



**Allegiance Bancshares, Inc.**<sup>®</sup>

Earnings Presentation  
Year End 2017

# Safe Harbor Statement

“Safe Harbor” Statement under the Private Securities Litigation Reform Act of 1995: This presentation may contain forward-looking statements within the meaning of the securities laws that are based on various facts and derived utilizing important assumptions, present expectations, estimates and projections about Allegiance. These statements preceded by, followed by or that otherwise include the words “believes,” “expects,” “continues,” “anticipates,” “intends,” “projects,” “estimates,” “potential,” “plans” and similar expressions or future or conditional verbs such as “will,” “should,” “would,” “may” and “could” are generally forward-looking in nature and not historical facts, although not all forward looking statements include the foregoing. Forward-looking statements include information concerning Allegiance’s future financial performance, business and growth strategy, projected plans and objectives, as well as projections of macroeconomic and industry trends, which are inherently unreliable due to the multiple factors that impact economic trends, and any such variations may be material. Such forward-looking statements are not guarantees of future performance and are subject to risks and uncertainties, many of which are outside of Allegiance’s control, which may cause actual results to differ materially from those expressed or implied by the forward-looking statements. These risks and uncertainties include but are not limited to whether Allegiance can: continue to develop and maintain new and existing customer and community relationships; successfully implement its growth strategy, including identifying suitable acquisition targets and integrating the businesses of acquired companies and banks; sustain its current internal growth rate; provide quality and competitive products and services that appeal to its customers; continue to have access to debt and equity capital markets; and achieve its performance objectives. These and various other factors are discussed in Allegiance’s Annual Report on Form 10-K for the fiscal year ended December 31, 2016 and in other reports and statements Allegiance has filed with the Securities and Exchange Commission. Copies of such filings are available for download free of charge from the Investor Relations section of Allegiance’s website at [www.allegiancebank.com](http://www.allegiancebank.com), under Financial Information, SEC Filings. Any forward-looking statement made by Allegiance in this presentation speaks only as of the date on which it is made. Factors or events that could cause Allegiance’s actual results to differ may emerge from time to time, and it is not possible for Allegiance to predict all of them. Allegiance undertakes no obligation to publicly update any forward-looking statement, whether as a result of new information, future developments or otherwise, except as may be required by law.

## **GAAP Reconciliation of Non-GAAP Financial Measures**

Allegiance’s management uses certain non-GAAP financial measures to evaluate its performance. A reconciliation of the non-GAAP financial measures is included on page 10 of the earnings release issued concurrently herewith.

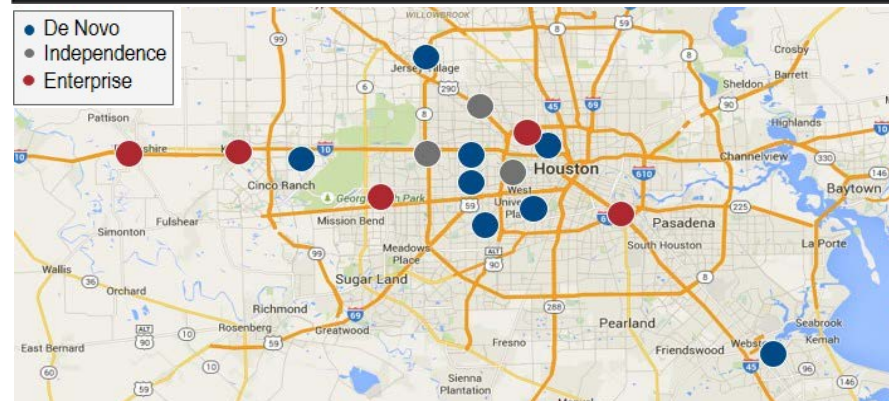
# Allegiance Bancshares, Inc.

## Company Overview

- Holding company for Allegiance Bank based in Houston, Texas
- Headquartered in Houston, Texas
- NASDAQ Ticker: ABTX
- 16 full service banking locations and one loan production office within the Houston MSA
- Super-community banking model
- Two acquisitions completed:
  - 2013: Independence Bank with \$222.1 million in total assets
  - 2015: Enterprise Bank (F&M Bancshares) with \$569.7 million in total assets



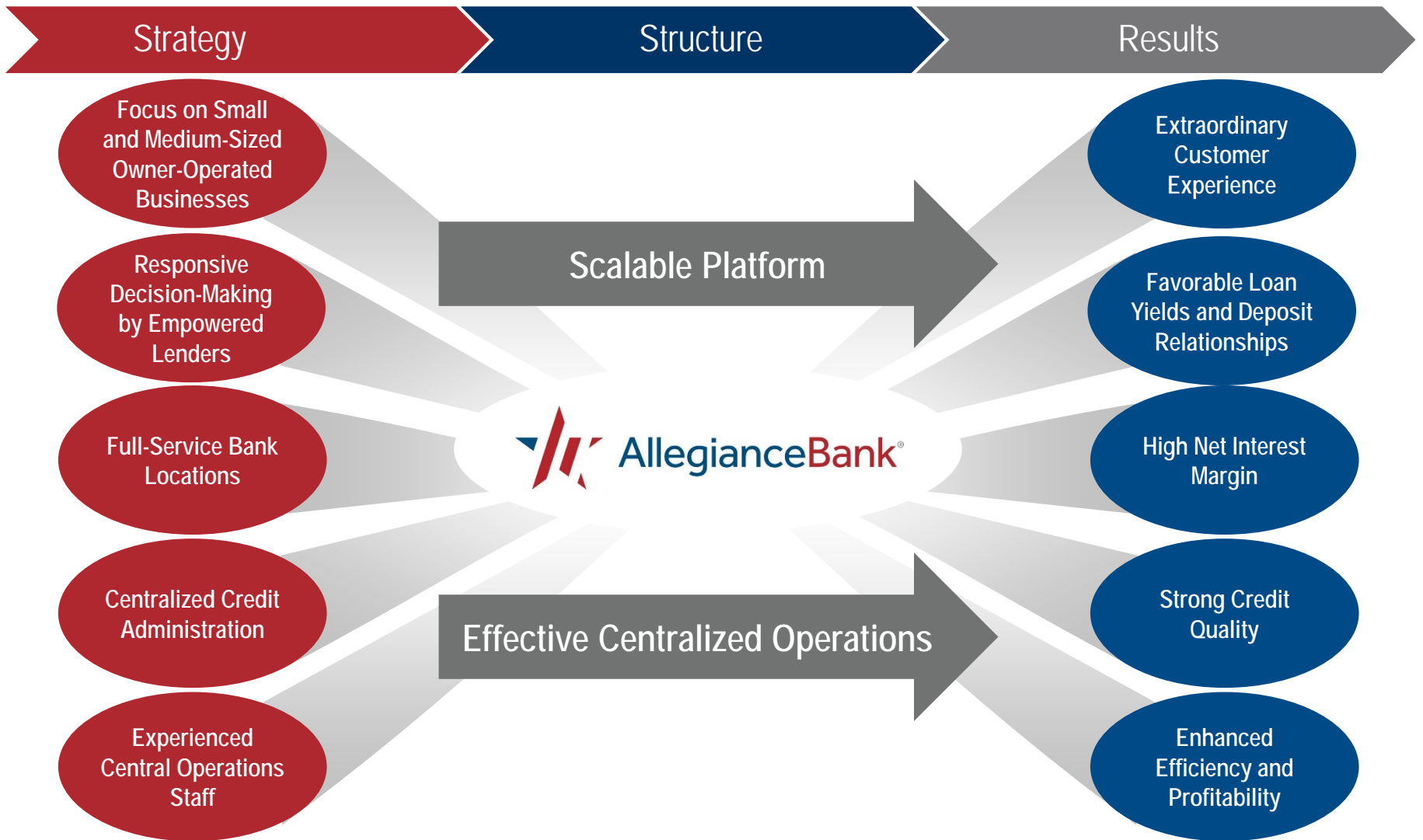
## Branch Map



## Summary Financials

Allegiance Bancshares, Inc.			
(\$ in thousands)	2017	2016	2015
Total Assets	\$ 2,860,231	\$ 2,450,948	\$ 2,084,579
Total Loans	2,270,876	1,891,635	1,681,052
Total Deposits	2,213,974	1,870,183	1,759,133
Total Equity	306,865	279,817	258,490
Loans/Deposits	102.6%	101.1%	95.6%
NPAs/Assets	0.49%	0.75%	0.25%
TCE/TA	9.38%	9.82%	10.48%
NIM (tax equivalent)	4.34%	4.37%	4.68%
ROAA	0.65%	0.98%	0.81%
ROATCE	6.93%	9.96%	9.52%

# Our Super-community Banking Strategy



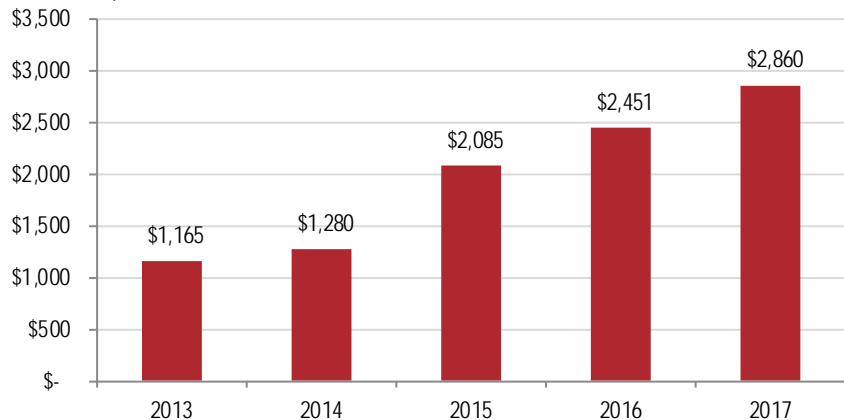
# Highlights - 2017

- Record core loan growth of \$376.8 million, or 20.7%, to \$2.27 billion for the year ended 2017 compared to \$1.89 billion for the year ended 2016
- Net interest income increased 15.4% for the full year 2017 compared to the same period in 2016
- Net income of \$17.6 million and diluted earnings per share of \$1.31 for the year 2017 compared to \$22.9 million and \$1.75 for the full year 2016
  - 2017 earnings were impacted by the additional tax provision as a result of the recent tax reform, conversion expenses incurred in the fourth quarter and provisioning related to Hurricane Harvey, among other items
  - 2016 earnings were impacted by the after-tax gain on the sale of branches
- Efficiency ratio increased slightly to 63.89% for the year 2017 from 62.34% for the year 2016
- Assets of \$2.86 billion, loans of \$2.27 billion, deposits of \$2.21 billion and shareholder's equity of \$306.9 million at December 31, 2017
- Celebrated 10 Year Anniversary of Allegiance Bank
- Hired 12 lenders in 2017, which adds to the 12 strong lenders hired in 2016. We continue to enhance our infrastructure and strengthen internal processes and systems to support our ambitious growth plans
- Named Largest Houston-Area Community Bank by the Houston Business Journal
- Recognized in 2017 as a Finalist for Corporate Philanthropy by the Houston Business Journal
- Houston Business Journal 2017 Best Places to Work recipient
- Named one of the Best Banks to Work For in 2017 by the American Banker Magazine
- Recognized as a 2017 Top Workplace in Houston by the Houston Chronicle

# Historical Growth

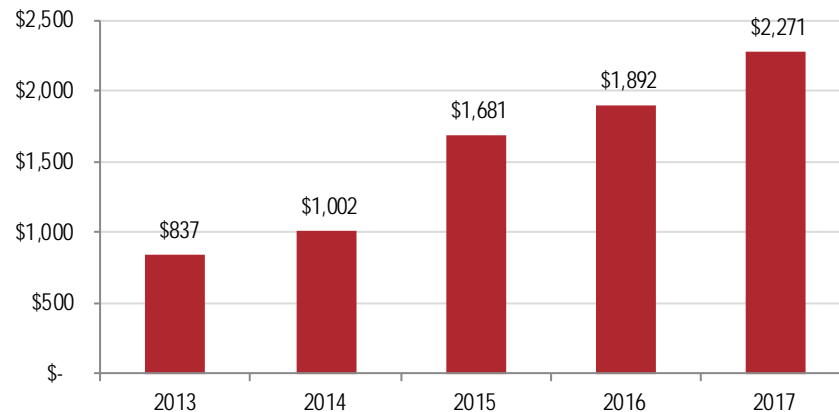
## Total Assets

(\$ in millions)



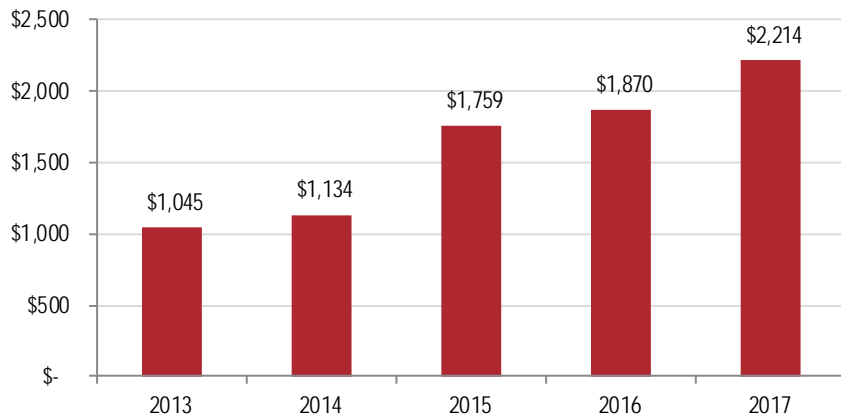
## Total Loans

(\$ in millions)



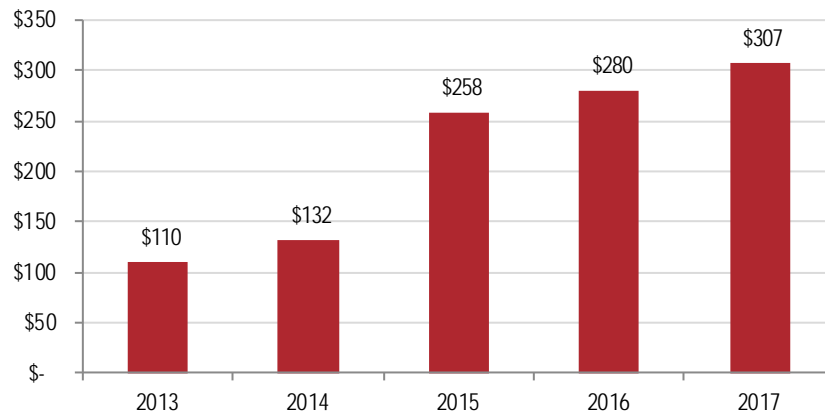
## Total Deposits

(\$ in millions)



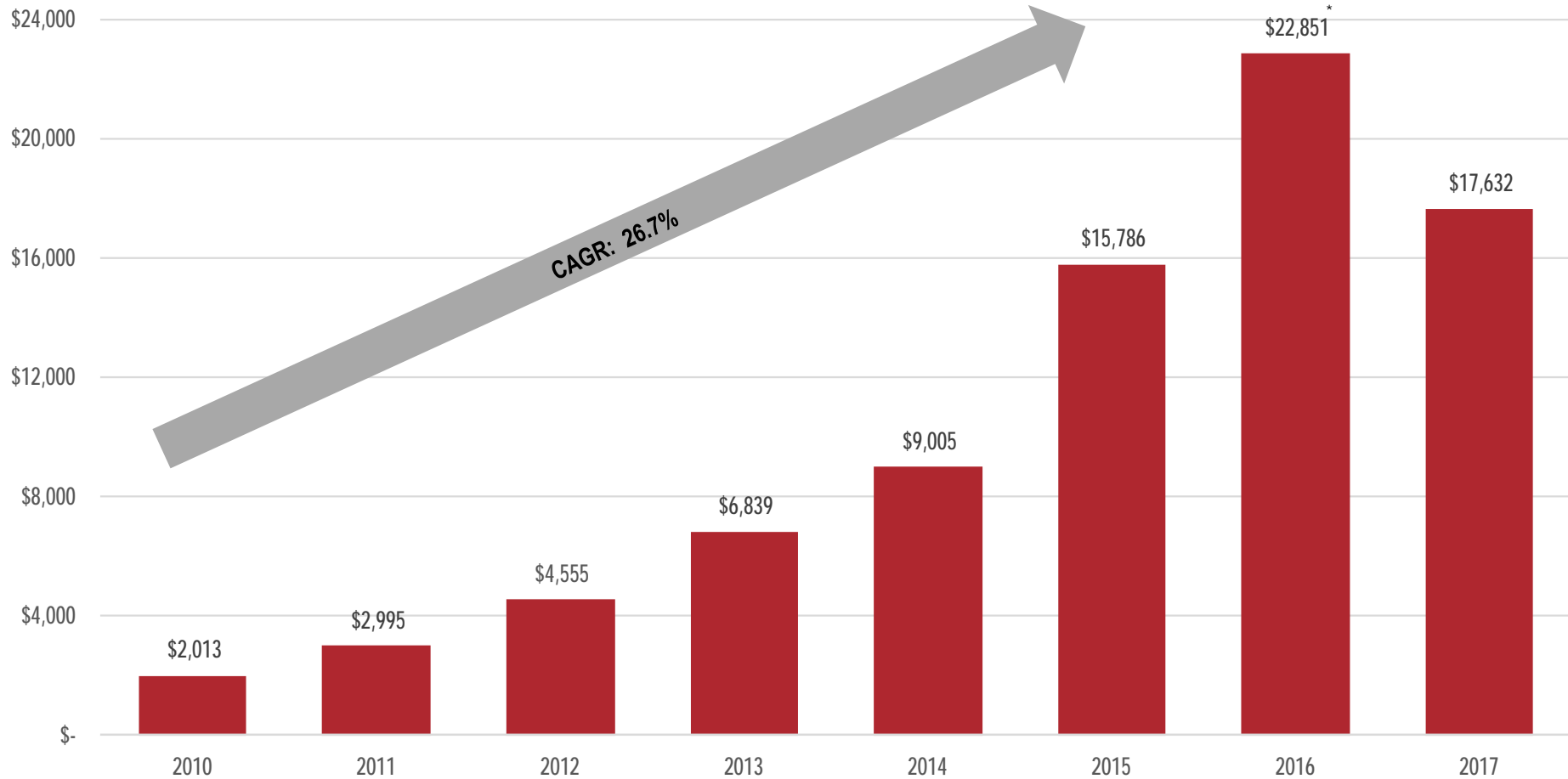
## Total Equity

(\$ in millions)



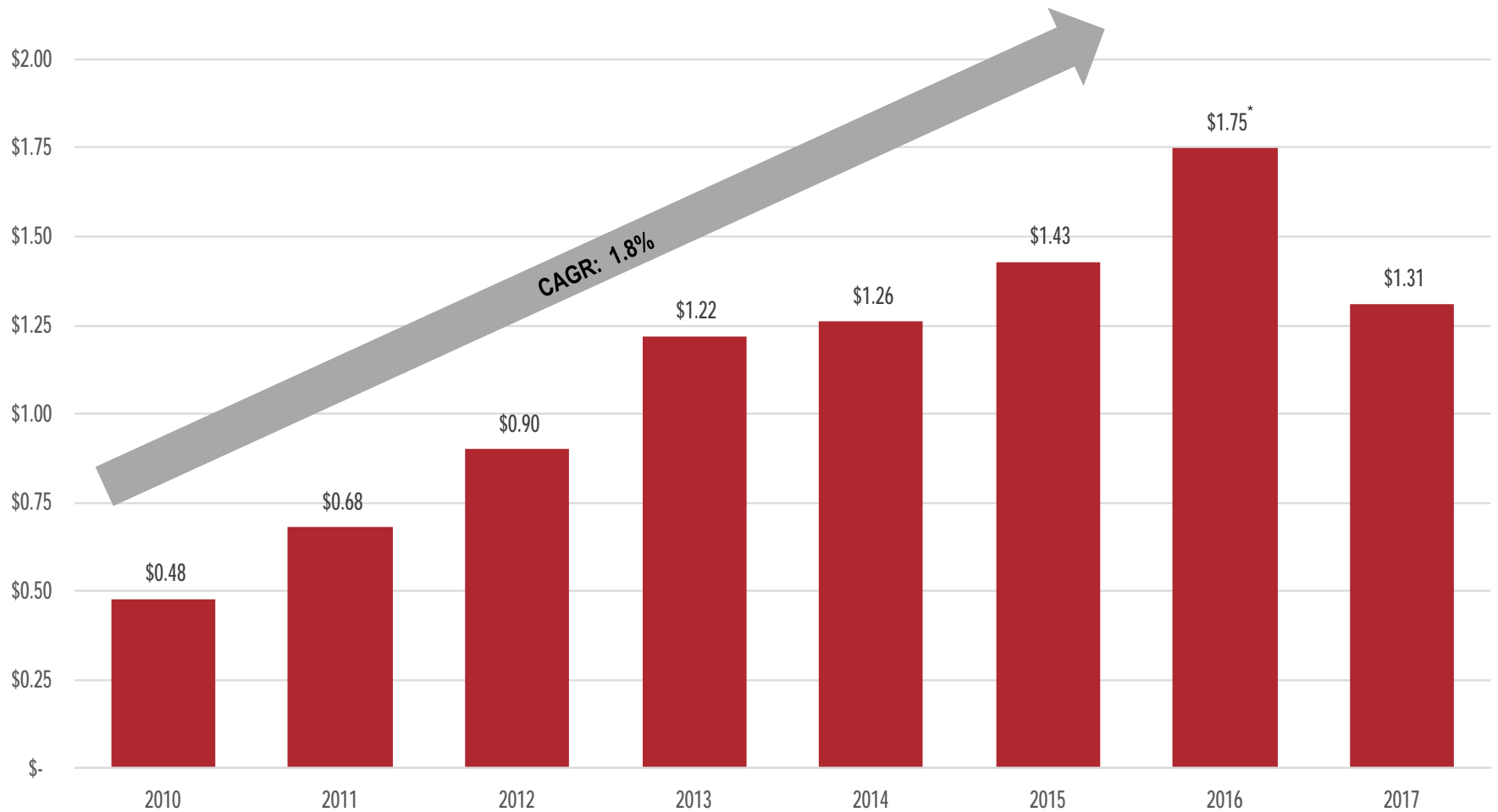
# Net Income Growth

(\$ in thousands)



\*Includes a one-time gain from sale of branches of \$1.3 million (after-tax).

# Diluted EPS Growth

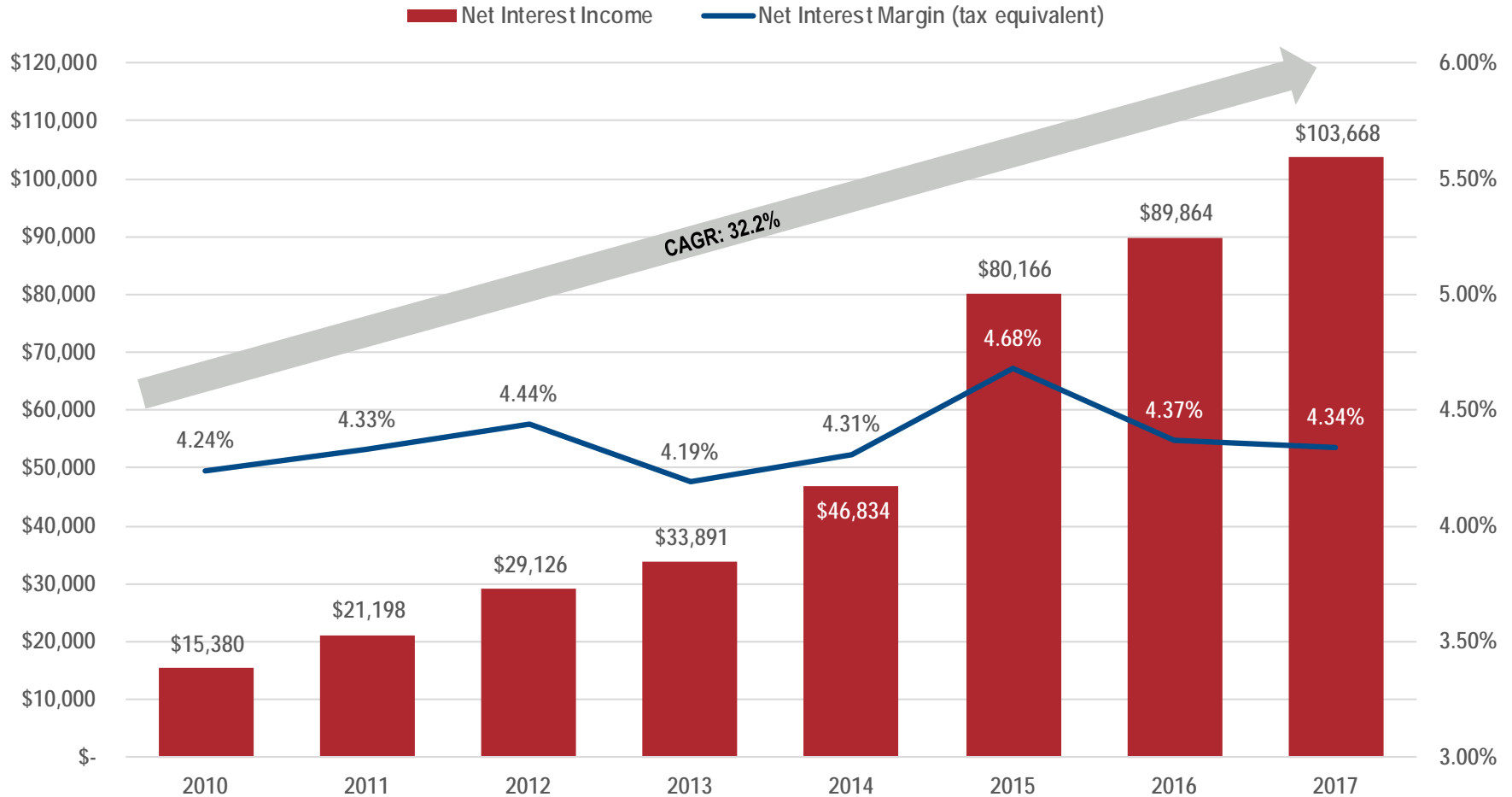


\*Includes a one-time gain from sale of branches of \$1.3 million (after-tax).



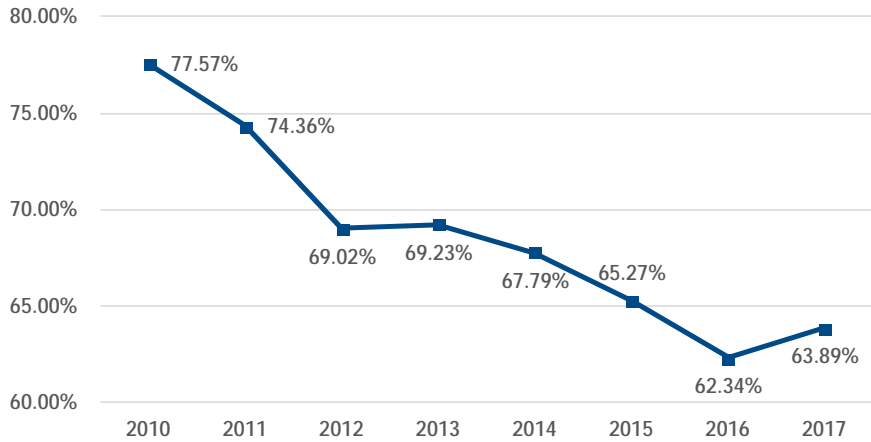
# Net Interest Income and Margin

(\$ in thousands)

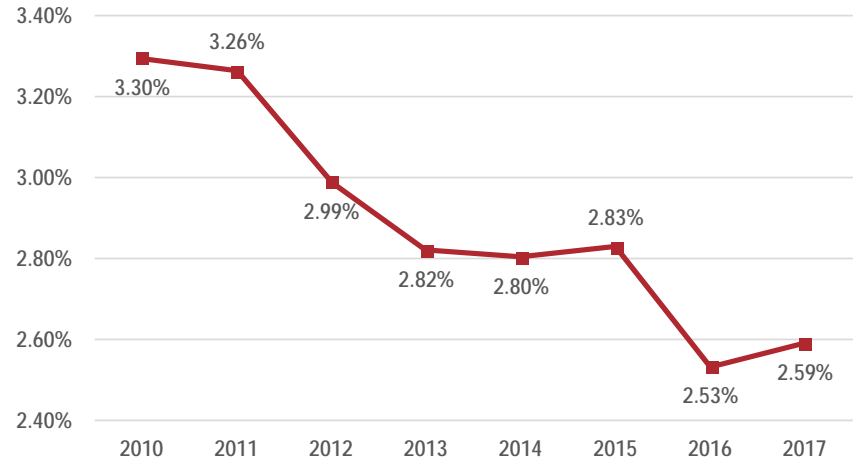


# Performance Metrics

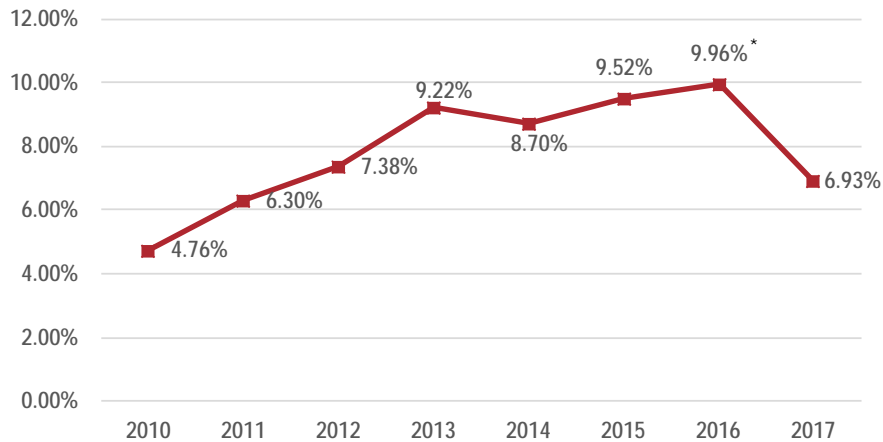
## Efficiency



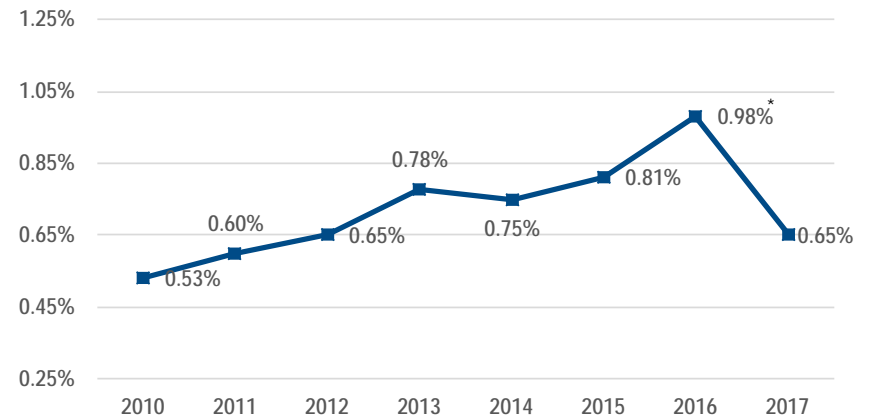
## Noninterest Expense / Average Assets



## ROATCE



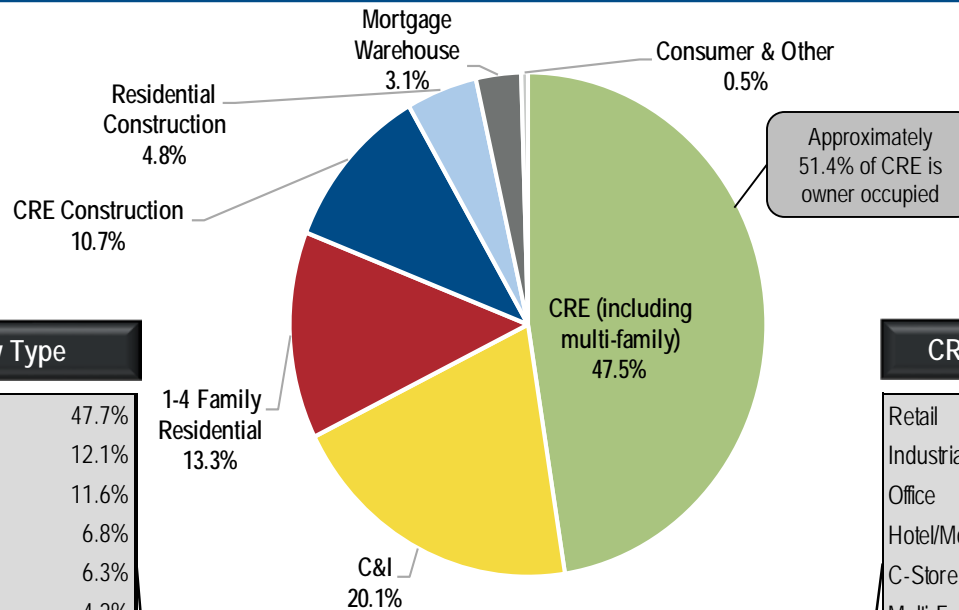
## ROAA



\*Includes a one-time gain from sale of branches of \$1.3 million (after-tax).

# Loan Portfolio Composition

(\$ in millions)



## CRE Construction by Property Type

Vacant Land (Lots/Teardowns)	\$ 116.2	47.7%
C-Store	29.5	12.1%
Retail	28.2	11.6%
Office	16.5	6.8%
Hotel/Motel	15.4	6.3%
Industrial Warehouse	10.2	4.2%
Health Care	8.9	3.7%
Investment Property	3.7	1.5%
Other	14.8	6.1%
<b>Total CRE Construction</b>	<b>\$ 243.4</b>	<b>100.0%</b>

## Loan Portfolio (as of December 31, 2017)

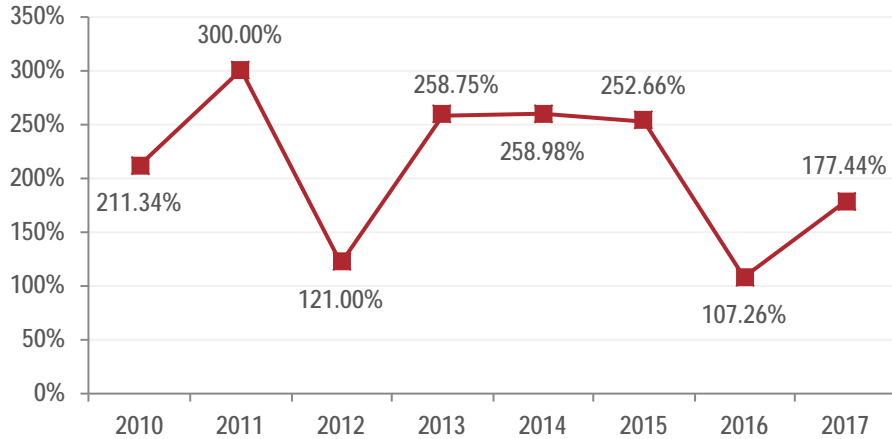
CRE (including multi-family)	\$ 1,080,247	47.5%
C&I	457,129	20.1%
1-4 Family Residential	301,219	13.3%
CRE Construction	243,389	10.7%
Residential Construction	109,116	4.8%
Mortgage Warehouse	69,456	3.1%
Consumer & Other	10,320	0.5%
<b>Total Loans</b>	<b>\$ 2,270,876</b>	<b>100.0%</b>

## CRE (incl. multi-family) by Property Type

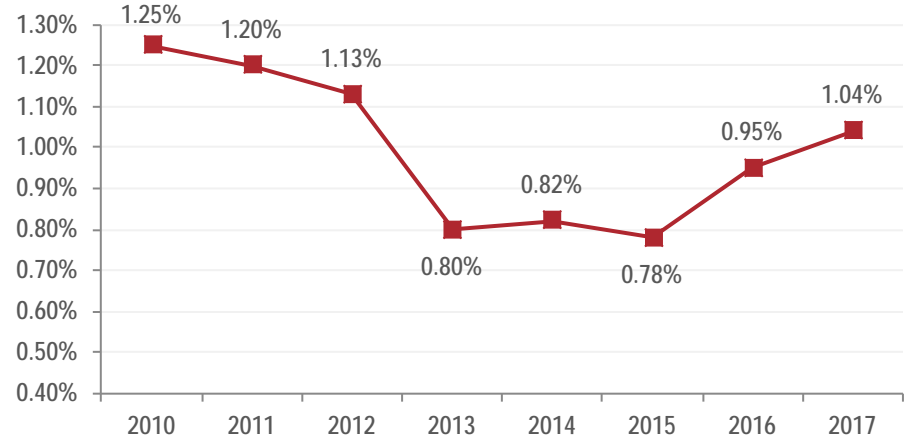
Retail	\$ 307.4	28.5%
Industrial Warehouse	178.4	16.5%
Office	146.3	13.5%
Hotel/Motel	108.6	10.1%
C-Store	107.5	10.0%
Multi-Family	67.3	6.2%
Day Care	21.9	2.0%
Health Care	20.6	1.9%
Farmland	17.1	1.6%
Church Facility	12.8	1.2%
Other	92.3	8.5%
<b>Total CRE (incl. multi-family)</b>	<b>\$ 1,080.2</b>	<b>100.0%</b>

# Strong Credit Quality

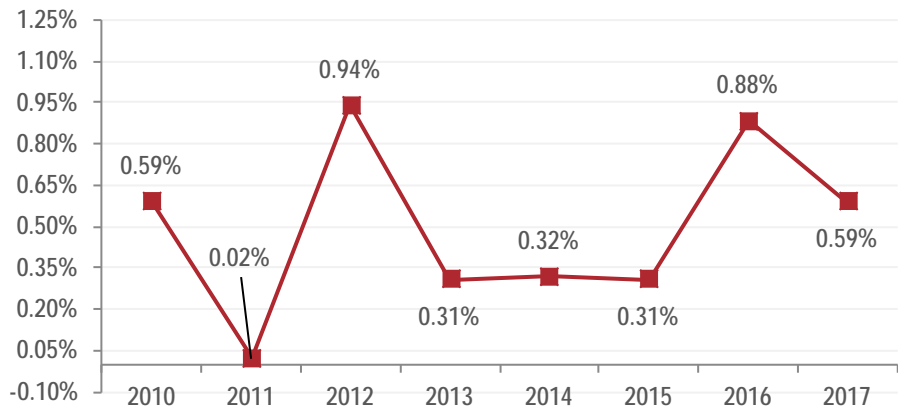
## Allowance / Nonperforming Loans



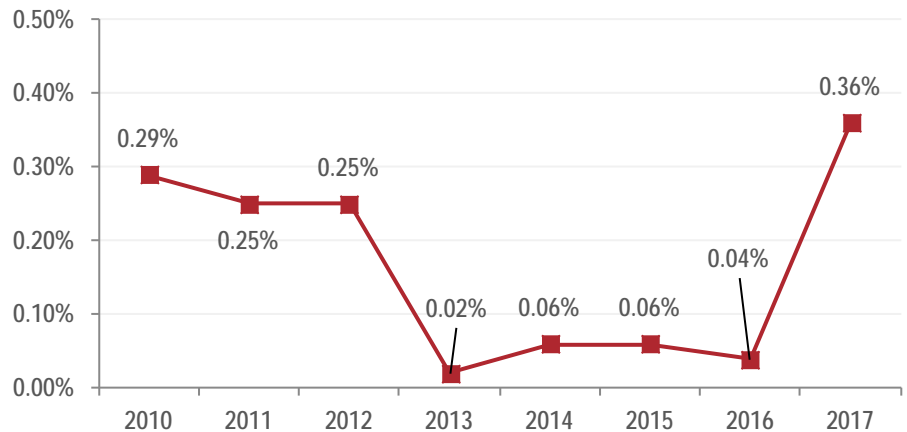
## Allowance / Total Loans



## Nonperforming Loans / Total Loans



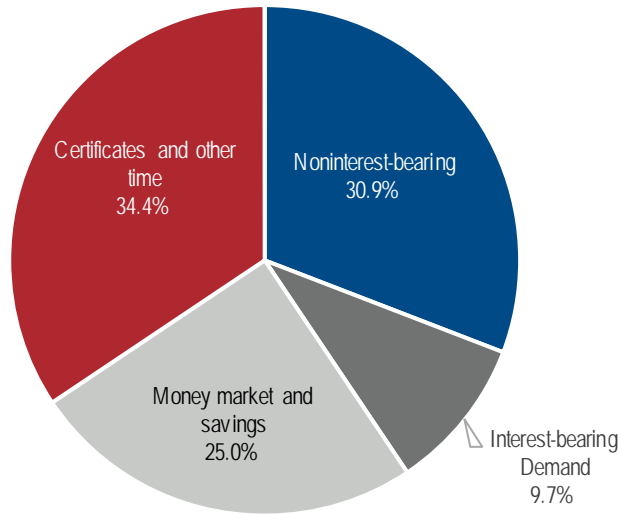
## Net Charge-offs / Average Loans



# Deposit Growth and Composition

## Deposit Composition

(as of December 31, 2017)



## Deposit Growth

(\$ in millions)

