

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

Second Quarter 2019  
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, 2018 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.

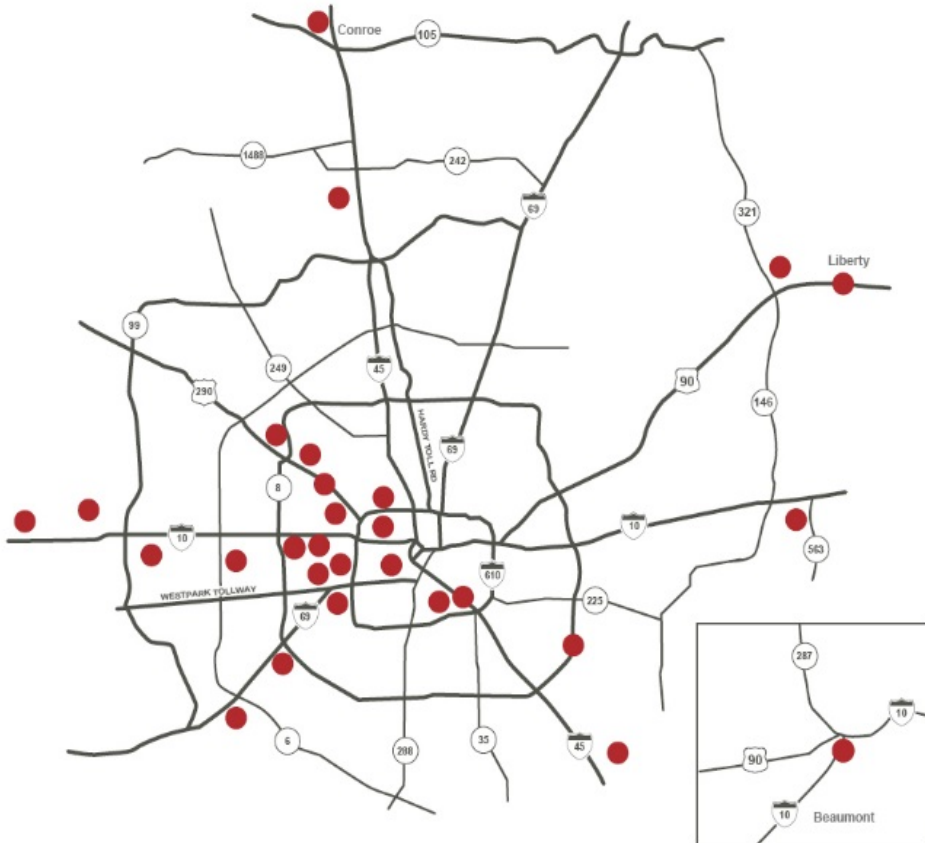
## GAAP Reconciliation of Non-GAAP Financial Measures

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 headquartered in Houston, Texas (NASDAQ: ABTX)
- 27 full-service banking locations and one loan production office
  - 26 in the Houston-The Woodlands-Sugar Land MSA
  - 1 in the Beaumont-Port Arthur MSA, just outside of Houston
- Three acquisitions completed:
  - 2019: LoweryBank branch acquisition with \$45.0 million in loans and \$16.0 million in deposits
  - 2018: Post Oak Bank, N.A. (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, N.A. with \$222.1 million in total assets



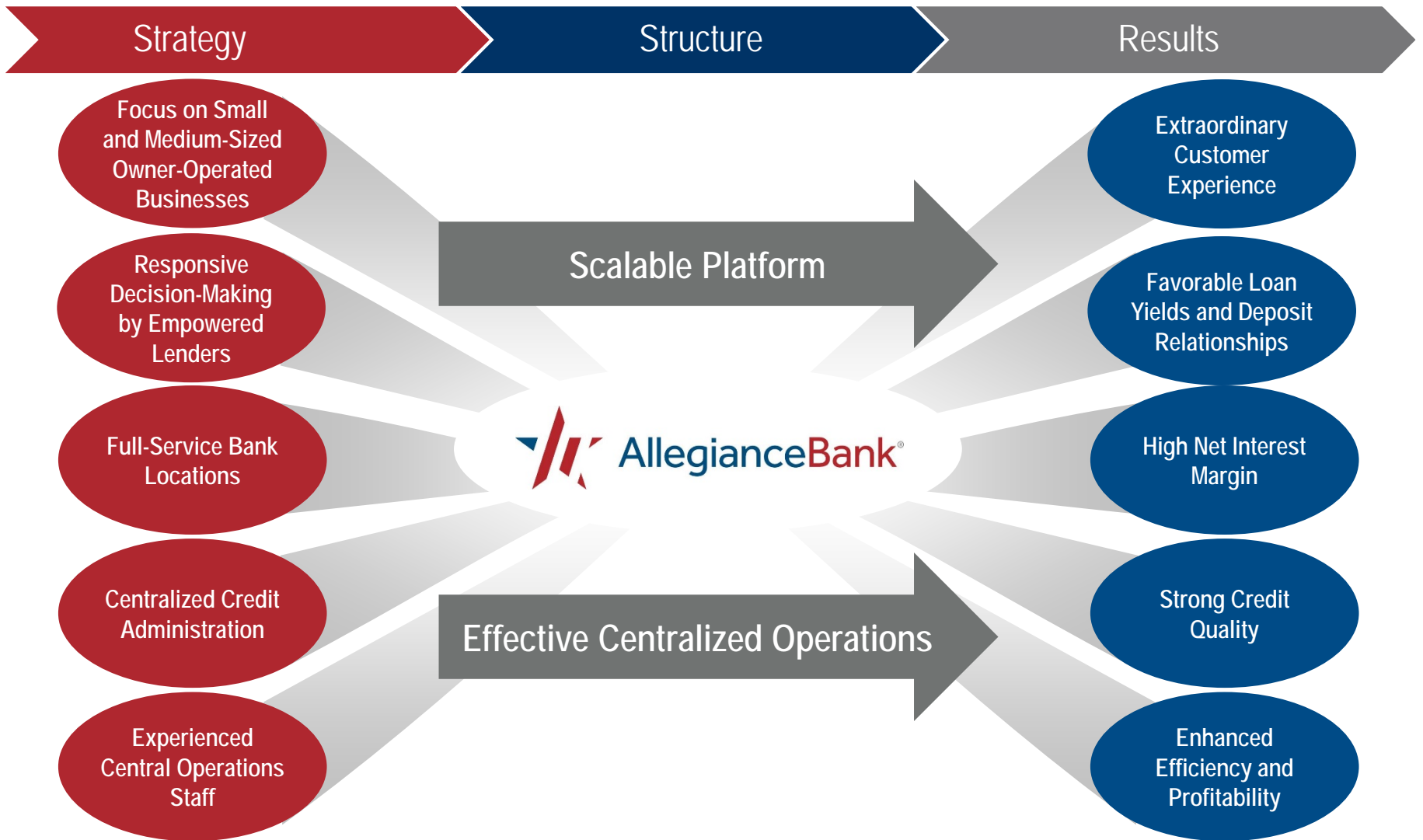
## Summary Financials

### Allegiance Bancshares, Inc.

(\$ in thousands)	6/30/2019	12/31/2018	12/31/2017	12/31/2016	12/31/2015
Total Assets	\$ 4,794,211	\$ 4,655,249	\$ 2,860,231	\$ 2,450,948	\$ 2,084,579
Total Loans	3,857,963	3,708,306	2,270,876	1,891,635	1,681,052
Total Deposits	3,860,640	3,662,536	2,213,974	1,870,183	1,759,133
Total Equity	704,701	702,984	306,865	279,817	258,490
Loans/Deposits	99.9%	101.2%	102.6%	101.1%	95.6%
NPAs/Assets	0.79%	0.72%	0.49%	0.75%	0.25%
TCE/TA	10.05%	10.29%	9.38%	9.82%	10.48%
NIM (tax equivalent)	4.33%	4.27%	4.34%	4.37%	4.68%
ROAA*	1.19%	1.11%	0.65%	0.98%	0.81%
ROATCE*	12.52%	11.20%	6.93%	9.96%	9.52%

\*Annualized as of 2Q 2019

# 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 <sup>(1)</sup>						2017 <sup>(1)</sup>		
	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 <sup>(2)</sup>
<b>Houston-The Woodlands-Sugar Land, TX</b>									
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
<b>Allegiance Bancshares Inc. (TX)</b>	<b>11</b>	<b>10</b>	<b>28</b>	<b>3,485,441</b>	<b>1.46</b>	<b>97.66</b>	<b>3,258,246</b>	<b>1.39</b>	<b>~\$4.7B</b>
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
<b>Total For Institutions In Market</b>			<b>1,419</b>	<b>238,997,060</b>			<b>233,786,845</b>		

\*Source S&P Global Intelligence

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

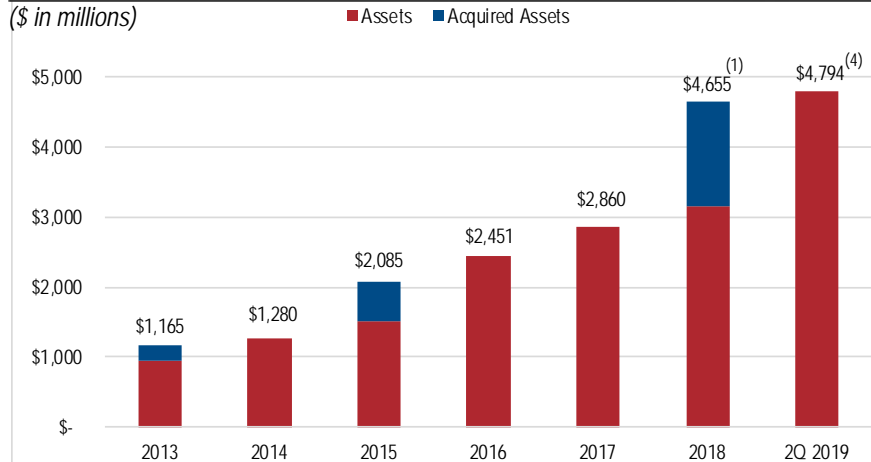
(2) To date, on a pro forma basis reflecting any announced acquisition

# Highlights – Second Quarter 2019

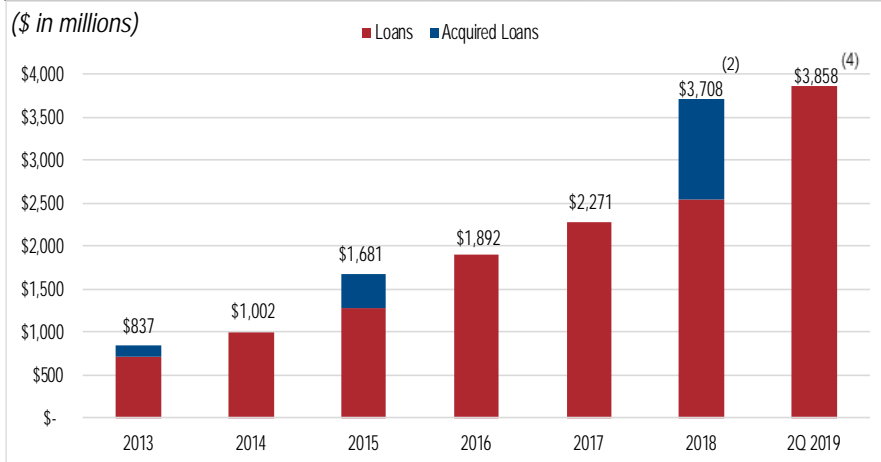
- Assets of \$4.79 billion, loans of \$3.86 billion, deposits of \$3.86 billion and shareholder's equity of \$704.7 million at June 30, 2019
- Record net income of \$14.2 million for the second quarter 2019 compared to \$12.7 million for the first quarter 2019 and \$7.6 million for the second quarter 2018
  - Second quarter 2019 earnings were impacted by gains on sales of securities of \$846 thousand, accelerated purchase accounting accretion due to payoffs of \$576 thousand, SBIC investment income of \$214 thousand and \$2.8 million of acquisition accounting adjustments compared to \$1.2 million of acquisition and merger-related expenses and \$3.0 million of acquisition accounting adjustments recorded during the first quarter 2019
- Net interest income increased to \$45.6 million for the second quarter 2019 compared to \$44.6 million for the first quarter 2019 and \$27.8 million for the second quarter 2018
- Net interest margin increased to 4.33% for the second quarter 2019 from 4.31% for the first quarter 2019 and 4.21% for the second quarter 2018
  - Net interest margin excluding acquisition accounting adjustments would have been 4.07% for the second quarter 2019 compared to 4.03% for the first quarter 2019
- Efficiency ratio decreased to 61.93% for the second quarter 2019 from 64.97% for the first quarter 2019 and 67.05% for the second quarter 2018
- Core loan growth of \$1.50 billion, or 65.2%, year over year to \$3.81 billion
- Recognized by the Houston Chronicle as one of Houston's 100 leading companies. The Chronicle 100 is composed of publicly traded companies in the Houston area who were ranked by 2018 performance criteria, such as, total revenues, annual growth in earnings per share, annual revenue growth and one-year total return.

# Historical Growth

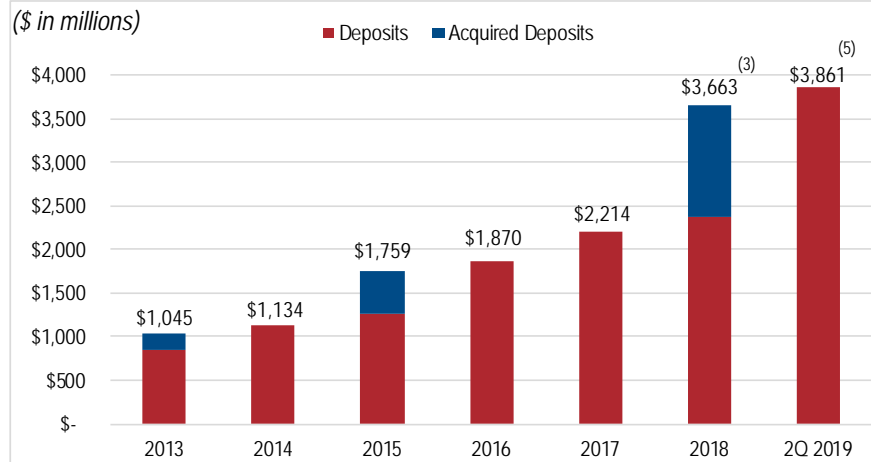
## Total Assets



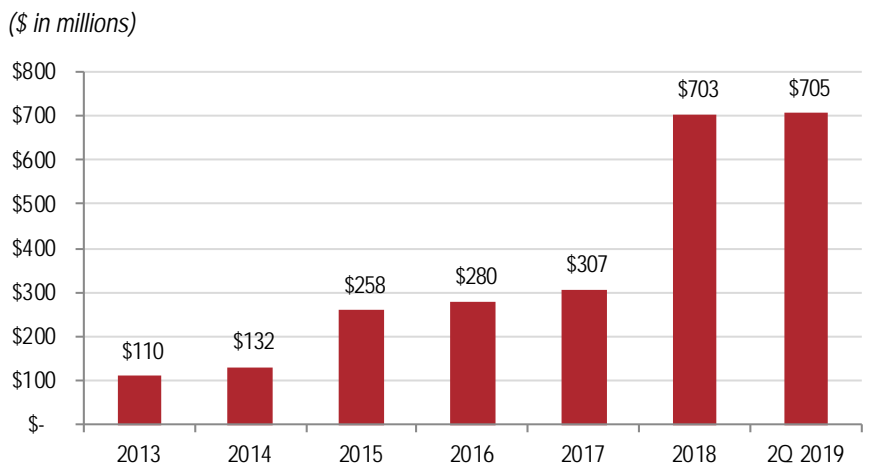
## Total Loans



## Total Deposits



## Total Equity



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

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

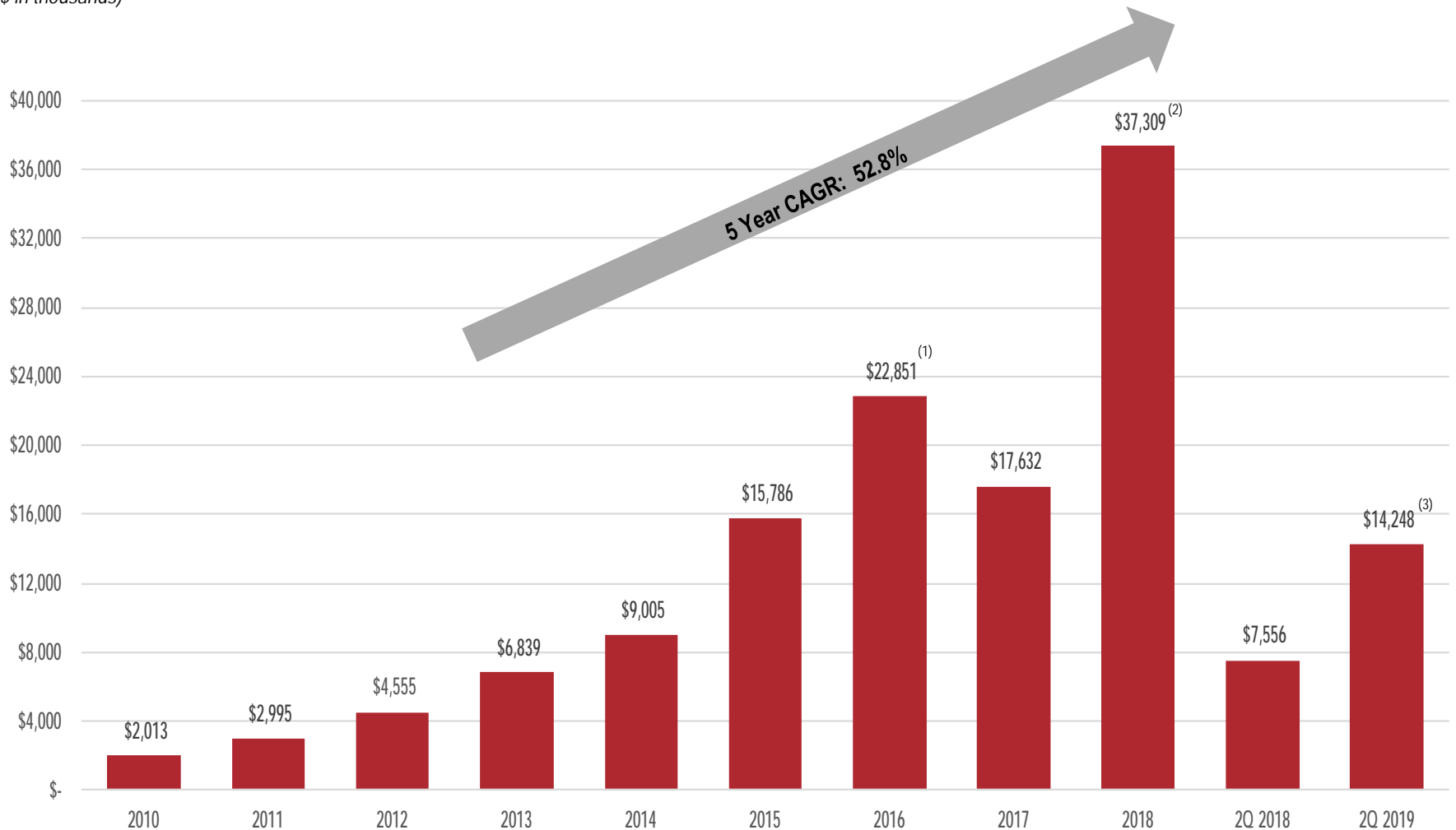
(3) Includes \$1.29 billion of acquired deposits on October 1, 2018

(4) Includes approximately \$45.0 million of loans acquired from LoweryBank

(5) Includes approximately \$16.0 million of deposits acquired from LoweryBank

# Net Income Growth

(\$ in thousands)



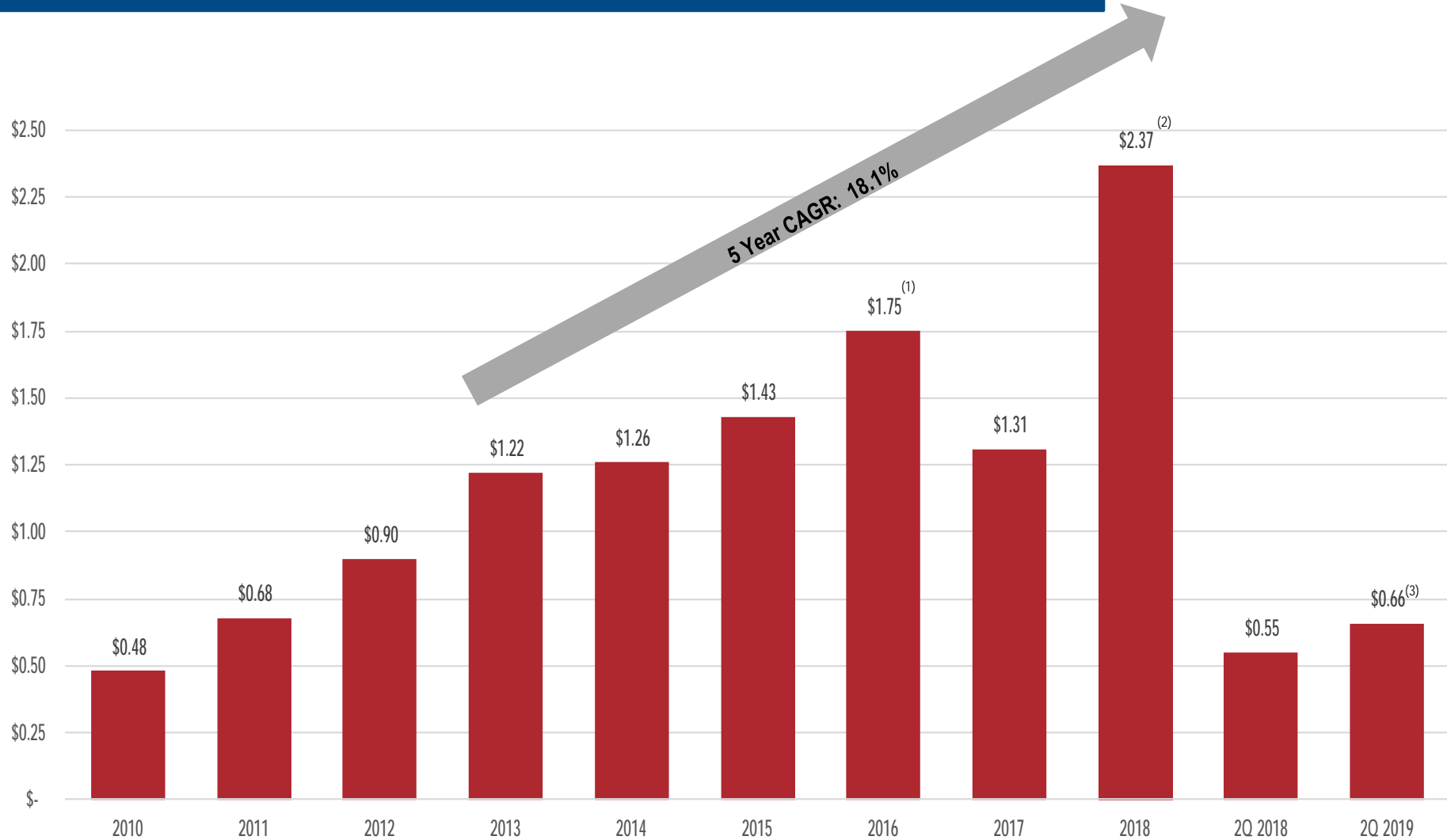
(1) Includes a one-time gain from sale of branches of \$1.3 million (after-tax)

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

(3) Includes \$2.8 million of acquisition accounting adjustments, \$846 thousand of gain on sales of securities, \$576 thousand accelerated accretion due to payoffs and \$214k of SBIC income



# Diluted EPS Growth



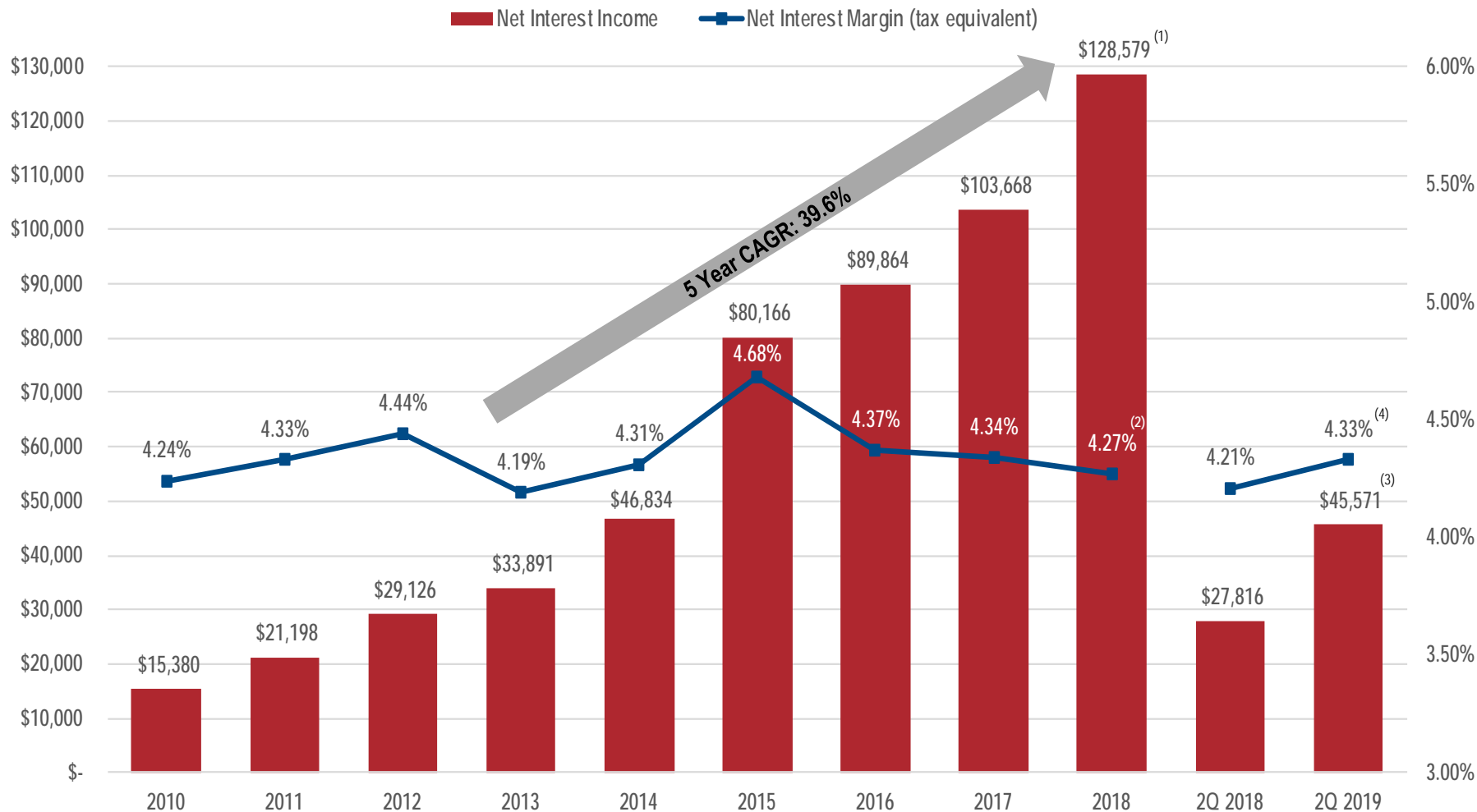
(1) Includes a one-time gain from sale of branches of \$1.3 million (after-tax)

(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

(3) Includes \$2.8 million of acquisition accounting adjustments, \$846 thousand of gain on sales of securities, \$576 thousand accelerated accretion due to payoffs and \$214k of SBIC income

# Net Interest Income and Margin

(\$ in thousands)



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

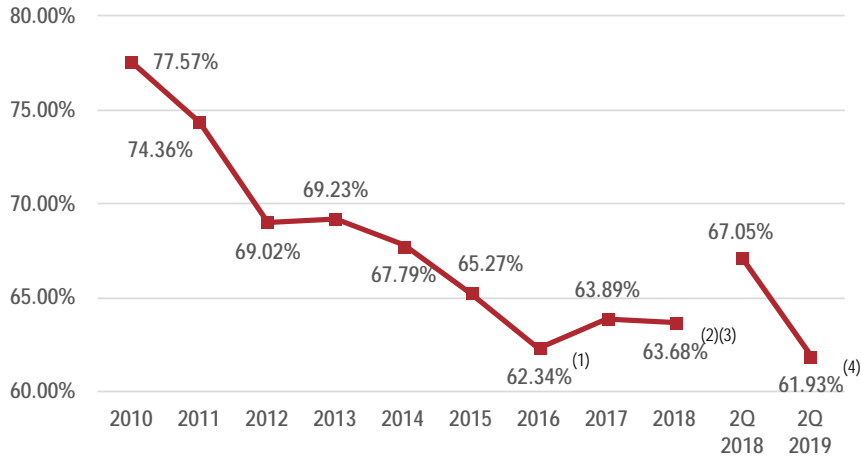
(2) Tax equivalent net interest margin adjusted for acquisition accounting adjustments was 4.17%

(3) Includes \$2.8 million of acquisition accounting adjustments

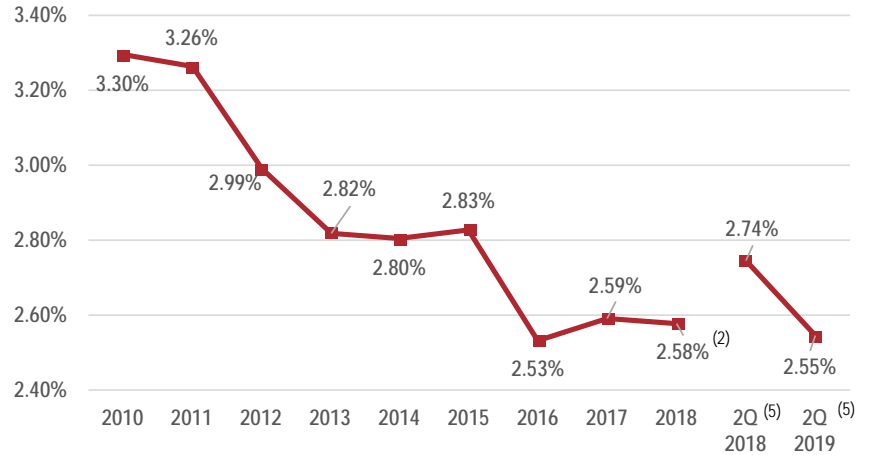
(4) Tax equivalent net interest margin adjusted for acquisition accounting adjustments was 4.07%

# Performance Metrics

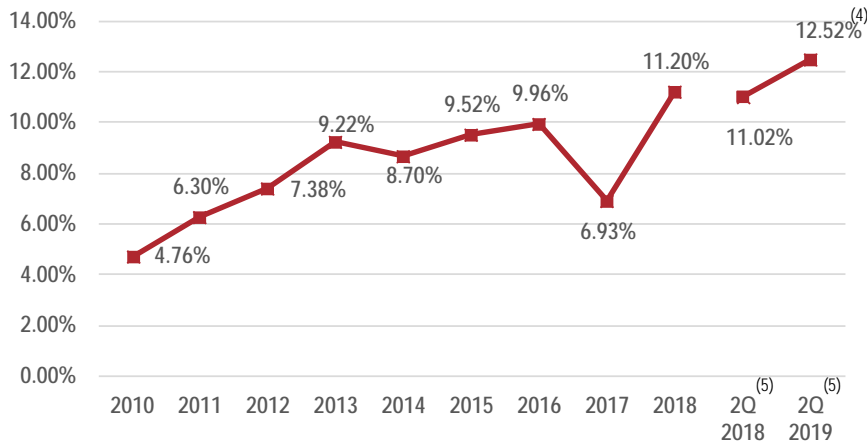
## Efficiency



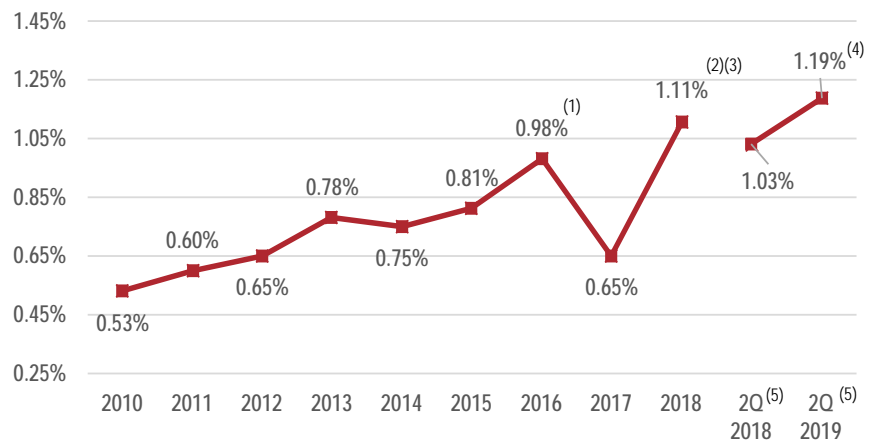
## Noninterest Expense / Average Assets



## 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

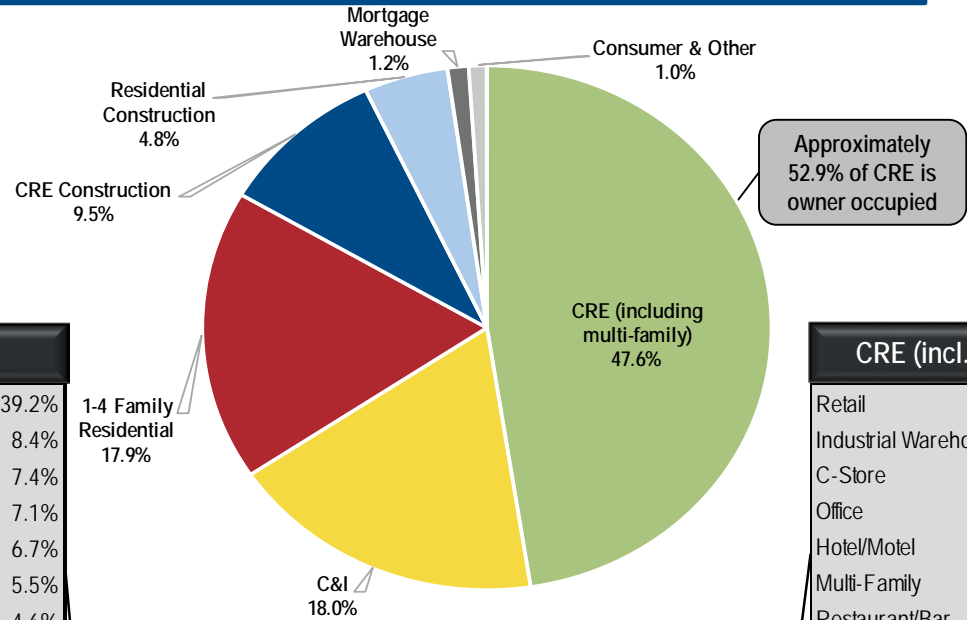
(3) Includes \$3.1 million of acquisition accounting adjustments

(4) Includes \$2.8 million of acquisition accounting adjustments, \$846 thousand of gain on sales of securities, \$576 thousand accelerated accretion due to payoffs and \$214k of SBIC income

(5) Annualized

# Loan Portfolio Composition

(\$ in millions)



Approximately 52.9% of CRE is owner occupied

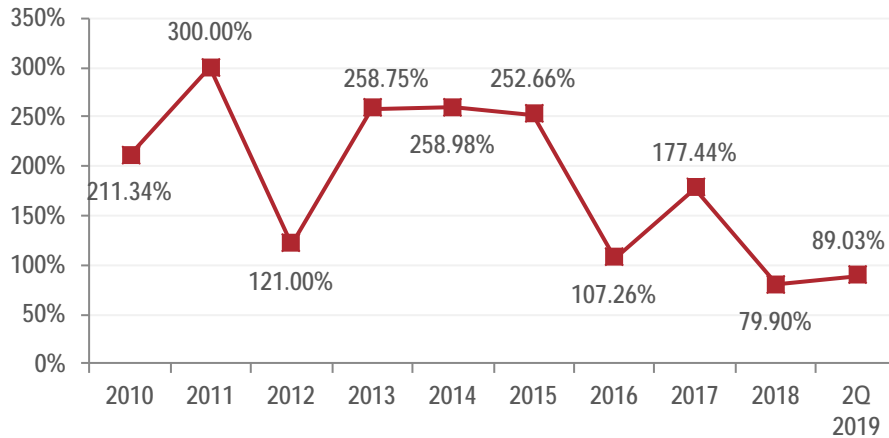
CRE Construction by Property Type		
Vacant Land	\$ 144.4	39.2%
Retail/Wholesale	30.8	8.4%
Improved Land	27.3	7.4%
C-Store	26.3	7.1%
Unimproved Land/Farmland	24.5	6.7%
Office	20.4	5.5%
Industrial/Warehouse	16.9	4.6%
Health Care	15.5	4.2%
Service Center	15.2	4.1%
Church Facility	9.0	2.4%
Day Care/Private School	7.6	2.1%
Mini Storage	5.4	1.5%
Mobile Home/RV Park	3.5	1.0%
Auto Sales/Repair	2.8	0.8%
Hotel/Motel	2.3	0.6%
Restaurant/Bar	1.7	0.5%
Auto Dealership	1.6	0.4%
Other	12.9	3.5%
<b>Total CRE Construction</b>	<b>\$ 368.1</b>	<b>100.0%</b>

Loan Portfolio (as of June 30, 2019)		
CRE (including multi-family)	\$ 1,830,764	47.6%
C&I	694,516	18.0%
1-4 Family Residential	690,961	17.9%
CRE Construction	368,108	9.5%
Residential Construction	183,991	4.8%
Mortgage Warehouse	46,171	1.2%
Consumer & Other	43,452	1.0%
<b>Total Loans</b>	<b>\$ 3,857,963</b>	<b>100.0%</b>

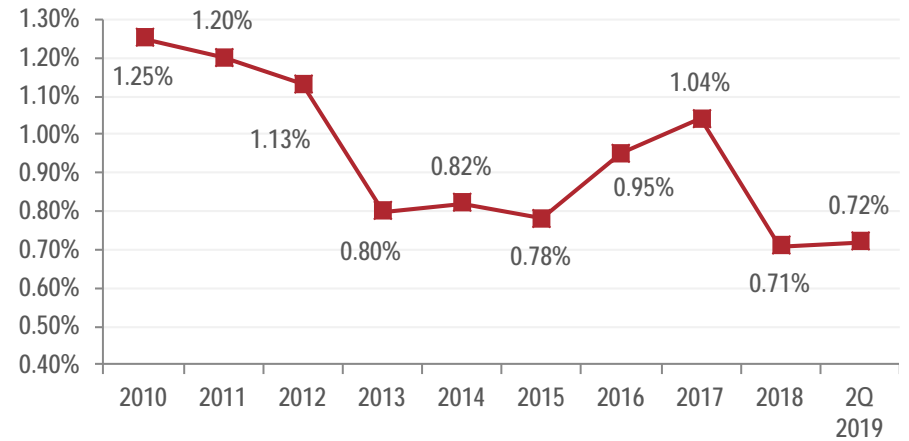
CRE (incl. multi-family) by Property Type		
Retail	\$ 340.6	18.5%
Industrial Warehouse	279.5	15.3%
C-Store	255.7	14.0%
Office	242.5	13.2%
Hotel/Motel	129.5	7.1%
Multi-Family	77.6	4.2%
Restaurant/Bar	71.5	3.9%
Service Center	58.5	3.2%
Church Facility	57.6	3.1%
Mini Storage	56.4	3.1%
Farmland	48.9	2.7%
Day Care	42.5	2.3%
Health Care	29.9	1.6%
Auto Sales/Repair	27.9	1.5%
Mobile Home/RV Park	26.5	1.4%
Auto Dealership	9.4	0.5%
Agriculture	6.8	0.4%
Other	69.5	3.8%
<b>Total CRE (incl. multi-family)</b>	<b>\$ 1,830.8</b>	<b>100.0%</b>

# Strong Credit Quality

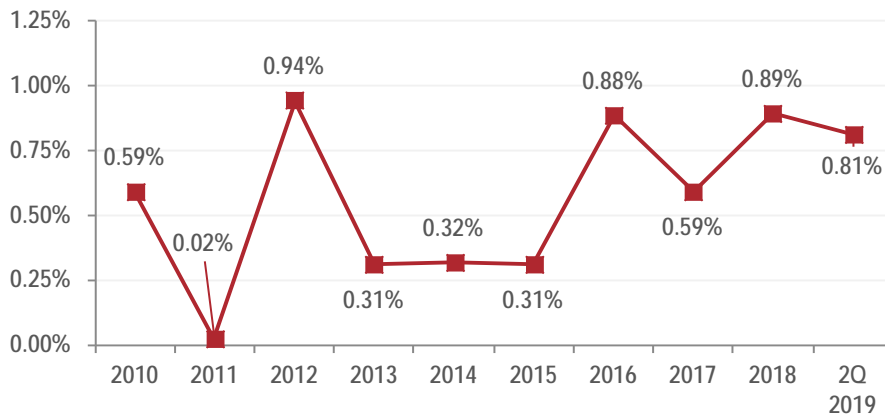
## Allowance / Nonperforming Loans



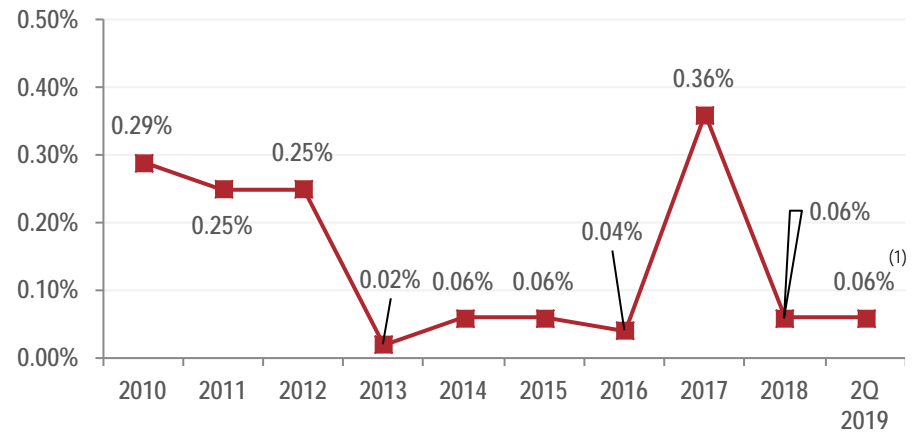
## Allowance / Total Loans



## Nonperforming Loans / Total Loans



## Net Charge-offs / Average Loans

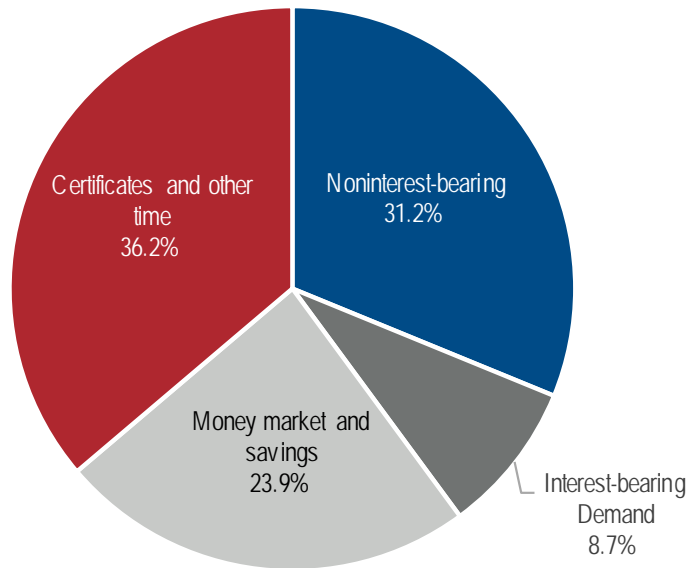


(1) Annualized

# Deposit Growth and Composition

## Deposit Composition

(as of June 30, 2019)



## Deposit Growth

(\$ in millions)

