

A decorative graphic consisting of several overlapping, semi-transparent triangles in shades of red, pink, and light blue, arranged in a dynamic, abstract pattern.

Allegiance Bancshares, Inc.

First Quarter 2020
Earnings Presentation

Safe Harbor Statement and Non-GAAP Financial Measures

"Safe Harbor" Statement under the Private Securities Litigation Reform Act of 1995: This presentation contains forward-looking statements within the meaning of the securities laws that are derived utilizing 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 expected 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. Additionally, the impact of the COVID-19 pandemic is rapidly evolving and its future effects on Allegiance are difficult to predict. These and various other factors are discussed in Allegiance's Annual Report on Form 10-K for the fiscal year ended December 31, 2019 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. Because of these uncertainties, readers should not place undue reliance on any forward-looking statement. Allegiance disclaims any 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.

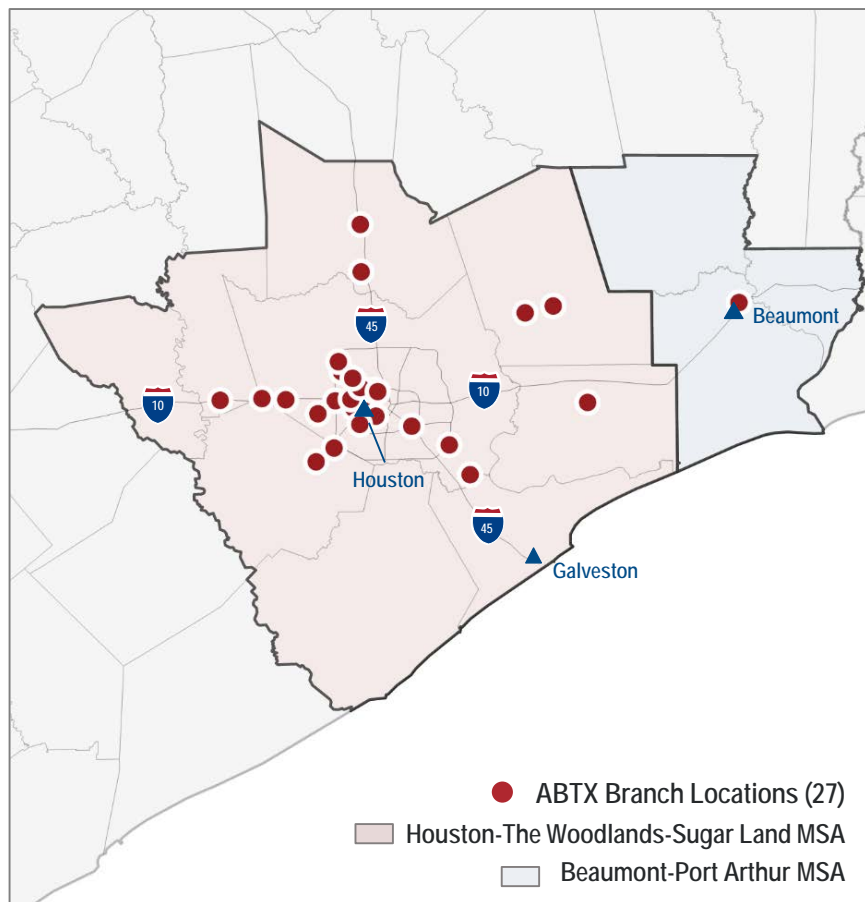
GAAP Reconciliation of Non-GAAP Financial Measures

We use certain non-GAAP financial measures to evaluate our performance. We believe that these non-GAAP financial measures provide meaningful supplemental information regarding our performance and that management and investors benefit from referring to these non-GAAP financial measures in assessing our performance and when planning, forecasting, analyzing and comparing past, present and future periods. Specifically, we review return on average tangible common equity, the ratio of tangible equity to tangible assets and core net interest margin on a tax equivalent basis for internal planning and forecasting purposes. We have included in this presentation information relating to these non-GAAP financial measures for the applicable periods presented. These non-GAAP measures should not be considered in isolation or as a substitute for the most directly comparable or other financial measures calculated in accordance with GAAP. Moreover, the manner in which we calculate these non-GAAP financial measures may differ from that of other companies reporting measures with similar names. A reconciliation of the non-GAAP financial measures is in the appendix, which starts on slide 16 of this presentation.

Allegiance Bancshares, Inc. Overview

Franchise Footprint

Holding Company for Allegiance Bank; Headquartered in Houston, Texas



Company Overview

Providing full-service banking services for owner-operated businesses

Operational History


- ❖ **27 full-service banking locations and 1 loan production office**
 - 26 in the Houston-The Woodlands-Sugar Land MSA
 - 1 in the Beaumont-Port Arthur MSA, just outside of Houston
- ❖ **Since opening in 2007, we have completed three whole bank acquisitions and one branch transaction:**
 - 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 \$1.5 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

Financial Highlights


	(\$ in millions)	3/31/2020	12/31/2019	12/31/2018	12/31/2017	12/31/2016
Balance Sheet	Total Assets	\$ 5,002.4	\$ 4,992.7	\$ 4,655.2	\$ 2,860.2	\$ 2,450.9
	Total Loans	3,955.5	3,915.3	3,708.3	2,270.9	1,891.6
	Total Deposits	3,953.6	4,068.1	3,662.5	2,214.0	1,870.2
	Total Equity	706.6	709.9	703.0	306.9	279.8
Capital, Credit & Profitability	Loans/Deposits	100.05%	96.24%	101.25%	102.57%	101.10%
	NPAs/Assets	0.68%	0.74%	0.72%	0.49%	0.75%
	TCE/TA	9.71%	9.78%	10.29%	9.38%	9.82%
	NIM (tax equivalent)	4.15%	4.22%	4.27%	4.34%	4.37%
	ROAA*	0.29%	1.10%	1.11%	0.65%	0.98%
	ROATCE*	3.02%	11.50%	11.20%	6.93%	9.96%

COVID-19 Pandemic Response


Our Customers

- 
- All 27 bank offices open and leveraging drive-thrus or by appointment only, as necessary
 - Encouraging the use of available eBanking tools and financial education resources
 - Loan principal and interest deferrals on 1,563 loans on outstanding balances of \$838 million as of April 26, 2020
 - Launched SecurLOCK Equip which allows debit card customers to manage and monitor payment transaction activity and help prevent fraud

Our Employees

- 
- Team at full strength with all employees benefitting from full coverage if personally impacted by COVID-19
 - 300 employees utilizing work-from-home program implemented pursuant to pre-existing pandemic plan
 - Ensuring health and safety of our in-office team with split team rotations to enable offices and departments to prevent gatherings of more than 10 people
 - Provided CDC-recommended supplies to all offices and departments and implemented additional routine cleaning measures

Our Community

- 
- Paycheck Protection Program (“PPP”) Impact as of April 26, 2020: 3,500+ businesses, \$640+ million in aggregate approvals and 55,000+ jobs
 - Thousands of dollars in donations to organizations providing pandemic relief in our communities
 - Requiring social distancing and following of appropriate protocols to help “flatten the curve”
 - Encouraged the use of customer/community carry-out and delivery restaurants for employee lunches

Financial Highlights – First Quarter 2020

Balance Sheet Growth

- ❖ **Assets of \$5.00 billion, loans of \$3.96 billion, deposits of \$3.95 billion and shareholder's equity of \$706.6 million at March 31, 2020**
 - Core loan⁽¹⁾ growth of \$185.1 million, or 4.9%, year over year to \$3.95 billion

Profitability

- ❖ **Net income of \$3.5 million for the first quarter 2020 compared to \$14.0 million for the fourth 2019 and \$12.7 million for the first quarter 2019**
- ❖ First quarter 2020 earnings were impacted by:
 - Increased provision expense, totaling \$11.0 million, in response to COVID-19 related uncertainties in the current economic environment
 - \$2.2 million of ORE writedowns
 - \$173 thousand of gain on sale of securities

Net Interest Margin

- ❖ **Net interest income increased to \$45.0 million for first quarter 2020 compared to \$44.5 million for the fourth 2019 and increased from \$44.6 million for the first quarter 2019**
 - Net interest margin on a tax equivalent basis increased to 4.15% for the first quarter 2020 from 4.11% for the fourth quarter 2019 and decreased from 4.31% for the first quarter 2019
 - Core net interest margin⁽²⁾ on a tax equivalent basis excludes the impact of acquisition accounting adjustments of \$1.3 million and was 4.04% for the first quarter 2020 compared to 3.94% for the fourth quarter 2019 and 4.03% for the first quarter 2019

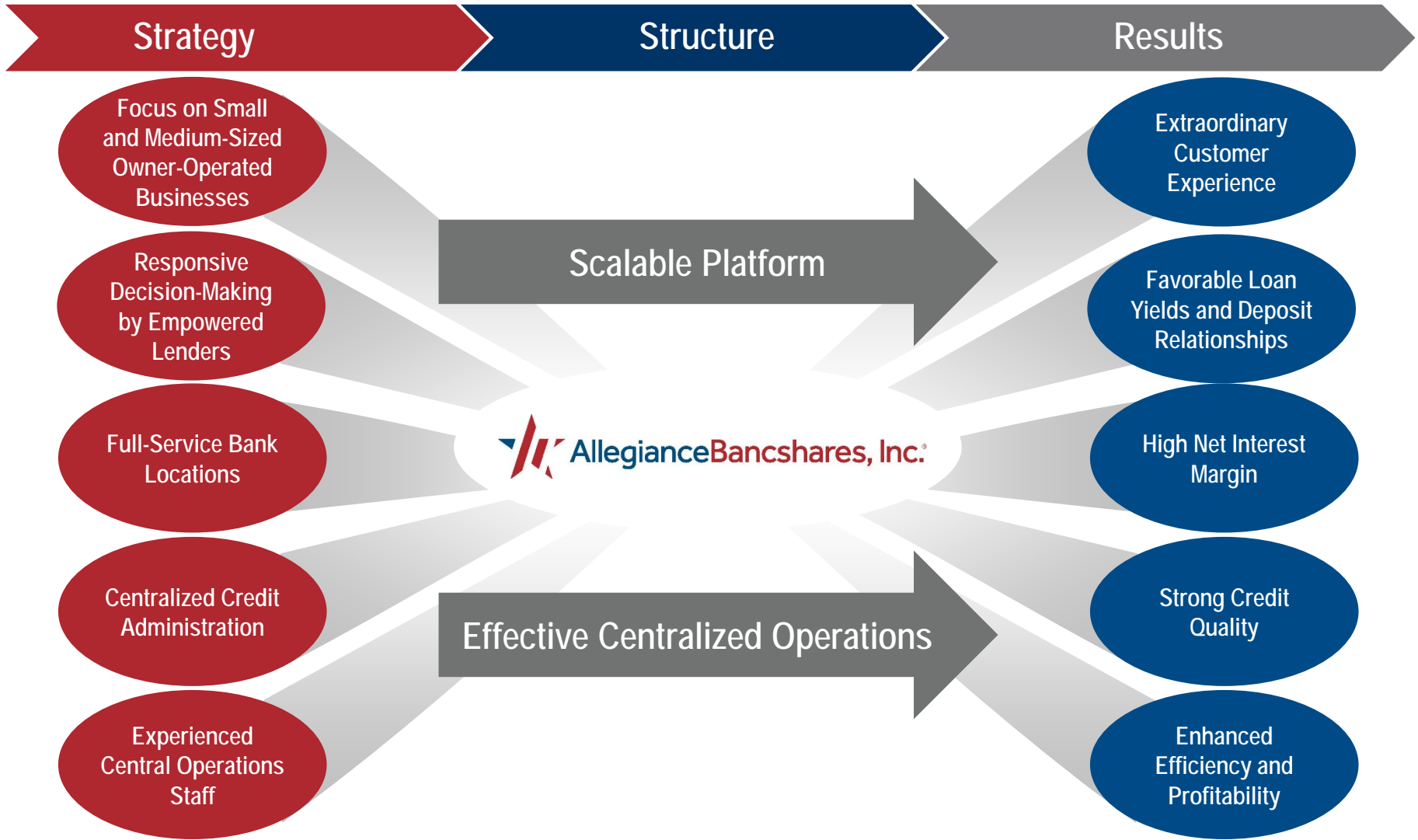
Recognitions and Awards

- ❖ Allegiance Bank has earned the distinction of being a 2020 BBB Awards for Excellence Winner.
- ❖ Cherish Our Children, Inc. announced Allegiance Bank as the 2020 Community Spirit Honoree.

(1) Defined as total loans excluding mortgage warehouse.

(2) Please refer to the non-GAAP reconciliation in the appendix.

Our Super-Community Banking Strategy



Deposit Market Share - Houston-The Woodlands-Sugar Land MSA

Institution (ST)	2019						2018		Size Profile
	2019 Rank	2018 Rank	Number of Branches	Total Deposits In Market (\$000)	Total Market Share (%)	% of Company Deposits	Total Deposits In Market (\$000)	Total Market Share (%)	
Houston-The Woodlands-Sugar Land, TX									
JPMorgan Chase & Co. (NY)	1	1	186	\$ 109,965,045	44.93	8.4%	\$ 103,057,848	43.11	>\$1T
Wells Fargo & Co. (CA)	2	2	175	24,434,154	9.98	1.9%	26,411,254	11.05	>\$1T
Bank of America Corporation (NC)	3	3	111	23,786,677	9.72	1.8%	22,254,082	9.31	>\$1T
BBVA	4	4	75	14,210,493	5.81	19.5%	15,021,735	6.28	>\$100B
Zions Bancorp. NA (UT)	5	5	62	10,172,740	4.16	18.7%	9,824,855	4.11	>\$50B
Capital One Financial Corp. (VA)	6	7	35	4,965,521	2.03	2.0%	4,544,163	1.90	>\$100B
Prosperity Bancshares Inc. (TX)	7	6	58	4,631,023	1.89	19.3%	4,976,127	2.08	>\$30B
Cadence Bancorp. (TX)	8	9	12	4,481,925	1.83	30.8%	4,080,689	1.71	>\$10B
Woodforest Financial Grp Inc. (TX)	9	10	105	4,409,143	1.80	76.6%	4,038,486	1.69	>\$5B
Cullen/Frost Bankers Inc. (TX)	10	8	43	4,405,713	1.80	16.9%	4,483,002	1.88	>\$30B
Allegiance Bancshares Inc. (TX)	11	12	26	3,756,314	1.53	97.2%	3,485,441	1.46	~\$4.8B
Texas Capital Bancshares Inc. (TX)	12	11	15	3,469,591	1.42	9.0%	3,774,535	1.58	>\$20B
Comerica Inc. (TX)	13	13	48	2,773,341	1.13	4.9%	3,000,429	1.26	>\$50B
BOK Financial Corp. (OK)	14	15	11	1,684,815	0.69	6.6%	1,763,568	0.74	>\$30B
Veritex Holdings Inc. (TX)	15	14	13	1,648,921	0.67	26.7%	2,155,544	0.90	~\$8.0B
CBTX Inc. (TX)	16	18	17	1,586,058	0.65	57.0%	1,493,699	0.62	>\$3B
First Horizon National Corp. (TN)	17	16	8	1,356,534	0.55	4.2%	1,739,127	0.73	>\$30B
Truist Financial Corp. (NC)	18	19	22	1,352,952	0.55	0.4%	1,383,185	0.58	>\$100B
Regions Financial Corp. (AL)	19	20	46	1,239,592	0.51	5.1%	1,307,352	0.55	>\$30B
Texas Independent Bcshs Inc. (TX)	20	21	25	1,150,415	0.47	1.3%	1,155,809	0.48	>\$100B
Total For Institutions In Market			1,420	\$ 244,743,521			\$ 239,052,549		

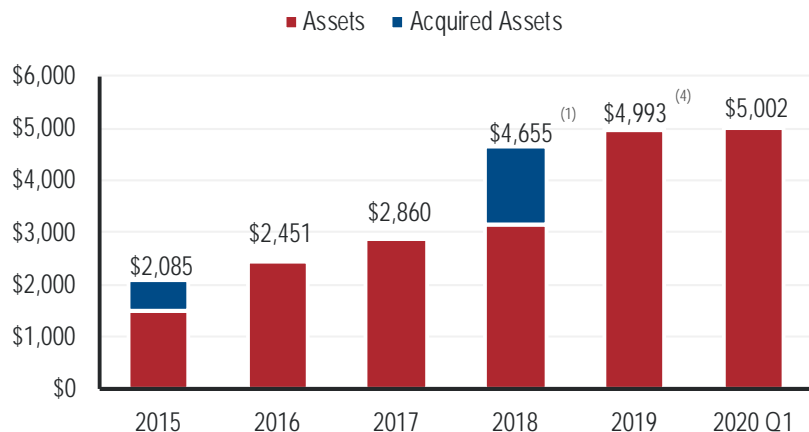
Source: S&P Global Intelligence as of June 30, 2019.

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

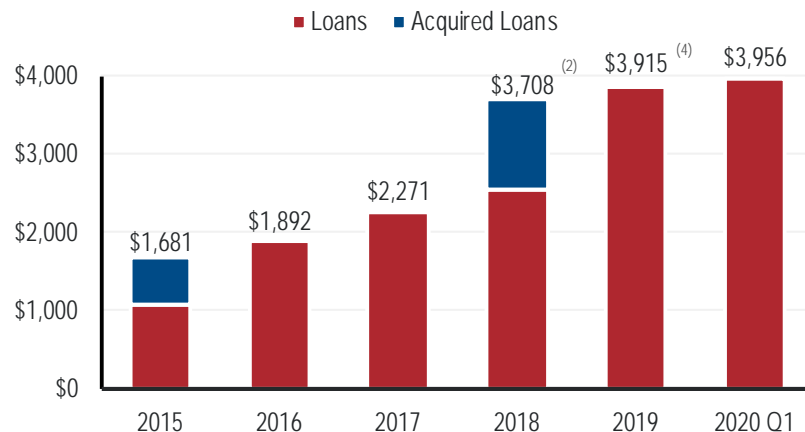
(2) To date, on a pro forma basis reflecting any announced acquisition.

Historical Balance Sheet Growth

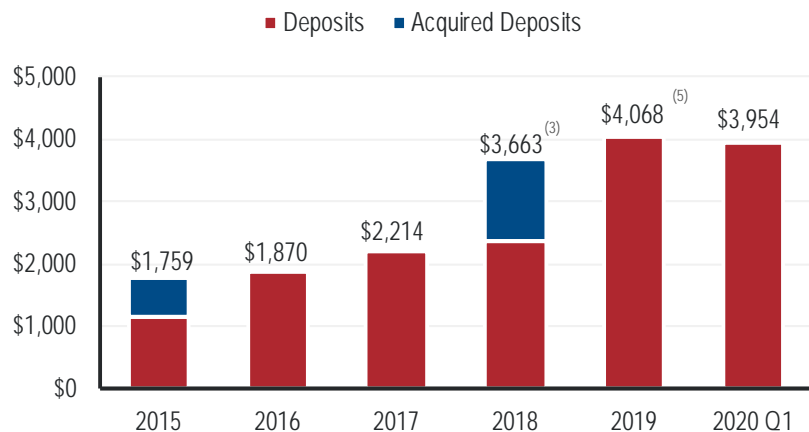
Total Assets



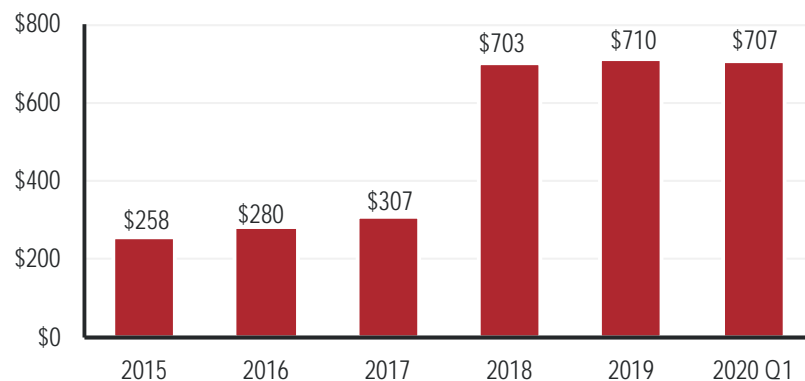
Total Loans



Total Deposits



Total Equity



Note: Dollars in millions.

(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.

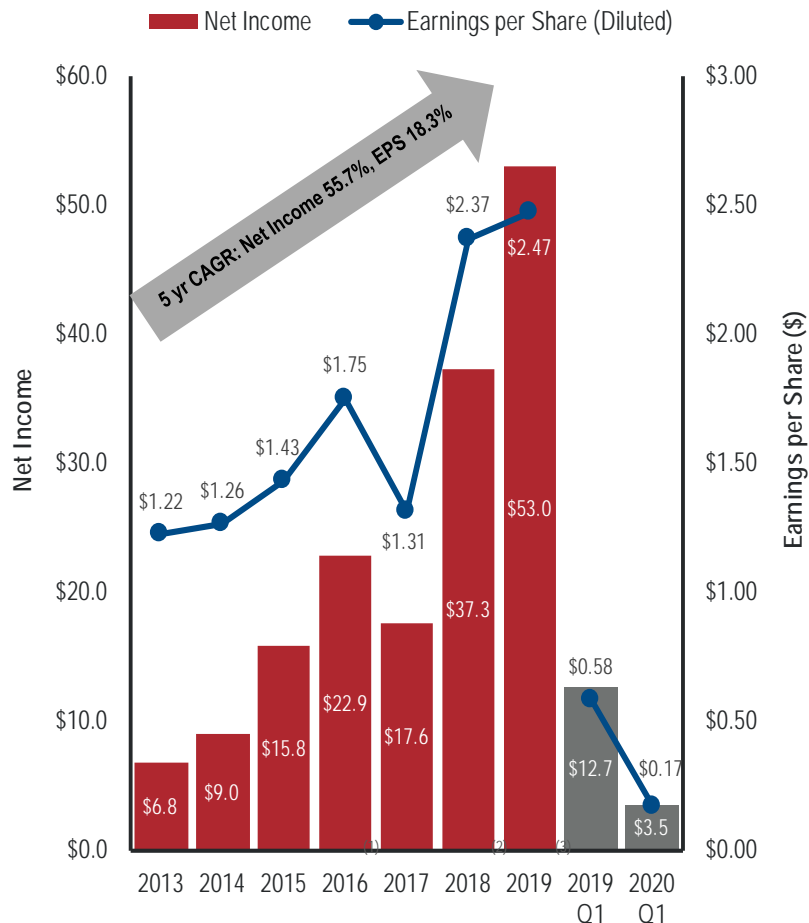
(3) Includes \$1.29 billion of acquired deposits on October 1, 2018.

(4) Includes \$45.0 million of loans acquired on February 1, 2019.

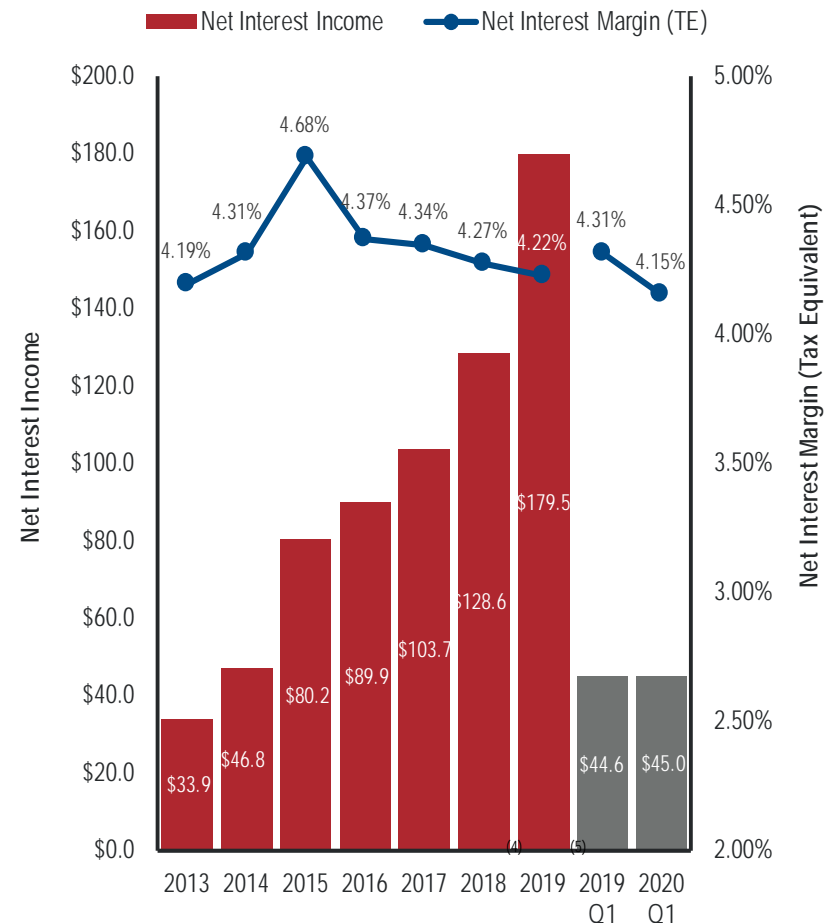
(5) Includes \$16.0 million of deposits acquired on February 1, 2019.

Earnings Performance

Net Income and Earnings per Share



Net Interest Income and Net Interest Margin



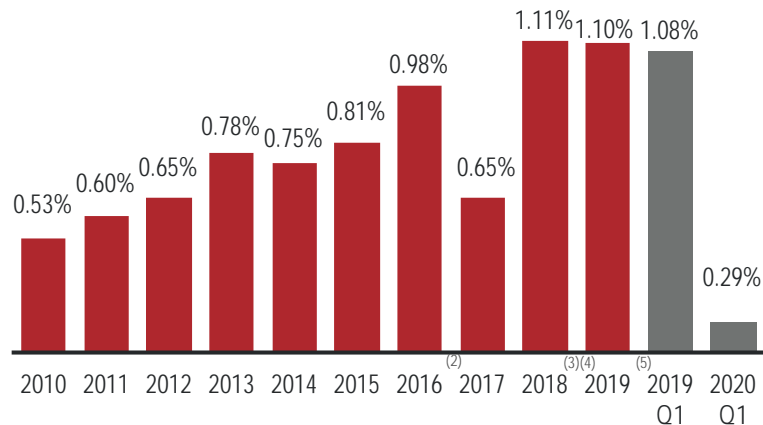
Note: Dollars in millions, except per share numbers.

- (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 \$9.6 million of acquisition accounting adjustments, \$1.4 million of pre-tax severance expense and a \$1.1 million FDIC Small Bank Assessment Credit.

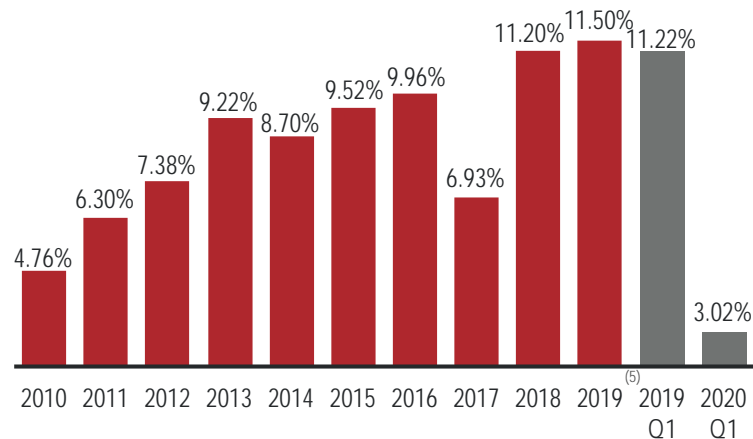
- (4) Includes \$3.1 million of acquisition accounting adjustments; Core net interest margin (tax equivalent) adjusted for acquisition accounting adjustments was 4.17%. Please refer to the non-GAAP reconciliation in the appendix.
- (5) Includes \$9.6 million of acquisition accounting adjustments; Core net interest margin (tax equivalent) adjusted for acquisition accounting adjustments was 4.00%. Please refer to the non-GAAP reconciliation in the appendix.

Earnings Performance, continued

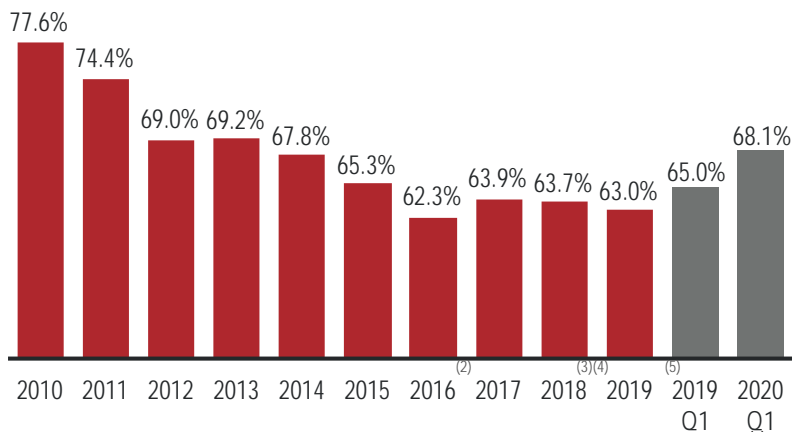
Return on Average Assets



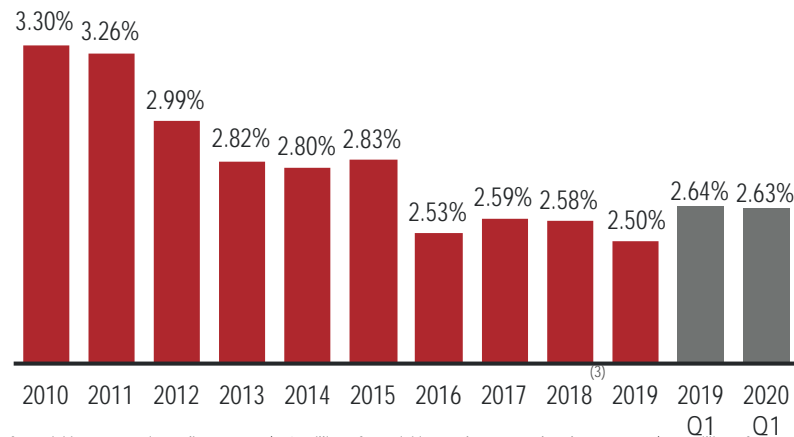
Return on Average Tangible Common Equity⁽¹⁾



Efficiency Ratio⁽⁶⁾



Noninterest Expense to Average Assets



(1) Please refer to the non-GAAP reconciliation in the appendix.

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

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

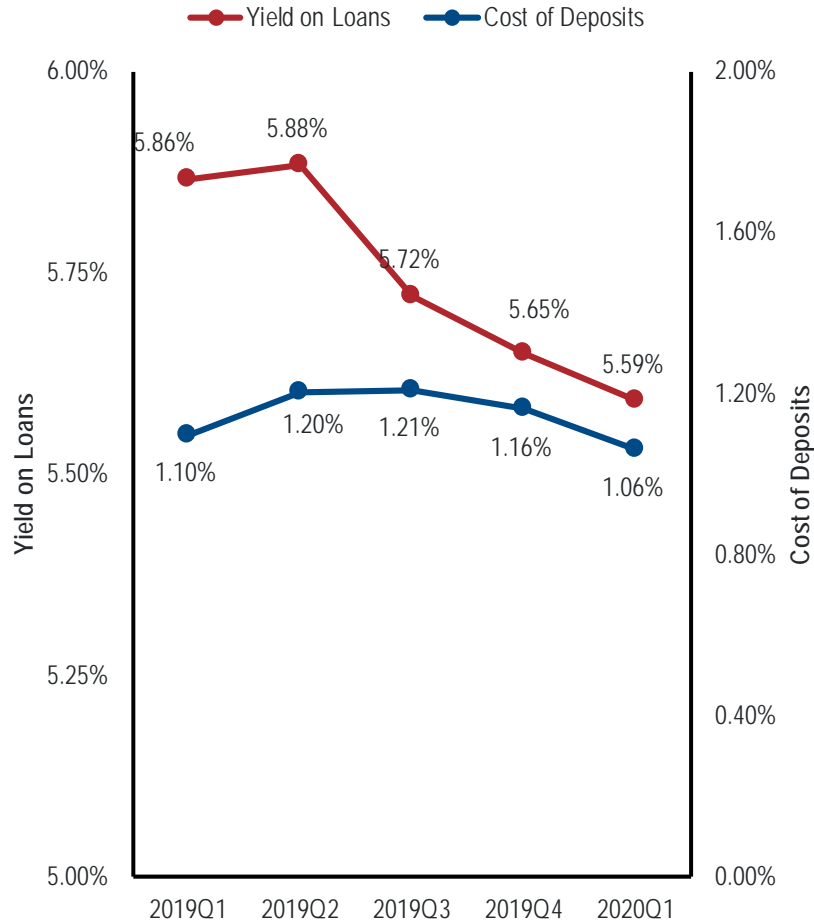
(4) Includes \$3.1 million of acquisition accounting adjustments.

(5) Includes \$9.6 million of acquisition accounting adjustments, \$1.3 million of acquisition and merger related expenses, \$1.4 million of pre-tax severance expense, \$1.1 million FDIC Small Bank Assessment Credit, \$1.5 million of gain on sales of securities offset by \$572 thousand of prepayment penalties and \$376 thousand of SBIC income.

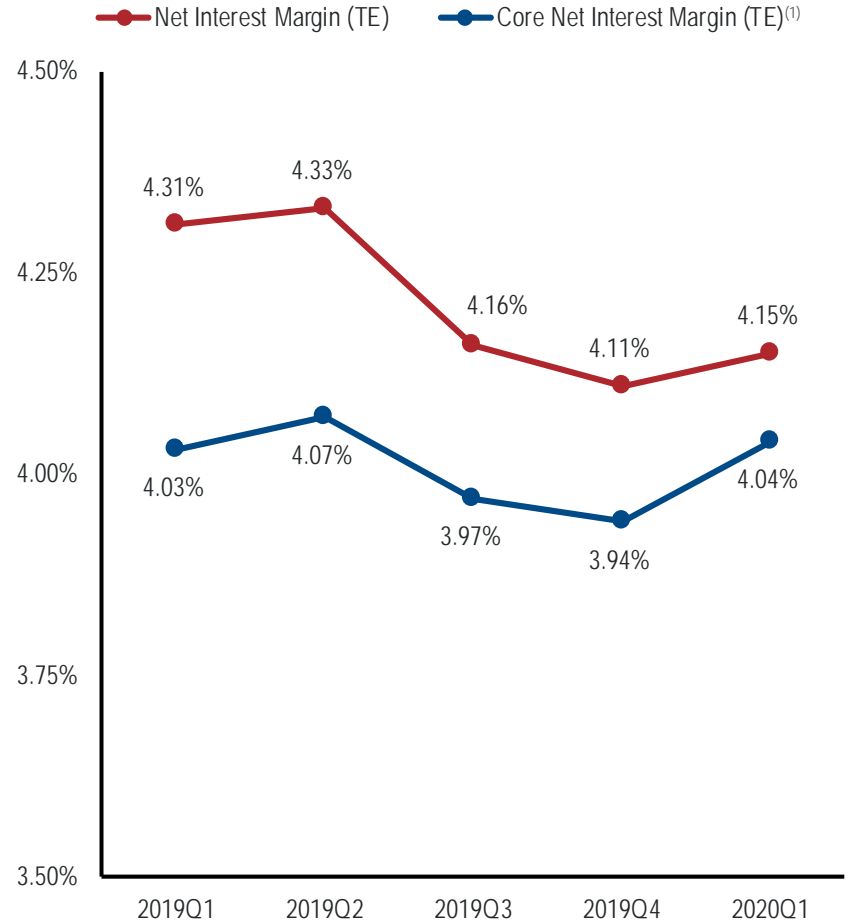
(6) Represents total noninterest expense divided by the sum of net interest income plus noninterest income, excluding net gains and losses on the sale of loans, securities and assets. Additionally, taxes and provision for loan losses are not part of this calculation.

Yields and Cost Analysis

Loan Portfolio Reported Yields and Total Deposit Costs



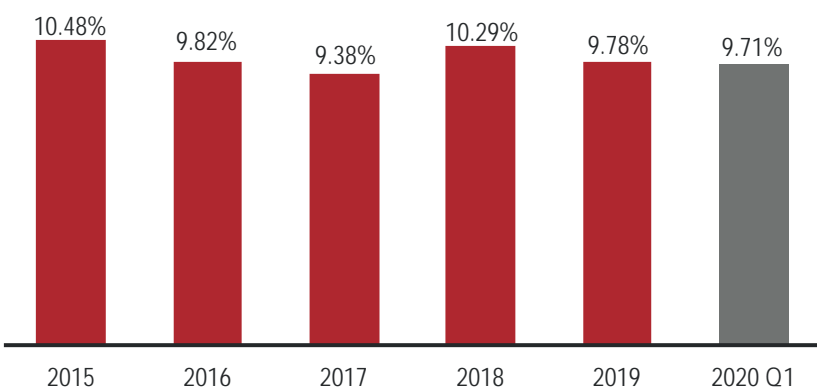
Net Interest Margin



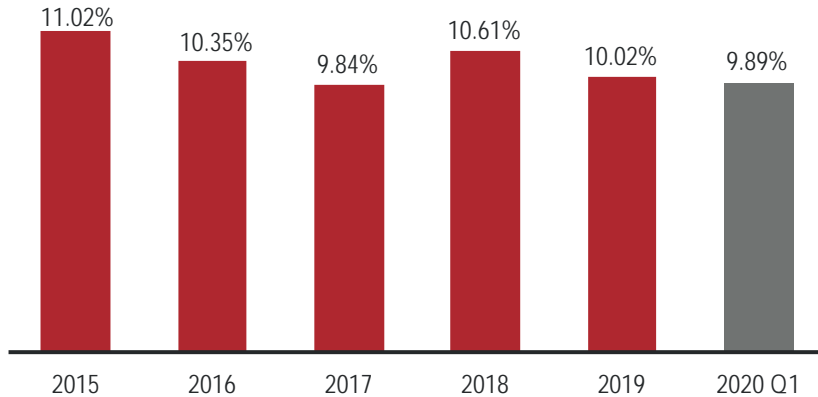
(1) Core net interest margin excludes acquisition accounting adjustments. Please refer to the non-GAAP reconciliation in the appendix.

Capital Position

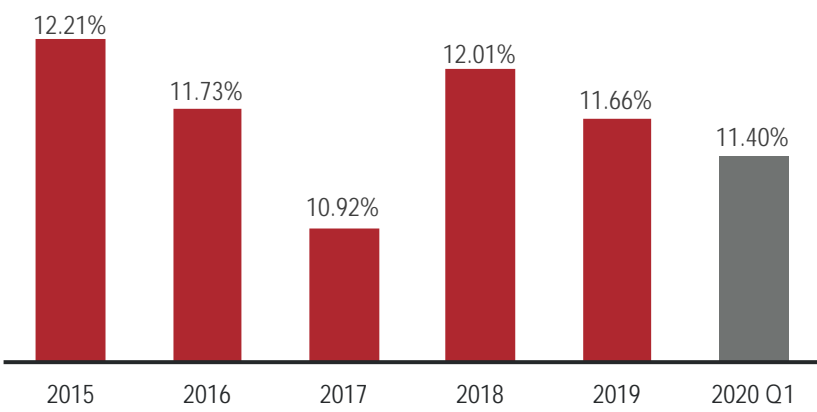
Tangible Equity / Tangible Assets⁽¹⁾



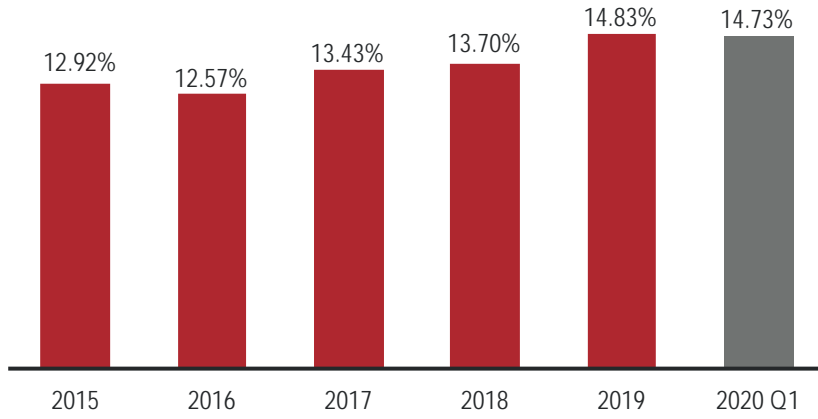
Tier 1 Leverage Ratio



Tier 1 Risk-Based Ratio



Total Risk-Based Ratio

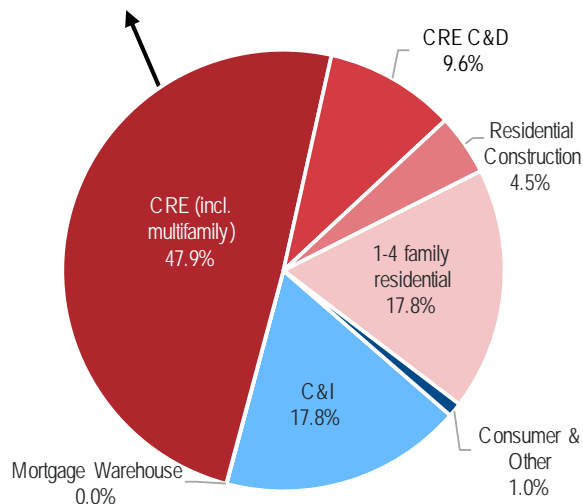


(1) Please refer to the non-GAAP reconciliation in the appendix.

Loan Portfolio Composition

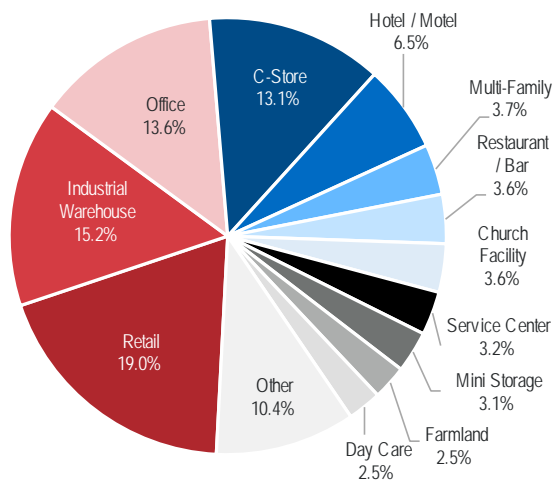
Total Loan Portfolio Composition

53.0% of CRE is Owner-Occupied



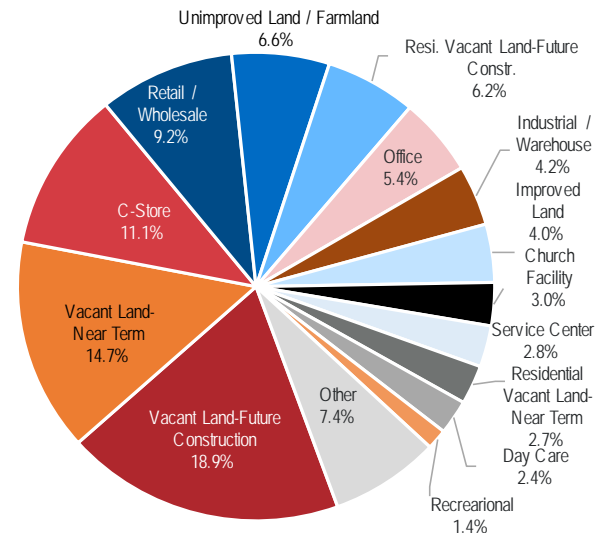
Loan Category	(\$)	(%)
C&I	\$ 702.3	17.8%
Mortgage Warehouse	1.1	0.0%
CRE (incl. multifamily)	1,951.1	49.3%
CRE C&D	378.9	9.6%
1-4 family residential	704.2	17.8%
Residential construction	177.0	4.5%
Consumer & Other	40.9	1.0%
Total	\$ 3,955.5	100.0%

CRE (incl. multi-family) by Property Type



Property Type	(\$)	(%)
Retail	\$ 371.5	19.0%
Industrial Warehouse	297.3	15.2%
Office	265.4	13.6%
C-Store	254.9	13.1%
Hotel / Motel	126.1	6.5%
Multi-Family	73.0	3.7%
Restaurant / Bar	71.1	3.6%
Church Facility	70.1	3.6%
Service Center	63.0	3.2%
Mini Storage	59.8	3.1%
Farmland	49.6	2.5%
Day Care	49.0	2.5%
Other ⁽¹⁾	200.3	10.4%
Total	\$ 1,951.1	100.0%

CRE Construction by Property Type



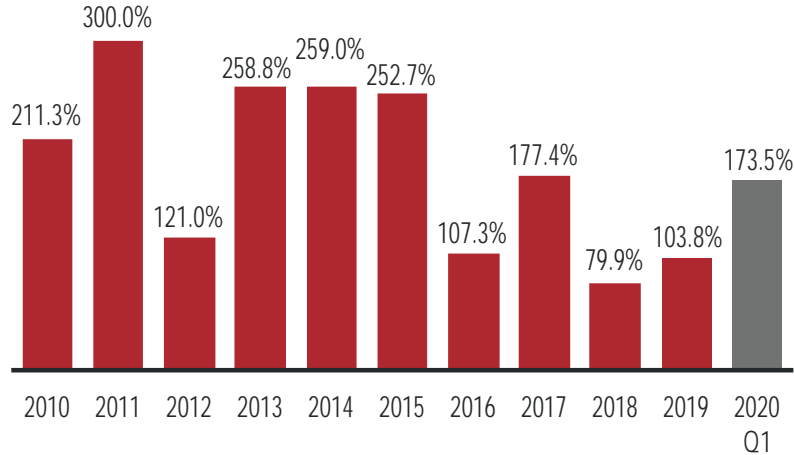
Property Type	(\$)	(%)
Vacant Land-Future Construction	\$ 71.8	18.9%
Vacant Land-Near Term	55.6	14.7%
C-Store	42.0	11.1%
Retail / Wholesale	34.9	9.2%
Unimproved Land / Farmland	25.1	6.6%
Resi. Vacant Land-Future Constr.	23.4	6.2%
Office	20.4	5.4%
Industrial / Warehouse	15.8	4.2%
Improved Land	15.2	4.0%
Church Facility	11.3	3.0%
Service Center	10.8	2.8%
Residential Vacant Land-Near Term	10.2	2.7%
Day Care	9.0	2.4%
Recreational	5.3	1.4%
Other ⁽¹⁾	28.2	7.4%
Total	\$ 379.0	100.0%

Note: Dollars in millions, unless otherwise noted. As of the year ended March 31, 2020.

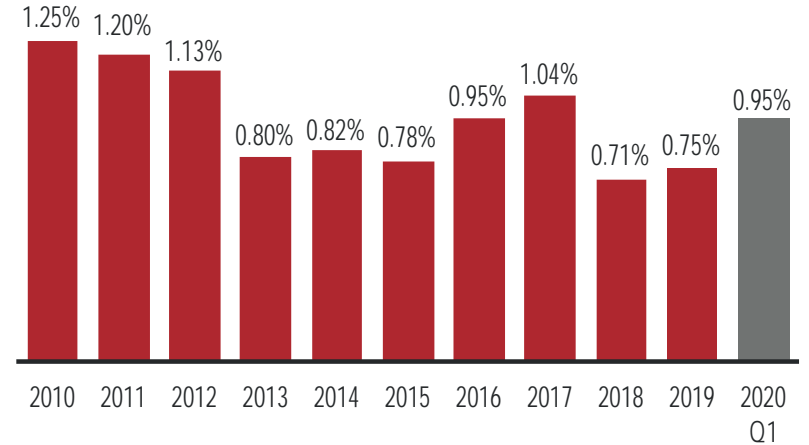
(1) Includes classifications less than 2.0% of total composition.

Strong Asset Quality

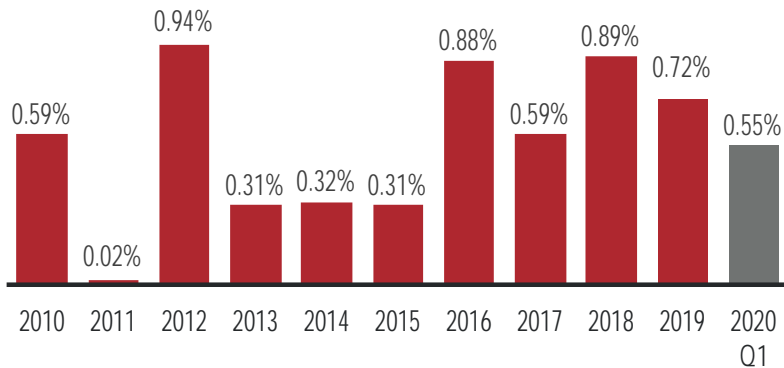
Allowance / Nonperforming Loans



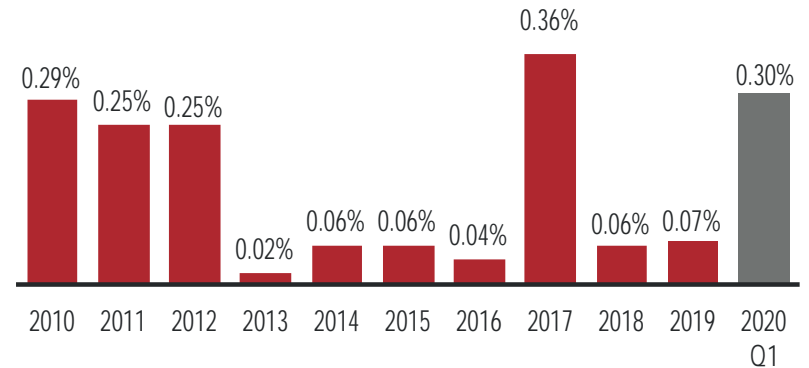
Allowance / Total Loans



Nonperforming Loans / Total Loans

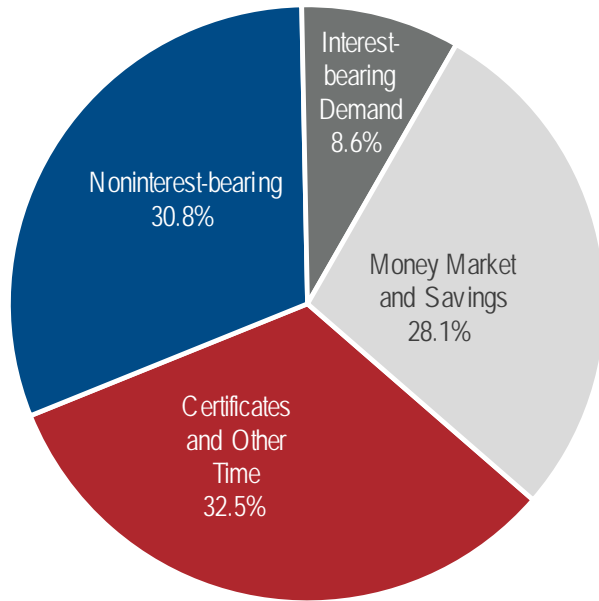


Net Charge-offs / Average Loans



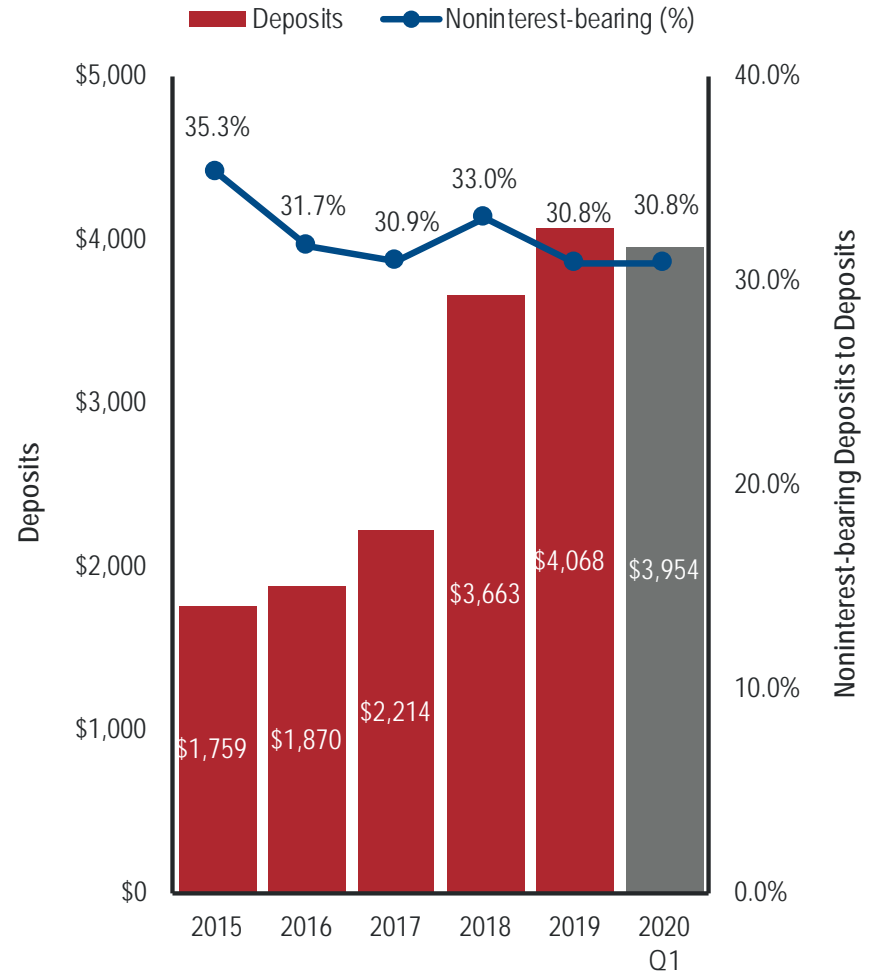
Deposit Composition and Growth

Deposit Composition



Deposit Category	(\$)	(%)
Noninterest-bearing	\$ 1,217.6	30.8%
Interest-bearing Demand	341.5	8.6%
Money Market and Savings	1,110.6	28.1%
Certificates and Other Time	1,283.9	32.5%
Total	\$ 3,953.6	100.0%

Deposit Growth Trend



Note: Dollars in millions. As of the year ended March 31, 2020.

Appendix: Non-GAAP Reconciliation

Our management uses certain non-GAAP financial measures in its analysis of our performance:

- ❖ **“Tangible Shareholders’ Equity”** is a non-GAAP measure generally used by financial analysts and investment bankers to evaluate financial institutions. Tangible shareholders’ equity is defined as total shareholders’ equity reduced by goodwill and core deposit intangibles, net of accumulated amortization. This measure is important to investors interested in changes from period to period in shareholders’ equity, exclusive of changes in intangible assets. For tangible shareholders’ equity, the most directly comparable financial measure calculated in accordance with GAAP is total shareholders’ equity. Goodwill and other intangible assets have the effect of increasing total shareholders’ equity while not increasing our tangible shareholders’ equity.
- ❖ **“Tangible Equity to Tangible Assets”** is a non-GAAP measure generally used by financial analysts and investment bankers to evaluate financial institutions. Tangible equity to tangible assets is defined as total shareholders’ equity reduced by goodwill and core deposit intangibles, net of accumulated amortization, divided by tangible assets, which are total assets reduced by goodwill and core deposit intangibles, net of accumulated amortization. This measure is important to investors interested in changes from period to period in equity and total assets, each exclusive of changes in intangible assets. For tangible equity to tangible assets, the most directly comparable financial measure calculated in accordance with GAAP is total shareholders’ equity to total assets. Goodwill and other intangible assets have the effect of increasing both total shareholders’ equity and assets while not increasing our tangible common equity or tangible assets.

	For the Years Ended December 31,					For the Quarters Ended March 31,	
	2015	2016	2017	2018	2019	2019 ⁽¹⁾	2020 ⁽¹⁾
Total Shareholders' Equity	\$ 258,490	\$ 279,817	\$ 306,865	\$ 702,984	\$ 709,865	\$ 703,777	\$ 706,593
Less: Goodwill and Core Deposit Intangibles, net	44,619	43,444	42,663	249,712	245,518	249,051	244,528
Tangible Shareholders' Equity	\$ 213,871	\$ 236,373	\$ 264,202	\$ 453,272	\$ 464,347	\$ 454,726	\$ 462,065
Total Assets	\$ 2,084,579	\$ 2,450,948	\$ 2,860,231	\$ 4,655,249	\$ 4,992,654	\$ 4,768,802	\$ 5,002,429
Less: Goodwill and Core Deposit Intangibles, net	44,619	43,444	42,663	249,712	245,518	249,051	244,528
Tangible Assets	\$ 2,039,960	\$ 2,407,504	\$ 2,817,568	\$ 4,405,537	\$ 4,747,136	\$ 4,519,751	\$ 4,757,901
Tangible Equity to Tangible Assets	10.48%	9.82%	9.38%	10.29%	9.78%	10.06%	9.71%

	For the Year Ended December 31,					For the Quarters Ended March 31,	
	2015	2016	2017	2018	2019	2019 ⁽¹⁾	2020 ⁽¹⁾
Net Income Attributable to Shareholders	\$ 15,227	\$ 22,851	\$ 17,632	\$ 37,309	\$ 52,959	\$ 12,678	\$ 3,516
Average Shareholders' Equity	204,935	273,211	297,627	413,441	708,269	707,666	713,535
Less: Average Goodwill and Core Deposit Intangibles, net	45,055	43,880	43,050	80,384	247,854	249,277	245,007
Average Tangible Common Shareholders' Equity	\$ 159,880	\$ 229,331	\$ 254,577	\$ 333,057	\$ 460,415	\$ 458,389	\$ 468,528
Return on Average Tangible Common Equity	9.52%	9.96%	6.93%	11.20%	11.50%	11.22%	3.02%

Note: Dollars in thousands.

Non-GAAP Reconciliation, continued

- ❖ **“Core Net Interest Margin (TE)”** is a non-GAAP measure generally used by financial analysts and investment bankers to evaluate financial institutions. Core net interest margin is defined as net interest income, net of related acquisition accounting adjustments, divided average earnings assets. This measure is important to investors interested in changes from period to period in net interest income, exclusive of the impact from related acquisition accounting adjustments. For core net interest margin, the most directly comparable financial measure calculated in accordance with GAAP is net interest margin.

	For the Three Months Ended,				
	3/31/2019	6/30/2019	9/30/2019	12/31/2019	3/31/2020
Interest Income	\$ 57,149	\$ 58,946	\$ 58,665	\$ 58,147	\$ 57,452
Interest Expense	12,546	13,375	13,828	13,621	12,427
Tax Equivalent Adjustment	202	113	87	97	127
Net Interest Income (TE)	44,805	45,684	44,924	44,623	45,152
Less: Acquisition Accounting Adjustments	(2,965)	(2,755)	(2,045)	(1,860)	(1,259)
Core Net Interest Income (TE)	\$ 41,840	\$ 42,929	\$ 42,879	\$ 42,763	\$ 43,893
Average Earning Assets	\$ 4,212,669	\$ 4,233,653	\$ 4,284,667	\$ 4,308,028	\$ 4,372,723
Net Interest Margin (TE) ⁽¹⁾	4.31%	4.33%	4.16%	4.11%	4.15%
Core Net Interest Margin (TE) ⁽¹⁾	4.03%	4.07%	3.97%	3.94%	4.04%

Note: Dollars in thousands.

(1) Annualized for each respective quarter.