



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

First 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.

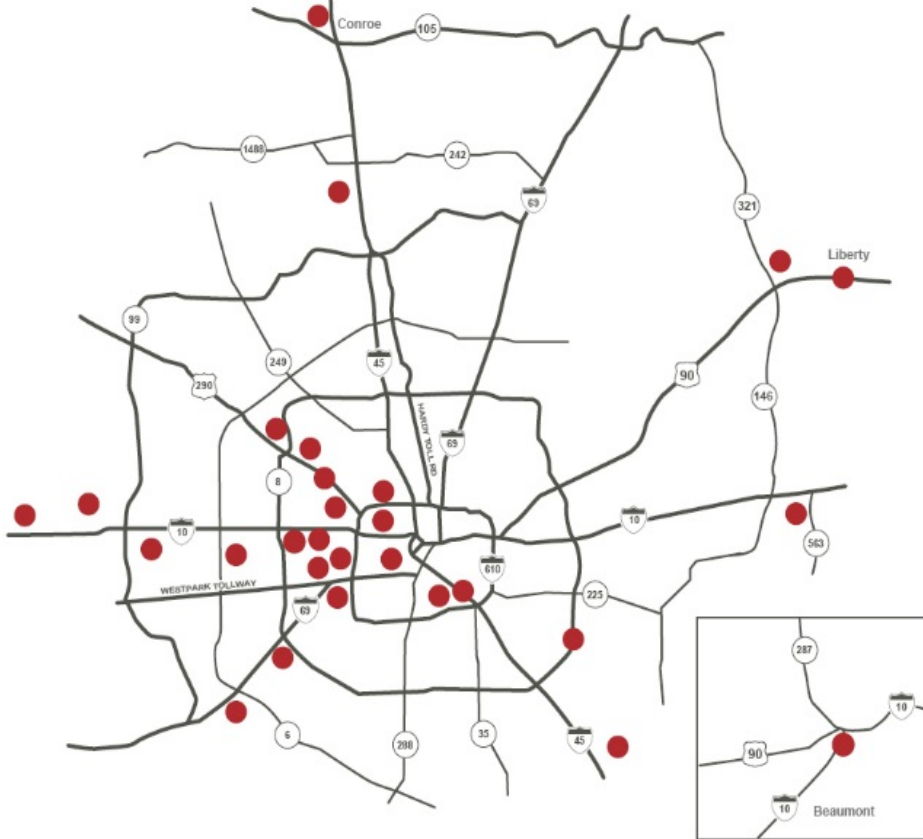
## **GAAP Reconciliation of Non-GAAP Financial Measures**

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 9 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 metropolitan area
  - 1 in Beaumont, 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

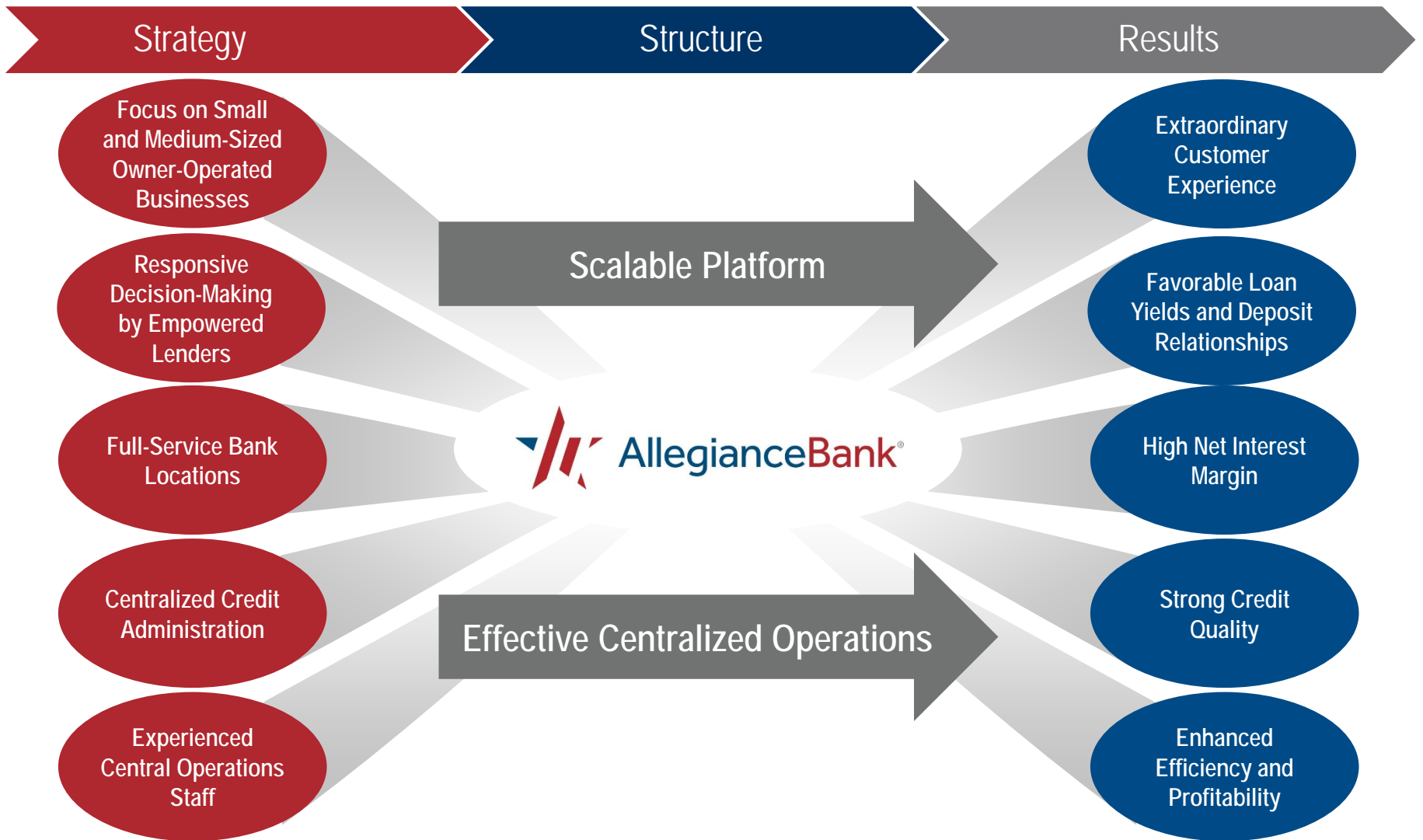


## Summary Financials

Allegiance Bancshares, Inc.					
(\$ in thousands)	3/31/2019	12/31/2018	12/31/2017	12/31/2016	12/31/2015
Total Assets	\$ 4,768,802	\$ 4,655,249	\$ 2,860,231	\$ 2,450,948	\$ 2,084,579
Total Loans	3,806,161	3,708,306	2,270,876	1,891,635	1,681,052
Total Deposits	3,780,061	3,662,536	2,213,974	1,870,183	1,759,133
Total Equity	703,777	702,984	306,865	279,817	258,490
Loans/Deposits	100.7%	101.2%	102.6%	101.1%	95.6%
NPAs/Assets	0.72%	0.72%	0.49%	0.75%	0.25%
TCE/TA	10.06%	10.29%	9.38%	9.82%	10.48%
NIM (tax equivalent)	4.31%	4.27%	4.34%	4.37%	4.68%
ROAA	1.08%	1.11%	0.65%	0.98%	0.81%
ROATCE	11.22%	11.20%	6.93%	9.96%	9.52%

\*Annualized as of 1Q 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

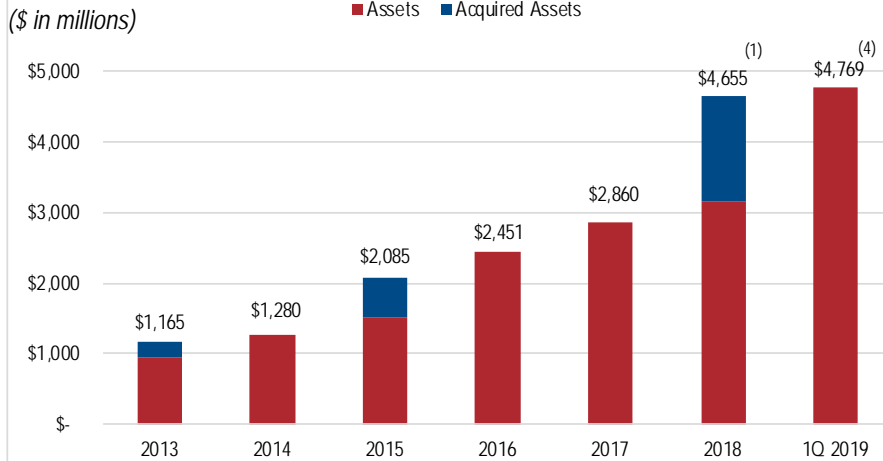
(2) To date, on a pro forma basis reflecting any announced acquisition

# Highlights – First Quarter 2019

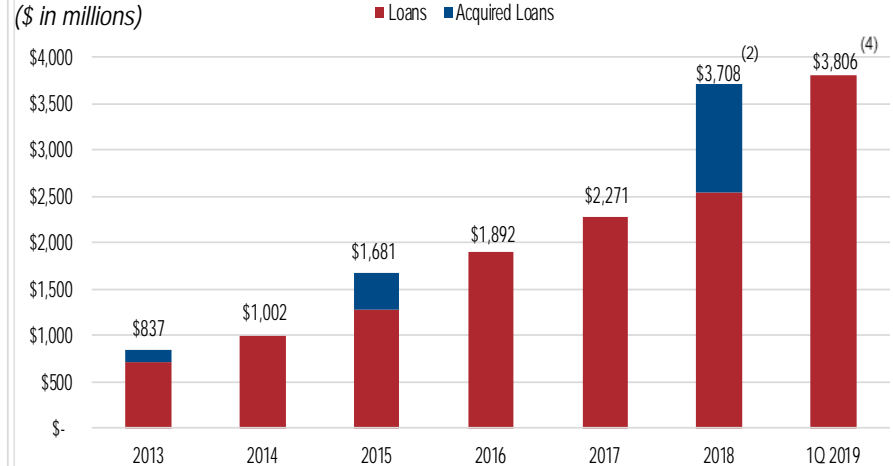
- Assets of \$4.77 billion, loans of \$3.81 billion, deposits of \$3.78 billion and shareholder's equity of \$703.8 million at March 31, 2019
- Completion of the LoweryBank branch acquisition on February 1, 2019 with approximately \$45.0 million in loans and \$16.0 million in customer deposits
- Net income increased 64.4% to \$12.7 million for the first quarter 2019 compared to \$7.7 million for the first quarter 2018
  - First quarter 2019 earnings were impacted by \$1.2 million of acquisition and merger-related expenses and \$3.0 million of acquisition accounting adjustments
- Efficiency ratio decreased to 64.97% for the first quarter 2019 from 65.59% for the first quarter 2018 and increased from 60.30% for the fourth quarter 2018
- Net interest income increased 65.9% to \$44.6 million for the first quarter 2019 compared to \$26.9 million for the first quarter 2018
- Core loan growth of \$1.52 billion, or 67.6%, year over year to \$3.81 billion
- Recognized as a 2019 Best Companies to Work for in Texas by Texas Monthly (Allegiance Bank ranked #17 in the Medium Employer Category)
- Ranked the #4 SBA lender in the Houston SBA District

# Historical Growth

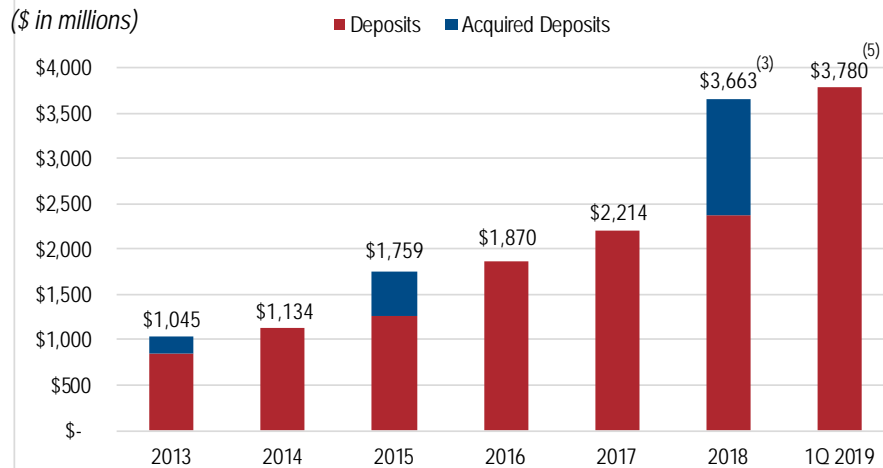
## Total Assets



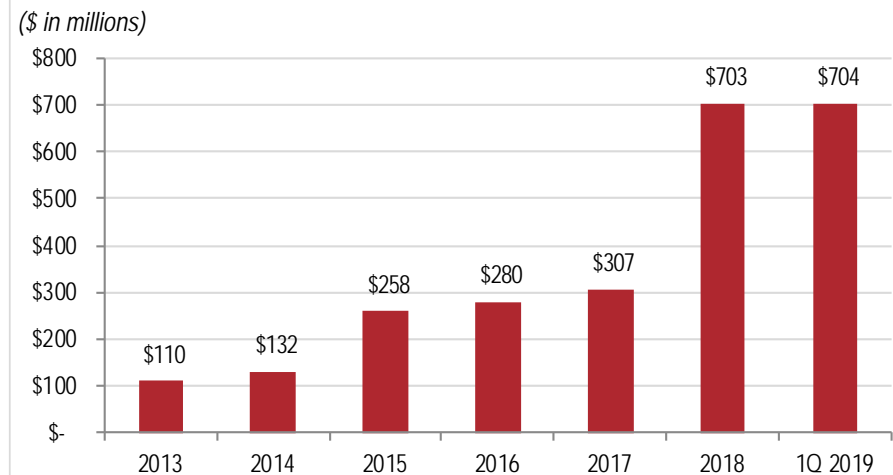
## Total Loans



## 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

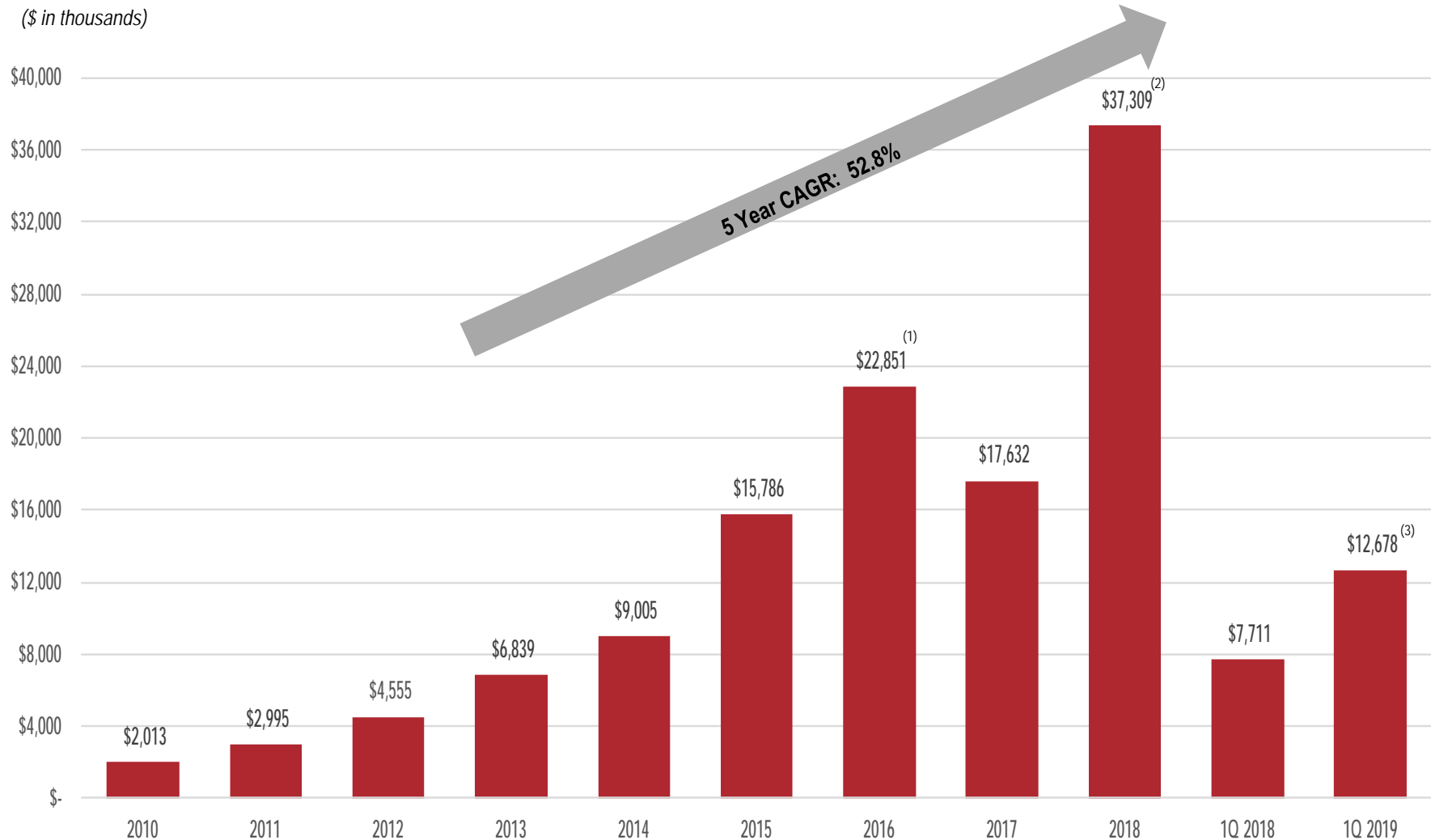
(3) Includes \$1.29 billion of total deposits on October 1, 2018

(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)



5 Year CAGR: 52.8%

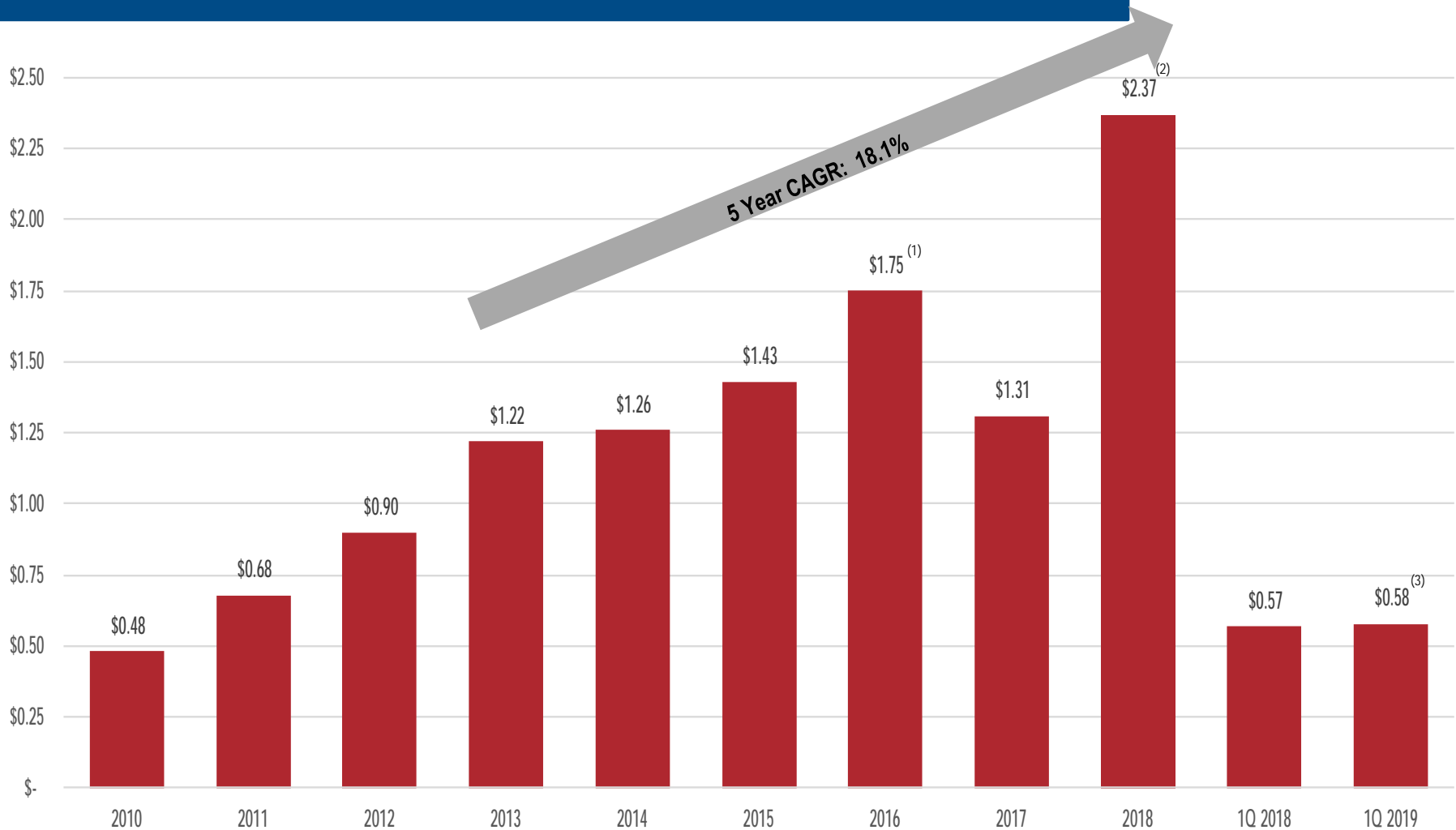
(1) Includes a one-time gain from sale of branches of \$1.3 million (after-tax)

(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 \$1.2 million of acquisition and merger-related expenses and \$3.0 million of acquisition accounting adjustments



# Diluted EPS Growth



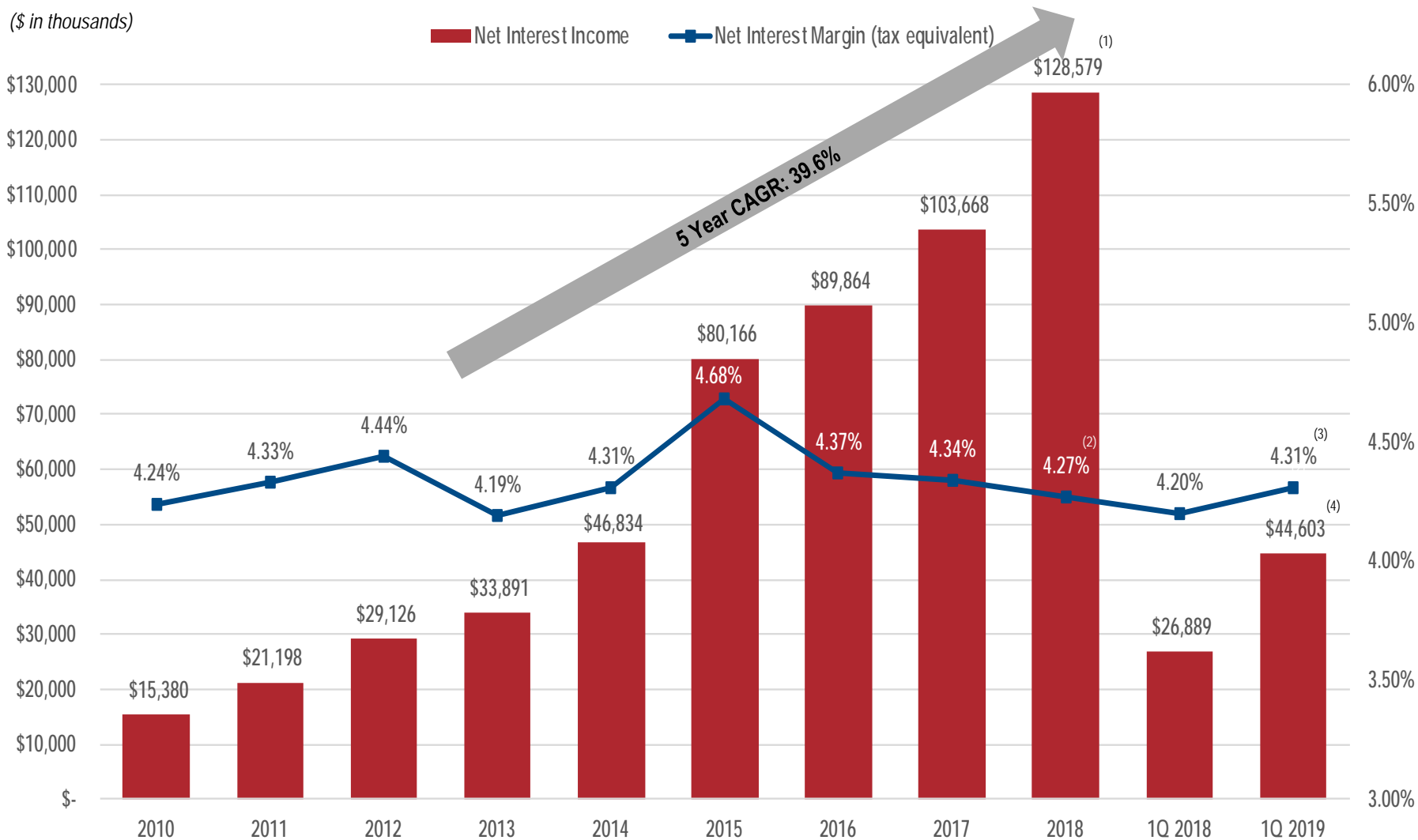
(1) Includes a one-time gain from sale of branches of \$1.3 million (after-tax)

(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 \$1.2 million of acquisition and merger-related expenses and \$3.0 million of acquisition accounting adjustments

# Net Interest Income and Margin

(\$ in thousands)



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

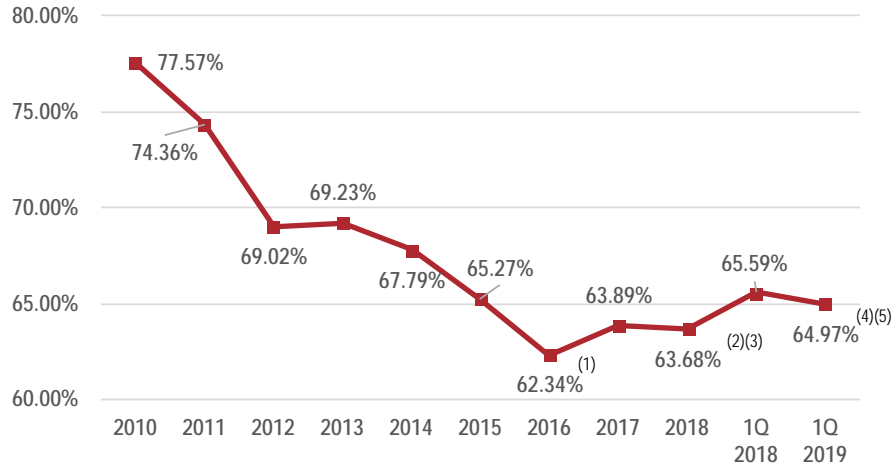
(2) Tax equivalent net interest margin adjusted for acquisition accounting adjustments was 4.17%

(3) Tax equivalent net interest margin adjusted for acquisition accounting adjustments was 4.03%

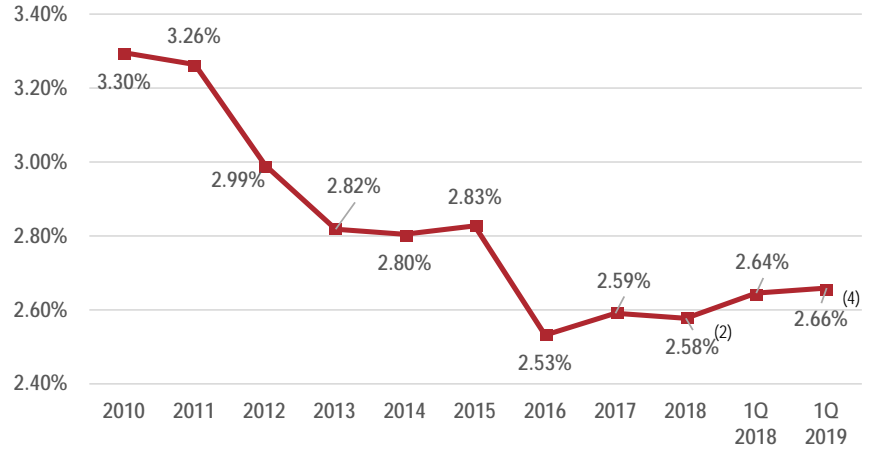
(4) Includes \$3.0 million of acquisition accounting adjustments

# Performance Metrics

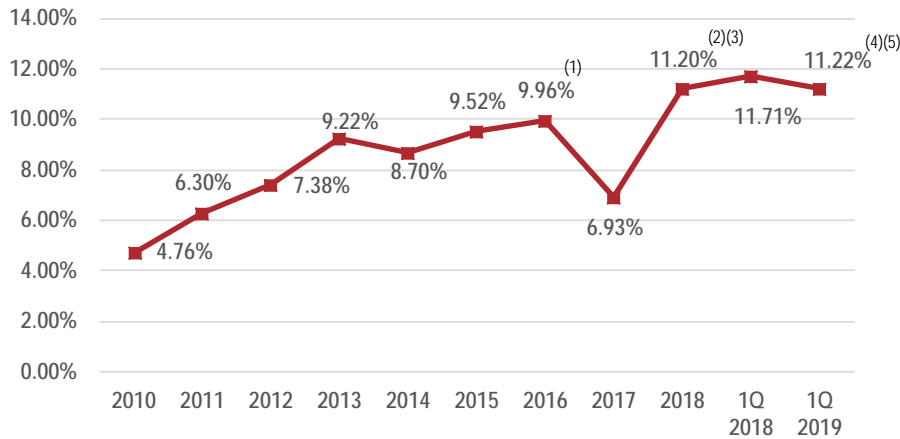
## Efficiency



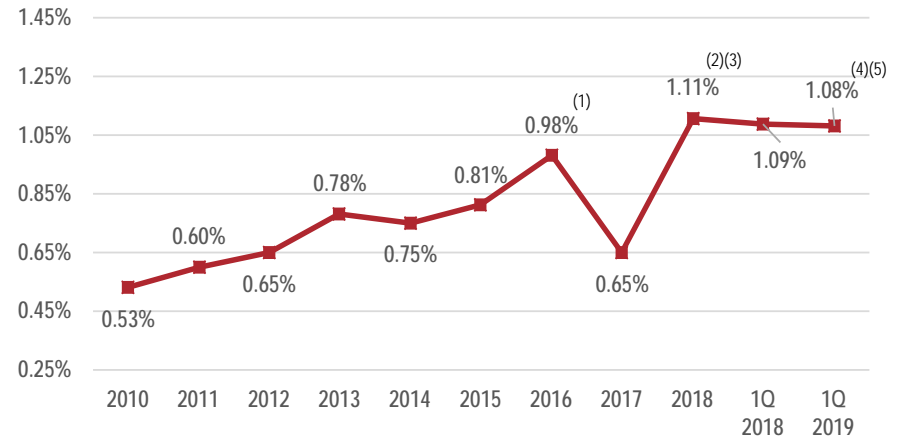
## Noninterest Expense / Average Assets



## 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

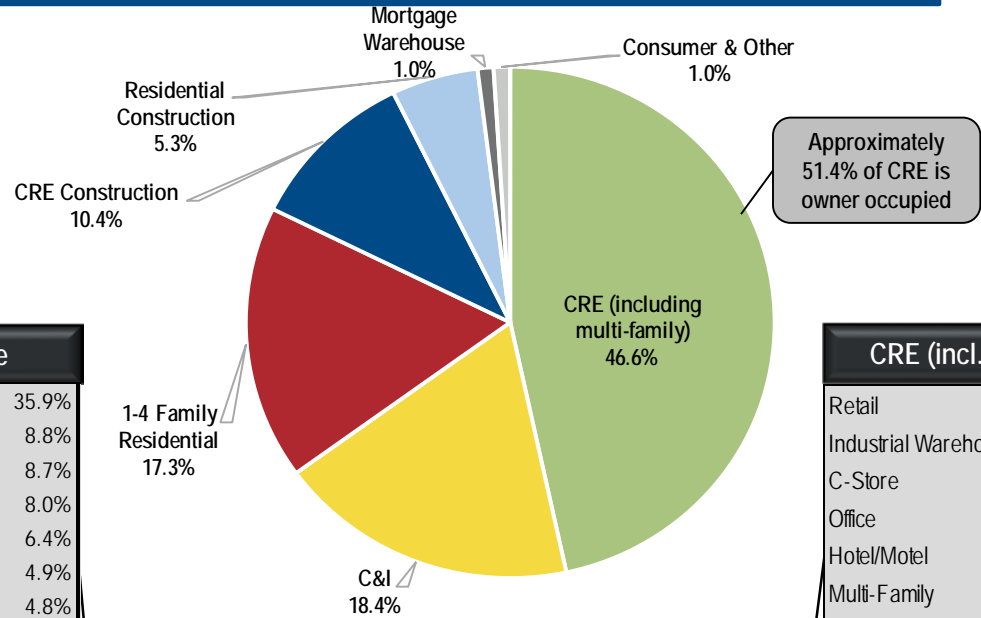
(3) Includes \$3.1 million of acquisition accounting adjustments

(4) Includes \$1.2 million of merger-related expenses

(5) Includes \$3.0 million of acquisition accounting adjustments

# Loan Portfolio Composition

(\$ in millions)



Approximately 51.4% of CRE is owner occupied

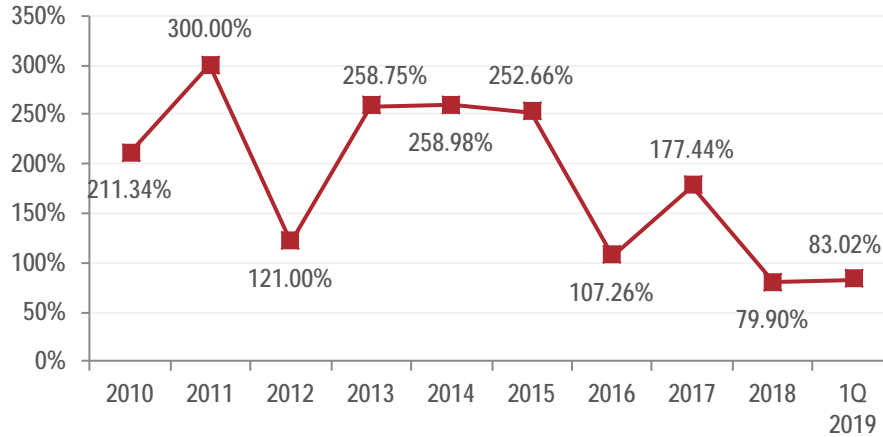
CRE Construction by Property Type		
Vacant Land	\$ 142.1	35.9%
C-Store	34.9	8.8%
Improved Land	34.3	8.7%
Retail/Wholesale	31.8	8.0%
Unimproved Land/Farmland	25.2	6.4%
Office	19.5	4.9%
Industrial/Warehouse	19.0	4.8%
Health Care	13.5	3.4%
Hotel/Motel	12.6	3.2%
Church Facility	8.4	2.1%
Day Care/Private School	8.0	2.0%
Mini Storage	6.3	1.6%
Multi-Family	5.9	1.5%
Mobile Home/RV Park	5.4	1.4%
Auto Sales/Repair	5.1	1.3%
Other	24.2	6.0%
<b>Total CRE Construction</b>	<b>\$ 396.2</b>	<b>100.0%</b>

Loan Portfolio (as of March 31, 2019)		
CRE (including multi-family)	\$ 1,771,890	46.6%
C&I	699,471	18.4%
1-4 Family Residential	658,261	17.3%
CRE Construction	396,162	10.4%
Residential Construction	201,314	5.3%
Mortgage Warehouse	36,742	1.0%
Consumer & Other	42,321	1.0%
<b>Total Loans</b>	<b>\$ 3,806,161</b>	<b>100.0%</b>

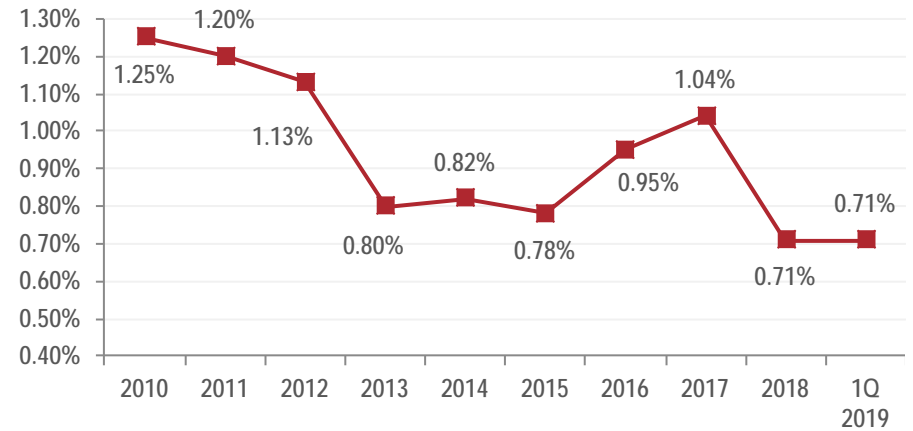
CRE (incl. multi-family) by Property Type		
Retail	\$ 333.9	18.7%
Industrial Warehouse	286.3	16.2%
C-Store	244.1	13.8%
Office	235.5	13.3%
Hotel/Motel	121.4	6.9%
Multi-Family	80.3	4.5%
Restaurant/Bar	70.7	4.0%
Church Facility	54.3	3.1%
Mini Storage	52.5	3.0%
Farmland	46.8	2.6%
Day Care	36.6	2.1%
Health Care	28.6	1.6%
Auto Sales/Repair	26.9	1.5%
RV Park	22.8	1.3%
Agriculture	11.9	0.7%
Other	119.3	6.7%
<b>Total CRE (incl. multi-family)</b>	<b>\$ 1,771.9</b>	<b>100.0%</b>

# Strong Credit Quality

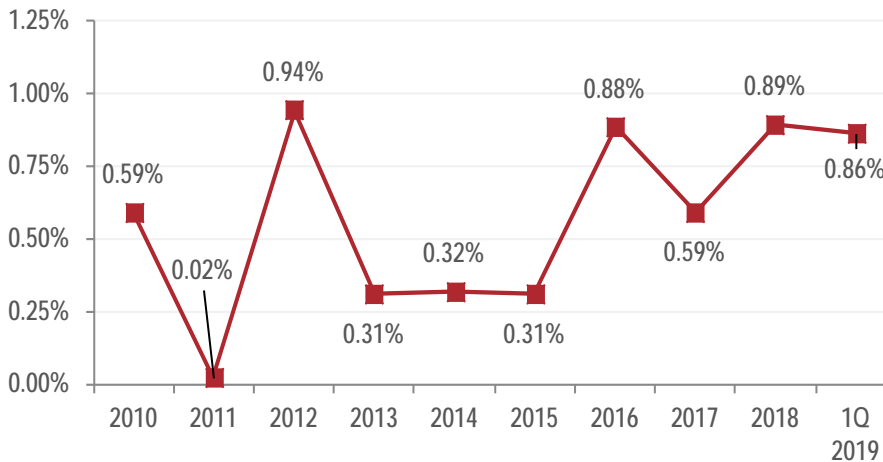
### Allowance / Nonperforming Loans



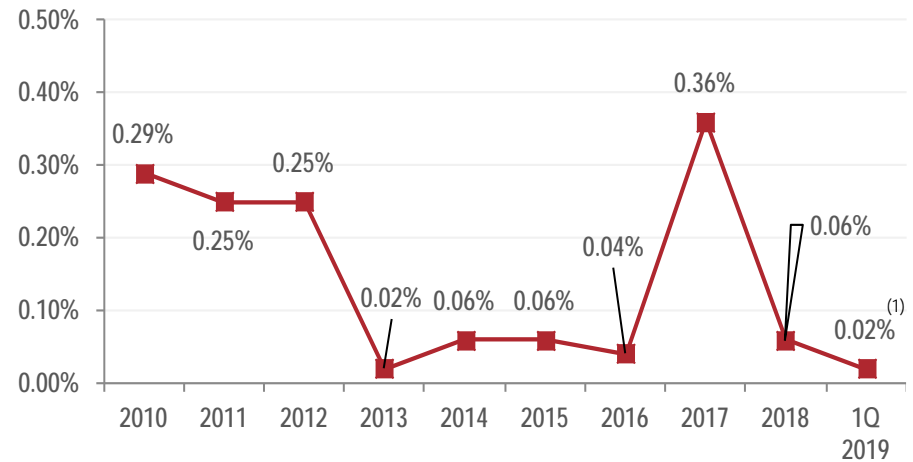
### Allowance / Total Loans



### Nonperforming Loans / Total Loans



### Net Charge-offs / Average Loans

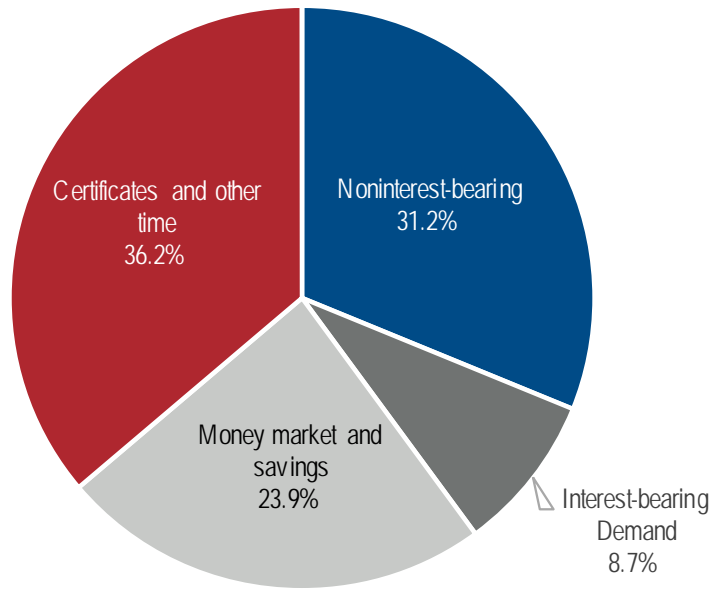


(1) Annualized

# Deposit Growth and Composition

## Deposit Composition

(as of March 31, 2019)



## Deposit Growth

(\$ in millions)

Deposits Non-interest-bearing %

