



Code of Business Conduct and Ethics

Introduction

Allegiance Bancshares, Inc. and its subsidiaries (collectively as, the “Company” or “Allegiance”) is committed to conducting its business in accordance with applicable laws, rules and regulations and the highest standards of business conduct and to full and accurate financial disclosure in compliance with applicable law. This Code of Business Conduct and Ethics (the “Code”) covers a wide range of business practices and procedures. It does not cover every issue that may arise, but it sets out basic principles to guide all employees, directors and officers of the Company. This Code applies to the Company’s principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions pursuant to Item 406 of Regulation S-K, as well as directors, officers, and employees (collectively, the “Covered Persons”) pursuant to the listing standards of NASDAQ Marketplace Rule 5610, for the purpose of promoting:

- honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
- full, fair, accurate, timely and understandable disclosure in reports and documents that registrant files with, or submits to, the Securities and Exchange Commission (the “SEC”) or Nasdaq Global Market, and in other public communications made by the Company;
- compliance with applicable laws and governmental rules and regulations;
- the prompt internal reporting of violations of the Code to an appropriate person or persons identified in the Code; and
- accountability for adherence to the Code.

All Covered Persons must conduct themselves accordingly and seek to avoid even the appearance of improper behavior. Covered Persons should adhere to a high standard of business ethics and should be sensitive to situations that may give rise to actual as well as apparent conflicts of interest. We also expect our agents and representatives, including consultants, to adhere to these standards.

If a law conflicts with the Code, you must comply with the law. If you have any questions about these conflicts, you should ask your supervisor how to handle the situation.

Those who violate the standards in this Code will be subject to disciplinary action, up to and including termination of employment. If you are in a situation which you believe may violate or lead to a violation of this Code, follow the guidelines described in this Code.

Allegiance is committed to building a culture where integrity, personal responsibility, extraordinary communication, servant leadership and a long-term focus are evident in everything we do and say. Our constant conversation and alignment to these values is what sets Allegiance bankers apart from other bankers.

Build Trust and Credibility

The success of our business is dependent on the trust and confidence we earn from our employees, customers and shareholders. We gain credibility by adhering to our commitments, displaying honesty and integrity and reaching Company goals solely through honorable conduct. It is easy to say what we must do, but the proof is in our actions. Ultimately, we will be judged on what we do.

Respect for the Individual

We all deserve to work in an environment where we are treated with dignity and respect. Allegiance is committed to creating such an environment because it brings out the full potential in each of us, which, in turn, contributes directly to our business success. We cannot afford to let anyone's talents go to waste.

Allegiance is an equal employment/affirmative action employer and is committed to providing a workplace that is free of discrimination of all types and from abusive, offensive or harassing behavior. Any employee who feels harassed or discriminated against should report the incident to his or her manager or to Human Resources.

Create a Culture of Open and Honest Communication

At Allegiance, everyone should feel comfortable to speak his or her mind, particularly with respect to ethics concerns. Managers have a responsibility to create an open and supportive environment where employees feel comfortable raising such questions. We all benefit tremendously when employees exercise their power to prevent mistakes or wrongdoing by asking the right questions at the right times.

Directors and employees are encouraged to talk to managers, Human Resources or the General Counsel about observed illegal or unethical behavior and, when in doubt, about the best course of action in a particular situation. Allegiance will investigate all reported instances of questionable or unethical behavior. In every instance where improper behavior is found to have occurred, the Company will take appropriate action. We will not tolerate retaliation against employees who raise genuine ethics concerns in good faith.

All violations of this Code are to be reported promptly to a manager or Human Resources. When a manager or other person receives a report of a violation of law or unethical behavior pursuant to this Code, that person shall be responsible for bringing such reports to the attention of his or her manager, Human Resources or the General Counsel. Individuals receiving such reports must endeavor to honor the confidentiality and anonymity of the reporting person, subject to applicable law, regulation or legal proceedings.

Set Tone at the Top

Management has the added responsibility for demonstrating, through their actions, the importance of this Code. In any business, ethical behavior does not simply happen; it is the product of clear and direct communication of behavioral expectations, modeled from the top and demonstrated by example. Again, ultimately, our actions are what matters.

To make our Code work, managers must be responsible for promptly addressing ethical questions or concerns raised by employees and for taking the appropriate steps to deal with such issues. Managers should not consider employees' ethics concerns as threats or challenges to their authority, but rather as another encouraged form of business communication. At Allegiance, we want the ethics dialogue to become a natural part of daily work.

Compliance with Laws, Rules and Regulations

Allegiance has made a commitment to comply with the laws, rules and regulations that govern us where we do business. Further, each of us must have an understanding of the Company's policies, laws, rules and regulations that apply to our specific roles. If we are unsure of whether a contemplated action is permitted by law or Allegiance policy, we should seek the advice from the resource expert. We are responsible for preventing violations of law and for speaking up if we see possible violations.

Insider Trading

Directors and employees who have access to material non-public information are not permitted to use or share that information for stock trading purposes or for any other purpose except the conduct of our business. To use non-public information for personal financial benefit or to "tip" others who might make an investment decision on the basis of that information is not only unethical, but also illegal. In order to assist with compliance with laws against insider trading and related laws, we have adopted an Insider Trading Policy governing trading in Allegiance securities by directors and employees. Directors and employees should consult the Insider Trading Policy (available on HUB) for more specific information on the definition of "material" information and on buying and selling Allegiance securities or securities of companies with which Allegiance does business.

Whistleblower Policy

Employees, Board Members and others are encouraged, in the first instance, to report a suspected or actual occurrence or occurrences of illegal, unethical or inappropriate events (behaviors or practices) without retribution.

1. The Whistleblower should promptly report the suspected or actual event to his/her supervisor.
2. If the Whistleblower would be uncomfortable or otherwise reluctant to report to his/her supervisor, then the Whistleblower could report the event to the next highest or another level of management, including to an appropriate Board or committee member.
3. The Whistleblower can report the event with his/her identity or anonymously.
4. The Whistleblower shall receive no retaliation or retribution for a report that was provided in good faith – that was not done primarily with malice to damage another person or the Company.
5. A Whistleblower who makes a report that is not done in good faith is subject to discipline, including termination of the Board or employee relationship, or other legal means to protect the reputation of the Company and members of its Board and staff.

6. Anyone who retaliates against the Whistleblower (who reported an event in good faith) will be subject to discipline, including termination of Board or employee status.
7. Crimes against person or property, such as assault, rape, burglary, etc., should immediately be reported to local law enforcement personnel.
8. Supervisors, managers and/or Board members who receive the reports must promptly contact their manager, the General Counsel or Human Resources who will promptly act to investigate and/or resolve the issue.
9. The Whistleblower shall receive a report within five business days of the initial report, regarding the investigation, disposition or resolution of the issue.
10. If the investigation of a report, that was done in good faith and investigated by internal personnel, is not to the Whistleblower's satisfaction, then he/she has the right to report the event to the appropriate legal or investigative agency.
11. The identity of the Whistleblower, if known, shall remain confidential to those persons directly involved in applying this policy, unless the issue requires investigation by law enforcement, in which case members of the organization are subject to subpoena.

Confidential Employee Hotline

Allegiance has established a confidential hotline in response to the higher ethical standards established by the Sarbanes Oxley Act. It is managed by an independent firm and is available 24 hours a day, 7 days a week and is completely confidential. You are encouraged to call 844-990-0002, or go to: www.lighthouse-services.com/allegiancebank to report any accounting or auditing irregularity, unethical behavior or issue that makes you uncomfortable. Your comments will be recorded verbatim and they will be delivered to the Company representative with the authority to investigate your complaints.

Competition

We are dedicated to ethical, fair and vigorous competition. Stealing proprietary information, possessing trade secret information that was obtained without the owner's consent or inducing such disclosures by past or present employees of other companies is prohibited. Each director and employee should endeavor to respect the rights of and deal fairly with Allegiance's customers, suppliers, competitors and employees. No director or employee should take unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts or any other intentional unfair-dealing practice.

Confidentiality

Integral to Allegiance's business success is our protection of confidential Company information, as well as nonpublic information entrusted to us by employees, customers and other business partners. Confidential and proprietary information includes such things as pricing and financial data, customer names and addresses or nonpublic information about customers or other companies, including current or potential suppliers and vendors. We will not disclose confidential and nonpublic information without a valid business purpose and proper authorization. The obligation

to preserve confidential information continues even after employment or service to the Company ends.

Health and Safety

Allegiance is dedicated to maintaining a safe and healthy work environment. Everyone at Allegiance is responsible for maintaining a safe and healthy workplace for all employees by following safety and health rules and practices and reporting accidents, injuries and unsafe equipment, practices or conditions.

Avoid Conflicts of Interest

A "conflict of interest" exists when an individual's private interest interferes in any way with the interests of the Company. A conflict situation can arise when a director or an employee takes actions or has interests that may make it difficult to perform his or her work objectively and effectively. Conflicts of interest may also arise when a director or an employee, or a member of his or her family, receives personal benefits as a result of his or her position in the Company.

Directors and employees must avoid any conflict of interest, whether actual or apparent, between personal or professional relationships, involving loans, investments, gifts, or other activity which may interfere with the independent and objective exercise of judgment.

When representing Allegiance in dealing with any person or firm with whom a director or employee has a family connection, significant financial interest or other close personal involvement, the person or firm should be referred to a disinterested employee.

Use of insider information for financial gain is prohibited by law. If a director or an employee has access to sensitive information prior to its disclosure to the public, he or she is responsible for protecting the confidentiality of that information and are prohibited from any use of that information to achieve financial gain for himself or herself or others.

It would almost always be a conflict of interest for a Company director or employee to work simultaneously for a competitor, customer or supplier, and directors and employees are not allowed to work for a competitor, customer or supplier, whether as an employee, consultant or board member, without the approval of the Board. The best policy is to avoid any direct or indirect business connection with the Company's customers, suppliers or competitors, except on behalf of the Company. Conflicts of interest may not always be clear-cut, so questions should be directed to a manager, Human Resources or the General Counsel.

No director or employee should take personal advantage or obtain personal gain from an opportunity learned of or discovered during the course and scope of his or her employment or relationship with the Company when that opportunity or discovery could be of benefit or interest to the Company. Likewise, no director, officer or employee should use Company property, information or position for personal gain.

The purpose of business entertainment and gifts in a commercial setting is to create goodwill and sound working relationships, not to gain unfair advantage with customers. No gift or entertainment should ever be offered, given, provided or accepted by any Allegiance employee, family member

of an employee or agent unless it: (i) is not a cash gift, (ii) is consistent with customary business practices, (iii) is not excessive in value, (iv) cannot be construed as a bribe, kickback, payoff or illegal payment and (v) does not violate any laws or regulations. Any gift that does not meet these requirements should be reported to Human Resources or the General Counsel. Further, any entertainment provided by the Company should have a clear business purpose, not be excessive, and be in compliance with Internal Revenue Service regulations and the Company's expense account rules. Any questions regarding gifts should be directed to a manager, Human Resources or the General Counsel.

Tangible gifts (including tickets to a sporting or entertainment event) that have a market value greater than \$250 may not be accepted unless approval is obtained from management.

The above policies relating to gifts and entertainment are not intended to interfere with the normal exchange of common courtesies, reasonable favors, and the expression of goodwill between the Company and customers or friends. The spirit of the policies is to ensure that directors, employees and others with whom they have contact maintain objectivity and avoid conflicts of interest in business relationships.

The payment or receipt of money, gifts, services, or things of value which could be construed as a bribe, kickback, or illegal payment from or to any individual or firm with whom the Company does or hopes to do business with is prohibited.

Any gift, transaction or relationship that reasonably could be expected to give rise to a conflict of interest should be reported to a manager, Human Resources, or the General Counsel.

Any questions about an actual or potential conflict should be discussed with a manager, Human Resources or the General Counsel.

Payments to Governmental Personnel

The U.S. Foreign Corrupt Practices Act prohibits giving anything of value, directly or indirectly, to officials of foreign governments or foreign political candidates in order to obtain or retain business. It is strictly prohibited to make illegal payments to government officials of any country.

In addition, the U.S. government has a number of laws and regulations regarding business gratuities that may be accepted by U.S. government personnel. The promise, offer or delivery to an official or associate of the U.S. government of a gift, favor or other gratuity in violation of these rules would not only violate Company policy but could also be a criminal offense. State and local governments, as well as foreign governments, may have similar rules. The General Counsel can provide guidance to you in this area.

Report Results Accurately

Accurate Public Disclosures

We will make certain that all disclosures made in financial reports and public documents are full, fair, accurate, timely and understandable. In order to do so, all non-cash transactions, such as foreclosures, repossessions, deeds in lieu of, charge-offs, etc. should be reported in writing

immediately to the senior financial officers. This disclosure obligation applies to all employees, including all financial executives, with any responsibility for the preparation for such reports, including drafting, reviewing and signing or certifying the information contained therein. No business goal of any kind is ever an excuse for misrepresenting facts or falsifying records.

Employees should inform Executive Management, including the General Counsel, if they learn that information in any filing or public communication was untrue or misleading at the time it was made or if subsequent information would affect a similar future filing or public communication.

Corporate Recordkeeping

We create, retain and dispose of our Company records as part of our normal course of business in compliance with all Allegiance policies and guidelines, as well as all regulatory and legal requirements.

All corporate records must be true, accurate and complete, and Company data must be promptly and accurately entered in our books in accordance with applicable legal requirements and Allegiance's internal controls.

We must not improperly influence, manipulate or mislead any unauthorized audit, nor interfere with any auditor engaged to perform an internal independent audit of Allegiance books, records, processes or internal controls.

Accountability

Each of us is responsible for knowing and adhering to the values and standards set forth in this Code and for raising questions if we are uncertain about Company policy. If we are concerned whether the standards are being met or are aware of violations of the Code, we must contact the Human Resources Department.

Allegiance takes seriously the standards set forth in the Code, and violations are cause for disciplinary action up to and including termination of employment.

Waivers

Any waiver of this Code for executive officers or directors may be made only by the Board of Directors and will be promptly disclosed, along with the reasons for the waiver, as required by law or stock exchange regulation.

Use of Company Resources

Company resources, including time, material, equipment and information, are provided for Company business. Nonetheless, occasional personal use is permissible as long as it does not affect job performance or cause a disruption to the workplace.

Employees and those who represent Allegiance are trusted to behave responsibly and use good judgment to conserve Company resources. Managers are responsible for the resources assigned to their departments and are empowered to resolve issues concerning their proper use.

The obligation of directors and associates to protect the Company's resources includes its proprietary information. Proprietary information includes intellectual property such as trade secrets, patents, trademarks, and copyrights, as well as business, marketing and service plans, customer and vendor lists and information, engineering and manufacturing ideas, designs, databases, records, salary information and any unpublished financial data and reports. Unauthorized use or distribution of this information would violate Company policy. It could also be illegal and result in civil or even criminal penalties.

Guidance

We must all work to ensure prompt and consistent action against violations of this Code. However, in some situations it is difficult to know if a violation has occurred. Since we cannot anticipate every situation that will arise, it is important that we have a way to approach a new question or problem. These are the steps to keep in mind:

1. Make sure you have all the facts. In order to reach the right solutions, we must be as fully informed as possible.
2. Ask yourself: What specifically am I being asked to do? Does it seem unethical or improper? This will enable you to focus on the specific question you are faced with, and the alternatives you have. Use your judgment and common sense; if something seems unethical or improper, it probably is.
3. Clarify your responsibility and role. In most situations, there is shared responsibility. Are your colleagues informed? It may help to get others involved and discuss the problem.
4. Discuss the problem with your supervisor. This is the basic guidance for all situations. In many cases, your supervisor will be more knowledgeable about the question and will appreciate being brought into the decision-making process. Remember that it is your supervisor's responsibility to help solve problems.
5. Seek help from Company resources. In the rare case where it may not be appropriate to discuss an issue with your supervisor, or where you do not feel comfortable approaching your supervisor with your question, Human Resources is available to help. If, for any reason, you do not feel comfortable talking to those individuals, the General Counsel will help. The General Counsel represents the Company, and does not represent any individual employee of or consultant to the Company.
6. You may report ethical violations in confidence and without fear of retaliation. If your situation requires that your identity be kept secret, your anonymity will be protected to the extent possible while responding to the violation. The Company does not permit retaliation of any kind against employees for good faith reports of ethical violations.
7. Always ask first, act later. If you are unsure of what to do in any situation, seek guidance before you act.

PROVISIONS APPLICABLE TO CHIEF EXECUTIVE OFFICER AND SENIOR FINANCIAL OFFICERS

As used in this Section, the term "Senior Financial Officer" means the Company's Chief Financial Officer, Principal Accounting Officer and Controller, or persons performing similar functions. The Chief Executive Officer and Senior Financial Officers are subject to this entire Code. In addition, however, the Chief Executive Officer and Senior Financial Officers are subject to this provision, which has been adopted by the Board of Directors to deter wrongdoing and promote honest and ethical conduct, proper disclosure of financial information in the Company's reports and documents that the Company files with, or submits to, the SEC and in other public communications, and compliance with applicable laws, rules, and regulations by the Company's Chief Executive Officer and Senior Financial Officers.

In performing his or her duties, each of the Chief Executive Officer and Senior Financial Officers must:

- maintain high standards of honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
- report to the Audit Committee of the Board of Directors any conflict of interest that may arise and any material transaction or relationship that reasonably could be expected to give rise to a conflict;
- provide, or cause to be provided, full, fair, accurate, timely, and understandable disclosure in reports and documents that the Company files with or submits to the SEC and in other public communications made by the Company and maintain the Company's accounting records in accordance with all applicable laws, including that they must be proper, supported and classified and must not contain any false or misleading entries;
- comply and take all reasonable actions to cause others within the Company to comply with applicable governmental laws, rules, and regulations;
- promptly bring to the attention of the General Counsel and the Audit Committee any information concerning (i) significant deficiencies in the design or operation of internal controls which could adversely affect the Company's ability to record, process, summarize and report financial data or (ii) any fraud, whether or not material, that involves management or other associates who have a significant role in the Company's financial reporting, disclosures or internal controls; and
- promptly report violations of this Section to the Audit Committee.

Any request for a waiver of any portion of this provision must be in writing and addressed to the Audit Committee. Any waiver of any portion of this provision will be disclosed promptly on Form 8-K or any other means specified by the SEC.

The Audit Committee will assess compliance with this provision, and shall determine appropriate actions to be taken in the event of a violation of this Section by the Chief Executive Officer or any Senior Financial Officer. Any such actions shall be reasonably designed to deter wrongdoing and to promote adherence to this provision, and shall take into account all information the Audit Committee deems relevant, including the nature and severity of the violation, whether the violation

was a single occurrence or one of several repeated occurrences, whether the violation appears to have been intentional or inadvertent, whether the individual in question had been advised prior to the violation as to the proper course of action and whether or not the individual in question had committed other violations in the past.

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