practice and (iv) shall not, without the prior written consent of Purchaser (such consent not to be unreasonably withheld, conditioned or delayed):

(i) Increase or agree to increase the salary or wage rate and incentive opportunity of any Branch Employee, other than normal salary or wage increases in the ordinary course of business consistent with past practice;

(ii) Establish, adopt, enter into or amend any plan, agreement or arrangement that provides incentive compensation, bonus or commissions exclusively for the benefit of the Branch Employees that would result in any material increase in liability for Purchaser;

(iii) (x) Transfer any Branch Employee to another branch, facility or office of Seller or any of their respective Affiliates that is not a Branch or (y) transfer any employee of Seller or any of its Affiliates who, as of the date hereof, is not a Branch Employee to any Branch other than on an "as needed" basis to fill a vacancy in the ordinary course of business consistent with past practice;

(iv) Hire any employee for any of the Branches other than to fill a vacancy in the ordinary course and consistent with past practices, including, with respect to the type of position filled and the compensation and benefit levels;

(v) Terminate any Branch Employee, except in the ordinary course of business consistent with past practice;

(vi) Amend, modify or waive any material claim or right under any Amended Retention Agreement;

(vii) Establish or price Deposits at any Branch other than in the ordinary course of business consistent with Seller's past practices (including general deposit pricing policies in effect for such Branch as of the date hereof);

(viii) Offer interest rates or terms on any category of Deposits at any Branch in a manner inconsistent with Seller's past practice;

(ix) Transfer to or from any Branch to or from any of Seller's other operations or branches any material Assets or any Deposits, except (x) pursuant to an unsolicited customer request or (y) if such Deposit is pledged as security for a Loan or other obligation that is not a Loan;

(x) Amend, modify or extend any Loan, except in the manner provided in Section 7.8;

(xi) Originate any loan at the Branch or that is attributed to the Branch, except in the ordinary course of business consistent with Seller's past practice;

(xii) Sell, transfer, assign, encumber or otherwise dispose of or enter into any contract, agreement or understanding to sell, transfer, assign, encumber or dispose of any of the Assets or Deposits existing on the date hereof, except in the ordinary course of business consistent with past practice;

(xiii) Make or agree to make any material improvements to the Owned Real Property or the leased property subject to a Branch Lease, except normal maintenance or refurbishing purchased or made in the ordinary course of business;

(xiv) Close, sell, consolidate, relocate or materially alter any Branch or otherwise file any application or give any notice to relocate or close any Branch;

(xv) Amend, terminate or extend in any material respect any Branch Lease;

(xvi) Release, compromise or waive any material claim or right that is part of the Assets or the Assumed Liabilities; or

(xvii) Agree with, or commit to, any person to do any of the things described in clauses (i) through (xvi) except as contemplated hereby.

7.2 Access and Confidentiality.

(a) Until the earlier of the Closing Date and the date on which this Agreement is terminated pursuant to Article 10, Seller shall afford to Purchaser and its officers and authorized agents and representatives reasonable access during normal business hours to the properties, books, records, contracts, documents, files and other information of or relating to the Assets and the Assumed Liabilities; provided, however, that nothing herein shall afford Purchaser the right to review any information to the extent relating to loans held by Seller not constituting Loans, including information regarding borrowers, or any information to the extent relating to Seller's other branches, facilities and operations not subject to this Agreement. Seller shall identify to Purchaser, within fifteen (15) calendar days after the date hereof, a group of its salaried personnel (with the necessary expertise and experience to assist Purchaser) that shall constitute a "transition group" who will be available to Purchaser at reasonable times during normal business hours to provide information and assistance in connection with Purchaser's investigation of matters relating to the Assets, the Assumed Liabilities and transition matters. Such transition group will also work cooperatively to identify and resolve issues arising from any commingling of Records with Seller's records for its other branches, assets and operations not subject to this Agreement. Seller shall furnish Purchaser with such additional financial and operating data and other information about its business operations at the Branches as may be reasonably necessary for the orderly transfer of the business operations of the Branches, including copies of regularly prepared business financial reports for the Branches, the Assets and Assumed Liabilities promptly after they are available and updated Loan Documents, including all financial statements of borrowers and guarantors dated no earlier than December 31, 2023, and Purchaser shall be responsible for any documented, out-of-pocket third-party costs reasonably incurred by Seller in connection with furnishing such information; provided, however, that nothing herein shall afford Purchaser the right to review any information relating to loans held by Seller not constituting Loans, including information regarding borrowers or any information relating to Seller's other branches, facilities and operations not subject to this Agreement. Any investigation pursuant to this Section 7.2(a) shall be conducted in such manner as not to unreasonably interfere with the conduct of Seller's business. Notwithstanding the foregoing, Seller shall not be required to provide access to or disclose information where such access or disclosure would impose an unreasonable burden on Seller, or any employee of Seller, or would violate or prejudice the rights of customers, jeopardize any attorney-client privilege or contravene any law, rule, regulation, order, judgment, decree, fiduciary duty or binding agreement entered into and, to the extent permitted, disclosed to Purchaser prior to the date of this Agreement. Seller and Purchaser shall use commercially reasonable efforts to make appropriate substitute disclosure arrangements under circumstances in which the restrictions of the preceding sentence apply.

(b) From and after the date of this Agreement, Seller shall keep confidential non-public information in its possession (other than information that was or becomes available to Seller on a nonconfidential basis from a source other than Purchaser or any of its Affiliates) relating to Purchaser, its Affiliates and, except in the ordinary course of business consistent with past practice, the Branches, the Assets and the Assumed Liabilities; provided, however, that Seller shall not be liable hereunder with respect to any disclosure to the extent such disclosure is required pursuant to legal process (including pursuant to the assertion of Seller's rights under this Agreement) (by interrogatories, subpoena, civil investigative demand or similar process), regulatory process or request or to the extent such disclosure is reasonably necessary for purposes of compliance by Seller or its Affiliates with tax or regulatory reporting requirements; provided that in the event of any disclosure pursuant to legal process Seller exercises commercially reasonable efforts to preserve the confidentiality of the non-public information disclosed, including by cooperating with Purchaser to obtain an appropriate protective order or other reliable assurance that confidential treatment will be accorded the non-public information required to be disclosed.

(c) From and after Closing, Purchaser shall keep confidential non-public information in its possession (other than information that was or becomes available to Purchaser on a nonconfidential basis from a source other than Seller or any of its Affiliates) (i) relating to Seller and its Affiliates other than the Branches, the Assets and the Assumed Liabilities or (ii) that contains any financial records of Seller's customers other than holders of Deposits or Obligors of the Loans; provided, however, that Purchaser shall not be liable hereunder with respect to any disclosure to the extent such disclosure is required pursuant to legal process (including pursuant to the assertion of Purchaser's rights under this Agreement) (by interrogatories, subpoena, civil investigative demand or similar process) or regulatory process or request; provided that in the event of any disclosure pursuant to legal process Purchaser exercises commercially reasonable efforts to preserve the confidentiality of the non-public information disclosed, including by cooperating with Seller to obtain an appropriate protective order or other reliable assurance that confidential treatment will be accorded the non-public information required to be disclosed.

7.3 Regulatory Approvals.

(a) As soon as practicable and in no event later than thirty (30) calendar days after the date of this Agreement, Purchaser shall prepare and file any applications, notices and filings required in order to obtain the Regulatory Approvals. Purchaser shall use reasonable best efforts to obtain each such approval as promptly as reasonably practicable and Purchaser shall not, and shall cause its Affiliates not to, knowingly take any action that would be expected to have the effect of denying or materially delaying or conditioning such approval. Seller will cooperate in connection therewith (including the furnishing of any information and any reasonable undertaking or commitments that may be required to obtain the Regulatory Approvals). Each party will advise the other if such party is contacted by any Regulatory Authority with respect to the transaction contemplated hereby, and each party will provide the other with copies of any applications or submissions and all correspondence or communications relating thereto prior to filing, other than material filed in connection therewith under a claim of confidentiality. If any Regulatory Authority requires the modification of any of the terms and provisions of this Agreement as a condition to granting any Regulatory Approval, then the parties hereto will negotiate in good faith to seek a mutually agreeable adjustment to the terms of the transaction contemplated hereby. The parties hereby agree and acknowledge that neither this Section 7.3 nor the "reasonable best efforts" standard shall require, or be construed to require, Purchaser or any of its Affiliates, in order to obtain any Regulatory Approvals, to agree to any term, restriction or condition or take any action that would impose any Burdensome Condition.

(b) The parties shall promptly advise each other upon receiving any communication from any Regulatory Authority whose consent or approval is required for consummation of the transactions contemplated by this Agreement that causes such party to believe that there is a reasonable likelihood that the Regulatory Approvals or any other consent or approval required hereunder will not be obtained or that the receipt of any such approval will be materially delayed. In addition, subject to applicable law, each party shall promptly furnish the other party with a copy of the nonconfidential portions of all communications to and from any Regulatory Authority (or written summaries of oral communications) with respect to the transactions contemplated by this Agreement.

7.4 Consents.

(a) Seller agrees to use reasonable best efforts to obtain from lessors under and counterparties under the Branch Leases and the Assumed Contracts and any other parties the consent of which is required in order to assign or transfer any Asset or Deposit to Purchaser on the Closing Date, any required consents to such assignment or transfer to Purchaser on the Closing Date; provided that, that neither Seller nor any of its Affiliates shall be required to commence any litigation or offer or grant any accommodation (financial or otherwise) to any third-party to obtain such authorizations, approvals, consents, negative clearances or waivers; and provided, further, that Seller shall not be obligated to incur any monetary obligations or expenditures to the parties whose consent is requested in connection with the utilization of its reasonable best efforts to obtain any such required consents. If any such required consent cannot be obtained, notwithstanding any other provision hereof, this Agreement shall not constitute an agreement to assign any of the Assets and Assumed Liabilities as to which consent cannot be obtained prior to Closing. With respect to any Asset or Assumed Liability that is not assigned to Purchaser at the Closing by reason of this Section 7.4, after the Closing and until the applicable requisite consents are obtained and the foregoing transferred and assigned to Purchaser, Seller shall provide to Purchaser the benefits under each such Asset or right (with Purchaser responsible for all liabilities and obligations thereunder to the extent it would be liable under the applicable Asset or Assumed Liability if the requisite consent had been obtained and such Asset or Assumed Liability had been assigned to Purchaser). The parties shall continue after Closing to exercise reasonable best efforts to obtain the consents that could not be obtained prior to Closing, and, if such a consent is obtained, Seller shall assign to Purchaser the applicable Asset or Assumed Liability pursuant to the terms of this Agreement.

(b) Unless otherwise directed by Purchaser, Seller shall use commercially reasonable efforts to procure an estoppel certificate in usual and customary form for the type of transaction contemplated hereby from each lessor under Branch Leases.

7.5 Efforts to Consummate; Further Assurances.

(a) Purchaser and Seller agree to use commercially reasonable efforts to satisfy or cause to be satisfied as soon as practicable their respective obligations hereunder and the conditions precedent to Closing.

(b) From time to time following Closing, at Purchaser's request and sole expense, Seller will duly execute and deliver such assignments, bills of sale, deeds, acknowledgments, other instruments of conveyance and transfer and/or a limited power of attorney to effect the same, as shall be necessary or appropriate to vest in Purchaser the full legal and equitable title to the Assets and the Assumed Liabilities. Purchaser shall be responsible for filing or recording, as applicable, any and all assignments or instruments evidencing the transfer of the Loans, Loan Documents and any liens on collateral securing the same from Seller to Purchaser.

(c) Subject to Section 4.3, on and after the Closing Date, each party shall promptly deliver to the other, at such other party's expense, all mail and other communications properly addressable or deliverable to the other as a consequence of the P&A Transaction; and without limitation of the foregoing, on and after the Closing Date, Seller shall promptly forward any mail, communications or other material relating to the Deposits or the Assets transferred on the Closing Date, including that portion of any IRS "B" tapes that relate to such Deposits, to such employees of Purchaser at such addresses as may from time to time be specified by Purchaser in writing.

7.6 Solicitation of Accounts; Non-Solicitation.

(a) For twelve (12) months after the Closing Date, Seller will not, and shall cause its Affiliates not to, solicit, directly or indirectly other than through general non-targeted advertising, deposit taking or loan product business from any holders of Deposits or Obligors of Loans. Except as set forth in the foregoing sentence, nothing in this Agreement shall be construed to at any time prohibit or otherwise limit Seller or any of its Affiliates from soliciting financial services or any other businesses, including deposits, loans and other financial products. For the avoidance of doubt, nothing in this Section 7.6 shall restrict Seller or any of its Affiliates from responding to unsolicited inquiries with respect to banking or other financial services or providing such services in response thereto.

(b) Prior to the Closing Date, Purchaser agrees that it will not attempt to solicit Branch customers through advertising nor transact its business in a way that would reasonably be expected to induce such customers to close any account and open accounts directly with Purchaser. Notwithstanding the foregoing sentence, Purchaser and its Affiliates shall be permitted to (i) engage in advertising, solicitations or marketing campaigns not targeted at such customers, and relationships that result therefrom, (ii) engage in lending, deposit, safe deposit, trust or other financial services with customers who have relationships with Purchaser as of the date hereof through other offices of Purchaser or product channels, (iii) respond to unsolicited inquiries by such customers with respect to banking or other financial services, and engage in relationships that result therefrom and (iv) provide notices or communications relating to the transactions contemplated hereby in accordance with the provisions hereof.

(c) For a period of twelve (12) months following the Closing Date, Seller will not, and shall cause its Affiliates not to, solicit, directly or indirectly, for employment any Transferred Employee; provided, however, that nothing in this Section 7.6(c) shall be deemed to prohibit Seller or its Affiliates from (i) making general solicitations not targeted at Transferred Employees (including job announcements in newspapers and industry publications or on the Internet), (ii) soliciting any Transferred Employee whose employment is terminated by Purchaser prior to Seller, or any of its Affiliates, soliciting such Transferred Employee, (iii) soliciting any Transferred Employee who has not been employed by Purchaser or its Affiliates during the nine (9) month period prior to the solicitation not otherwise permitted hereunder or (iv) using employee search firms, so long as such employee search firms are not instructed to and do not engage in targeted solicitations of Transferred Employees.

(d) If any provision or part of this Section 7.6 is held by a court or other authority of competent jurisdiction to be invalid or unenforceable, the parties agree that the court or authority making such determination will have the power to reduce the duration or scope of such provision or to delete specific words or phrases as necessary (but only to the minimum extent necessary) to cause such provision or part to be valid and enforceable. If such court or authority does not have the legal authority to take the actions described in the preceding sentence, the parties agree to negotiate in good faith a modified provision that would, insofar as possible, reflect the original intent of this Section 7.6 without violating applicable law.

7.7 Insurance. Seller will use commercially reasonable efforts to maintain in effect until the Closing Date all casualty and public liability policies relating to the Branches and maintained by Seller on the date hereof or to procure comparable replacement coverage and maintain such policies or replacement coverage in effect until Closing. Purchaser shall provide all casualty and public liability insurance for the Branches after Closing. In the event of any material damage, destruction or condemnation affecting Real Property between the date hereof and the time of Closing, Purchaser shall have the right to direct that Seller in Seller's sole discretion, and Seller shall, either (a) exclude any Real Property so affected from the Assets to be acquired, (b) take reasonable steps to repair or replace the damaged or destroyed property or (c) deliver to Purchaser any insurance proceeds and other payments, to the extent of the fair market value or the replacement cost of the Real Property, received by Seller as a result thereof unless, in the case of damage or destruction, Seller has repaired or replaced the damaged or destroyed property.

7.8 Servicing Prior to Closing Date. With respect to each of the Loans, from the date hereof until the Closing Date, Seller shall service such Loans in a manner that is consistent with the servicing provided by Seller with respect to its loans made in the geographic area in which the Branches operate that are not Loans. Further, without the prior written consent of Purchaser (which consent shall not be unreasonably withheld, conditioned or delayed), except in the ordinary course of business consistent with past practice, Seller shall not: (a) except as required by law, regulation or the terms of the Loan Documents, release any collateral or any party from any liability on or with respect to any of the Loans; (b) compromise or settle any material claims of any kind or character with respect to the Loans; or (c) except as required by law or regulation or to the extent consistent with prevailing market terms, modify, amend or waive any of the material terms of any Loan as set forth in the Loan Documents.

7.9 Change of Name, Etc. Promptly after the Effective Time, Purchaser will (a) change the name and logo on all documents, Branches and other facilities relating to the Assets and the Assumed Liabilities to Purchaser's name and logo, (b) notify all persons whose Loans, Deposits or Safe Deposit Agreements are transferred under this Agreement of the consummation of the transactions contemplated by this Agreement and (c) provide all appropriate notices to any Regulatory Authorities required as a result of the consummation of such transactions. For the avoidance of doubt, no changes shall be made to the name or logo on documents, Branches or other facilities until the expiration of all applicable waiting periods associated with the Regulatory Approvals and no such items shall be used or unveiled until after Closing. Seller shall cooperate with any commercially reasonable request of Purchaser directed to prepare for or accomplish the removal of Seller's signage prior to the next Business Day after the Closing Date (or the removal of signage of an Affiliate of Seller, if applicable) by Purchaser and the installation of Purchaser's signage by Purchaser; provided, however, that (i) all such removals and all such installations shall be at the sole expense of Purchaser, (ii) such removals and installations shall be performed in such a manner that does not unreasonably interfere with the normal business activities and operations of the Branches and Purchaser shall repair any damage to the area altered to its preexisting condition, (iii) such installed signage shall comply with all applicable zoning and permitting laws and regulations, (iv) such installed signage shall have, if necessary, received the prior approval of the owner or landlord of the facility, and such installed signage shall be covered in such a way as to make Purchaser signage unreadable at all times prior to Closing, but such cover shall display the name and/or logo of Seller (or of its Affiliates) in a manner reasonably acceptable to Seller and (v) if this Agreement is terminated prior to Closing, Purchaser shall immediately and at its sole expense restore such signage and any other area altered in connection therewith to its pre-existing condition. During the fourteen (14) calendar day period following Closing, Purchaser shall afford to Seller and its authorized agents and representatives reasonable access during normal business hours to the Branches to allow Seller the opportunity to confirm Purchaser's compliance with the terms of this Section 7.9.

ARTICLE 8

TAXES AND EMPLOYEE BENEFITS

8.1 Tax Representations. Seller represents and warrants to Purchaser that all material Tax Returns with respect to the Assets, the Assumed Liabilities or the operation of the Branches, that are required to be filed (taking into account any extension of time within which to file) before the Closing Date, have been or will be duly filed, and all material Taxes shown to be due on such Tax Returns have been or will be paid in full.

8.2 Proration of Taxes. For purposes of this Agreement, in the case of any Straddle Period, (a) Property Taxes for the Pre-Closing Tax Period shall be equal to the amount of such Property Taxes for the entire Straddle Period multiplied by a fraction, the numerator of which is the number of calendar days during the Straddle Period that are in the Pre-Closing Tax Period and the denominator of which is the number of calendar days in the entire Straddle Period, and (b) Taxes (other than Property Taxes) for the Pre-Closing Tax Period shall be computed as if such taxable period ended as of the Effective Time.

8.3 Sales and Transfer Taxes. Seller and Purchaser shall each be responsible for one-half of the payment of all transfer, recording, documentary, stamp, sales, use (including all bulk sales Taxes) and other similar Taxes and fees (collectively, the "Transfer Taxes"), that are payable or that arise as a result of the P&A Transaction, when due. Seller shall file any Tax Return that is required to be filed in respect of Transfer Taxes described in this Section 8.3 when due, and Purchaser shall cooperate with respect thereto as necessary.

8.4 Information Returns. At Closing or as soon thereafter as is practicable, Seller shall provide Purchaser with a list of all Deposits on which Seller is back-up withholding as of the Closing Date.

8.5 Payment of Amount Due under Article 8. Any payment by Seller to Purchaser, or to Seller from Purchaser, under this Article 8 (other than payments required by Section 8.3, which shall be paid when determined), to the extent due at Closing, may be offset against any payment due by the other party at Closing. All subsequent payments under this Article 8 shall be made as soon as determinable and shall be made as provided in Section 3.2(b) and bear interest from the date due to the date of payment at the Federal Funds Rate.

8.6 Assistance and Cooperation. After the Closing Date, each of Seller and Purchaser shall:

(a) Make available to the other and to any taxing authority as reasonably requested all relevant information, records and documents relating to Taxes with respect to the Assets, the Assumed Liabilities or the operation of the Branches;

(b) Provide timely notice to the other in writing of any pending or proposed Tax audits (with copies of all relevant correspondence received from any taxing authority in connection with any Tax audit or information request) or Tax assessments with respect to the Assets, the Assumed Liabilities or the operation of the Branches for taxable periods for which the other may have a liability under this Agreement; and

(c) The party requesting assistance or cooperation shall bear the other party's reasonable out-of-pocket expenses in complying with such request to the extent that those expenses are attributable to fees and other costs of unaffiliated third-party service providers.

8.7 Transferred Employees.

(a) Offers of Employment.

(i) General. At least thirty (30) calendar days prior to the Closing Date (or, in the case of any individual who becomes a Branch Employee following such thirtieth (30th) calendar day prior to Closing, as soon as practicable after Seller identifies such individual to Purchaser), and effective as of the Closing Date, Purchaser agrees that it shall offer employment to each Branch Employee (other than a temporary employee) on Exhibit 8.7(a)(i) who is actively employed by Seller as of the Closing Date and, subject to Section 8.7(a)(ii), to each Leave Recipient on Exhibit 8.7(a)(i), and, effective as of the applicable Transfer Date, Purchaser will employ each such employee who has accepted the offer (it being understood and agreed that nothing herein shall authorize Purchaser to solicit or employ any Branch Employee other than in connection with Closing). Following the Closing Date, each Branch Employee employed by Purchaser shall, from and after the applicable Transfer Date, be defined as a "Transferred Employee" for purposes of this Agreement. Subject to the provisions of this Section 8.7(a)(i), Transferred Employees shall, if applicable, be subject to the employment terms, conditions and rules applicable to other similarly situated employees of Purchaser. Nothing contained in this Agreement shall be construed as an employment contract between Purchaser and any Branch Employee or Transferred Employee.

(ii) Special Provisions for Leave Recipients. With respect to any Branch Employee (other than a temporary employee) on Exhibit 8.7(a)(i) who is not actively at work on the Closing Date as a result of an approved leave of absence (including military leave with reemployment rights under federal and state law, leave under the Family and Medical Leave Act of 1993) (collectively, the "Leave Recipients"), any offer of employment by Purchaser pursuant to Section 8.7(a)(i) will be contingent on such Leave Recipient's return to active status within six (6) months following the Closing Date or such longer period as may be required by applicable law. When a Leave Recipient who has (A) accepted the offer and (B) satisfied the standard pre-employment screening requirements (which shall not include a credit check) returns to active status pursuant to the terms hereof, such Leave Recipient shall be considered a Transferred Employee.

(b) Terms of Offer. Offers of employment made by Purchaser to Branch Employees pursuant to Section 8.7(a)(i) will be subject to the following terms and conditions:

(i) Each Branch Employee's base salary shall be at least equivalent to the rate of annual base salary or regular hourly wage rate, as applicable, paid by Seller to such Branch Employee as of immediately prior to the Closing Date;

(ii) Each Branch Employee shall have the same commission and incentive compensation opportunity generally available to other similarly situated employees of Purchaser, as in effect from time to time;

(iii) Each Branch Employee shall be eligible to receive employee benefits that are the same as those generally available to other similarly situated employees of Purchaser, as in effect from time to time;

(iv) Each Branch Employee shall be offered employment at a job location that is no more than forty (40) miles from the Branch to which the Branch Employee is primarily assigned immediately prior to the Closing Date; and

(v) Transferred Employees shall become at-will employees of Purchaser.

(c) Severance Payments. With respect to any Transferred Employee whose employment is terminated by Purchaser for any reason other than cause on or before the six (6) month anniversary of the applicable Transfer Date, Purchaser shall pay to such Transferred Employee the amount of severance compensation and benefits equal to two (2) weeks of severance per year of service with Seller and its Affiliates; provided, that each such Transferred Employee shall be entitled to a minimum of four (4) weeks' severance and a maximum of twenty-six (26) weeks' severance; provided, further, that such Transferred Employee enters into a release of claims against Purchaser and its Affiliates and, provided, further, that this Section 8.7(c) shall not apply to a Transferred Employee who enters into any agreement with Purchaser that provides for a severance payment of any kind upon termination of employment, in which case such agreement shall control with respect to any severance payment obligations of Purchaser, if any. In addition to and notwithstanding any provision herein to the contrary, if a Branch Employee does not receive an offer from Purchaser in compliance with Section 8.7(b) and such Branch Employee's employment with Seller and its Affiliates is terminated by Seller or its applicable Affiliate after the consummation of the transactions contemplated by this Agreement (and in no event later than two (2) months following the Closing Date (or, in the case of any Leave Recipient, two (2) months following any later potential Transfer Date contemplated by Section 8.7(a)(ii)) or such later date as may be required to comply with applicable law (including the Worker Adjustment and Retraining Notification Act of 1988, as amended, or any similar state or local law)), then Purchaser shall reimburse Seller, within thirty (30) calendar days of receipt of an invoice from Seller, for the costs of any severance compensation and benefits (including the costs incurred during any notice period or pay in lieu of notice and the employer portion of any taxes) payable by Seller to such Branch Employee under the applicable Seller severance plan or arrangement, provided, however, any reimbursement by Purchaser hereunder shall not exceed the amount that Purchaser would have paid to such Branch Employee if his or her employment had been terminated by Purchaser immediately following consummation of the P&A Transaction.

(d) Credit for Service. Purchaser shall cause each Benefit Plan, severance plan and time-off program maintained, sponsored, adopted or contributed to by Purchaser or its Affiliates in which Transferred Employees are eligible to participate (collectively, the "Purchaser Benefit Plans"), to take into account for all purposes under Purchaser Benefit Plans (for vesting and eligibility, but not for the purpose of accruals under any such plan) the service of such employees with Seller or its Affiliates prior to the applicable Transfer Date to the same extent as such service was credited for the applicable purpose by Seller or the applicable Affiliate; provided, however, that a Transferred Employee shall be entitled to receive benefits under a Purchaser severance plan only if the employment of such Transferred Employee is terminated after the six-month anniversary of the applicable Transfer Date. Such service credit shall include service credited by Seller. In addition, Purchaser shall cause each Transferred Employee to be immediately eligible to participate in each such Purchaser Benefit Plan without any waiting time to the extent permissible under applicable law and the terms and conditions of such Purchaser Benefit Plan.

(e) Welfare Plans. Purchaser shall, and shall cause its Affiliates to, (i) waive limitations on benefits relating to any preexisting conditions of the Transferred Employees and their eligible dependents to the extent that such limitations were waived under the applicable employee benefit or welfare plan in which such Transferred Employee participated prior to the applicable Transfer Date, and (ii) use commercially reasonable efforts to recognize for purposes of annual deductible and out-of-pocket limits under their health and welfare plans applicable to Transferred Employees, deductible and out-of-pocket expenses paid by Transferred Employees and their respective dependents under Seller's or any of its Affiliates' health or welfare plans in the calendar year in which the applicable Transfer Date occurs.

(f) Rollover of 401(k) Plan Accounts and Loans. Prior to the Closing Date and thereafter (as applicable), Seller and Purchaser shall take any and all action as may be required, including, if necessary, amendments to the tax-qualified defined contribution plan of Seller in which Transferred Employees participate (the "Seller 401(k) Plan") and/or the tax qualified defined contribution plan of Purchaser (the "Purchaser 401(k) Plan"), to permit each Transferred Employee to make rollover contributions of "eligible rollover distributions" (within the meaning of Section 401(a)(31) of the Code, including of loans) in an amount equal to the eligible rollover distribution portion of the account balance distributable to such Transferred Employee from the Seller 401(k) Plan to the Purchaser 401(k) Plan.

(g) No Third-Party Rights or Amendment to Benefit Plans. Nothing in this Section 8.7 shall be construed to grant any Branch Employee or Transferred Employee, or any beneficiary or dependent of any Branch Employee or Transferred Employee, or any third-party, a right to continued employment by, or to receive any payments or benefits from, Purchaser or Seller or their respective Affiliates or through any employee benefit plan. Except as expressly set forth herein, nothing in this Section 8.7 shall limit Purchaser's or Purchaser's Affiliate's ability or right to amend or terminate any benefit or compensation plan or program of Purchaser or its Affiliates and nothing contained herein shall be construed as an amendment to or modification of any such plan. This Section 8.7 shall be binding upon and inure solely to the benefit of each party to this Agreement, and nothing in this Section 8.7, express or implied, is intended to confer upon any other Person, including, but not limited to, any current or former director, officer, independent contractor or employee of Seller or any of its Affiliates, any rights or remedies of any nature whatsoever under or by reason of this Section 8.7.

(h) Vacation. Seller shall pay to the Transferred Employees all accrued but unpaid vacation for periods prior to the Transfer Date as soon as administratively practicable after the Transfer Date or as required by applicable law, but in no event later than thirty (30) Business Days after the Transfer Date.

(i) Welfare Benefits Generally. (i) Seller and its Affiliates shall be solely responsible for (A) claims for Welfare Benefits and for workers' compensation, in each case that are incurred by or with respect to any Transferred Employee (and his or her spouse, dependents or beneficiaries) before his or her Transfer Date, and (B) claims relating to COBRA Continuation Coverage (and for providing any notices related thereto) attributable to "qualifying events" with respect to any Branch Employee who does not become a Transferred Employee and his or her beneficiaries and dependents, whether occurring before, on or after the Closing Date; and (ii) Purchaser and its Affiliates shall be solely responsible for (A) claims for Welfare Benefits and for workers compensation, in each case that are incurred by or with respect to any Transferred Employee on or after his or her Transfer Date, and (B) claims relating to COBRA Continuation Coverage attributable to "qualifying events" with respect to any Transferred Employee and his or her beneficiaries and dependents that occur on or after such Transferred Employee's Transfer Date. For purposes of the foregoing, a medical/dental claim shall be considered incurred when the services are rendered, the supplies are provided or prescription is actually filled, and not when the condition arose. A disability claim shall be considered incurred when the date of disability occurs and a workers' compensation claim shall be considered incurred on the date of the occurrence as determined under the applicable state regulations.

(j) Liabilities under Benefit Plans. Except as expressly provided in this Section 8.7, (i) Seller shall remain solely responsible for any and all liabilities and obligations arising under the Benefit Plans, and Purchaser shall not assume or otherwise acquire any of the Benefit Plans, and (ii) for purposes of this Agreement, liabilities under the Benefit Plans shall be considered Excluded Liabilities.

8.8 Retention Bonus. Purchaser shall reimburse Seller for the remaining 75% portion of the retention bonus required to be paid as of Closing under the Amended Retention Agreements.

ARTICLE 9

CONDITIONS TO CLOSING

9.1 Conditions to Obligations of Purchaser. Unless waived in writing by Purchaser, the obligation of Purchaser to consummate the P&A Transaction is conditioned upon satisfaction of each of the following conditions:

(a) Regulatory Approvals. The Regulatory Approvals shall have been obtained without the imposition of a Burdensome Condition, and shall remain in full force and effect, and all waiting periods applicable to the consummation of the P&A Transaction shall have expired or been terminated.

(b) Orders. No court or governmental authority of competent jurisdiction shall have enacted, issued, promulgated, enforced or entered any statute, rule, regulation, judgment, decree, injunction or other order (whether temporary, preliminary or permanent) (any of the foregoing, an "Order") that is in effect and that prohibits or makes illegal the consummation of the P&A Transaction.

(c) Representations and Warranties. (i) The representations and warranties of Seller contained in Sections 5.1, 5.2, 5.12 and 5.14 shall be true in all respects as of the date of this Agreement and as of the Closing Date as though such representations and warranties were made at and as of each such time (except that representations and warranties as of a specified date need only be true in all respects on and as of such date); (ii) the representations and warranties of Seller contained in Section 5.7 and 5.9(a) (such representations and warranties to be read for this purpose without reference to any qualification set forth therein relating to "materiality") shall be true in all material respects as of the date of this Agreement and as of the Closing Date as though such representations and warranties were made at and as of each such time (except that representations and warranties as of a specified date need only be true in all respects on and as of such date) and (iii) the other representations and warranties of Seller contained in this Agreement shall be true in all respects as of the date of this Agreement and as of the Closing Date (except that representations and warranties as of a specified date need only be true on and as of each such date); provided, however, that for purposes of determining the satisfaction of the condition set forth in this Section 9.1(c)(iii), such representations and warranties shall be deemed to be so true and correct if the failure or failures of such representations and warranties to be true and correct (such representations and warranties to be read for this purpose without reference to any qualification set forth therein relating to "materiality" or "Material Adverse Effect") do not constitute, individually or in the aggregate, a Material Adverse Effect.

(d) Covenants and Other Agreements. Seller shall have performed its covenants and agreements herein on or prior to the Closing Date in all material respects.

(e) Seller Officers' Certificate. Purchaser shall have received at Closing a certificate dated as of the Closing Date and executed by the Chief Executive Officer and the Chief Financial Officer of Seller to the effect that each of the conditions specified in Sections 9.1(c) and (d) are satisfied.

(f) Seller Closing Deliverables. Seller shall have delivered to Purchaser each of the executed certificates, instruments, agreements, documents and other items required to be delivered pursuant to Section 3.5, including the consents from landlords to the assignment of the Branch Leases set forth in Section 3.5(c), at or prior to the Closing Date.

(g) Material Defect. Purchaser's diligence under Section 4.13(a) of this Agreement does not reveal a Material Defect that will materially impact the ability to continue banking operations in the Houston, Texas metropolitan statistical area.

9.2 Conditions to Obligations of Seller. Unless waived in writing by Seller, the obligation of Seller to consummate the P&A Transaction is conditioned upon satisfaction of each of the following conditions:

(a) Regulatory Approvals. The Regulatory Approvals shall have been made or obtained, and shall remain in full force and effect, and all waiting periods applicable to the consummation of the P&A Transaction shall have expired or been terminated.

(b) Orders. No Order shall be in effect that prohibits or makes illegal the consummation of the P&A Transaction.

(c) Representations and Warranties. (i) The representations and warranties of Purchaser contained in Sections 6.1, 6.2 and 6.7 shall be true in all respects as of the date of this Agreement and as of the Closing Date as though such representations and warranties were made at and as of each such time (except that representations and warranties as of a specified date need only be true in all respects on and as of such date) and (ii) the other representations and warranties of Purchaser contained in this Agreement shall be true in all respects as of the date of this Agreement and as of the Closing Date as though such representations and warranties were made at and as of each such time (except that representations and warranties as of a specific date need to be true only as of such date); provided, however, that for purposes of determining the satisfaction of the condition set forth in this Section 9.2(c)(ii), such representations and warranties shall be deemed to be so true and correct if the failure or failures of such representations and warranties to be true and correct (such representations and warranties to be read for this purpose without reference to any qualification set forth therein relating to "materiality" or "Material Adverse Effect") do not constitute, individually or in the aggregate, a Material Adverse Effect.

(d) Covenants and Other Agreements. Purchaser shall have performed its covenants and agreements herein on or prior to the Closing Date in all material respects.

(e) Purchaser Officers' Certificate. Seller shall have received at Closing a certificate dated as of the Closing Date and executed by the Chief Executive Officer and the Chief Financial Officer of Purchaser to the effect that each of the conditions specified in Sections 9.2(c) and (d) are satisfied.

(f) Purchaser Closing Deliverables. Purchaser shall have delivered to Seller each of the executed certificates, instruments, agreements, documents and other items required to be delivered pursuant to Section 3.6 (in the case of any assignment contemplated thereby, subject to delivery by Seller of any related requisite third-party consent) at or prior to the Closing Date.

ARTICLE 10

TERMINATION

10.1 Termination. This Agreement may be terminated at any time prior to the Closing Date:

(a) by the mutual written agreement of Purchaser and Seller;

(b) by Seller or Purchaser if there shall have been a breach of any of the covenants or agreements or any of the representations or warranties (or any such representation or warranty shall cease to be true) set forth in this Agreement by the other party and written notice of such breach is provided by the terminating party to the party committing such breach, either individually or in the aggregate with all other breaches by such party, such that any of the conditions set forth in Section 9.1(c) or 9.1(d) (in the case of a termination by Purchaser) or Section 9.2(c) or 9.2(d) (in the case of a termination by Seller) would not be satisfied, and (i) such breach is not reasonably capable of being cured or (ii) if such breach is reasonably capable of being cured, is not cured by the date that is forty-five (45) calendar days following written notice thereof (or such fewer days as remain prior to the Termination Date) to the party committing such breach; provided in each case that the terminating party is not then in breach of any representation, warranty, covenant or other agreement of such terminating party contained herein such that any of the conditions set forth in Section 9.1(c) or 9.1(d) (in the case of a termination by Seller) or Section 9.2(c) or 9.2(d) (in the case of a termination by Purchaser), as applicable, would not be satisfied;

(c) by Seller or Purchaser, in the event Closing has not occurred by April 16, 2025 (the "Termination Date") unless the failure of the Closing to occur by such date shall be due to the failure of the party seeking to terminate this Agreement to perform or observe the obligations, covenants and agreements of such party set forth herein; provided that, if on the Termination Date all conditions set forth in Article 9 have been satisfied or waived (other than those that by their nature are to be satisfied at the Closing, and such conditions would be satisfied at the Closing) but Purchaser's provider of its core processing system is unable to perform the conversion of the data processing with respect to the Branches and the Assets and Assumed Liabilities by the Termination Date, Purchaser may extend the Termination Date from time to time by a total of ninety (90) days by providing written notice to Seller on or prior to the Termination Date, which extended date shall thereafter be considered the Termination Date, unless the failure of the Closing to occur is due to a breach of this Agreement by the party seeking to terminate; or

(d) by Seller or Purchaser, if any governmental agencies or authorities that must grant a Regulatory Approval has denied approval of the P&A Transaction or the transactions contemplated hereby, and such denial has become final and nonappealable or any governmental agency or authority of competent jurisdiction shall have issued a final and nonappealable order permanently enjoining or otherwise prohibiting the consummation of the P&A Transaction or the transactions contemplated hereby, unless the failure to obtain a Regulatory Approval shall be due to the failure of the party seeking to terminate this Agreement to perform or observe the obligations, covenants and agreements of such party set forth herein.

10.2 Effect of Termination. In the event of termination of this Agreement pursuant to Section 10.1, except as set forth in this Agreement as being applicable if Closing does not occur or as set forth below in this Section 10.2, this Agreement shall forthwith become void and have no effect, and no party hereto (or any of its directors, officers, employees, agents or Affiliates) shall have any liability or further obligation to any other party, except that neither Seller nor Purchaser shall be relieved or released from any liabilities or damages arising out of its fraud or willful and material breach of any provision of this Agreement.

ARTICLE 11

INDEMNIFICATION

11.1 Indemnification.

(a) Subject to Section 12.1, after Closing, Seller shall indemnify and hold harmless Purchaser and any Person directly or indirectly controlling or controlled by Purchaser, and their respective directors, officers, employees and agents, from and against any and all Losses asserted against or incurred by Purchaser to the extent arising out of or resulting from the following:

(i) any breach of any representation or warranty made by Seller in this Agreement (disregarding, in each case other than in the case of Section 5.14, for purposes of determining the amount of any Loss (but not for purposes of determining whether there has been a breach), any qualification on any such representation or warranty as to "materiality," "in all material respects," "Material Adverse Effect" or similar materiality qualifications);

(ii) any breach of any covenant or agreement to be performed by Seller pursuant to this Agreement;

(iii) any Excluded Taxes;

(iv) any Excluded Liability; or

(v) any responsibility, obligation, duty, legal action, administrative or judicial proceeding, claim, penalty or liability arising out of Seller's ownership or operation prior to the Effective Time of the business represented by the Branches and the Assets.

(b) Subject to Section 12.1, after Closing, Purchaser shall indemnify and hold harmless Seller and any Person directly or indirectly controlling or controlled by Seller, and their respective directors, officers, employees and agents, from and against any and all Losses asserted against or incurred by Seller to the extent arising out of or resulting from the following:

(i) any breach of any representation or warranty made by Purchaser in this Agreement (disregarding, in each case, for purposes of determining the amount of any Loss (but not for purposes of determining whether there has been a breach), any qualification on any such representation or warranty as to "materiality," "in all material respects," "Material Adverse Effect" or similar materiality qualifications);

(ii) any breach of any covenant or agreement to be performed by Purchaser pursuant to this Agreement;

(iii) the Assumed Liabilities; or

(iv) any responsibility, obligation, duty, legal action, administrative or judicial proceeding, claim, penalty or liability arising out of Purchaser's ownership or operation from and after the Effective Time of the business represented by the Branches and the Assets.

(c) To exercise its indemnification rights under this Section 11.1 as a result of the assertion against it of any claim or potential liability for which indemnification is provided, the indemnified party shall promptly (and in any event within thirty (30) calendar days) notify the indemnifying party of the assertion of such claim, discovery of any such potential liability or the commencement of any action or proceeding in respect of which indemnity may be sought hereunder (including, with respect to claims arising from a breach of representation or warranty or covenant made in Article 8, the commencement of an audit, administrative investigation or judicial proceeding by any governmental authority); provided, however, that, subject to the Survival Periods set forth in Section 12.1(a), any delay or failure by the indemnified party to give notice shall not relieve the indemnifying party of its obligations hereunder except to the extent, if at all, that the indemnifying party is prejudiced by reason of such delay or failure. The indemnified party shall advise the indemnifying party of all facts relating to such assertion within the knowledge of the indemnified party, and shall afford the indemnifying party the opportunity, at the indemnifying party's sole cost and expense, to defend against such claims for liability. In any such action or proceeding, the indemnified party shall have the right to retain its own counsel, but the fees and expenses of such counsel shall be at its own expense unless (i) the indemnifying party and the indemnified party mutually agree to the retention of such counsel or (ii) the named parties to any such suit, action or proceeding (including any impleaded parties) include both the indemnifying party and the indemnified party, and in the reasonable judgment of the indemnified party upon advice of counsel, representation of the indemnifying party and the indemnified party by the same counsel would be inappropriate due to conflicts of interests between them.

(d) Neither party to this Agreement shall settle, compromise, discharge or consent to an entry of judgment with respect to a claim or liability subject to indemnification under this Article 11 without the other party's prior written consent (which consent shall not be unreasonably withheld, conditioned or delayed); provided that the indemnifying party may agree without the prior written consent of the indemnified party to any settlement, compromise, discharge or consent to an entry of judgment in each case that by its terms (i) obligates the indemnifying party to pay the full amount of the liability in connection with such claim and that unconditionally releases the indemnified party and its Affiliates from all liability or obligation in connection with such claim and (ii) does not impose injunctive or other non-monetary equitable relief against the indemnified party or its Affiliates, or their respective businesses.

(e) Notwithstanding anything to the contrary contained in this Agreement, an indemnifying party shall not be liable under Section 11.1(a)(i) or Section 11.1(b)(i) for any Losses sustained by the indemnified party unless and until the aggregate amount of all indemnifiable Losses sustained by the indemnified party shall exceed $100,000 (the "Deductible"), in which event the indemnifying party shall provide indemnification hereunder in respect of all such indemnifiable Losses in excess of the Deductible; provided, however, that the maximum aggregate amount of indemnification payments payable by Seller pursuant to Section 11.1(a)(i) or by Purchaser pursuant to Section 11.1(b)(i), as applicable, shall be ten percent (10%) of the Purchase Price (the "Cap"); provided, further, that the Deductible and the Cap shall not apply with respect to (i) claims for indemnifications arising out of fraud or (ii) any breach of Section 5.1 by Seller or Section 6.1 by Purchaser, as applicable, that gives rise to the underlying right to indemnification set forth in Section 11.1(a)(i) or Section 11.1(b)(i), as applicable. In no event shall either party hereto be entitled to indemnification with respect to consequential or punitive damages or damages for lost profits.

(f) Notwithstanding the foregoing, if a third-party claim includes or would reasonably be expected to include both a claim for Taxes that are Assumed Liabilities pursuant to Section 2.2(a)(vii) ("Purchaser Taxes") and a claim for Taxes that are not Assumed Liabilities pursuant to Section 2.2(a)(vii) ("Seller Taxes"), and such claim for Seller Taxes is not separable from such a claim for Purchaser Taxes, Purchaser (if the claim for Purchaser Taxes exceeds or reasonably would be expected to exceed in amount the claim for Seller Taxes) or otherwise Seller (Seller or Purchaser, as the case may be, the "Controlling Party") shall be entitled to control the defense of such third-party claim (such third-party claim, a "Tax Claim"). In such case, the other party (Seller or Purchaser, as the case may be, the "Non-Controlling Party") shall be entitled to participate fully (at the Non-Controlling Party's sole expense) in the conduct of such Tax Claim and the Controlling Party shall not settle such Tax Claim without the consent of such Non-Controlling Party (which consent shall not be unreasonably withheld, conditioned or delayed). The costs and expenses of conducting the defense of such Tax Claim shall be reasonably apportioned based on the relative amounts of the Tax Claim that are Seller Taxes and that are Purchaser Taxes.

(g) Except as otherwise required pursuant to a "determination" within the meaning of Section 1313(a) of the Code (or any comparable provision of state, local or foreign law), Seller, Purchaser and their respective Affiliates shall treat any and all payments under this Article 11 as an adjustment to the Purchase Price for all Tax purposes.

(h) An indemnified party shall use commercially reasonable efforts to mitigate any claim or liability that such indemnified party asserts under this Article 11. In the event that an indemnified party shall fail to use such commercially reasonable efforts to mitigate any claim or liability, then notwithstanding anything else to the contrary contained in this Agreement, the indemnifying party shall not be required to indemnify any indemnified party for any portion of a Loss that could reasonably be expected to have been avoided if the indemnified party had made such efforts. Any indemnity payment due under this Article 11 shall be reduced by all insurance proceeds, or other amounts from third-parties, delivered to the indemnified party with respect to the underlying claim or liability.

11.2 Exclusivity. After Closing, except as expressly set forth in Sections 3.3, 3.4, 4.3(b), 4.5, 4.6, 4.8, 4.9, 7.6, 8.3 and Article 10, and except in the case of fraud, this Article 11 will provide the exclusive remedy for any breach of representation, warranty, covenant or other agreement or for any other claim arising out of this Agreement or the transactions contemplated hereby;

provided that it is understood and agreed that the foregoing shall not prevent a party from obtaining specific performance, injunctive relief or any other available non-monetary equitable remedy.

11.3 AS-IS Sale; Waiver of Warranties. Except for the representations and warranties set forth in this Agreement, Purchaser acknowledges that the Assets and Assumed Liabilities are being sold and accepted on an "AS-IS-WHERE-IS" basis, and are being accepted without any representation or warranty. As part of Purchaser's agreement to purchase and accept the Assets and Assumed Liabilities AS-IS-WHERE-IS, and not as a limitation on such agreement, TO THE FULLEST EXTENT PERMITTED BY LAW, SELLER HEREBY DISCLAIMS AND PURCHASER HEREBY UNCONDITIONALLY AND IRREVOCABLY WAIVES AND RELEASES ANY AND ALL ACTUAL OR POTENTIAL RIGHTS PURCHASER MIGHT HAVE AGAINST SELLER OR ANY PERSON DIRECTLY OR INDIRECTLY CONTROLLING SELLER REGARDING ANY FORM OF WARRANTY, EXPRESS OR IMPLIED, OF ANY KIND OR TYPE, RELATING TO THE ASSETS AND ASSUMED LIABILITIES INCLUDING THE LOANS AND/OR THE COLLATERAL THEREFOR EXCEPT THOSE SET FORTH IN THIS AGREEMENT. SUCH WAIVER AND RELEASE IS, TO THE FULLEST EXTENT PERMITTED BY LAW, ABSOLUTE, COMPLETE, TOTAL AND UNLIMITED IN EVERY WAY. SUCH WAIVER AND RELEASE INCLUDES TO THE FULLEST EXTENT PERMITTED BY LAW, A WAIVER AND RELEASE OF EXPRESS WARRANTIES, IMPLIED WARRANTIES, WARRANTIES OF FITNESS FOR A PARTICULAR USE, WARRANTIES OF MERCHANTABILITY, WARRANTIES OF HABITABILITY, STRICT LIABILITY RIGHTS AND CLAIMS OF EVERY KIND AND TYPE (EXCEPT THOSE CLAIMS WITH RESPECT TO OR ARISING OUT OF THIS AGREEMENT), INCLUDING CLAIMS REGARDING DEFECTS THAT WERE NOT OR ARE NOT DISCOVERABLE, ALL OTHER EXTANT OR LATER CREATED OR CONCEIVED OF STRICT LIABILITY OR STRICT LIABILITY TYPE CLAIMS AND RIGHTS.

ARTICLE 12

MISCELLANEOUS

12.1 Survival.

(a) The parties' respective representations and warranties contained in this Agreement shall survive until the twelve (12) month anniversary of the Closing Date; provided, however, that each of the representations and warranties of parties set forth in Sections 5.1 and 6.1 shall survive until the sixth (6th) anniversary of the Closing Date, thereafter neither party may claim any Loss in relation to a breach thereof (such specified period, a "Survival Period"); provided, however, that the claims set forth in any claim for indemnity made by an indemnified party during the applicable Survival Period shall survive until such claim is finally resolved. The agreements and covenants contained in this Agreement shall survive Closing until performed in full or the obligation to so perform shall have expired. Notwithstanding anything to the contrary contained herein, the survival period for claims for Losses arising out of, resulting from or in connection with fraud shall not be limited.

(b) No claim based on any breach of any representation or warranty shall be valid or made unless notice with respect thereto is given to the indemnifying party in accordance with this Agreement and prior to the end of the applicable Survival Period.

12.2 Assignment. Neither this Agreement nor any of the rights, interests or obligations of either party may be assigned by either party hereto without the prior written consent of the other party, and any purported assignment in contravention of this Section 12.2 shall be void.

12.3 Binding Effect. This Agreement and all of the provisions hereof shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns.

12.4 Public Notice. Prior to the Closing Date, neither Purchaser nor Seller shall make or cause to be made any press release for general circulation, public announcement or disclosure or issue any notice or general communication to employees or customers with respect to any of the transactions contemplated hereby without the prior written consent of the other party.

12.5 Notices. All notices, requests, demands, consents and other communications given or required to be given under this Agreement and under the related documents shall be in writing and delivered to the applicable party at the address indicated below:

If to Seller:

Amerant Bank, N.A.
220 Alhambra Circle
Coral Gables, Florida 33134
Attention: S. Marshall Martin, Esq.,
EVP, Chief Legal Officer
E-mail: legal@amerantbank.com

With a copy (which shall not constitute notice):

Squire Patton Boggs (US) LLP
201 E. Fourth Street
Suite 1900
Cincinnati, Ohio 45202
Attention: James Barresi
E-mail: james.barresi@squirepb.com

If to Purchaser:

MidFirst Bank
501 NW Grand Boulevard
Oklahoma City, Oklahoma 73118
Attention: Greg Schaefer
E-mail: [intentionally omitted]

With a copy to (which shall not constitute notice):

Covington & Burling LLP
The New York Times Building
620 Eighth Avenue
New York, NY 10018-1405
Attention: J. D. Weinberg; Charlotte May
E-mail: jweinberg@cov.com; cmay@cov.com

or, as to each party at such other address as shall be designated by such party in a written notice to the other party complying as to delivery with the terms of this Section 12.5. Any notices shall be in writing, including telegraphic, e-mail or facsimile communication, and may be sent by registered or certified mail, return receipt requested, postage prepaid, or by fax, or by overnight delivery service. Notice shall be effective upon actual receipt thereof.

12.6 Expenses. Except as expressly provided otherwise in this Agreement, each party shall bear any and all costs and expenses that it incurs, or that may be incurred on its behalf, in connection with the preparation of this Agreement and consummation of the transactions described herein, and the expenses, fees and costs necessary for any approvals of the appropriate Regulatory Authorities.

12.7 Governing Law; Consent to Jurisdiction. This Agreement shall be governed by and interpreted in accordance with the laws of the State of Delaware applicable to agreements made and entirely to be performed in such state and without regard to its principles of conflict of laws, except with respect to real estate matters, which shall be governed and interpreted in accordance with the laws of the State of Texas. The parties hereto agree that any suit, action or proceeding seeking to enforce any provision of, or based on any matter arising out of or in connection with, this Agreement or the transactions contemplated hereby (except real estate matters) shall be brought exclusively in the Delaware Court of Chancery in New Castle County in the State of Delaware (or if the Delaware Court of Chancery declines to accept jurisdiction over a particular matter), any state or federal court of competent jurisdiction located in New Castle County, in the State of Delaware (such courts, the "Delaware Courts"), and, solely in connection with claims arising under this Agreement or the transactions that are the subject of this Agreement, (a) irrevocably submits to the exclusive jurisdiction of the Delaware Courts (and of the appropriate appellate courts therefrom), (b) waives any objection to laying venue in any such action or proceeding in the Delaware Courts, (c) waives any objection that the Delaware Courts are an inconvenient forum or do not have jurisdiction over any party and (d) agrees that service of process upon such party in any such action or proceeding will be effective if notice is given in accordance with Section 12.7.

12.8 Waiver of Jury Trial. The parties hereby waive, to the fullest extent permitted by law, any right to trial by jury of any claim, demand, action or cause of action (a) arising under this Agreement or (b) in any way connected with or related or incidental to the dealings of the parties in respect of this Agreement or any of the transactions contemplated hereby, in each case, whether now existing or hereafter arising, and whether in contract, tort, equity or otherwise. The parties hereby further agree and consent that any such claim, demand, action or cause of action shall be decided by court trial without a jury and that the parties may file a copy of this Agreement with any court as written evidence of the consent of the parties to the waiver of their right to trial by jury.

12.9 Entire Agreement; Amendment.

(a) This Agreement contains the entire understanding of and all agreements between the parties hereto with respect to the subject matter hereof and supersedes any prior or contemporaneous agreement or understanding, oral or written, pertaining to any such matters, which agreements or understandings shall be of no force or effect for any purpose; provided, however, that the terms of any confidentiality agreement (including the terms relating to the confidentiality and use of confidential information and the terms relating to not soliciting or hiring employees) the parties hereto previously entered into shall, to the extent not inconsistent with any provisions of this Agreement, continue to apply until Closing, including, for the avoidance of doubt, with respect to information provided and/or accessed pursuant to Section 7.2(a).

(b) This Agreement may not be amended or supplemented in any manner except by mutual agreement of the parties and as set forth in a writing signed by the parties hereto or their respective successors in interest. The waiver of any breach of any provision under this Agreement by any party shall not be deemed to be waiver of any preceding or subsequent breach under this Agreement. No such waiver shall be effective unless in writing.

12.10 Third-Party Beneficiaries. Except as expressly provided in Section 11.1, this Agreement shall not benefit or create any right or cause of action in or on behalf of any person other than Seller and Purchaser.

12.11 Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. A facsimile copy or electronic transmission of a signature page shall be deemed to be an original signature page.

12.12 Headings. The headings used in this Agreement are inserted for purposes of convenience of reference only and shall not limit or define the meaning of any provisions of this Agreement.

12.13 Severability. If any provision of this Agreement, as applied to any party or circumstance, shall be judged by a court of competent jurisdiction to be void, invalid or unenforceable, the same shall in no way effect any other provision of this Agreement, the application of any such provision and any other circumstances or the validity or enforceability of the other provisions of this Agreement.

12.14 Interpretation. When a reference is made in this Agreement to an Article, Section or Exhibit, such reference shall be to an Article, Section of or Exhibit to this Agreement unless otherwise indicated. The Recitals hereto constitute an integral part of this Agreement. References to Sections include subsections, which are part of the related Section. The table of contents, index and headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement. Whenever the words "include," "includes" or "including" are used in this Agreement, they shall be deemed to be followed by the words "without limitation." The phrases "the date of this Agreement," "the date hereof" and terms of similar import, unless the context otherwise requires, shall be deemed to refer to the date set forth in the Preamble to this Agreement.

12.15 Confidential Supervisory Information. Notwithstanding any other provision of this Agreement, no disclosure, representation or warranty shall be made (or other action taken) pursuant to this Agreement that would involve the disclosure of confidential supervisory information (including confidential supervisory information as identified in 12 C.F.R. § 4.32(b)) of a Regulatory Authority by any party to this Agreement to the extent prohibited by applicable law, and nothing in this Agreement shall require such disclosure or be understood as constituting such disclosure. To the extent legally permissible, appropriate substitute disclosures or actions shall be made or taken under circumstances in which the limitations of the preceding sentence apply.

12.16 Specific Performance. The parties hereto agree that irreparable damage would occur if any provision of this Agreement were not performed in accordance with the terms hereof (and, more specifically, that irreparable damage would likewise occur if the P&A Transaction were not consummated), and, accordingly, that the parties shall be entitled, without the necessity of posting a bond or other security, to an injunction or injunctions to prevent breaches of this Agreement or to enforce specifically the performance of the terms and provisions hereof (including the parties' obligation to consummate the P&A Transaction, subject to the terms and conditions of this Agreement).

[Signature page follows]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized officers as of the date and year first above written.

AMERANT BANK, N.A.

By: /s/ Gerald P. Plush
Name: Gerald P. Plush
Title: Chairman, President and Chief Executive Officer

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized officers as of the date and year first above written.

MIDFIRST BANK

By: /s/ Todd Dobson
Name: Todd Dobson
Title: President

[Signature Page to Purchase and Assumption Agreement]

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: August 2, 2024

/s/ Gerald P. Plush

Gerald P. Plush
Chairman, President 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, Sharymar Calderon, certify that:

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

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

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

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

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

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

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

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

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

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

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

Date: August 2, 2024

/s/ Sharymar Calderon

Sharymar Calderon
Executive Vice President,
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 June 30, 2024, as filed with the Securities and Exchange Commission as of the date hereof (the “Report”), I, Gerald P. Plush, Chairman, President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

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

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

Date: August 2, 2024

/s/ Gerald P. Plush
Gerald P. Plush
Chairman, President 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 June 30, 2024, as filed with the Securities and Exchange Commission as of the date hereof (the “Report”), I, Sharymar Calderon, Executive Vice President, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

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

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

Date: August 2, 2024

/s/ Sharymar Calderon
Sharymar Calderon
Executive Vice President,
Chief Financial Officer