



Allegiance Bancshares, Inc.[®]

Fourth Quarter 2018
Earnings Presentation

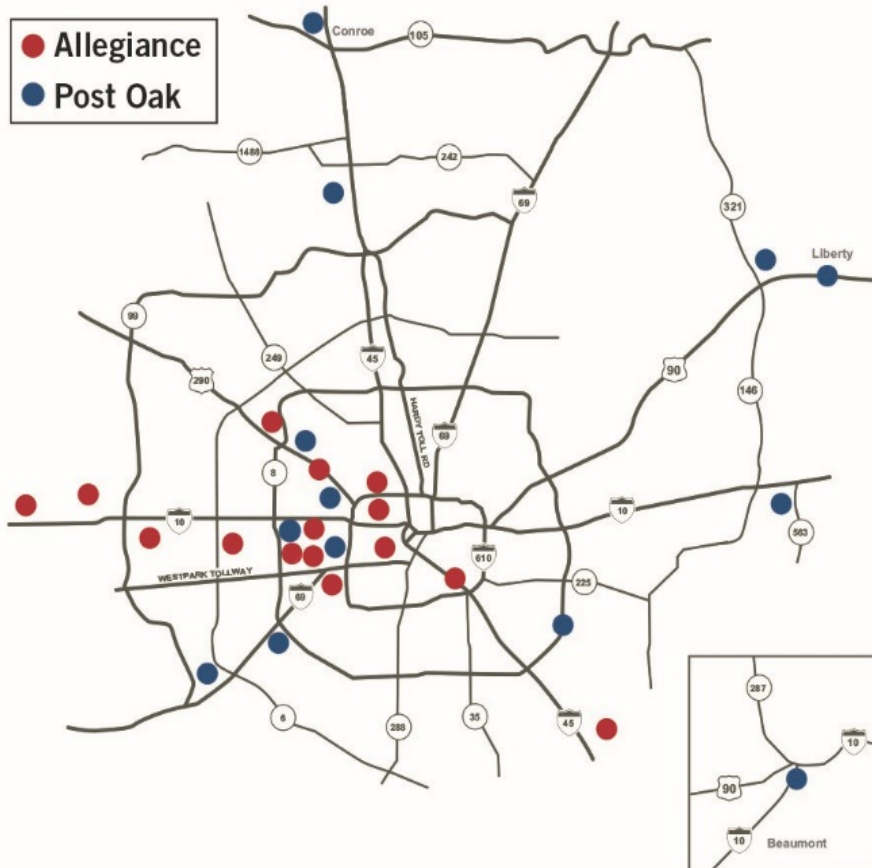
Safe Harbor Statement

"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, 2017 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, 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.



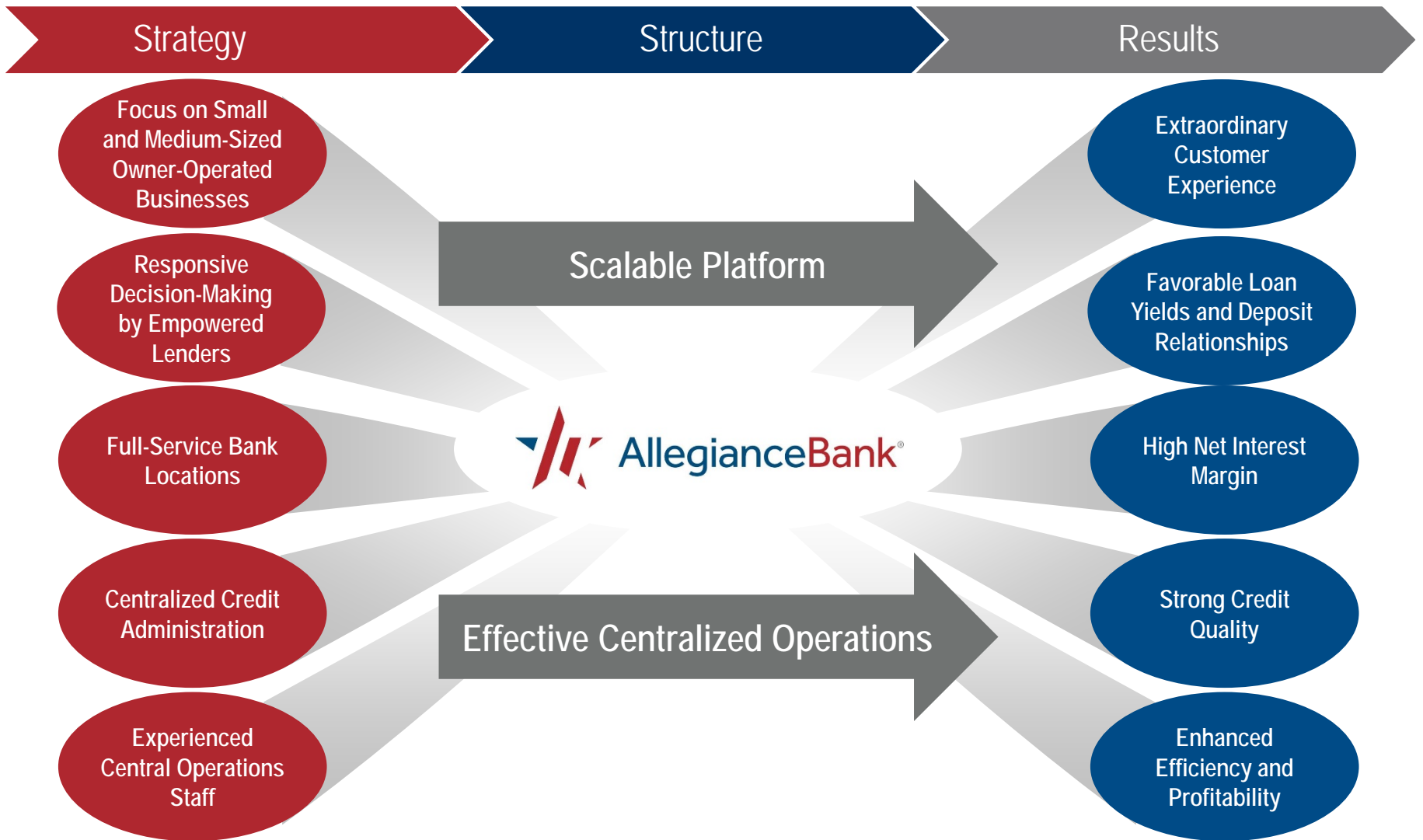
Company Overview

- Holding company for Allegiance Bank headquartered in Houston, Texas (NASDAQ: ABTX)
- 28 full-service banking locations and one loan production office
 - 27 in the Houston metropolitan area
 - 1 in Beaumont, just outside of Houston
- Super-community banking model
- Three acquisitions completed:
 - 2018: Post Oak Bank (Post Oak Bancshares, Inc.) with \$1.50 billion in total assets
 - 2015: Enterprise Bank (F&M Bancshares, Inc.) with \$569.7 million in total assets
 - 2013: Independence Bank with \$222.1 million in total assets

Summary Financials

Allegiance Bancshares, Inc.				
(\$ in thousands)	12/31/2018	12/31/2017	12/31/2016	12/31/2015
Total Assets	\$ 4,655,249	\$ 2,860,231	\$ 2,450,948	\$ 2,084,579
Total Loans	3,708,306	2,270,876	1,891,635	1,681,052
Total Deposits	3,662,536	2,213,974	1,870,183	1,759,133
Total Equity	702,984	306,865	279,817	258,490
Loans/Deposits	101.2%	102.6%	101.1%	95.6%
NPAs/Assets	0.72%	0.49%	0.75%	0.25%
TCE/TA	10.29%	9.38%	9.82%	10.48%
NIM (tax equivalent)	4.27%	4.34%	4.37%	4.68%
ROAA	1.11%	0.65%	0.98%	0.81%
ROATCE	11.20%	6.93%	9.96%	9.52%

Our Super-community Banking Strategy



Houston MSA Deposit Market Share

Significant opportunity exists for a truly Houston-focused community bank with scale

Institution (ST)	2018 ⁽¹⁾						2017 ⁽¹⁾		
	2018 Rank	2017 Rank	Number of Branches	Total Deposits In Market (\$000)	Total Market Share (%)	% of Company Deposits	Total Deposits In Market (\$000)	Total Market Share (%)	Size Profile ⁽²⁾
Houston-The Woodlands-Sugar Land, TX									
JPMorgan Chase & Co. (NY)	1	1	193	103,057,848	43.12	8.09	104,722,596	44.79	>\$1T
Wells Fargo & Co. (CA)	2	2	191	26,411,254	11.05	2.08	25,919,285	11.09	>\$1T
Bank of America Corporation (NC)	3	3	113	22,254,082	9.31	1.70	20,631,966	8.83	>\$1T
BBVA	4	4	75	15,021,735	6.29	21.30	13,521,065	5.78	>\$100B
Zions Bancorp. NA (UT)	5	5	64	9,824,855	4.11	18.21	9,781,593	4.18	>\$50B
Prosperity Bancshares Inc. (TX)	6	6	60	4,976,127	2.08	29.26	5,028,843	2.15	>\$20B
Capital One Financial Corp. (VA)	7	7	40	4,544,163	1.90	1.95	4,869,620	2.08	>\$100B
Cullen/Frost Bankers Inc. (TX)	8	8	34	4,483,002	1.88	17.18	4,403,967	1.88	>\$30B
Cadence Bancorp. (TX)	9	12	12	4,080,689	1.71	29.43	3,096,142	1.32	>\$10B
Woodforest Financial Grp Inc. (TX)	10	9	104	4,038,486	1.69	76.49	3,347,281	1.43	>\$5B
Allegiance Bancshares Inc. (TX)	11	10	28	3,485,441	1.46	97.66	3,258,246	1.39	~\$4.7B
Comerica Inc. (TX)	12	11	48	3,000,429	1.26	5.17	3,165,915	1.35	>\$50B
Texas Capital Bancshares Inc. (TX)	13	13	2	2,412,896	1.01	11.81	2,538,854	1.09	>\$20B
Veritex Holdings Inc. (TX)	14	14	14	2,155,544	0.90	36.12	1,978,875	0.85	~\$8B
BOK Financial Corp. (OK)	15	15	12	1,763,568	0.74	6.88	1,811,118	0.77	>\$30B
IBERIABANK Corp. (LA)	16	20	7	1,681,272	0.70	7.13	1,201,381	0.51	>\$30B
East West Bancorp Inc. (CA)	17	19	9	1,565,570	0.66	5.06	1,288,643	0.55	>\$30B
CBTX Inc. (TX)	18	18	16	1,493,699	0.62	57.28	1,323,832	0.57	>\$3B
BB&T Corp. (NC)	19	21	22	1,383,189	0.58	0.83	1,141,812	0.49	>\$100B
Independent Bk Group Inc. (TX)	20	16	14	1,361,639	0.57	12.94	1,661,496	0.71	>\$10B
Total For Institutions In Market			1,419	238,997,060			233,786,845		

*Source S&P Global Intelligence

(1) As of June 30 of the year shown, on a pro forma basis reflecting any announced acquisition

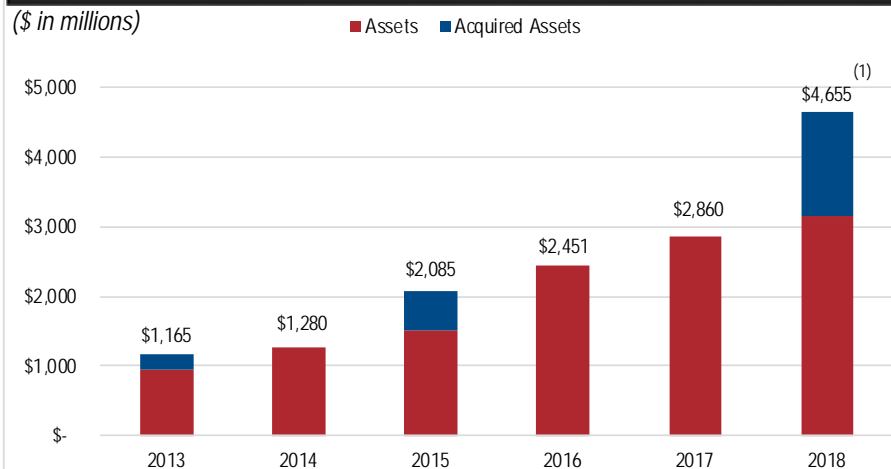
(2) To date, on a pro forma basis reflecting any announced acquisition

Highlights – 2018

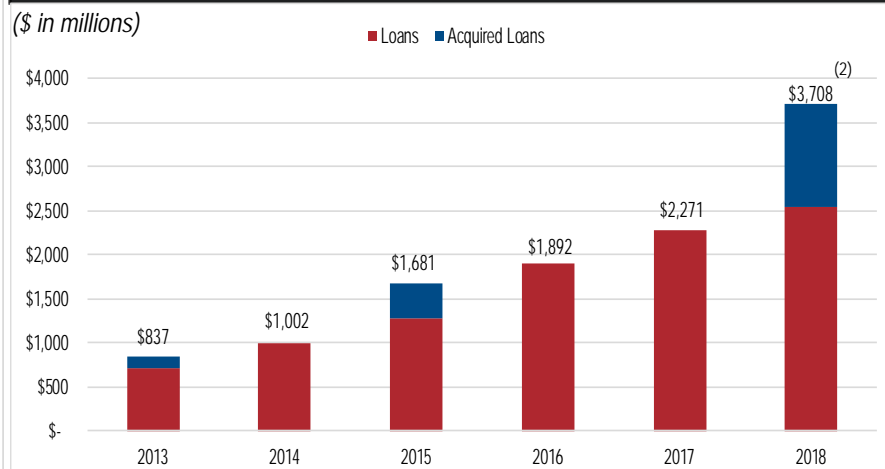
- Assets of \$4.66 billion, loans of \$3.71 billion, deposits of \$3.66 billion and shareholder's equity of \$703.0 million at December 31, 2018
- Completion of the acquisition of Post Oak Bancshares, Inc. on October 1, 2018 with an integration date in the first quarter of 2019
- Record earnings of \$37.3 million and diluted earnings per share of \$2.37 for the year 2018 compared to \$17.6 million and \$1.31 per diluted share earned for the year 2017
 - 2018 earnings were impacted by \$1.8 million and \$1.7 million in core system conversion and merger-related expenses, respectively, and \$3.1 million of acquisition accounting adjustments
- Efficiency ratio decreased to 63.68% for the year 2018 from 63.89% for the year 2017 and decreased to 60.30% for the fourth quarter 2018 from 63.05% for the third quarter 2018 and 66.50% for the fourth quarter 2017
- Net interest income increased 24.0% for the full year 2018 compared to 2017
- Core loan growth of \$294.3 million, or 13.4%, year over year to \$3.67 billion
- Houston Business Journal 2018 Best Places to Work for the sixth consecutive year
- Recognized as a 2018 Best Companies to Work for Texas
- Houston SBA District 2018 Veterans Champion of the Year Award and Allegiance Bank SBA lender was given the "Hurricane Harvey Hero" award
- Received the Houston Better Business Bureau 2018 Pinnacle Award for Excellence
- Recognized as a 2018 Top Workplace in Houston by the Houston Chronicle for the ninth consecutive year
- Recognized as the Largest Houston-Area Community Bank by the Houston Business Journal
- Named one of the Best Banks to Work For in 2017 by the American Banker Magazine

Historical Growth

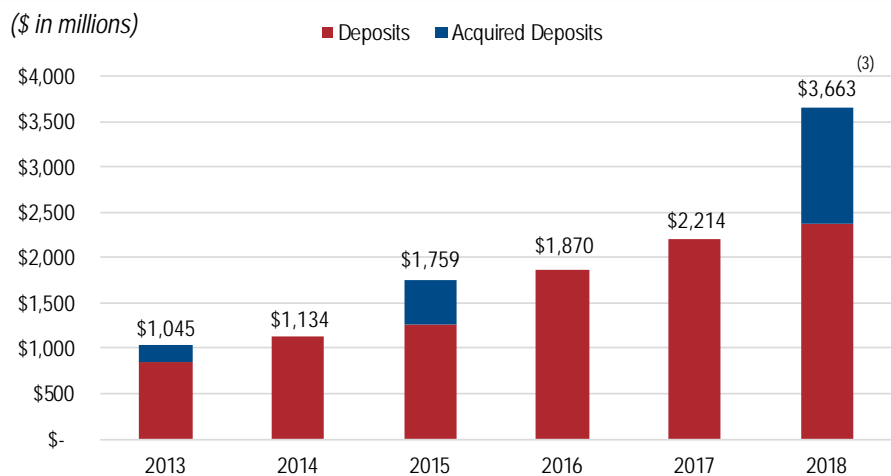
Total Assets



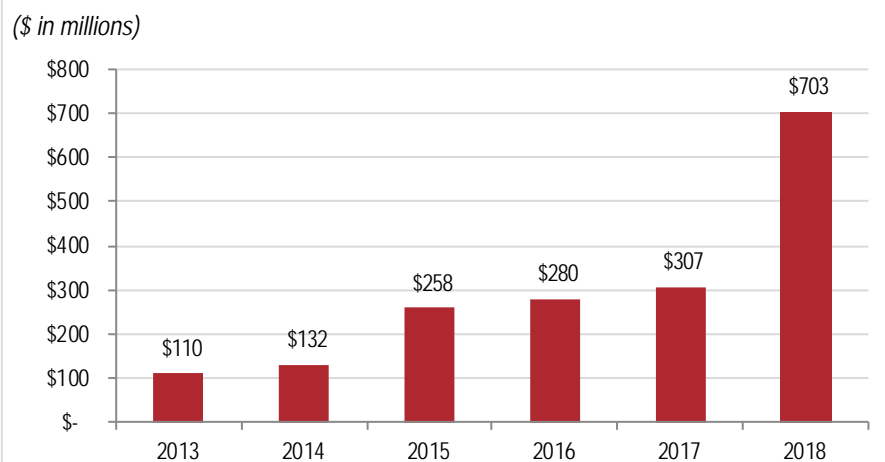
Total Loans



Total Deposits



Total Equity



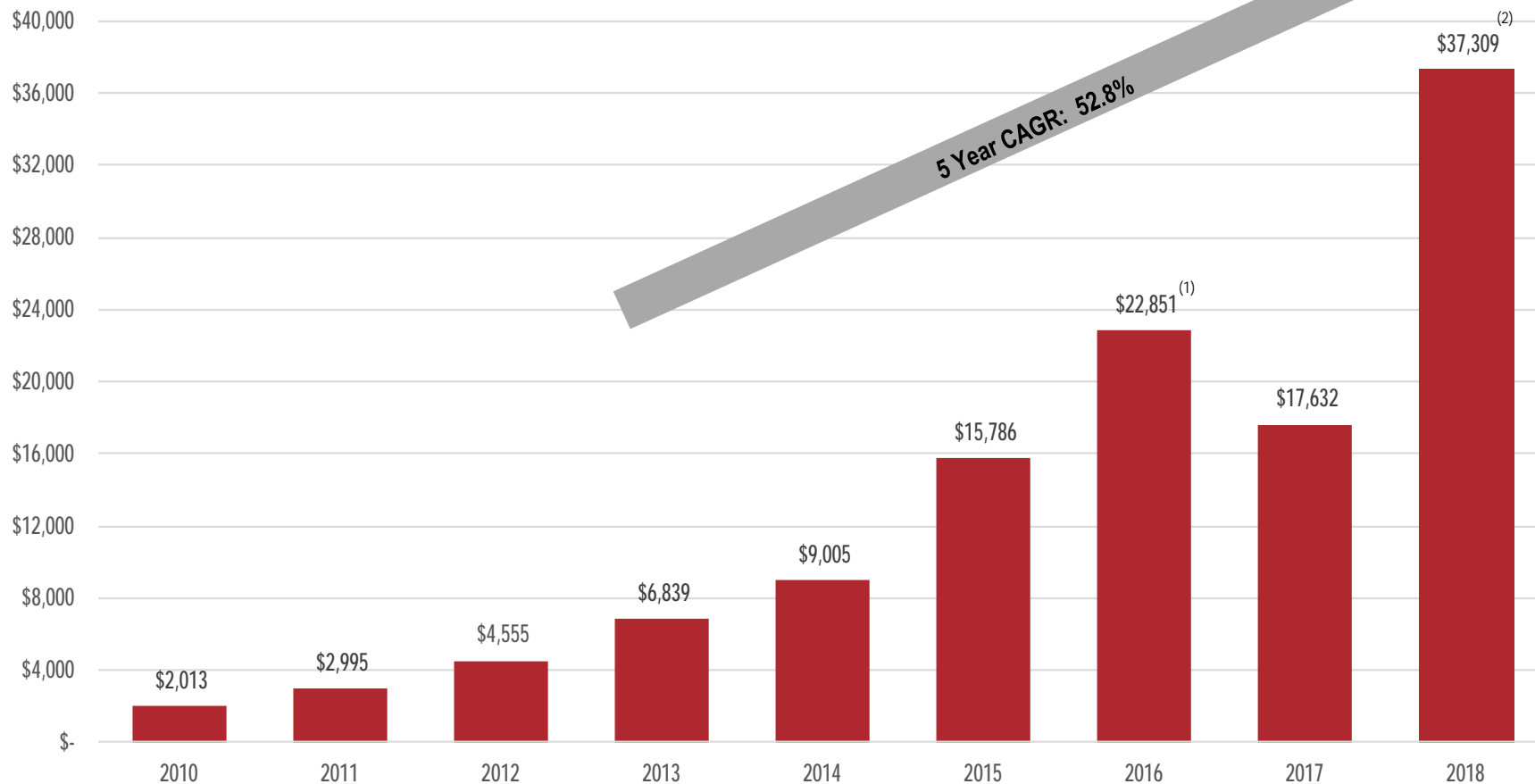
(1) Includes \$1.50 billion in assets on October 1, 2018

(2) Includes \$1.16 billion of acquired loans at fair value on October 1, 2018

(3) Includes \$1.29 billion of total deposits on October 1, 2018

Net Income Growth

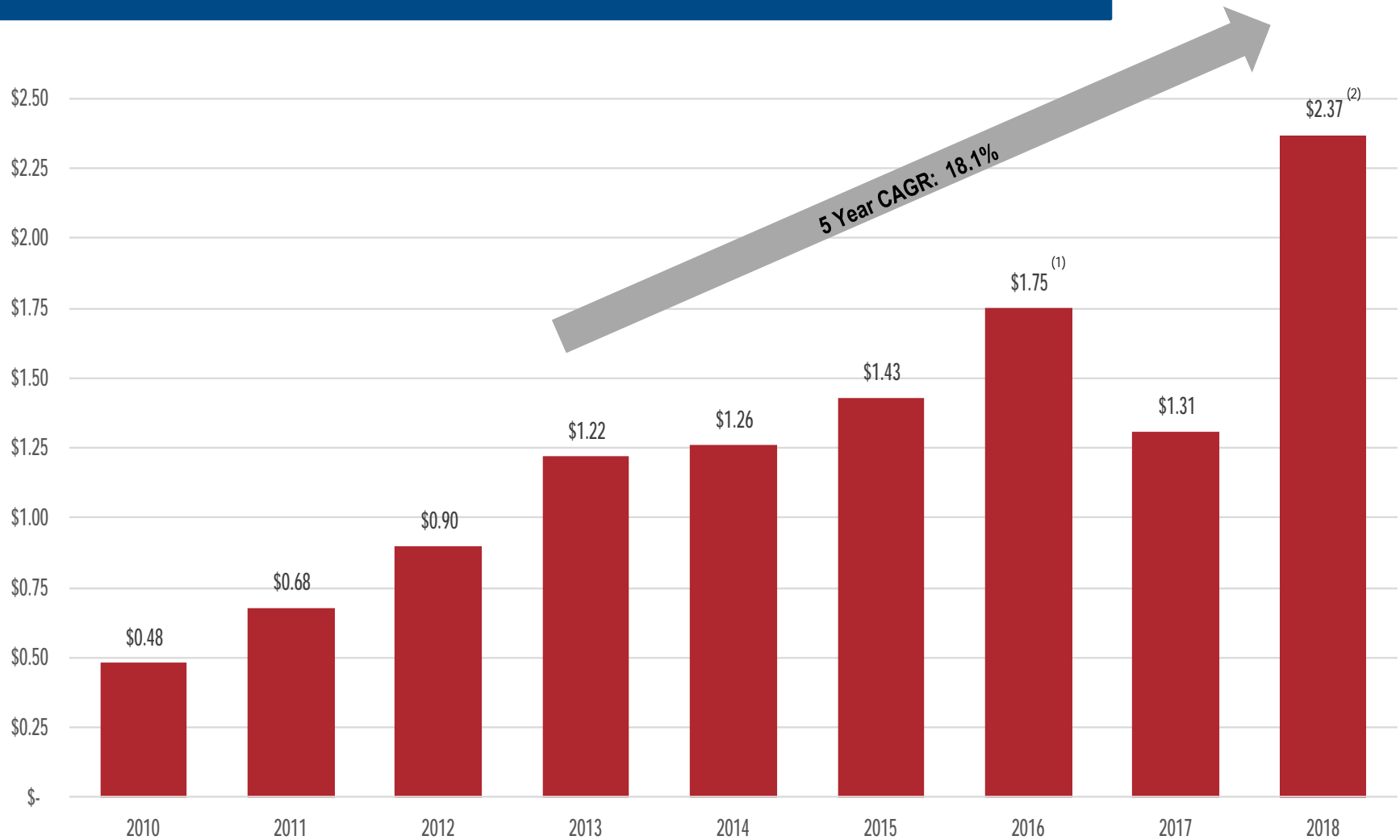
(\$ in thousands)



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

(2) Includes \$1.8 million and \$1.7 million of core system conversion and merger-related expenses, respectively, and \$3.1 million of acquisition accounting adjustments

Diluted EPS Growth

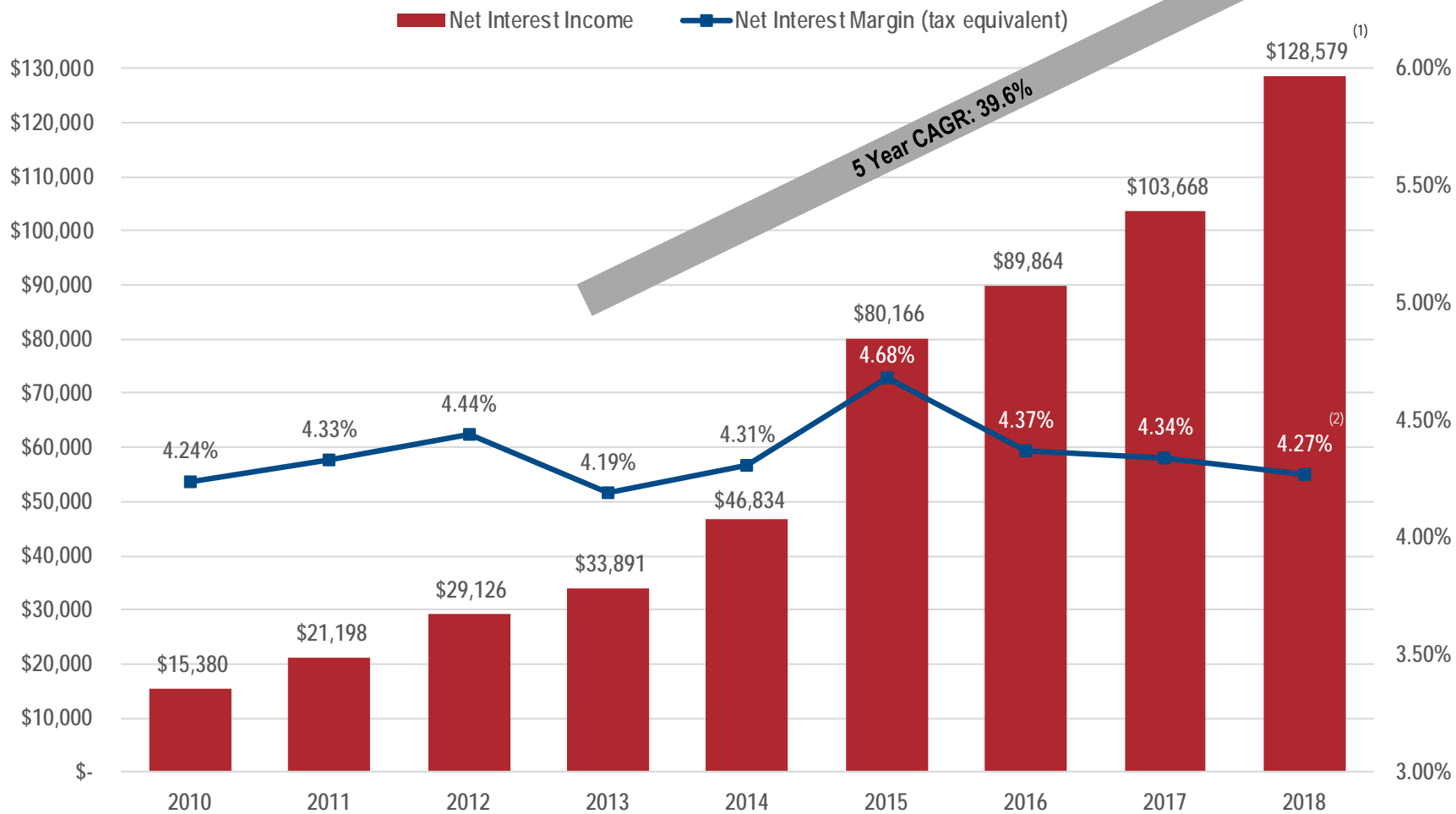


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Net Interest Income and Margin

(\$ in thousands)

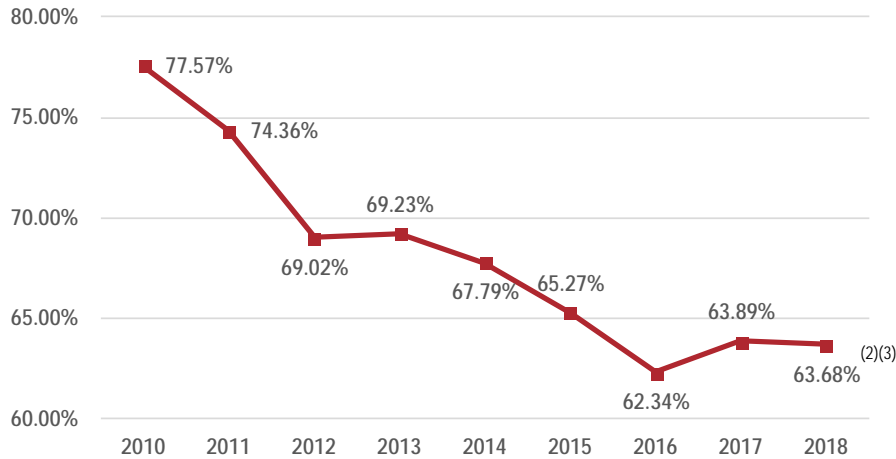


(1) Includes \$3.1 million of acquisition accounting adjustments

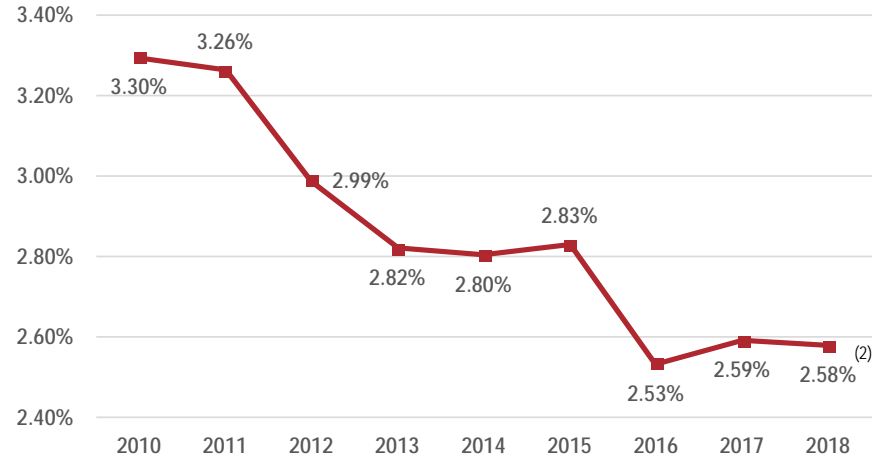
(2) Tax equivalent net interest margin adjusted for acquisition accounting adjustments was 4.17%

Performance Metrics

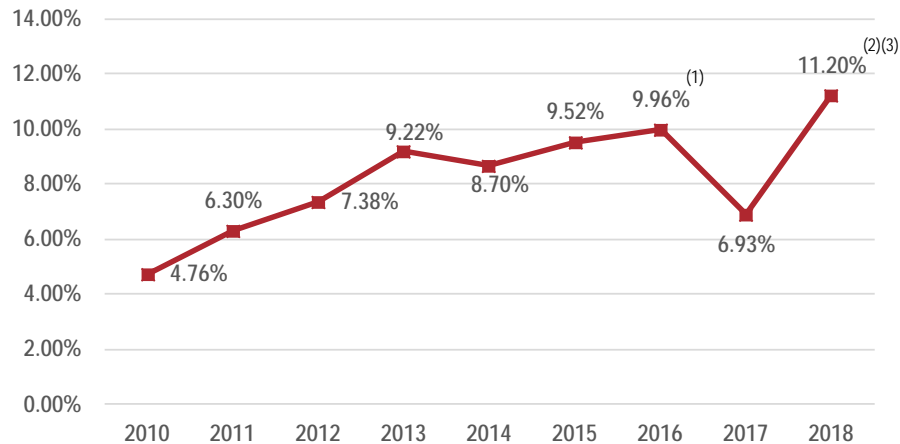
Efficiency



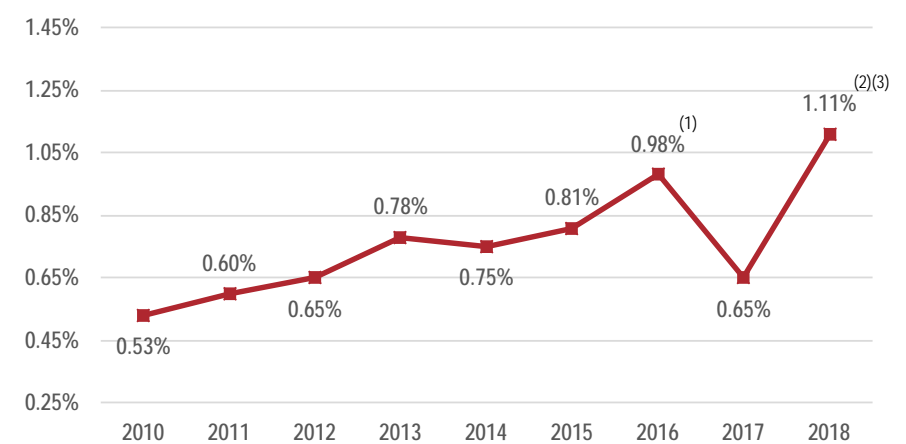
Noninterest Expense / Average Assets



ROATCE



ROAA



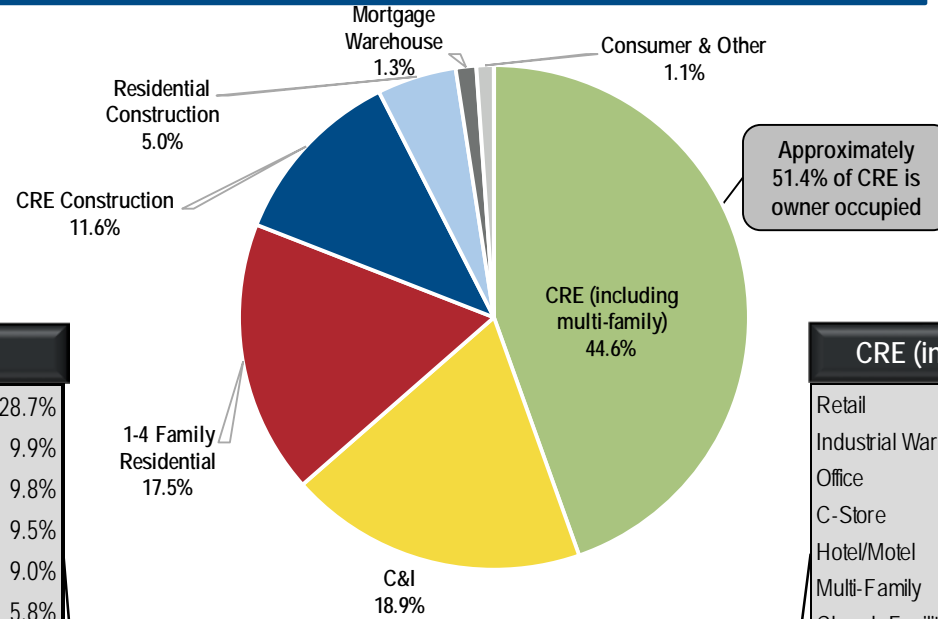
(1) Includes a one-time gain from sale of branches of \$1.3 million (after-tax)

(2) Includes \$1.8 million and \$1.7 million of core system conversion and merger-related expenses, respectively

(3) Includes \$3.1 million of acquisition accounting adjustments

Loan Portfolio Composition

(\$ in millions)



Approximately 51.4% of CRE is owner occupied

CRE Construction by Property Type

Property Type	\$	%
Improved Land	123.4	28.7%
C-Store	42.7	9.9%
Office	42.2	9.8%
Unimproved Land	40.8	9.5%
Retail/Wholesale	38.5	9.0%
Hotel/Motel	25.0	5.8%
Residential Lot/Acreage	19.6	4.6%
Industrial/Warehouse	14.8	3.4%
Mini Storage	11.5	2.7%
Church Facility	10.2	2.4%
Car Wash	9.8	2.3%
Health Care	7.7	1.8%
Other	43.9	10.1%
Total CRE Construction	\$ 430.1	100.0%

Loan Portfolio (as of December 31, 2018)

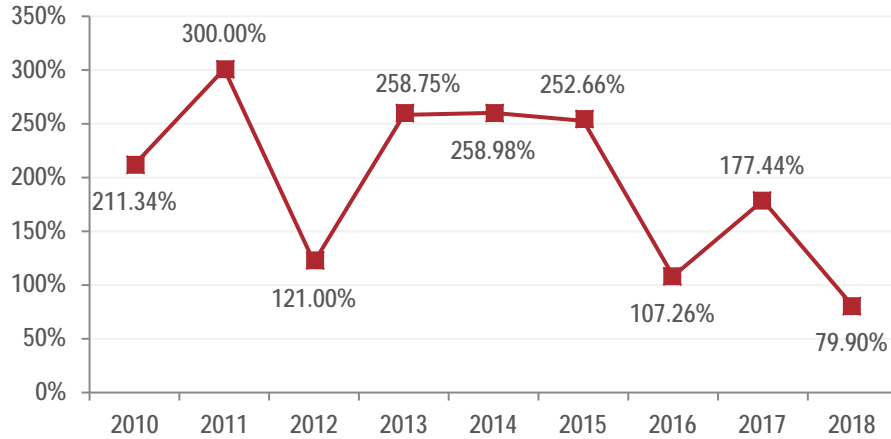
Category	\$	%
CRE (including multi-family)	1,650,912	44.6%
C&I	702,037	18.9%
1-4 Family Residential	649,311	17.5%
CRE Construction	430,128	11.6%
Residential Construction	186,411	5.0%
Mortgage Warehouse	48,274	1.3%
Consumer & Other	41,233	1.1%
Total Loans	\$ 3,708,306	100.0%

CRE (incl. multi-family) by Property Type

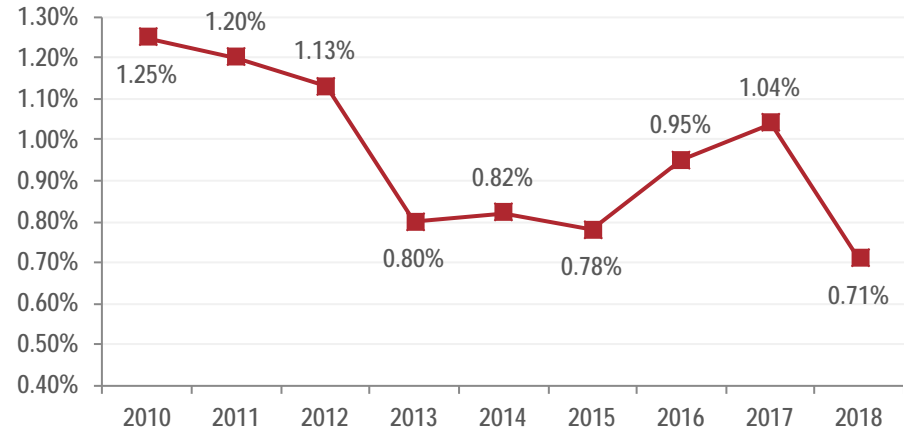
Property Type	\$	%
Retail	411.1	24.9%
Industrial Warehouse	275.7	16.7%
Office	268.1	16.2%
C-Store	201.8	12.2%
Hotel/Motel	115.0	7.0%
Multi-Family	78.2	4.7%
Church Facility	45.0	2.7%
Mini Storage	36.1	2.2%
Farmland	35.1	2.1%
Day Care	32.3	2.0%
Restaurant/Bar	23.6	1.4%
Car Wash	20.1	1.2%
Health Care	19.0	1.2%
Agriculture	14.8	0.9%
RV Park	12.8	0.8%
Fitness Center	11.8	0.7%
Other	50.4	3.1%
Total CRE (incl. multi-family)	\$ 1,650.9	100.0%

Strong Credit Quality

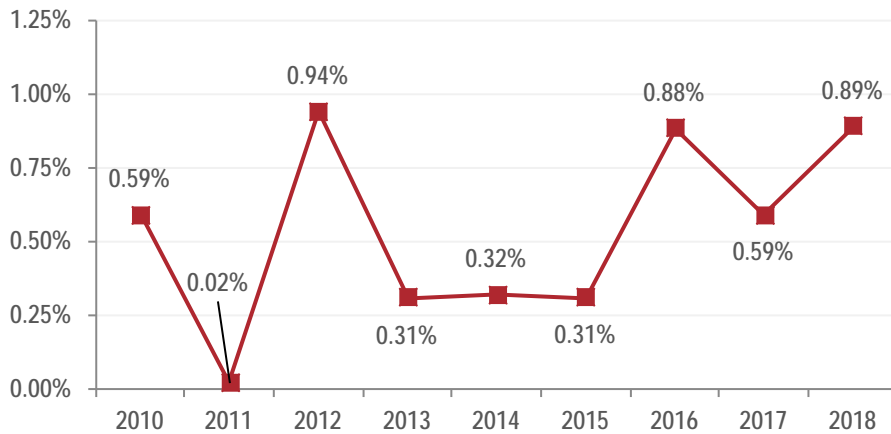
Allowance / Nonperforming Loans



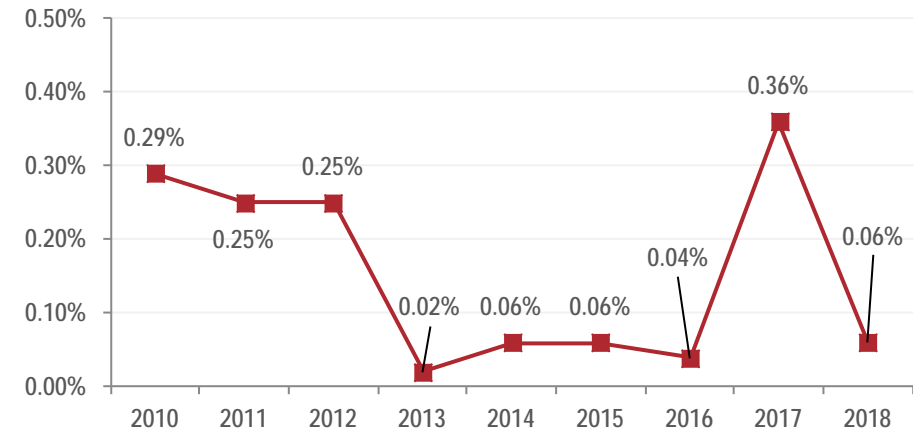
Allowance / Total Loans



Nonperforming Loans / Total Loans



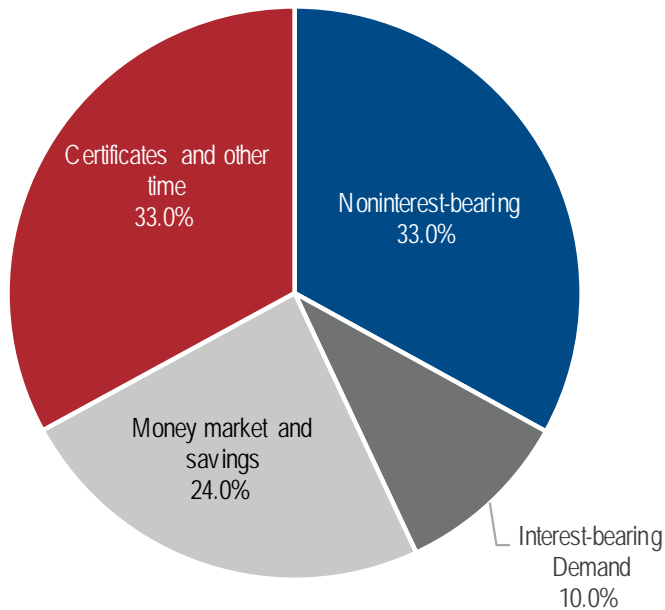
Net Charge-offs / Average Loans



Deposit Growth and Composition

Deposit Composition

(as of December 31, 2018)



Deposit Growth

(\$ in millions)

