



Compensation Committee Charter

ORGANIZATION

There shall be a permanent committee of the Board of Directors (the "Board") of Allegiance Bancshares, Inc. (the "Company") known as the Compensation Committee (the "Committee").

COMPOSITION AND SELECTION

The Committee shall consist of three or more directors as determined from time to time by the Board upon recommendation by the Corporate Governance and Nominating Committee of the Board. Each member of the Committee shall be qualified to serve on the Committee pursuant to the requirements of the NASDAQ Stock Market ("NASDAQ"), Securities and Exchange Commission ("SEC") rules and regulations and any additional requirements that the Board deems appropriate.

Each member of the Committee must meet the following criteria:

1. be an "independent director" as defined under the applicable NASDAQ rules, regulations and listing requirements, except as may otherwise be permitted by the NASDAQ rules;
2. satisfy the independence requirements and additional independence criteria under Rule 10C-1 under the Securities Exchange Act of 1934, as amended (the "Exchange Act");
3. be a "non-employee director," as defined in Rule 16b-3 under the Exchange Act;
4. be an "outside director" within the meaning of Section 162(m) of the Internal Revenue Code of 1986, as amended (the "Code");
5. be free from any relationship that, in the opinion of the Board, would interfere with the exercise of independent judgment as a Committee member; and
6. meet any other requirements imposed by applicable law, regulations or rules, subject to any applicable exemptions and transition provisions, as well as any additional requirements that the Board may deem appropriate.

The chairperson of the Committee shall be designated by the Board, provided that if the Board does not so designate a chairperson, the members of the Committee, by a majority vote, may designate a chairperson.

The members of the Committee shall serve for such term or terms as the Board may determine or until earlier resignation or death. Any director serving on the Committee will automatically cease to be a member of the Committee at the time that he or she ceases to be a director. Any vacancy on the Committee shall be filled by majority vote of the Board upon recommendations by the Corporate Governance and Nominating Committee. No member of the Committee shall be removed except by majority vote of the Board.

MEETINGS AND PROCEDURES

The Committee shall meet as often as it determines necessary to carry out its duties and responsibilities, but not less than twice a year. The Chairman of the Committee, any two members of the Committee or, at the request of any Committee member, the Chairman of the Board of the Company may call meetings of the Committee. Meetings of the Committee may be held telephonically or by video conference.

The Committee shall appoint a secretary for the Committee, who shall be responsible for maintaining minutes of Committee meetings and records of the conduct of Committee business. The secretary need not be a director or a member of the Committee.

A majority of the members of the Committee present in person or by means of a conference telephone or other communications equipment by means of which all persons participating in the meeting can hear each other shall constitute a quorum.

Except as set forth in this Charter or the Bylaws, the Committee will establish its own procedures for the conduct of Committee business.

The Committee may request any officer or employee of the Company or the Company's outside counsel to attend a meeting of the Committee (or portions thereof) or meet with any members of, or consultants to, the Committee; provided, that the Chief Executive Officer of the Company may not be present during any portion of a Committee meeting in which deliberation or any vote regarding his or her compensation occurs. The Committee shall have an executive session at each meeting without management representatives present, except at the invitation of the Committee.

PURPOSE OF THE COMMITTEE

The Committee shall provide assistance to the Board in fulfilling its responsibilities relating to the compensation practices of the Company. In particular, the Committee shall:

1. discharge the Board's responsibilities relating to compensation of directors and executive officers;
 2. oversee, evaluate, maintain and advise the Board regarding overall compensation policies and structure, and stock ownership, pension, profit sharing and other benefit plans and programs, for directors, officers, senior managers and employees;
 3. review and discuss with management the Compensation Discussion and Analysis when applicable and as required by the rules and regulations of the SEC and, based on its review and discussion, determine whether to recommend to the Board that the Compensation Discussion and Analysis be included in the Company's annual proxy statement; and
 4. issue a report of the Committee when applicable and as required by the rules and regulations of the SEC to be included in the Company's annual proxy statement.
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COMMITTEE AUTHORITY AND RESPONSIBILITIES

The Committee shall have the overall responsibility for approving and evaluating the Company's compensation plans, policies and programs related to compensation of the Company's directors, officers, senior managers and employees.

The Committee may form and delegate authority to subcommittees consisting of one or more members when appropriate.

The Committee shall have the sole authority, to the extent it deems necessary or appropriate, to retain, oversee, set the compensation and other terms of engagement of and terminate the retention of independent legal, accounting and compensation or other advisors or consultants.

The Company shall provide for appropriate funding, as determined by the Committee, for payment of compensation to any advisors employed by the Committee.

The Committee shall make regular reports to the Board. The Committee shall review and reassess the adequacy of this Charter annually and, if appropriate, recommend any proposed changes to the Board for approval. The Committee shall annually review and evaluate the Committee's own performance. The Committee shall conduct such review and evaluation in such manner as it deems appropriate and report the results of its review and evaluation to the entire Board.

In carrying out its responsibilities, the Committee, and each member of the Committee in his or her capacity as such, shall be entitled to rely, in good faith, on information, opinions, reports or statements, or other information prepared or presented to them by (i) officers and other employees of the Company or its subsidiaries, whom such member believes to be reliable and competent in the matters presented, and (ii) counsel, public accountants, compensation consultants or other persons as to matters which the member believes to be within the professional competence of such person.

In carrying out its responsibilities, the Committee's policies and procedures will remain flexible, to best react to changing conditions and to ensure that the compensation policies of the Company are designed to attract and retain key executives responsible for the success of the Company and motivate senior management to enhance long-term shareholder value.

In carrying out these responsibilities, the Committee, to the extent it deems necessary or appropriate, shall:

A. Executive and Board Compensation

1. Annually review and approve the corporate goals and objectives relevant to the compensation of the individuals holding one or more of the positions of Chairman of the Board, Chief Executive Officer and President of the Company.
2. Annually review the Company's executive compensation plans and, if the Committee deems it appropriate, adopt or recommend to the Board the adoption of the new, or the amendment of existing, executive compensation plans.
3. Annually evaluate the performance of the Chief Executive Officer in light of the goals and objectives of the Company's executive compensation plans, and set his or her compensation level based on this evaluation. In determining the compensation and long-term incentive components of the Chief Executive Officer's compensation, the Committee shall consider all

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- relevant factors, including the Company's performance and relative stockholder return, the value of similar awards to chief executive officers of comparable companies, and the awards given to the Chief Executive Officer of the Company in past years. The Chief Executive Officer may not be present during voting or deliberations on his or her compensation, but the Committee may discuss the Chief Executive's compensation with the Board if it chooses to do so.
4. In consultation with the Chief Executive Officer, annually evaluate the performance of other officers and of the senior managers of the Company in light of the goals and objectives of the Company's executive compensation plans, and set his or her compensation levels based in this evaluation. In determining the compensation and long-term incentive components of these other officers' and senior managers' compensation, the Committee shall consider all relevant facts it deems necessary or advisable.
 5. Annually evaluate the form and appropriate level of compensation for Board and permanent committee services by non-employee members of the Board and present its findings and recommendations to the Board. In formulating its recommendations, the Committee shall give consideration to past director compensation practices, the form and nature of compensation of non-management directors of comparable public companies, the requirements for independence of non-management directors imposed by applicable laws and regulations, and the potential effect of compensation on such independence.
 6. Review and approve any severance or termination arrangements to be made with any director or executive officer of the Company.
 7. Perform such oversight or administrative duties and responsibilities as may be assigned to the Committee under the terms of any executive compensation plans.
 8. Review perquisites or other personal benefits to the Company's directors or executive officers and recommend any changes to the Board.
 9. Review and make recommendations to the Board concerning the frequency of holding shareholder advisory votes on approval of executive compensation.
 10. Consider the results of the most recent shareholder advisory vote on executive compensation as required by Section 14A of the Exchange Act and, to the extent the Committee determines it appropriate to do so, take such results into consideration with the review and approval of executive officer compensation.
 11. Review and discuss with management the proposed compensation related disclosures for the Company's annual proxy statement or annual report on Form 10-K, and based on that review and discussion, to recommend to the Board that the proposed disclosures be included in such annual proxy statement or annual report on Form 10-K.
 12. Issue the Compensation Committee Report to the extent required by and in accordance with the rules and regulations of the SEC for inclusion in the Company's annual proxy statement or annual report on Form 10-K.
 13. Oversee the management of risks related to the Company's executive compensation and overall compensation and benefit strategies, plans, arrangements, practices and policies. In addition, the Committee shall review compensation arrangements for the Company's employees to evaluate whether incentive and other forms of pay encourage unnecessary or
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excessive risk taking, and review and discuss, at least annually, the relationship between risk management policies and practices, corporate strategy and the Company's compensation arrangements.

14. Review and approve any employment contracts for executive officers that are not terminable at will.

Notwithstanding anything to the contrary in the foregoing, the Committee shall have sole discretion and authority with respect to any action regarding compensation payable to the Chief Executive Officer or other executive officers of the Company that the Committee intends to constitute "qualified performance-based compensation" for the purposes of section 162(m) of the Code and the Treasury Regulations promulgated thereunder.

B. General Compensation and Employee Benefit Plans

1. Review at least annually the goals and objectives of the Company's general compensation plans and other employee benefit plans, including incentive-compensation and equity-based plans, and amend, or recommend that the Board amend, these goals and objectives if the Committee deems it appropriate.
2. Review at least annually the Company's general compensation plans and other employee benefit plans, including incentive-compensation and equity-based plans, in light of the goals and objectives of these plans, and recommend that the Board amend these plans if the Committee deems appropriate.
3. Review all equity-compensation plans to be submitted for shareholder approval under the NASDAQ listing standards or the Code, and to review and, in the Committee's sole discretion, approve all equity-compensation plans that are exempt from such shareholder approval requirements.
4. Perform such duties and responsibilities as may be assigned to the Board or Committee under the terms of any compensation or other employee benefit plan, including any incentive or equity-based compensation plan.

C. Succession Planning

1. Annually oversee an evaluation of succession planning for senior executives of the Company.
2. Receive an annual report from the Chief Executive Officer on succession planning and related development recommendations, including a short-term succession plan delineating temporary delegation of authority in the event that the Chief Executive Officer or any other executive officer is unexpectedly unable to perform his or her duties.

D. General

1. Have and exercise such other powers, authority and responsibilities as assigned by law, the Company's certificate of formation or bylaws or as may be determined by the Board.

The responsibilities and duties set forth above are meant to serve as a guide, with the understanding that the Committee may diverge from the specific duties enumerated as necessary or appropriate given the facts and circumstances.

EVALUATION OF THE COMMITTEE

The Committee shall, no less frequently than annually, evaluate its performance. In conducting this review, the Committee shall evaluate whether this Charter appropriately addresses the matters that are or should be within its scope and shall recommend such changes as it deems necessary or appropriate. The Committee shall address all matters that the Committee considers relevant to its performance, including at least the following: the adequacy, appropriateness and quality of the information and recommendations presented by the Committee to the Board, the manner in which they were discussed or debated, and whether the number and length of meetings of the Committee were adequate for the Committee to complete its work in a thorough and thoughtful manner.

The Committee shall deliver to the Board a report, which may be oral, setting forth the results of its evaluation, including any recommended amendments to this Charter and any recommended changes to the Company's or the Board's policies or procedures.

INVESTIGATIONS AND STUDIES; OUTSIDE ADVISERS

The Committee may conduct or authorize investigations into or studies of matters within the Committee's scope of responsibilities and may, in its sole discretion, retain or obtain the advice of a compensation consultant, legal counsel or other adviser. The Committee shall be directly responsible for the appointment, compensation and oversight of the work of any compensation consultant, legal counsel or other adviser retained by the Committee, and the Company will provide for appropriate funding, as determined by the Committee, for payment of compensation to any such compensation consultant, legal counsel or other adviser retained by the Committee. The Committee may select a compensation consultant, legal counsel or other adviser to the Committee only after taking into consideration all factors relevant to that person's independence from management, including the following:

1. The provision of other services to the Company by the person that employs the compensation consultant, legal counsel or other adviser;
2. The amount of fees received from the Company by the person that employs the compensation consultant, legal counsel or other adviser, as a percentage of the total revenue of the person that employs the compensation consultant, legal counsel or other adviser;
3. The policies and procedures of the person that employs the compensation consultant, legal counsel or other adviser that are designed to prevent conflicts of interest;
4. Any business or personal relationship of the compensation consultant, legal counsel or other adviser with a member of the Committee;
5. Any stock of the Company owned by the compensation consultant, legal counsel or other adviser; and
6. Any business or personal relationship of the compensation consultant, legal counsel, other adviser or the person employing the adviser with an executive officer of the Company.

The Committee shall conduct the independence assessment with respect to any compensation consultant, legal counsel or other adviser that provides advice to the Committee, other than: (i) in-house legal counsel; and (ii) any compensation consultant, legal counsel or other adviser whose role is limited to the following activities for which no disclosure would be required under Item 407(e)(3)(iii) of Regulation S-K: consulting

on any broad-based plan that does not discriminate in scope, terms or operation, in favor of executive officers or directors of the Company, and that is available generally to all salaried employees; or providing information that either is not customized for the Company or that is customized based on parameters that are not developed by the compensation consultant, and about which the compensation consultant does not provide advice.

Nothing herein requires a compensation consultant, legal counsel or other compensation adviser to be independent, only that the Committee consider the enumerated independence factors before selecting or receiving advice from a compensation consultant, legal counsel or other compensation adviser. The Committee may select or receive advice from any compensation consultant, legal counsel or other compensation adviser it prefers, including ones that are not independent, after considering the six independence factors outlined above.

Nothing herein shall be construed: (1) to require the Committee to implement or act consistently with the advice or recommendations of the compensation consultant, legal counsel or other adviser to the Committee; or (2) to affect the ability or obligation of the Committee to exercise its own judgment in fulfillment of its duties.

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While the members of the Committee have the duties and responsibilities set forth in this Charter, nothing contained in this Charter is intended to create, or should be construed as creating, any responsibility or liability of members of the Committee, except to the extent otherwise provided under applicable federal or state law.